The information in this Preliminary Placement Memorandum is not complete and may be changed. The Issue is meant only for Eligible Investors on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Units. This Preliminary Placement Memorandum is not an offer to sell any Units and is not soliciting an offer to subscribe or buy the Units in any jurisdiction where such offer or sale is not permitted. It is being issued for the sole purpose of information or discussion relating to the Units that may be Allotted through the Placement Memorandum.

INDIA INFRASTRUCTURE TRUST

(Registered in the Republic of India as a contributory irrevocable trust set up under the Indian Trusts Act, 1882, and registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, on January 23, 2019 having registration number IN/InvIT/18-19/0008)

Principal place of business: Unit 804, 8th Floor, A Wing, One BKC, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India
Tel: +91 22 6600 0739; **Fax**: +91 22 6600 0777; **Compliance Officer**: Prashant Sagwekar
E-mail: prashant.sagwekar@penbrookcapital.com; **Website**: www.indinfratrust.com

INITIAL OFFER OF UP TO 100 MILLION UNITS (THE "UNITS") REPRESENTING AN UNDIVIDED BENEFICIAL INTEREST IN INDIA INFRASTRUCTURE TRUST (THE "TRUST") THROUGH A PRIVATE PLACEMENT TO ELIGIBLE INVESTORS AGGREGATING UP TO ₹ 10,000.00 MILLION BY THE TRUST (THE "ISSUE")

ISSUE PRICE: ₹ 100.00 PER UNIT

THE SPONSOR WILL SUBSCRIBE TO 564 MILLION UNITS OF THE TRUST FOR A CASH CONSIDERATION OF ₹ 56,400 MILLION PRIOR TO THE ALLOTMENT ("SPONSOR SUBSCRIPTION"). UPON LISTING OF THE UNITS, THE TRUST ALSO PROPOSES TO ISSUE UP TO 63,700 LISTED, REDEEMABLE, SECURED, NON-CONVERTIBLE DEBENTURES PROPOSED TO BE LISTED ON THE BSE LIMITED ("BSE") HAVING FACE VALUE OF ₹ 1,000,000.00 EACH, FOR AN AGGREGATE AMOUNT OF ₹ 63,700.00 MILLION ("TRUST NCDs"). THE AGGREGATE AMOUNT PROPOSED TO BE RAISED BY THE TRUST PURSUANT TO THE ISSUE, THE SPONSOR SUBSCRIPTION AND THE TRUST NCDs (TOGETHER THE "TRANSACTION") IS UP TO ₹ 130,100 MILLION ("AGGREGATE TRANSACTION VALUE").

THIS ISSUE, AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT MEMORANDUM, IS BEING MADE ONLY TO ELIGIBLE INVESTORS IN RELIANCE UPON REGULATION 14(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INFRASTRUCTURE INVESTMENT TRUSTS) REGULATIONS, 2014

LISTING

The Units offered through this Preliminary Placement Memorandum and the Placement Memorandum are proposed to be listed on the BSE**.** The Trust has received 'in-principle' approval from the BSE for listing of the Units pursuant to letter dated March 11, 2019. Applications shall be made for the listing and trading of the Units to be Allotted pursuant to the Issue on BSE. BSE assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Units to be Allotted pursuant to the Issue for trading on BSE should not be taken as an indication of the merits of the Trust or of the Units.

RISKS IN RELATION TO THE ISSUE

This being an initial issue of Units by the Trust, there has been no formal market for the Units. The Issue Price (determined and justified by the Investment Manager in consultation with the Lead Manager), should not be taken to be indicative of the market price of the Units after the Units are listed. No assurance can be given regarding an active or sustained market for trading in the Units or regarding the price at which the Units will be traded after listing.

INVESTMENTS IN UNITS INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 76 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE UNITS BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT MEMORANDUM AND THE PLACEMENT MEMORANDUM. PROSPECTIVE INVESTORS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE UNITS, THE TRUST AND THE INVESTMENT MANAGER. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT MEMORANDUM, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

A copy of this Preliminary Placement Memorandum has been delivered to the Securities and Exchange Board of India ("**SEBI**") and BSE and a copy of the Placement Memorandum will be delivered to SEBI and BSE. This Preliminary Placement Memorandum has not been, and will not be, registered as a prospectus and will not be circulated or distributed to the public at large in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

THIS PRELIMINARY PLACEMENT MEMORANDUM IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA. THIS PRELIMINARY PLACEMENT MEMORANDUM HAS BEEN PREPARED BY THE TRUST SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE.

YOU MAY NOT, AND ARE NOT AUTHORIZED TO, (1) DELIVER THIS PRELIMINARY PLACEMENT MEMORANDUM TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT MEMORANDUM IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INFRASTRUCTURE INVESTMENT TRUSTS) REGULATIONS, 2014 OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

Unless a serially numbered Preliminary Placement Memorandum along with an Application Form is addressed to a particular Eligible Investor, no invitation to offer shall be deemed to have been made to such Eligible Investor to make an offer to subscribe to Units pursuant to the Issue. For further details, see "***Issue Information***" on page 268. The distribution of this Preliminary Placement Memorandum or the disclosure of its contents without the Trustee's or Investment Manager's prior consent, to any person, other than to the addressees, is unauthorized and prohibited. Each addressee, by accepting delivery of this Preliminary Placement Memorandum, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Memorandum or any documents referred to in this Preliminary Placement Memorandum.

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Units are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**") and applicable law of the jurisdictions where such offers and sales occur.

RAPID HOLDINGS 2 PTE. LTD.
Sponsor

PENBROOK CAPITAL ADVISORS PRIVATE LIMITED
(formerly Peninsula Brookfield Investment Managers Private Limited)
Investment Manager

AXIS TRUSTEE
AXIS TRUSTEE SERVICES LIMITED
Trustee

LEAD MANAGER

JM FINANCIAL

JM Financial Limited
7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025, Maharashtra, India
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
Email: indiainfra.invit@jmfl.com
Website: www.jmfl.com
Investor Grievance E-mail: grievance.ibd@jmfl.com
Contact person: Prachee Dhuri
SEBI Registration No: INM000010361

REGISTRAR AND UNIT TRANSFER AGENT

KARVY FINTECH

Karvy Fintech Private Limited
Karvy Selenium Tower B
Plot No. 31-32, Financial District, Nankramguda
Serilingampally Hyderabad Rangareddi,
Telangana 500 032
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: indiainfratrust.invit@karvy.com
Website: www.karvyfintech.com
Investor Grievance E-mail: einward.ris@karvy.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

This Preliminary Placement Memorandum is dated March 11, 2019

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NOTICE TO INVESTORS

The statements contained in this Preliminary Placement Memorandum relating to the Trust and the Units are, in all material respects, true, accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Memorandum with regard to the Trust and the Units are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available with the Investment Manager, the Sponsor or both. There are no other facts in relation to the Trust and the Units, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Memorandum misleading in any material respect. Further, each of the Investment Manager and the Sponsor have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements disclosed in this Preliminary Placement Memorandum.

Save as expressly stated in this Preliminary Placement Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Trust and/or the Investment Manager.

The Lead Manager has not verified any information (financial, legal or otherwise) contained in this Preliminary Placement Memorandum. Accordingly, neither the Lead Manager nor any of its affiliates, including any of their respective shareholders, associates, directors, officers, employees, counsel, representatives and/or agents, make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Manager nor any of its affiliates, including any of their respective shareholders, associates, directors, officers, employees, counsel, representatives and/or agents, as to the accuracy or completeness of the information contained in this Preliminary Placement Memorandum. Each Eligible Investor must rely on its own examination of the Trust and the merits and risks involved in investing in the Units. Eligible Investors should not construe the contents of this Preliminary Placement Memorandum as legal, tax, accounting or investment advice. Each Eligible Investor receiving this Preliminary Placement Memorandum acknowledges that in making an investment decision, such Eligible Investor has relied solely on the information contained in this Preliminary Placement Memorandum and not on any other disclosure or representation by the Investment Manager, the Trustee, the Sponsor, the Lead Manager or any of their respective affiliates, including any of their respective shareholders, associates, directors, officers, employees, counsel, representatives and/or agent, or any other party.

Each purchaser of the Units offered in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India under applicable law, including the SEBI InvIT Regulations and guidelines issued by the Reserve Bank of India, and is not prohibited by SEBI or any other statutory or regulatory authority from buying, selling or dealing in the units of an infrastructure investment fund. The information on the website of the Trust www.indinfratrust.com, or any website directly or indirectly linked to the website of the Trust or on the websites of the Investment Manager, the Sponsor, the Trustee or the Lead Manager or their respective affiliates or any website, directly or indirectly, linked to such websites, does not constitute or form a part of this Preliminary Placement Memorandum. Prospective investors must not rely on the information contained in, or available through, such websites.

Neither the delivery of this Preliminary Placement Memorandum nor any offering, sale or delivery of the Units shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Trust, the Trustee, the Sponsor or the Investment Manager since the date of such information herein or create any implication that the information contained herein is correct as of any date subsequent to the date of such information herein.

None of the Trust, the Sponsor, the Investment Manager, the Lead Manager and the Trustee are making an offer to sell the Units in any jurisdiction except where an offer or sale is permitted. The distribution of this Preliminary Placement Memorandum and the offering of the Units may in certain jurisdictions be restricted by law. Persons into whose possession this Preliminary Placement Memorandum comes are required by the Trust, the Sponsor, the Investment Manager, the Lead Manager and the Trustee to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Units and distribution of this Preliminary Placement Memorandum, see "***Selling and Transfer Restrictions***" and "***Issue Information***" on pages 259 and 268, respectively.

This Preliminary Placement Memorandum contains a summary of some terms of certain documents which are qualified in their entirety by the terms and conditions of those documents. No person is authorized to give any information or to make any representation not contained in this Preliminary Placement Memorandum and any information or representation not so contained must not be relied upon as having been authorized by or on behalf

of the Trust or by, or on behalf, of the Sponsor, the Investment Manager, the Trustee or the Lead Manager. The delivery of this Preliminary Placement Memorandum, at any time, does not imply that the information contained in it is correct as of any time subsequent to its date.

This Preliminary Placement Memorandum is personal to each Eligible Investor. The distribution of this Preliminary Placement Memorandum or the disclosure of its contents to any person, other than the Eligible Investors to whom it is addressed and those retained by such Eligible Investors to enable them to make a decision with respect to their purchase of the Units, is unauthorized and prohibited. Each Eligible Investor, by accepting delivery of this Preliminary Placement Memorandum, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Memorandum or any other material in connection with the Issue or the Units. Each purchaser of the Units offered by this Preliminary Placement Memorandum will be deemed to have made the representations, agreements and acknowledgments as described in this section entitled "***Representations by Investors***" on page 4 and in "***Selling and Transfer Restrictions***" on page 259.

Certain U.S. Federal Securities Laws' Matters

The Units have not been, and will not be, registered under the Securities Act or any other applicable state securities laws of the U.S. and, unless so registered, may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Units are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S, in each case in compliance with the applicable law of the jurisdictions where those offers and sales occur.

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") OR ANY STATE SECURITIES COMMISSION IN THE U.S. OR ANY OTHER U.S. REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRELIMINARY PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE U.S.

IMPORTANT NOTICE

THE VALUE OF UNITS AND THE INCOME DERIVED FROM THEM MAY FALL AS WELL AS RISE. UNITS ARE NOT OBLIGATIONS OF, DEPOSITS IN, OR GUARANTEED BY, THE TRUST, THE TRUSTEE, THE SPONSOR, THE INVESTMENT MANAGER, THE LEAD MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES INCLUDING ANY OF THEIR RESPECTIVE SHAREHOLDERS, EMPLOYEES, COUNSEL, OFFICERS, DIRECTORS, REPRESENTATIVES, AGENTS OR ASSOCIATES. AN INVESTMENT IN UNITS IS SUBJECT TO INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF ALL OR PART OF THE PRINCIPAL AMOUNT INVESTED. LISTING OF THE UNITS ON THE STOCK EXCHANGE DOES NOT GUARANTEE A LIQUID MARKET FOR THE UNITS. INVESTORS HAVE NO RIGHT TO REQUEST THE TRUST, THE TRUSTEE, THE SPONSOR OR THE INVESTMENT MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES INCLUDING ANY OF THEIR RESPECTIVE SHAREHOLDERS, EMPLOYEES, COUNSEL, OFFICERS, DIRECTORS, REPRESENTATIVES, AGENTS OR ASSOCIATES TO REDEEM THEIR UNITS WHILE THE UNITS ARE LISTED. THE PERFORMANCE OF ANY OF THE LISTED UNITS OF AN INFRASTRUCTURE INVESTMENT TRUST IS NOT NECESSARILY INDICATIVE OF THE FUTURE PERFORMANCE OF UNITS OF THE TRUST.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors/ Bidders in the Issue. By bidding and/or subscribing to any Units offered in this Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Investment Manager, the Sponsor and the Lead Manager, as follows:

1. You are an Eligible Investor and undertake to (i) acquire, hold, manage or dispose of any Units that are Allotted to you in accordance with the SEBI InvIT Regulations and all other applicable laws; and (ii) to comply with all requirements under applicable law in relation to reporting obligations, if any, in this relation;

2. If you are not a resident of India, your participation in this Issue is subject to the guidelines as may be specified by the RBI and the Central Government, from time to time and you are eligible to invest in India and in the Units under applicable law, including the FEMA Regulations;

3. You are entitled to acquire the Units under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and approvals, governmental or otherwise, and authorisations to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Memorandum) and will honour such obligations;

4. You will make all necessary filings, in relation to the Issue and your investment in Units, with appropriate governmental, statutory or regulatory authorities, including the RBI, as may be required, pursuant to applicable law, rules and regulations in India and in your respective jurisdiction;

5. You agree to provide on request in a timely manner, and consent to the use and disclosure (including to any taxation or other regulatory authorities) of, any information or documentation in relation to yourself and, if and to the extent required, the direct or indirect beneficial ownership of your Units (if any), as may be necessary for the Trust (or the Trustee and its agents), the Sponsor, the Investment Manager or the Lead Manager to comply with any regulatory obligations and/or prevent the withholding of tax or other penalties under FATCA, the CRS or other similar exchange of tax information regimes. You acknowledge and agree that you shall have no claim against the Trust (or the Trustee and its agents), Sponsor, the Investment Manager or the Lead Manager for any losses suffered by you (including in relation to the direct or indirect beneficial ownership of your Units (if any)) as a result of such use or disclosure of such information or documentation;

6. You are aware that the Units have not been, and will not be registered through a prospectus under the SEBI InvIT Regulations, or under any other law in force in India, and no Units will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible Investors. This Preliminary Placement Memorandum has not been reviewed by the SEBI, the Stock Exchange or any other regulatory or listing authority and is intended only for use by Eligible Investors. The Placement Memorandum shall be filed with the Stock Exchange and the SEBI and be displayed on the websites of the Stock Exchange and SEBI;

7. You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Trust or its agents ("**Presentations**") with regard to the Trust, the Units or the Issue; or (ii) if you have participated in or attended any Presentations, you understand and acknowledge that the Trustee may not have knowledge of the statements that the Trust or its agents may have made at such Presentations and are therefore unable to determine whether the information provided to you at such Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Manager, the Trustee (or its agents), the Investment Manager or the Sponsor have advised you not to rely in any way on any information that was provided to you at such Presentations;

8. None of the Sponsor, the Investment Manager, the Trustee or the Lead Manager or any of their respective affiliates, including their respective shareholders, directors, officers, employees, counsel, representatives, agents or associates is making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not, up to the Allotment, be a client of the Lead Manager. None of the Sponsor, the Trustee, the Investment Manager, the Lead Manager or any of their respective shareholders,

employees, counsel, officers, directors, representatives, agents, associates or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients, or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity towards you;

9. All statements, other than statements of historical fact included in this Preliminary Placement Memorandum, including, without limitation, those regarding the Trust's financial position, business strategy, plans and objectives for future operations, the Investment Objectives, and the Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Trust's present and future business strategies and the environment in which the Trust will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Memorandum. The Trust, the Trustee, the Investment Manager, the Sponsor and the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates assume no responsibility to update any of the forward-looking statements contained in this Preliminary Placement Memorandum;

10. You have been provided a serially numbered copy of this Preliminary Placement Memorandum and have read this Preliminary Placement Memorandum in its entirety, including, in particular, the section "***Risk Factors***" on page 76;

11. You are aware and understand that the Units are being offered only to Eligible Investors and are not being offered to the general public and the Allotment shall be on a discretionary basis;

12. You have made, or are deemed to have made, as applicable, the representations provided in "***Selling and Transfer Restrictions***" on page 259;

13. You understand that the Units have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

14. You and any person for whose account or benefit you are acquiring the Units, were located outside the United States at the time the buy order for the Units was originated and continues to be located outside the United States and have not purchased the Units for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Units or any economic interest therein to any person in the United States;

15. You are not an affiliate (as defined in Rule 405 of the Securities Act) of the Trust or a person acting on behalf of such affiliate; and you are not in the business of buying and selling securities;

16. You are aware of the restrictions on the offer and sale of the Units pursuant to Regulation S described in this Preliminary Placement Memorandum;

17. The Units have not been offered to it by means of any directed selling efforts as defined in Regulation S;

18. The Units are being offered and sold outside the United States in an offshore transaction within the meaning of Regulation S and the applicable law of the jurisdictions in which those offers and sales occur;

19. You understand and agree that the Units are transferable only in accordance with the restrictions described in "***Selling and Transfer Restrictions***" on page 259, and you warrant that you will comply with such restrictions;

20. **You agree, confirm and acknowledge that (i) the Trust is proposing to issue Trust NCDs pursuant to the Trust NCD Offering immediately upon the listing of the Units on the Stock Exchange in accordance with applicable law, including the SEBI InvIT Regulations and the SEBI Circular on Issuance of Debt Securities; (ii) the receipt of the serially numbered Application Form along with the serially numbered Preliminary Placement Memorandum constitutes sufficient notice for you to**

take an informed decision in respect of the Trust NCD Offering, as required under the SEBI InvIT Regulations; (iii) by applying for Units in the Issue, you have granted your affirmative consent to the Trust for undertaking the borrowing through the Trust NCD Offering in the manner described in this Preliminary Placement Memorandum, including the issuance and allotment of the Trust NCDs and use of proceeds thereof; and (iv) the Trust and the Investment Manager shall not be required to undertake any further actions, including providing additional notices, for a stipulated period or otherwise, holding Unitholders' meetings or otherwise seek further approvals from the Unitholders, through a resolution or otherwise, to undertake the Trust NCD Offering in the manner contemplated in this Preliminary Placement Memorandum.

21. In making your investment decision, you have (i) relied on your own examination of the Trust, the Units and the terms of the Issue, including the merits and risks involved; (ii) made and will continue to make your own assessment of the Trust, the Units and the terms of the Issue based solely on the information contained in this Preliminary Placement Memorandum; (iii) consulted your own independent advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws; (iv) relied solely on the information contained in this Preliminary Placement Memorandum and no other disclosure or representation by the Sponsor, the Investment Manager, the Trustee, the Lead Manager or any other party; (v) received all information in this Preliminary Placement Memorandum that you believe is necessary or appropriate in order to make an investment decision in respect of the Trust and the Units; and (vi) relied upon your own investigation in deciding to invest in the Issue;

22. You have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Units. You and any accounts for which you are subscribing to the Units, (i) are each able to bear the economic risk of the investment in the Units; (ii) will not, subject to the terms of this Preliminary Placement Memorandum, look to any of the Investment Manager, the Trustee, the Sponsor or the Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates for all, or part, of any such loss or losses that may be suffered due to your investment in the Units; and (iii) are able to sustain a complete loss on the investment in the Units; (iv) have no need for immediate liquidity with respect to the investment in the Units, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Units. You acknowledge that an investment in the Units involves a high degree of risk and that the Units are, therefore, a speculative investment. You are seeking to subscribe to the Units in the Issue for your own investment and not with a view to resell or distribute in any manner that could characterise you as an underwriter or similar party in any jurisdiction;

23. The Trustee, the Sponsor, the Investment Manager, the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates have not provided you with any legal, financial or tax advice or otherwise made any representations regarding the tax consequences of the Units (including but not limited to the Issue and the use of the proceeds of the Issue). You will obtain your own independent legal, financial or tax advice and will not rely on the Investment Manager, the Sponsor, the Trustee, the Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates when evaluating the tax consequences in relation to the Units (including but not limited to the Issue and the use of the proceeds of the Issue). You waive and agree not to assert any claim against the Lead Manager, the Sponsor, the Trustee or the Investment Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates with respect to the tax aspects of the Units or the Issue or as a result of any tax audits by tax authorities, in relation to the Units and the Issue, wherever situated, except any claim against the Sponsor or the Investment Manager resulting from tax audits by the tax authorities, which claim is solely attributable to an act not in compliance with applicable Indian law by the Sponsor or the Investment Manager, as determined by a non-appealable judgment of a court of competent jurisdiction;

24. You are not the Trustee, or the Valuer or an employee of the Valuer involved in the valuation of the Initial Portfolio Asset;

25. You are aware that (i) we have received in-principle approval from the BSE dated March 11, 2019 and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the Issue shall be completed as per the indicative timelines indicated in *"**Issue Structure – Indicative Timelines for the Transaction**"* on page 266, and that the final approvals for listing and trading

of the Units will be obtained in time, or at all. The Trust, the Trustee, the Investment Manager, the Sponsor or the Lead Manager shall not be responsible for any delay or non-receipt of such final approvals (except to the extent prescribed under the SEBI InvIT Regulations) or any loss arising from such delay or non-receipt;

26. You have no right to withdraw your Bid after the Bid/Issue Closing Date;

27. You shall not undertake any trade in the Units credited to your demat account until such time that the final listing and trading approvals for the Units have been issued by the Stock Exchange;

28. The only information you are entitled to rely on, and on which you have relied, in committing yourself to acquire the Units is contained in this Preliminary Placement Memorandum, such information being all that you deem necessary to make an investment decision in respect of the Units and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Trustee, the Lead Manager, the Investment Manager or the Sponsor or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates, and neither the Trustee, the Lead Manager, the Investment Manager nor the Sponsor or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you have obtained or received;

29. You understand that the Units to be Allotted in this Issue will, when issued, be credited as fully paid and will rank *pari passu* in all respect with all other Units, including in respect of the right to receive all distributions declared, made or paid in respect of the Units after the Allotment. For details, see "***Distribution***" on page 220;

30. You are eligible to Bid for and hold Units so Allotted. Your holding after the Allotment of the Units shall not exceed the investment level permissible as per any applicable law and regulation;

31. You agree to indemnify and hold the Trustee, Investment Manager, the Sponsor and the Lead Manager or any of their respective affiliates, including any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or associates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this section;

32. The Trustee, the Investment Manager, the Sponsor, and the Lead Manager, their respective shareholders, employees, counsel, offices, directors, representatives, agents, associates or affiliates, will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Lead Manager on their own behalf and on behalf of the Trust, the Sponsor, the Investment Manager, and the Trustee, and are irrevocable;

33. You are eligible to invest in India and in the Units under applicable law, including the FEMA Regulations, and have not been prohibited by SEBI from buying, selling or dealing in securities;

34. You are a sophisticated investor who is seeking to purchase the Units for your own investment and not with a view to distribute. You acknowledge that (i) an investment in the Units involves a high degree of risk and that the Units are, therefore, a speculative investment, and (ii) you are experienced in investing in private placement transactions of securities in a similar stage of development and in similar jurisdictions;

35. You understand that, subject to the terms of this Preliminary Placement Memorandum, neither the Lead Manager, the Investment Manager, the Sponsor nor the Trustee has any obligation to purchase or subscribe to all, or any part, of the Units purchased by you in the Issue, or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue;

36. Any dispute arising in connection with the Issue will be governed by, and construed in accordance with, the laws of the Republic of India and the courts at Mumbai, shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Memorandum; and

37. You have made, or are deemed to have made, as applicable, the representations provided in this section and each of the representations, warranties, acknowledgements and agreements set out above shall continue

to be true and accurate at all times, up to and including the Allotment, listing and trading of the Units in the Issue.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE

As required, a copy of this Preliminary Placement Memorandum has been submitted to the Stock Exchange.

The Stock Exchange does not in any manner:

1. warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Memorandum;

2. warrant that the Units will be listed or will continue to be listed on the Stock Exchange; and

3. take any responsibility for the financial or other soundness of the Trust, the Sponsor, the Investment Manager, the Project Manager or any other party to the Trust;

and it should not, for any reason be deemed or construed to mean that this Preliminary Placement Memorandum has been cleared or approved by the Stock Exchange. Every person who desires to apply for or otherwise acquire the Units may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchange whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Memorandum uses certain definitions and abbreviations, which unless the context otherwise indicates or implies shall have the meanings ascribed to such terms herein and which you should consider when reading the information contained herein.

References to any legislation, act, regulation, rule, guideline, circular, notification, clarification or policy shall be to such legislation, act, regulation, rule, guideline, circular, notification, clarification or policy as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made under that provision.

The words and expressions used in this Preliminary Placement Memorandum, but not defined herein shall have the meaning ascribed to such terms under the SEBI InvIT Regulations, the SEBI Act, the Depositories Act, and the rules and regulations made thereunder.

*Notwithstanding the foregoing, the terms not defined but used in the sections entitled "**Audited Special Purpose Combined Ind-AS Financial Statements**", "**Industry Overview**", "**Risk Factors**", "**Business**", "**Regulations and Policies**", "**Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities**", "**Statement of Tax Benefits**", and "**Legal and Other Information**" on pages 291, 161, 76, 177, 244, 334, 277 and 252, respectively, shall have the meanings ascribed to such terms in those respective sections.*

In this Preliminary Placement Memorandum, unless the context otherwise requires, a reference to "we", "us" and "our" refers to the Trust, the Project SPV and the Pipeline Business on a combined basis. For the sole purpose of the Audited Special Purpose Combined Ind-AS Financial Statements, reference to "we", "us" and "our" refers to the Pipeline Business and the Project SPV on a combined basis.

Trust Related Terms

Term	Description
Aggregate Net Transaction Value	The aggregate amount of ₹ 130,000 million including Issue Proceeds, Net Sponsor Subscription Amount and the Trust NCD Offering Proceeds.
Aggregate Transaction Value	The aggregate amount of up to ₹ 130,100 million proposed to be raised by the Trust pursuant to the Transaction
Appointed Date	The date, being July 1, 2018, with effect from which the Scheme of Arrangement has come into effect.
Associate	Associate shall have the meaning under Regulation 2(1)(b) of the SEBI InvIT Regulations
Audited Special Purpose Carved-out Ind-AS Financial Statements	The audited special purpose carved-out financial statements of the Pipeline Business (as carved-out of EWPL), prepared in accordance with Ind-AS, which comprise the carved-out balance sheets as at June 30, 2018, March 31, 2018, 2017 and 2016, the statement of carved-out profit and loss (including other comprehensive loss), the statement of carved-out changes in equity and the statement of carved-out cash flows for the three month period ended June 30, 2018 and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016, and notes thereof, including a summary of significant accounting policies and other explanatory information on which Deloitte Haskins & Sells LLP has issued an audit report dated February 16, 2019.
Audited Special Purpose Combined Ind-AS Financial Statements/ Special Purpose Combined Ind-AS Financial Statements	The audited special purpose combined financial statements of the Pipeline Business (as carved-out of EWPL) and the Project SPV, prepared in accordance with Ind-AS, which comprise the combined balance sheets as at September 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016, the combined statement of profit and loss (including other comprehensive loss), the combined statement of changes in equity and the combined statement of cash flows for the six month period ended September 30, 2018 and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016, and notes thereof, including a summary of significant accounting policies and other explanatory information on which Deloitte Haskins & Sells LLP has issued an audit report dated February 16, 2019

Term	Description
Audited Special Purpose Ind-AS Financial Statements of the Project SPV	The audited special purpose financial statements of the Project SPV, prepared in accordance with Ind-AS, which comprise of the balance sheet as at September 30, 2018, the statement of profit and loss (including other comprehensive loss), the combined statement of changes in equity and the combined statement of cash flows for the period from April 20, 2018 to September 30, 2018 and notes thereof, including a summary of significant accounting policies and other explanatory information on which Deloitte Haskins & Sells LLP has issued an audit report dated February 16, 2019 from April 20, 2018 to September 30, 2018
Auditor/ Statutory Auditor	Deloitte Haskins & Sells LLP, the statutory auditors of the Trust
BIP	Brookfield Infrastructure Partners, L.P
Brookfield Group	The entities which are directly or indirectly controlled by Brookfield Asset Management, Inc.
Brookfield/BAM	Brookfield Asset Management, Inc.
Capital Contribution	Capital Contribution shall mean, with respect to any Unitholder, the aggregate Issue Price agreed and paid by a Unitholder to the Trust for acquiring Units in accordance with the provisions of the InvIT Documents
CCPS	4,000 million 0.10% compulsorily convertible preference shares of ₹ 10 each of PIPL aggregating to ₹ 40,000 million
Commitment Letter	The letter agreement dated March 10, 2019 pursuant to which the Sponsor has agreed to subscribe to Units of the Trust aggregating up to ₹ 60,000 million
Completion	Completion shall mean the completion of the transactions contemplated under the Share Purchase Agreement
Completion Date	Completion date shall mean the date on which Completion occurs in accordance with the Share Purchase Agreement
Contractor	Rutvi Project Managers Private Limited
Credit Rating Agency	CARE Ratings Limited
Debenture Trustee	IDBI Trusteeship Services Limited
EWPL	East West Pipeline Limited (erstwhile known as RGTIL)
Framework Agreement	The framework agreement dated August 28, 2018, entered amongst RIHPL, the Sponsor, the Investment Manager and PIPL
Information Memorandum	The disclosure document in the form specified in Schedule I of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, to be issued by the Trust to the prospective holders of the Trust NCDs, offering the Trust NCDs, by way of private placement
Infrastructure Agreement	The agreement dated February 11, 2019 entered amongst RGPL, PIPL and the Contractor
Investment Management Agreement	The investment management agreement dated November 22, 2018, entered between the Trustee and the Investment Manager
Investment Manager/ PenBrook	PenBrook Capital Advisors Private Limited (formerly Peninsula Brookfield Investment Managers Private Limited)
Investment Objectives	The investment objectives of the Trust, as provided under "***Overview of the Trust***" on page 27
InvIT Committee	The InvIT Committee of the Investment Manager, constituted pursuant to the 2018 Amendment of the JV Agreement, which is responsible for overseeing all of the activities of the Investment Manager that pertain to the management and operation of the Trust
InvIT Documents	The Trust Deed, the Investment Management Agreement, the Project Management Agreement, the Application Form, the Preliminary Placement Memorandum, the Placement Memorandum and such other documents as entered between the Trustee and/or the Investment Manager with respect to the Trust or the Units which may be designated as 'InvIT Documents' by the Trustee and/or the Investment Manager
Net Sponsor Subscription Amount	The Sponsor Subscription Amount less certain expenses in relation to the Transaction

Term	Description
O&M Agreement	The agreement dated February 11, 2019 entered amongst PIPL, the Project Manager and the Contractor
O&M Sub-Contract Agreement	The operations and maintenance sub-contract agreement dated February 11, 2019 entered amongst the Contractor, PIPL and RGPL
Parties to the Trust	The Sponsor, the Trustee, the Investment Manager and the Project Manager
Peninsula Group	Such entities which are controlled, directly or indirectly, by Peninsula Land Limited
Pipeline Business	The entire activities and operations of EWPL with respect to transportation of natural gas through its Pipeline and related activities, as a going concern, which was acquired by PIPL with effect from the Appointed Date, as further defined in the Scheme of Arrangement.
Pipeline Usage Agreement	A pipeline usage agreement, which PIPL and Reliance have agreed to enter into on the Completion Date, in an agreed form and manner, setting out the terms of reservation and usage of capacity in the Pipeline by Reliance
Pipeline/Initial Portfolio Asset/ InvIT Asset	The cross-country pipeline (including spurs) between Kakinada in Andhra Pradesh and Bharuch in Gujarat, transferred to PIPL with effect from the Appointed Date, pursuant to the Scheme of Arrangement, being the InvIT Asset for the purposes of the SEBI InvIT Regulations
PIPL Funding	The proposed issue of the PIPL Funding NCDs on a private placement basis for an aggregate debt of ₹ 63,700.00 million (or such other amount as may be set out in the financing documents to be executed by PIPL with such lenders/debenture trustee in this respect)
PIPL Funding NCDs	Secured, listed, redeemable, non-convertible debentures issued by PIPL having a face value of ₹ 1.00 million each (in dematerialised mode)
PIPL NCD Documents	The documents in relation to the issue of the PIPL NCDs to be entered into on or after the Completion Date, including the PIPL NCD DTD; the debenture trustee agreement to be entered among PIPL and the Debenture Trustee confirming its appointment as the trustee for the holder of the PIPL NCDs; the letter agreement appointing the registrar and transfer agent with respect to issuance of the PIPL NCDs; the tri-partite agreement to be entered amongst PIPL, its registrar and transfer agent and the Depositories; the private placement offer letter to be issued by PIPL to the Trust for the issue and allotment of the PIPL NCDs; the account agreement to be entered into among PIPL, the bank where the current account of PIPL will be opened and the Debenture Trustee, in relation to the opening, operation and maintenance of the current account; and the memoranda of entry, declarations in respect of the security to be created for the PIPL NCDs; and any other documents as may be designated by the Debenture Trustee and PIPL
PIPL NCD DTD	The agreed form debenture trust deed, to be entered amongst PIPL and the Debenture Trustee in respect of the PIPL NCDs
PIPL NCD Subscription Amount	The aggregate amount of ₹ 129,500.00 million for which the Trust proposes to subscribe to the PIPL NCDs
PIPL NCDs	Unlisted, secured, redeemable, non-convertible debentures having a face value of ₹ 1,000.00 each for an aggregate principal amount of up to ₹ 129,500.00 million to be issued by PIPL
PIPL SHA	The shareholders' and options agreement dated February 11, 2019 entered amongst the Trust, PIPL, Reliance, the Investment Manager and EWPL, as amended by the first amendment agreement dated March 9, 2019
PM Joint Venture Agreement	The joint venture agreement dated February 11, 2019, entered into between the Project Manager, Reliance and the Contractor
Preference Shares	The Redeemable Preference Shares and the CCPS
Project Management Agreement	The project management agreement dated February 22, 2019, entered amongst the Trustee, the Project Manager, the Investment Manager and PIPL
Project Manager	ECI India Managers Private Limited
Project SPV/PIPL	Pipeline Infrastructure Private Limited, being the SPV for the purposes of the SEBI InvIT Regulations

Term	Description
Redeemable Preference Shares	50 million redeemable preference shares of ₹ 10 each for an aggregate consideration of ₹ 500 million proposed to be issued by PIPL to EWPL in accordance with the Scheme of Arrangement, having the terms set out in the PIPL SHA
Related Parties	Related parties, as defined under Regulation 2(1)(zv) of the SEBI InvIT Regulations
Reliance/ RIL	Reliance Industries Limited
RGPL	Reliance Gas Pipelines Limited
RGTIL	Reliance Gas Transportation Infrastructure Limited (the former name of EWPL)
RIHPL	Reliance Industries Holding Private Limited
Scheme of Arrangement	The scheme of arrangement between EWPL (as the demerged entity), PIPL and their respective creditors and shareholders under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, for the demerger of the Pipeline Business from EWPL to PIPL
Settlor	The settlor of the Trust
Share Purchase Agreement	The share purchase agreement dated February 11, 2019 entered amongst the Trust, the Investment Manager, RIHPL and PIPL
Share Subscription Agreement	The share subscription agreement dated February 11, 2019 entered among PIPL, RIIHL and the Trust pursuant to which RIIHL will subscribe to and PIPL will issue and allot CCPS to RIIHL
Shared Services Agreement	The shared services agreement dated February 11, 2019entered amongst Reliance, PIPL and the Contractor
Sponsor	Rapid Holdings 2 Pte. Ltd.
Sponsor Affiliates	Such entities which consist of persons who are affiliates of: (i) the Sponsor; (ii) the Investment Manager; or (iii) Brookfield Asset Management, Inc. For the purpose of this definition, the terms 'affiliates' will have meaning provided to the term under the PIPL SHA
Sponsor Subscription	The subscription of 564 million Units by the Sponsor for a cash consideration of ₹ 56,400 million prior to Allotment in accordance with the terms of the Commitment Letter
Sponsor Subscription Amount	₹ 56,400 million being the consideration paid by the Sponsor for subscribing to 564 million Units
SPTL Loan	The unsecured loan of ₹ 164,000.00 million granted by SPTL to EWPL, which is transferred to PIPL in terms of the Scheme of Arrangement as liability of the Pipeline Business from the Appointed Date
SPV(s)	Special purpose vehicle(s), as defined under Regulation 2(l)(zy) of the SEBI InvIT Regulations, which includes PIPL
Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities	Statement of projections of revenue from operations and cash flows from operating activities and the underlying assumptions of the Trust and the Project SPV for the years ending March 31, 2022, March 31, 2021 and March 31, 2020, and also of the Project SPV for the years ending March 31, 2022, March 31, 2021 and March 31, 2020 examined by the Statutory Auditor in accordance with the Standard on Assurance Engagement 3400, "The Examination of Prospective Financial Information", issued by the Institute of Chartered Accountants of India
Sub-Contractor	Reliance Gas Pipelines Limited
Technical Consultant	Wood Mackenzie Asia Pacific Pte. Ltd.
Technical Report	The technical report dated December 21, 2018 issued by the Technical Consultant in connection with the Issue
Termination Agreement	The termination agreement to be entered into between PIPL and Reliance to terminate the existing pipeline usage agreement dated January 13, 2007 between EWPL and Reliance
Transaction	The proposed raising of funds by the Trust by way of the Issue, the Sponsor Subscription and the Trust NCDs

Term	Description
Transaction Documents	Transaction documents shall mean the Framework Agreement, the Scheme of Arrangement, the PM Joint Venture Agreement, the PIPL SHA, the Share Purchase Agreement, the O&M Agreement, the Share Subscription Agreement, the Pipeline Usage Agreement, Shared Services Agreement, the Termination Agreement and such other documents as may be entered into between the parties for the purposes of the Transaction
Trust	India Infrastructure Trust
Trust Assets	The aggregate of the immovable, movable and other assets and cash (including cash equivalents) owned by the Trust, whether directly, or through holding companies or SPVs, and includes all rights, interests and benefits arising from and incidental to ownership of such assets, in accordance with the SEBI InvIT Regulations and applicable law
Trust Deed	The trust deed dated November 22, 2018, entered into between the Sponsor, the Settlor and the Trustee
Trust Documents	The Trust Deed, the Investment Management Agreement, the Project Management Agreement, the Trust NCD DTD, the PIPL SHA, the Share Purchase Agreement, any other document, letter or agreement with respect to the Trust or the Units, executed for the purpose of the Trust and the PIPL NCD DTD, this Preliminary Placement Memorandum, the Placement Memorandum and such other documents in connection therewith, as originally executed and amended, modified, supplemented or restated from time to time, together with the respective annexures, schedules and exhibits, if any
Trust NCD Documents	The documents in relation to the Trust NCD Offering, including the Trust NCD DTD; the debenture trustee agreement entered into among the Trust and the Debenture Trustee confirming its appointment as trustee for the holders of the Trust NCDs; the letter agreement appointing the registrar and transfer agent with respect to the issuance of the Trust NCDs; the tripartite agreement among the Trust, the registrar and transfer agent and the Depositories, the listing agreement to be entered into between the Trust and the BSE; the Information Memorandum; the undertakings provided by the Investment Manager, PIPL, the Sponsor and the Project Manager; any other document designated by the Debenture Trustee and the Trust; the deed of hypothecation to be executed by the Trust in favour of the Debenture Trustee in respect of the security for the Trust NCDs; the pledge agreement to be executed by the Trust in favour of the Debenture Trustee, for the purpose of creating a first ranking exclusive pledge on the equity shares of the Project SPV in favour of the Debenture Trustee; the escrow account agreement executed among, inter alia, the Trust, the bank with whom the escrow account is opened and the Debenture Trustee, in relation to opening, operation and maintenance of the escrow account; powers of attorney (if any) executed by the Trust in favour of the Debenture Trustee; and any other documents executed to secure amounts owed to the holder of the Trust NCDs
Trust NCD DTD	The debenture trust deed dated March 11, 2019 executed between the Trustee (in its capacity as Trustee to the Trust) and IDBI Trusteeship Services Limited
Trust NCD Offering	The offering of the Trust NCDs in accordance with applicable law including the SEBI InvIT Regulations and SEBI Circular on Issuance of Debt Securities
Trust NCD Offering Proceeds	The aggregate amount of ₹ 63,700.00 million proposed to be raised by the Trust pursuant to the Trust NCD Offering
Trust NCDs	Up to 63,700 listed, secured redeemable, non-convertible debentures having a face value of ₹ 1,000,000.00 each for an aggregate principal amount of up to ₹ 63,700.00 million to be issued by the Trust
Trustee	Axis Trustee Services Limited
Unitholder	Any person who owns any Unit in the Trust
Units	An undivided beneficial interest in the Trust, and such Units together represent the entire beneficial interest in the Trust

Term	Description
Valuation Report	The valuation report dated March 8, 2019 issued by the Valuer, which sets out its opinion as to the enterprise value of the Initial Portfolio Asset as on January 1, 2019
Valuer	BDO Valuation Advisory LLP

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Units, to successful Bidders on the basis of the Application Form submitted by them, by the Investment Manager, in consultation with the Lead Manager
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Units to successful Bidders, pursuant to the Issue
Allottees	Bidders to whom Units are issued and Allotted pursuant to the Issue
Application Form	The serially numbered form pursuant to which Eligible Investors shall submit a Bid for the Units in the Issue
Bid(s)	Indication of interest of an Eligible Investor, as provided in the Application Form, to subscribe for the Units at the Issue Price, in terms of this Preliminary Placement Memorandum and the Application Form
Bid Amount	The amount payable by a Bidder simultaneously with the submission of the Application Form during the Bid/Issue Period, for the number of Units Bid for at the Issue Price specified in this Preliminary Placement Memorandum
Bid Lot	A minimum of 2,600,000 Units and in multiples of 200,000 Units thereafter
Bid/Issue Closing Date	March 18, 2019, which is the last date up to which the Application Forms shall be accepted
Bid/Issue Closing Time	2:00 pm IST on the Bid/Issue Closing Date post which filled-in Application Forms will not be accepted
Bid/Issue Opening Date	March 18, 2019, which is the date on which the serially numbered Application Forms shall be electronically circulated to Eligible Investors and the date from which the duly filled-in Application Forms shall be accepted
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which Eligible Investors can submit their Bids
Bidder	Any prospective Eligible Investor, who makes a Bid pursuant to the terms of this Preliminary Placement Memorandum and the Application Form
Bodies Corporate/ Body Corporate	Bodies corporate as defined in Regulation 2(1)(d) of the SEBI InvIT Regulations
Business Day	Any day from Monday to Friday, excluding any public holiday
CAN	Confirmation Allocation Note
Client ID	Client identification number maintained with one of the Depositories in relation to a demat account
Closing Date	The date on which Allotment of Units pursuant to the Issue shall be made, i.e. March 18, 2019
Demographic Details	Details of the Bidders including the Bidder's address, investor status and bank account details
Designated Date	The date of credit of Units to the Eligible Investors' demat accounts
Designated Stock Exchange	BSE
Eligible Investors	Institutional Investors and Bodies Corporate, whether Indian or foreign
Escrow Collection Bank	ICICI Bank Limited
Institutional Investors	Institutional investor as defined in Regulation 2(1)(ya) of the SEBI InvIT Regulations, means a QIB; or a family trust or systematically important NBFCs registered with the Reserve Bank of India or intermediaries registered with SEBI, all with net-worth of more than five hundred crore rupees, as per the last audited financial statements
Issue	The issue of up to 100 million Units aggregating up to ₹ 10,000.00 million by the Trust, through a private placement to Eligible Investors
Issue Price	₹ 100.00 per Unit, being the price at which Units will be Allotted to successful Bidders in terms of this Preliminary Placement Memorandum

Term	Description
Issue Proceeds	The aggregate amount of up to ₹ 10,000.00 million proposed to be raised by the Trust pursuant to the Issue. For further details about the use of the Issue Proceeds, see "***Use of Proceeds***" on page 198
Issue Size	Up to 100 million Units to be issued pursuant to the Issue
JM Financial	JM Financial Limited
Lead Manager	The lead manager to the Issue, being JM Financial
Listing Date	The date on which the Units will be listed on the Stock Exchange
Minimum Bid Size	₹ 260.00 million
Placement Agreement	The placement agreement dated March 11, 2019 entered into among the Trust (acting through the Trustee), the Investment Manager, the Sponsor, the Trustee, the Project Manager and the Lead Manager
Placement Memorandum	The placement memorandum to be issued in relation to this Issue in accordance with the SEBI InvIT Regulations
Preliminary Placement Memorandum	This preliminary placement memorandum dated March 11, 2019 in relation to the Issue, to be filed with SEBI and the Stock Exchange, issued in accordance with the SEBI InvIT Regulations
Qualified Institutional Buyer/QIB	QIB as defined under regulation 2(1)(zs) of the SEBI InvIT Regulations
Registrar and Unit Transfer Agent or Registrar	Karvy Fintech Private Limited
SEBI Circular on Issuance of Debt Securities	SEBI Circular dated April 13, 2018 (SEBI/HO/DDHS/DDHS/CIR/P/2018/71) on 'Guidelines for issuance of debt securities by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)'.
Stock Exchange	BSE Limited
Unit Cash Escrow Account	'No-lien' and 'non-interest bearing' account opened with the Escrow Collection Bank and in whose favour Bidders transferred money through direct credit/NEFT/NECS/RTGS in respect of the Bid Amount when submitting a Bid
Unit Cash Escrow Agreement	The unit cash escrow agreement dated March 8, 2019, entered amongst the Trustee (on behalf of the Trust), the Investment Manager, the Lead Manager and the Escrow Collection Bank for, *inter-alia*, collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Working Day	Working Day, with reference to (a) Bid/Issue Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (b) the time period between the Bid/Issue Closing Date and the listing of the Units on the Stock Exchange, shall mean all trading days of Stock Exchange, excluding Sundays and bank holidays

Technical and Industry Related Terms

Term	Description
BCM	Billion Cubic Meters
BTU	British Thermal Units
CGD	City Gas Distribution
CNG	Compressed Natural Gas
FICCI	The Federation of Indian Chambers of Commerce and Industry
FO	Furnace Oil
GAIL	Gas Authority of India Limited
GCV	Gross Calorific Value
GSPL	Gujarat State Petroleum Corporation Limited
GTA	Gas Transportation Agreement
HLPL	Hazira LNG and Port
IPI	Iran - Pakistan - India Pipeline
JHBDPL	Jagdishpur - Haldia - Bokaro - Dhamra Pipeline
KG Basin	Krishna Godavari Basin
KG-D6	Krishna Godavari-Dhirubhai 6

Term	Description
LNG	Liquefied Natural Gas
LSHS	Low Sulphur Heavy Stock
MMBTU/mmbtu	One million British thermal units
MMSCM/ mmscm	Million Metric Standard Cubic Meter
MMSCMD/ mmscmd	Million Metric Standard Cubic Meter Per Day
MMTPA	Million Metric Tonne Per Annum
MW	Megawatt
ONGC	Oil and Natural Gas Corporation Limited
PLF	Plant Load Factor
PNG	Piped Natural Gas
PNGRB	Petroleum and Natural Gas Regulatory Board
PPAC	Petroleum Planning & Analysis Cell (Ministry of Petroleum & Natural Gas, Government of India)
RLNG	Regasified Liquefied Natural Gas
SCADA	Supervisory Control and Data Acquisition
TAPI	Turkmenistan - Afghanistan - Pakistan - India Pipeline

Abbreviations

Term	Description
Access Code Regulations	PNGRB (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
Air Pollution Act	Air (Prevention and Control of Pollution) Act, 1981
APTEL	Appellate Tribunal for Electricity
BSE	BSE Limited
CCI	Competition Commission of India
CCP	Contracted Capacity Payments
CDSL	Central Depository Services (India) Limited
Category III Foreign Portfolio Investors	Category III foreign portfolio investors as defined in Regulation 5I of the SEBI FPI Regulations
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as amended, as applicable
Companies Act (Singapore)	Companies Act, Chapter 50, as amended
Companies Act, 1956	Companies Act, 1956 and the rules, regulations, modifications and clarifications made thereunder as the context requires, repealed as of January 30, 2019
Companies Act, 2013	Companies Act, 2013, as amended and to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, notifications, clarifications and modifications thereunder
Competition Act	Competition Act, 2002
CRS	OECD Common Reporting Standard
Depositories	Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, being the NSDL and the CDSL
Depositories Act	Depositories Act, 1996
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant ID
DTD	Debenture Trust Deed
EP Act	Environment (Protection) Act, 1986
FATCA	United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and U.S. Treasury Regulations promulgated thereunder
FCNR(B)	Foreign Currency Non-Resident (Bank)

Term	Description
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FPI	Foreign Portfolio Investors
FVCI	Foreign venture capital investors, as defined under the SEBI FVCI Regulations
GAIL	Gas Authority of India Limited
GoI or Government	Government of India
GSPC	Gujarat State Petroleum Corporation Limited
Guidance Note	The guidance note on combined and carve out financial statements issued by the Institute of Chartered Accountants of India
Hazardous Waste Rules	Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016
HLPL	Hazira LNG Private Limited
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind-AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, notified on February 19, 2015 by the MCA, including any amendments or modifications thereto
Indian GAAP	Accounting principles generally accepted in India, including the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
Indian GAAS	Generally Accepted Auditing Standards in India
InvIT	Infrastructure Investment Trust
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT Act	The Income Tax Act, 1961
JV Agreement	The joint venture agreement entered between Brookfield Asset Management (Barbados) and Peninsula Land Limited, dated December 15, 2011, as amended and restated
2018 Amendment	The amendment agreement dated July 31, 2018 pursuant to which the JV Agreement was amended in light of the investment management related activities proposed to be undertaken by the Investment Manager
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MoEF	Ministry of Environment, Forest and Climate Change
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NAV	Net asset value
NCD	Non-convertible debentures
NCLT	National Company Law Tribunal
NECS	National Electronic Clearing Service
NEFT	National Electronic Funds Transfer
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NRE	Non Resident External
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
O&M	Operations and Maintenance
PAN	Permanent Account Number
PMP Act	Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962

Term	Description
PNGRB	Petroleum and Natural Gas Regulatory Board
PNGRB Act	Petroleum and Natural Gas Regulatory Board Act, 2006
PNGRB Authorising Regulations	PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008
PLL	Peninsula Land Limited
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
RIIHL	Reliance Industrial Investments and Holdings Limited
Rs./Rupees/INR/₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCR (SECC) Regulations	Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI InvIT Regulations	Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and circulars issued by SEBI from time to time
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	U.S. Securities Act of 1933, as amended
Securities Exchange Act	U.S. Securities Exchange Act of 1934, as amended
SPTL	Sikka Ports & Terminals Limited
Tariff Regulations	PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008
U.S./U.S.A/United States	United States of America
USD/US$	United States Dollars
VCF	Venture capital funds as defined under the SEBI VCF Regulations
Water Pollution Act	Water (Prevention and Control of Pollution) Act, 1974

PRESENTATION OF FINANCIAL DATA AND OTHER INFORMATION

Certain Conventions

All references in this Preliminary Placement Memorandum to "India" are to the Republic of India.

Unless stated otherwise, all references to page numbers in this Preliminary Placement Memorandum are to the page numbers of this Preliminary Placement Memorandum.

Financial Data

Unless stated otherwise, the financial information in this Preliminary Placement Memorandum is derived from the Audited Special Purpose Combined Ind-AS Financial Statements. The Audited Special Purpose Combined Ind-AS Financial Statements have been prepared in accordance with Ind-AS and the Guidance Note and other relevant provisions relating to disclosures required as per SEBI InvIT Regulations. The Audited Special Purpose Combined Ind-AS Financial Statements comprise the Audited Special Purpose Carved-out Ind-AS Financial Statements and the Audited Special Purpose Ind-AS Financial Statements of the Project SPV. As the Project SPV was incorporated on April 20, 2018 no financial information of the Project SPV is available prior to such date. In accordance with the Scheme of Arrangement, the Pipeline Business has been acquired by PIPL with effect from the Appointed Date (being July 1, 2018) and accordingly, the Audited Special Purpose Ind-AS Financial Statements of the Project SPV reflect the assets and liabilities of the Pipeline Business with effect from the Appointed Date.

Since the Trust was set up on November 22, 2018 and has been in existence for a period lesser than three completed Financial Years, the historical financial statements of the Trust are not available for the entire portion of the reporting period of the six months ended September 30, 2018 and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016. Accordingly, in accordance with the requirements of the SEBI InvIT Regulations, the Audited Special Purpose Combined Ind-AS Financial Statements have been prepared and disclosed for the periods when such historical combined financial statements were not available, based on an assumption that the Pipeline Business (as carved-out of EWPL) was part of the Project SPV and the Trust for the reporting periods when the Trust and the Project SPV were not in existence. However, the financial statements may not be representative of the position which may prevail after the Project SPV is transferred to the Trust. For further details, see "***Audited Special Purpose Combined Ind-AS Financial Statements***" on page 291.

Further, the Trust will not acquire ownership of the Project SPV until prior to the Allotment of the Units in the Issue. As of the date of this Preliminary Placement Memorandum, there is no available financial information of the Trust.

Further, this Preliminary Placement Memorandum includes the statement of projections of revenue from operations and cash flows from operating activities and the underlying assumptions of the Trust and the Project SPV as described in the prospective combined financial information for the Financial Years ending March 31, 2022, March 31, 2021 and March 31, 2020 and also of the Project SPV for the years ending March 31, 2022, March 31, 2021 and March 31, 2020, examined by the Statutory Auditor in accordance with the Standard on Assurance Engagement 3400, 'The Examination of Prospective Financial Information', issued by the ICAI (the "**Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities**"). For further details, see "***Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities***" on page 334.

Further, this Preliminary Placement Memorandum includes summary financial statements of: (i) the Sponsor, as of and for the financial period from December 19, 2016 (date of incorporation) to December 31, 2017 and as of and for the financial year ended December 31, 2018 prepared in accordance with International Financial Reporting Standards ("**IFRS**"); and (ii) the Investment Manager, (a) as of and for the Financial Year ended March 31, 2018 prepared in accordance with Ind-AS, derived from the audited consolidated financial statements and audited standalone financial statements for such period, (b) as of and for the Financial Year ended March 31, 2017 prepared in accordance with Ind-AS, derived from audited standalone financial statements for such period, and (c) as of and for the Financial Year ended March 31, 2016 prepared in accordance with Ind-AS, derived from the special purpose standalone Ind-AS financial statements. The summary of financial statements of the Investment Manager for the Financial Years ended March 31, 2017 and March 31, 2016 is on standalone basis, as the Investment Manager did not have any subsidiary during such period. For further details, see "***Summary Financial***

Information of the Sponsor" and "***Summary Financial Information of the Investment Manager***" on pages 64 and 69, respectively.

The financial year for the Trust, the Investment Manager and the Project SPV, commences on April 1 and ends on March 31 of the next year, and the financial year for the Sponsor commences on January 1 and ends on December 31 of that year and accordingly, references to a particular financial year or fiscal year are to the 12-month period ended on either March 31 or December 31 of that year, as applicable.

The degree to which the financial information included in this Preliminary Placement Memorandum will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP, Ind-AS, IFRS, Singapore Standards on Auditing, and the SEBI InvIT Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Preliminary Placement Memorandum should accordingly be limited. See "***Risk Factors – Significant differences exist between Ind AS used to prepare our Audited Special Purpose Combined Ind-AS Financial Statements and other accounting principles, such as Indian GAAP and IFRS, with which investors may be more familiar***" on page 94.

In this Preliminary Placement Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures and percentage figures have been rounded off to two decimal places. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupees, the official currency of the Republic of India; and

- "USD" or "US$" or "$" or "U.S. dollars" are to United States Dollars, the official currency of the United States.

Except otherwise specified, numerical information in this Preliminary Placement Memorandum has been presented in "million" units. However, certain numerical information in this Preliminary Placement Memorandum has been presented in "crore" units where one crore represents 10,000,000.

Unless the context requires otherwise, any percentage amounts, as set forth in this Preliminary Placement Memorandum, have been calculated on the basis of the Audited Special Purpose Combined Ind-AS Financial Statements.

Exchange Rates

This Preliminary Placement Memorandum contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the US$:

(in ₹)

Currency	As of December 31, 2018	As of September 30, 2018*	As of March 31, 2018**	As of December 31, 2017	As of March 31, 2017	As of March 31, 2016
1 US$	69.79	72.55	65.04	63.93	64.84	66.33

Source: https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx, www.fbil.org.in

** Exchange rate as on September 28, 2018, as Reference Rate is not available for September 29, 2018 and September 30, 2018 being a Saturday and Sunday respectively.*

***Exchange rate as on March 28, 2018, as RBI Reference Rate is not available for March 29, 2018 and March 30, 2018 being public holidays and March 31, 2018 being a Saturday.*

Industry and Market Data

Unless stated otherwise, industry and market data used in this Preliminary Placement Memorandum has been obtained or derived from publicly available information, publications of the Government and other sources.

Information has been included in this Preliminary Placement Memorandum based on the report titled *"Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy"* dated October 4, 2017 ("**FICCI Report**"), issued by Federation of Indian Chambers of Commerce and Industry (prepared by Ceresta Business Consulting LLP) as well as publicly available information. For details of risks in relation to the FICCI Report as well as publicly available information, see "***Risk Factors – We have relied on industry publications and other publicly available information, including the report "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017, issued by Federation of Indian Chambers of Commerce and Industry and certain other publically available information, which are based on certain bases, estimates and assumptions that are subjective in nature and may not be accurate.***" on page 94.

Industry publications as well as Government publications generally state that the information contained in such publications has been obtained from various sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based solely on such information. Although the Investment Manager and the Sponsor believe that the industry and market data used in this Preliminary Placement Memorandum is reliable, it has not been independently verified by the Investment Manager or the Sponsor or the Trustee or the Lead Manager or any of their respective affiliates or advisors and none of such entities make any representation as to the accuracy of such information. The data used in these sources may have been re-classified for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section entitled "***Risk Factors***" on page 76. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Preliminary Placement Memorandum is meaningful depending on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of the Trust is conducted, and methodologies and assumptions may vary widely among different industry sources.

The Technical Report included in this Preliminary Placement Memorandum as Annexure B has been issued by Wood Mackenzie Asia Pacific Pte. Ltd. (the "**Technical Consultant**") and in respect of which attention is drawn to the following:

"The information upon which the Technical Report is based, has either been supplied by the Sponsor or EWPL, or comes from the Technical Consultant's own experience, knowledge and databases. The opinions expressed in this report are those of the Technical Consultant. The Technical Consultant represents that it has used reasonable endeavors to obtain the factual information contained in these materials from sources deemed by it, in its discretion, to be reliable at the time such information was obtained but the Technical Consultant makes no warranties or representations about the accuracy or completeness of such information.

The Technical Consultant also represents that it has used reasonable skill and care in creating these materials, but the Technical Consultant makes no warranties or representations about the accuracy or completeness of these materials or about the content of such, including without limitation the interpretations it has made regarding the factual information in these materials. These materials and the information therein, do not include, nor shall they be construed as including, advice, guidance or recommendations from the Technical Consultant to take, or not to take, any actions or decisions in relation to any matter, including without limitation relating to investments or the purchase or sale of any securities, shares or other assets of any kind."

FORWARD-LOOKING STATEMENTS AND FINANCIAL PROJECTIONS

Certain statements contained in this Preliminary Placement Memorandum including under "***Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities***", "***Annexure A – Valuation Report***" and "***Annexure B – Technical Report***" that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'propose', 'pursue', 'seek', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals, including Trust's business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) are also forward-looking statements.

All statements regarding expected financial conditions, results of operations, cash flows, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Trust's business strategy, revenue, cash flows and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Preliminary Placement Memorandum that are not historical facts. These forward-looking statements and any other projections contained in this Preliminary Placement Memorandum (whether made by us or any third party), are based on current plans, estimates, presumptions and expectations.

Such statements are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Trust's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. This may be due to risks or uncertainties associated without expectations with respect to, but not limited to, regulatory changes pertaining to the infrastructure sector in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion plans, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign, exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the infrastructure sector, the outcome of any legal or regulatory proceedings and future impact of new accounting standards. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated.

Factors that could cause actual results, performance or achievements of the Trust to differ materially include, but are not limited to, those discussed under "***Risk Factors***", "***Industry Overview***", "***Business***" and "***Management Discussion and Analysis of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Asset of the Trust***", on pages 76, 161, 177 and 224, respectively. Some of the factors that could cause the Trust's actual results, performance or achievements to differ materially from those in the forward-looking statements, financial projections and financial information include, but are not limited to, the following:

Factors that could cause actual results, performance or achievements of the Trust to differ materially include, but are not limited to, those discussed under "***Risk Factors***", "***Industry Overview***", "***Business***" and "***Management Discussion and Analysis of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Asset of the Trust***", on pages 76, 161, 177 and 224, respectively. Some of the factors that could cause the Trust's actual results, performance or achievements to differ materially from those in the forward-looking statements, financial projections and financial information include, but are not limited to, the following:

- failure to receive final approval from the PNGRB in relation to the transfer of the Pipeline Business to the Project SPV;
- restrictive covenants under lending documents;
- disruption in the operations of the Pipeline Business;
- inability to comply with post-Completion conditions under the Share Purchase Agreement;
- occurrence of an event of default under the PIPL SHA; and
- non-compliance with obligations by various parties under the Transaction Documents.

"***Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities***" prepared for the proposed Issue in accordance with the requirements of the SEBI InvIT Regulations, have been examined by the Auditor and have been included on page 334 herewith. The Statement of Projections of Revenue from

Operations and Cash Flows from Operating Activities have been prepared using a set of assumptions that include hypothetical assumptions about future events and the Investment Manager's actions that are not necessarily expected to occur as set out in the Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities and has been approved by the board of directors of the Investment Manager. Consequently, users are cautioned that this projection may not be appropriate for purposes other than that described above. Further, the Valuation Report, included as **Annexure A** herewith, is based on certain assumption and projections and accordingly, these assumptions require exercise of judgment and are subject to uncertainties.

The forward-looking statements, Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities, the Valuation Report and the Technical Report are not a guarantee of future performance or returns to Bidders. These statements and projections are based on certain beliefs and assumptions, which in turn are based on currently available information. Although the Investment Manager and the Sponsor believe that the expectations and the assumptions upon which such forward-looking statements are based, are reasonable at this time, none of the Investment Manager or the Sponsor can assure Bidders that such expectations will prove to be correct or accurate. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

The Trust, the Investment Manager, the Sponsor, and the Lead Manager or any of their affiliates or advisors, undertake no obligation to update or revise any of statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, whether as a result of new information, future events or otherwise after the date of this Preliminary Placement Memorandum. If any of these risks and uncertainties materialize, or if any of the Investment Manager's underlying assumptions prove to be incorrect, the actual results of operations or financial condition or cash flows of the Trust could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Trust are expressly qualified in their entirety by reference to these cautionary statements. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and financial projections, and not to regard such statements to be a guarantee or assurance of the Trust's future performance or returns to investors.

THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Preliminary Placement Memorandum:

The Trust	India Infrastructure Trust is a contributory irrevocable trust set up under the Indian Trusts Act, 1882, and registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, on January 23, 2019 having registration number IN/InvIT/18-19/0008
The Investment Manager	PenBrook Capital Advisors Private Limited (formerly Peninsula Brookfield Investment Managers Private Limited)
The Sponsor	Rapid Holdings 2 Pte. Ltd.
The Trustee	Axis Trustee Services Limited
The Project Manager	ECI India Managers Private Limited
Issue*	Up to 100 million Units aggregating up to ₹ 10,000.00 million
Issue Price	₹ 100.00 per unit
Issue Size	Up to 100 million Units
Minimum Bid Size	₹ 260.00 million
Bid/Issue Opening Date	March 18, 2019
Bid/Issue Closing Date	March 18, 2019
Eligible Investors	Institutional Investors and Bodies Corporate, Indian or foreign, subject to applicable law.
Authority for this Issue	This Issue was authorised, and approved by the board of directors of the Investment Manager, acting through the InvIT Committee on February 14, 2019.
Tenure of the Trust**	The Trust shall remain in force for a period of 99 years until it is dissolved or terminated in accordance with the Trust Deed. For details, please see "***Parties to the Trust***" on page 111.
Units issued and outstanding as of the date of this Preliminary Placement Memorandum	As of the date of this Preliminary Placement Memorandum, there are no issued and outstanding Units.
Units issued and outstanding immediately after this Issue#	664 million Units
Distribution	See "***Distribution***" on page 220.
Indian Taxation	See "***Statement of Tax Benefits***" on page 277.
Use of Proceeds	See "***Use of Proceeds***" on page 198.
Listing	Prior to this Issue, there has been no market for the Units. The Units are proposed to be listed on BSE. In-principle approval for listing of the Units has been received from BSE on March 11, 2019. The Investment Manager shall apply to the Stock Exchange for the final listing and trading approvals, after the Allotment and the credit of the Units to the demat accounts of the Allottees.
Designated Stock Exchange	BSE Limited
Closing Date	The date on which Allotment of the Units pursuant to this Issue shall be made, i.e. March 18, 2019.
Ranking	The Units being issued shall rank *pari passu* in all respects, including rights in respect of distribution. See"***Rights of Unitholders***" on page 263.
No Redemption by Unitholders	Unitholders have no right to request the Investment Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their listed Units through trading on the Stock Exchange. Listing of the Units on the Stock Exchange does not guarantee a liquid market for the Units.
Lock-in and Rights of Unitholders	For details, sees entitled "***Information Concerning the Units***" and "***Rights of Unitholders***" on pages 197 and 263, respectively.

Governing law	The Trust Deed, pursuant to which the Trust was constituted, is governed by Indian law.
Risk Factors	Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under "***Risk Factors***" on page 76.

[*] In addition to the Issue, the Trust also proposes to raise funds pursuant to the Transaction by way of the Sponsor Subscription and the Trust NCD Offering. The Aggregate Transaction Value (which is the aggregate amount raised pursuant to the Issue, the Sponsor Subscription and the Trust NCD Offering) is up to ₹ 130,100 million. For further details, see "***Use of Proceeds***" on page 198. Under-subscription in the Issue, if any, would be met from the Sponsor Subscription, up to the amount set out in the Commitment Letter, at the discretion of Investment Manager in consultation with the Lead Manager and the Stock Exchange, in accordance with applicable law, including the minimum offer requirement under Regulation 14(1A)(c) of the SEBI InvIT Regulations.

[**] As per the PIPL SHA, upon the occurrence of certain events, such as expiry of 20 years from the Completion Date, (i) the Trust is entitled to require Reliance to purchase the entire issued and paid-up equity share capital of PIPL and (ii) Reliance is entitled to require the Trust to sell to Reliance the entire issued and paid-up share capital of PIPL. For details, see "***Formation Transactions in Relation to the Trust – The PIPL SHA***" on page 47.

[#] The Units issued and outstanding immediately after the Issue also includes Units proposed to be issued to the Sponsor pursuant to the Sponsor Subscription.

Upon listing of the Units on the Stock Exchange, the Units shall be traded only on the dematerialized segment of the Stock Exchange. For further details in relation to this Issue, including the method of application, see "***Issue Information***" on page 268.

OVERVIEW OF THE TRUST

*The following overview is qualified in its entirety by, and is subject to, the more detailed information contained in, or referred to elsewhere, in this Preliminary Placement Memorandum. Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results of the Trust to differ materially from those forecasted or projected in this Preliminary Placement Memorandum. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction of the accuracy of the underlying assumptions by the Trust, the Parties to the Trust or the Lead Manager or any other person or that these results will be achieved or are likely to be achieved. Investment in Units involves risks. Bidders are advised not to rely solely on this overview, however, should read this Preliminary Placement Memorandum in its entirety and, in particular, the section entitled "**Risk Factors**" and "**Forward Looking Statements and Financial Projections**" on pages 76 and 23, respectively.*

Structure and description of the Trust

The Trust has been settled on November 22, 2018, as a contributory irrevocable trust under the provisions of the Indian Trusts Act, 1882. The Trust was registered as an infrastructure investment trust under the SEBI InvIT Regulations on January 23, 2019, having registration number IN/InvIT/18-19/0008. The Trust has been settled for an initial sum of ₹ 10,000.00. The initial sum of the Trust shall never be distributed to the Sponsor under any circumstance.

For details of the principal place of business and compliance officer of the Trust, see "***General Information***" on page 106.

For details of the Unitholding of the Trust (prior to the Issue and post the Issue), see "***Information Concerning the Units – Unitholding of the Trust***" on page 197 and for details of the Unitholders holding greater than 5.00% of the Units, see "***Information Concerning the Units – Unitholders holding more than 5.00% of the Units***" on page 197.

For details of the Unitholding of the Parties to the Trust, see "***Information Concerning the Units – Unitholding of the Sponsor, Investment Manager, Project Manager and Trustee***" on page 197.

For details of arrangements pertaining to the Pipeline, entered into with various parties prior to the Issue, see "***Formation Transactions in relation to the Trust***" on page 41.

Further, for details of the registered office and contact person of the Sponsor, see "***General Information***" on page 106.

Rapid Holdings 2 Pte. Ltd. is the Sponsor of the Trust. PenBrook Capital Advisors Private Limited has been appointed as the Investment Manager, and ECI India Managers Private Limited has been appointed as the Project Manager of the Trust. Additionally, Rutvi Project Managers Private Limited has been appointed as the Contractor pursuant to the O&M Agreement and Reliance Gas Pipelines Limited has been appointed as a Sub-Contractor pursuant to the O&M Sub-Contract Agreement. For further details, see "***Parties to the Trust***" and "***General Information***" on pages 111 and 106.

Investment Objectives

The investment objectives of the Trust are to carry on the activities of an infrastructure investment trust, as permissible under the SEBI InvIT Regulations, by initially acquiring the Initial Portfolio Asset in the first instance and subsequently raising funds and to make investments in compliance with the provisions of the SEBI InvIT Regulations and in accordance with the Trust Deed.

As on the date of this Preliminary Placement Memorandum, the Trust is not permitted to undertake any activity which is prohibited under the SEBI InvIT Regulations.

Subject to the restrictions prescribed under, and requirements of, applicable law, the Trust may not carry on any other principal activity.

For details of the holding structure of the Trust prior to the Issue and post the Issue, see "***Information Concerning the Units***" and "***Formation Transactions in Relation to the Trust – Proposed post-listing structure***" on pages 197 and 57.

Fees and expenses

Annual Expenses

The expenses in relation to the Trust, other than financing expenses and such expenses incurred in relation to operations of Initial Portfolio Asset and expenses to be incurred by the Project SPV would broadly include fee payable to: (i) the Trustee; (ii) the Investment Manager; (iii) the Project Manager; (iv) the Auditor, (v) the Valuer; and (vi) other intermediaries and consultants.

The estimated recurring expenses on an annual basis, exclusive of out of pocket expenses, taxes and escalations, are as follows:

(*in ₹ million, except percentages*)

Payable by the Trust	Estimated Expenses
Fee payable to Credit Rating Agency	5.00
Fee payable to Trustee	1.80
Fee payable to Investment Manager	24.00
Fee payable to Project Manager	15.00
Fee payable to Registrar	0.90
Fee payable to Stock Exchange	0.73
Fee payable to Depositories	0.15
Fee payable to the Auditor	1.70
Fee payable to the Valuer	1.60

Set-up expenses

The expenses in relation to setting up of the Trust, estimated to be approximately ₹ 1.50 million shall be borne in accordance with the Trust Documents.

Details of credit rating

The Trust has been given a credit rating of "AAA" with stable outlook by CARE Ratings Limited, the rationale for which will be available at www.careratings.com.

SUMMARY OF INDUSTRY

*Unless otherwise specified, all of the information contained in this section is derived from a report issued by FICCI, titled "India Gas Infrastructure: Strategies to accelerate to a Gas-Based Economy" dated October 4, 2017, prepared by Ceresta Business Consulting LLP ("**FICCI Report**"). Neither we, nor the Sponsor, Investment Manager, the Trustee, the Project Manager, the Lead Manager nor any other person connected with the Issue has independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

For further details, see "Risk Factors – We have relied on industry publications and other publicly available information, including the report "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017, prepared and issued by Federation of Indian Chambers of Commerce and Industry and certain other publically available information, which are based on certain bases, estimates and assumptions that are subjective in nature and may not be accurate" on page 94.

Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this section as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Issue and the Units.

The Natural Gas Market in India

Energy availability is key to economic growth and consequently high economic growth would lead to an increase in India's energy consumption. India's primary energy mix is set to alter due to the substitution of oil by natural gas. The share of natural gas in the energy mix is expected to increase to 20% in 2025 from 11% in 2010. Based on the plans for expansion of natural gas supply, which are supported by additional regasification liquefied natural gas ("**RLNG**") terminals, the nationwide transmission pipeline network and transnational pipelines which are expected to materialize in the next five to 10 years, it is expected that the share of natural gas in the primary energy mix would reach 20% by 2030. However, to achieve a 20% share in the primary energy mix, the natural gas market is required to attract and sustain investments in gas infrastructure which includes the cross country pipelines. *(Source: Petroleum and Natural Gas Regulatory Board report by industry group titled "Vision 2030-Natural Gas Infrastructure in India Report", available at http://www.pngrb.gov.in/Hindi-Website/pdf/vision-NGPV-2030-06092013.pdf "**PNGRB Report**").*

Historically, natural gas was significantly cheaper than alternate fuels like motor spirit, naphtha, diesel and low sulphur heavy stock ("**LSHS**") / furnace oil ("**FO**"). Although the price of natural gas is increasing (especially of imported gas), newer technology and larger plants have made it possible to ensure efficiency and economies of scale, enabling an increase in the usage of natural gas. As such, natural gas has become the preferred fuel for fertilizers, petrochemicals and, increasingly, the power generation sector. Further, planned investments in power, fertilizer, petrochemical and other areas including city gas distribution suggest a sustained increase in India's level of natural gas consumption. *(Source: PNGRB Report)*

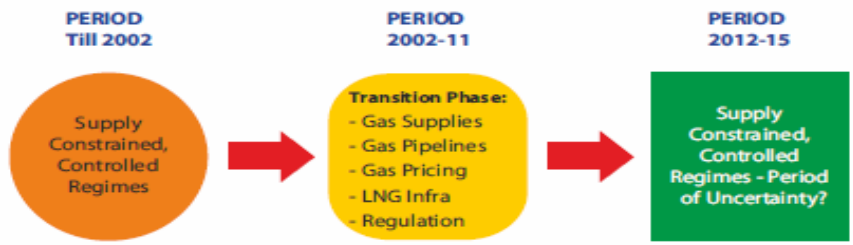
Indian Gas Market Scenario

Historical Overview

During the 2000 to 2004 period, India's gas market witnessed gas findings in the Krishna Godavari Basin ("**KG Basin**"), the setting up of the liquefied natural gas ("**LNG**") re-gasification terminal and the commencement of LNG supply, a successful operation of city gas distribution projects, which had a positive impact on the environment and plans to set up a regulator due to the emergence of the gas economy and related infrastructure development. During the 2004 to 2011 period, India witnessed the beginning of the gas era, with successful commencement and operation of the LNG terminal, expansion of the transmission pipeline network in the north-western corridor and the new network in the east-west corridor, setting up of the regulator, the Petroleum and Natural Gas Regulatory Board ("**PNGRB**"), and the authorization of new pipelines and geographical areas ("**GA**"s) for the city gas distribution ("**CGD**") network, an increase in gas production from the KG Basin and increased supply of gas to many end use sectors. During this period, the government announced a Gas Allocation

Policy prescribing customer-wise allocation for the gas being produced from the KG Basin. The following period, 2011 to 2015, witnessed the unprecedented decline of gas production from the KG Basin, from a high level of approximately 60 million metric standard cubic meter per day ("**MMSCMD**") to a low level of approximately 10 MMSCMD. The gas production forecasts from other finds in the KG Basin also failed to materialize. With declining gas production from the traditional fields of the Oil and Natural Gas Corporation Limited ("**ONGC**"), India witnessed a continuous decline period in gas production for five years and the government decided to not pursue any new gas based power projects, due to stranded power projects of approximately 14,000 megawatt ("**MW**"). The current government is trying to undo the uncertainty in the gas market by announcing policies to attract investments and increase production.

The following chart sets forth the trend in India's gas sector from 2000 to 2015:



(Source: FICCI Report)

India's gas sector, in a short period of time, moved from a supply constrained and controlled regime to a phase of emerging gas economy (from 2002 to 2011), before returning to a period of constrained supply and controlled regime. The government's current policies and strategies are being made in accordance with recent developments, and are expected to involve a multi-pronged strategy of increasing gas production from existing fields under production or exploration, policies to attract investments in fields and policy prescription and regulatory certainty, which is expected to bring about a conducive climate for growth.

Natural Gas Market: Review of Production and LNG Import Trends

The following table sets forth the natural gas production/consumption in India, from financial year 2009 to financial year 2017:

	Financial year						
	2009	**2010**	**2011**	**2012**	**2014**	**2016**	**2017**
Net Gas Production (BCM)	31.75	46.49	51.23	46.45	34.57	31.14	30.85
LNG Import (BCM)	10.54	11.82	12.89	15.41	17.73	21.31	24.69
Total Gas Consumption (BCM)	42.29	58.31	64.12	61.87	52.30	52.45	55.53
Total Gas Consumption (MMSCMD)	115.90	159.70	175.70	169.50	143.30	143.70	152.10

Note: Gas consumption includes internal consumption. *(Source: FICCI Report)*

As evident from the table above, the production of natural gas in India increased from 31.75 billion cubic meters ("**BCM**") in financial year 2009 to 51.23 BCM in financial year 2011. However, net gas production declined over the next four years, amounting to 30.85 BCM in financial year 2017. Overall, gas consumption witnessed an increase from 115.90 MMSCMD in financial year 2009 to 175.70 MMSCMD in financial year 2011 and declined thereafter to 143.70 MMSCMD in financial year 2016. In financial year 2017, gas consumption increased to 152.10 MMSCMD, primarily due to an increase in LNG consumption.

LNG imports increased from approximately 8 to 9 million metric tonne per annum ("**MMTPA**") during financial years 2008 to 2010 to approximately 13 to 14 MMTPA during financial years 2012 to 2015, and subsequently increased further to 19.10 MMTPA in financial year 2017, driven by spot purchases, the government's scheme for regasified liquefied natural gas ("**RLNG**") supply to the power sector and by the sustained downtrend in global LNG prices.

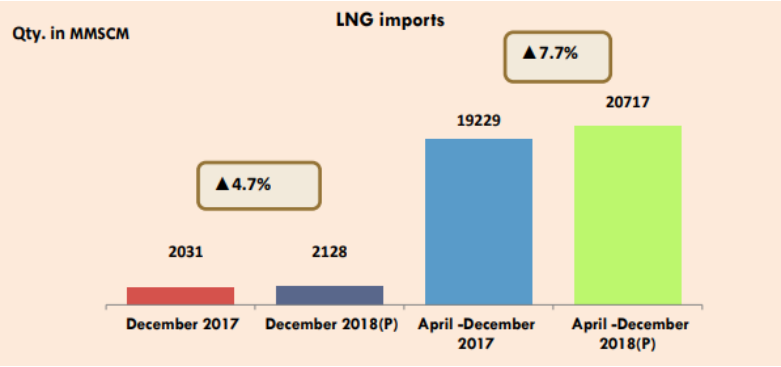
The following table sets forth the LNG import trend in India, from financial year 2009 to financial year 2017:

	Financial year						
	2009	**2010**	**2012**	**2014**	**2015**	**2016**	**2017**
Total LNG Imports (Long Term, Short Term/ Spot) in MMT	7.96	8.92	11.63	13.38	13.99	16.08	19.10
Total LNG Imports (Long Term, Short Term/ Spot) in MMSCMD	28.20	31.60	41.20	47.40	49.50	56.90	67.60

(Source: FICCI Report)

The share of LNG increased from 25% in financial year 2009 to 45% in financial year 2017. Overall, gas consumption was impacted by the decline in domestic production and the constantly higher prices of LNG prevalent in global markets till 2014. LNG's share in gas consumption decreased from 25% in financial year 2009 to approximately 20% to 21% during financial years 2009 to 2011, and subsequently increased to 25% in financial year 2012, mirroring the increase and decrease of domestic gas production and overall gas consumption in India. From financial year 2013 onwards, the considerable increase in the share of LNG in total gas consumption was driven by gas demand, declining global LNG prices and the government's scheme for reviving stranded gas based power projects through RLNG supply.

The following chart sets forth the current and projected trend of LNG imports:



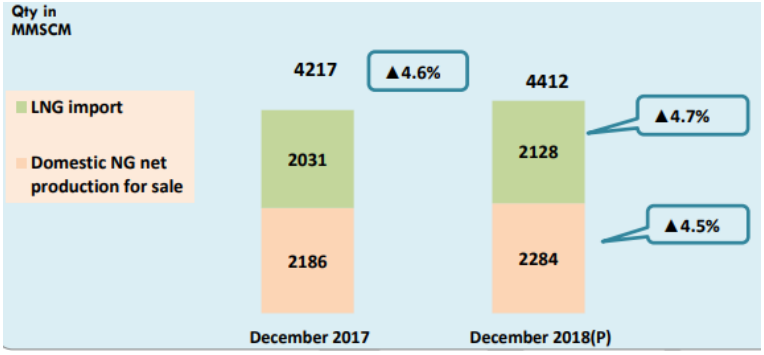
Note: LNG was procured during the month by Petronet LNG Ltd., GAIL (India) Ltd., Gujarat State Petroleum Corporation Ltd., Reliance Industries Limited, Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited and Torrent Power Limited. *(Source: Monthly Report on the Natural Gas Production, Availability and Consumption by the Petroleum Planning and Analysis Cell (Ministry of Petroleum and Natural Gas) as of December, 2018 available at https://www.ppac.gov.in/WriteReadData/Reports/201901250552110702121MonthlyGasReportDec2018.pdf, "**PPAC December 2018 Report**").*

India's gas sector, since late 2014, has been primarily supported by the announcement of the new gas pricing policy in India, the changing global market dynamics and the continuous decline in oil and LNG prices, the government's scheme to revive stranded gas based power projects and its push to increase domestic gas production and expand CGD.

Current Trends in the Production and Consumption of Natural Gas

Gross production in December 2018 was 2,867 million metric standard cubic meter ("**MMSCM**") (increase of 4.2% over the corresponding month of the previous year). Total import of RLNG during December 2018 was 2,128 MMSCM (increase of 4.7% over the corresponding month of the previous year). Natural gas available for sale during December 2018 was 4,412 MMSCM (increase of 4.6% over the corresponding month of the previous year). Total consumption during December 2018 was 4,559 MMSCM. Major sectors were the fertilizer (29%), power (22%), CGD (18%), refinery (12%), and petrochemicals (6%) sectors. RLNG accounted for 51% of total gas consumption. (*Source: PPAC December 2018 Report*)

The following chart sets forth the current and projected quantity of natural gas available for sale:



Note: Total may not tally due to rounding. (*Source: PPAC December 2018 Report*)

SUMMARY OF BUSINESS

Unless otherwise stated or the context requires otherwise, references in this section to "we", "our" or "us" are to the Trust along with PIPL and include the Pipeline Business. However, for the purpose of the Audited Special Purpose Combined Ind-AS Financial Statements, references to "we", "us", and "our" refers to the Pipeline Business and PIPL on a combined basis.

Some of the information in the following section, specifically the information in relation to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements and Financial Projections" on page 23 for a discussion of risks and uncertainties related to those statements and also "Risk Factors" on page 76, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Audited Special Purpose Combined Ind-AS Financial Statements, included in this Preliminary Placement Memorandum on page 291. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Audited Special Purpose Combined Ind-AS Financial Statements and which may not have been subject to an audit or review of the Statutory Auditor. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. You should consult your own advisors and evaluate such information in the context of the Audited Special Purpose Combined Ind-AS Financial Statements and other information relating to our business and operations included in this Preliminary Placement Memorandum.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular the report titled "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017 issued by Federation of Indian Chambers of Commerce and Industry (prepared by Ceresta Business Consulting LLP) ("**FICCI Report**"). For details of risks in relation to FICCI Report and other publications, see "Risk Factors – We have relied on industry publications and other publicly available information, including the report "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017, prepared and issued by Federation of Indian Chambers of Commerce and Industry and certain other publically available information, which are based on certain bases, estimates and assumptions that are subjective in nature and may not be accurate" on page 94. Unless otherwise indicated, all industry and other related information derived from FICCI Report and other publications included herein with respect to any particular year refers to such information for the relevant calendar year.*

Overview

We are a registered infrastructure investment trust under the SEBI InvIT Regulations, set up in order to invest in infrastructure projects, in accordance with the SEBI InvIT Regulations. The initial portfolio asset of the Trust is proposed to be a pipeline system used for the transport of natural gas, with the potential to induct new assets in due course. The pipeline is a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km including spur lines (together with compressor stations and operation centres, the "**Pipeline**") that stretches from Kakinada, Andhra Pradesh, in the east of India, to Bharuch, Gujarat, in the west of India, traversing adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat. The Trust proposes to acquire 100.00% of the issued equity interest in PIPL which owns and operates the Pipeline, pursuant to the Scheme of Arrangement, in the manner described in "***Formation Transactions in Relation to the Trust***" on page 41.

The Pipeline was put into commercial operation in April 2009, and prior to the effectiveness of the Scheme of Arrangement (as defined below), was owned and operated by East West Pipeline Limited ("**EWPL**"). EWPL designed, constructed and commissioned the Pipeline to respond to the opportunity presented by the discovery of natural gas reserves in the KG Basin. Construction on the Pipeline began in Financial Year 2007 and completed in Financial Year 2009. The Pipeline is constructed on a common carrier principle with a trunk pipeline diameter of 48 inches, according to the PNGRB. The capacity of the Pipeline, in accordance with an interim order passed by the APTEL on November 20, 2018, has been considered as 85 metric standard cubic meters per day ("**mmscmd**") for the purpose of tariff determination. For further details, see "– ***Description of Our Business – Description of the Pipeline***" and "***Legal and Other Information – Litigation involving the Pipeline Business –***

Regulatory Matters" on pages 185 and 254.

The Pipeline connects certain supply hubs and demand centres located in the eastern and western India which we believe acts as an important link in the development of India's national natural gas grid. It connects a number of domestic gas sources including the KG-D6 gas block and GSPC's natural gas fields on the east coast and the HLPL LNG terminal at Hazira, Gujarat, with existing markets in the eastern, western and northern regions of India, as well as to consumers along the route. The Pipeline can also transport gas from Dahej and Dhabol terminals by inter-connecting with the third-party pipelines of GAIL and GSPC. As of September 30, 2018, the Pipeline includes a network of 11 compressor stations and two operation centres, which incorporate modern telecommunication, emission control and operational systems for safe and efficient operations.

For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, average daily flow of natural gas through the Pipeline was 20 mmscmd, 17 mmscmd, 17 mmscmd and 19 mmscmd, respectively. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, our revenue from operations was ₹ 663.12 crore, ₹ 884.78 crore, ₹ 820.99 crore, and ₹ 1,050.03 crore, respectively. For details of our revenue from operations for each of the completed months subsequent to September 30, 2018, see "***Management Discussion and Analysis of The Financial Condition, Results of Operations and Cash Flows of The Initial Portfolio Asset of The Trust – Revenue from Operations for Completed Months Subsequent to September 30, 2018***" on page 241.

Overview of Parties to the Trust and other Key Parties and Structure of the Trust

The Sponsor of the Trust, Rapid Holdings 2 Pte. Ltd., is a wholly owned subsidiary of Rapid Holdings 1 Pte. Ltd ("**Rapid 1**"), a company incorporated in Singapore. Rapid 1 is held 70.58% by BIF III India Holdings (Bermuda) LP ("**Bermuda LP 1**"), a limited partnership incorporated in Bermuda and 29.42% by BIP BIF III AIV (Bermuda) LP ("**Bermuda LP 2**"), a limited partnership incorporated in Bermuda.

The Sponsor is an entity forming part of the Brookfield Group (i.e. the entities which are directly or indirectly controlled by Brookfield Asset Management, Inc.). Brookfield Asset Management Inc. ("**Brookfield**") is a global alternative asset manager, currently listed on the New York Stock Exchange and the Toronto Stock Exchange. All infrastructure related investments by Brookfield are made through BIP. The units of BIP are listed on the New York Stock Exchange and the Toronto Stock Exchange. Brookfield is a global asset manager which, together with its affiliates, owns and operates assets, with a focus on infrastructure, renewable power, property and other real assets. Brookfield had approximately US$ 285 billion of assets under management as of December 31, 2017. Brookfield's infrastructure vehicle, BIP, owns and operates one of the largest infrastructure portfolios in the world, with approximately US$ 76 billion of assets (including wind, hydro and solar assets) under management as of December 31, 2017. For further details, see "***Parties to the Trust – The Sponsor – Rapid Holdings 2 Pte. Ltd***." on page 111.

The Trustee of the Trust is Axis Trustee Services Limited and is a registered intermediary with SEBI. The Trustee is not an Associate of the Sponsor or the Investment Manager. For further details, see "***Parties to the Trust – The Trustee – Axis Trustee Services Limited***" on page 112.

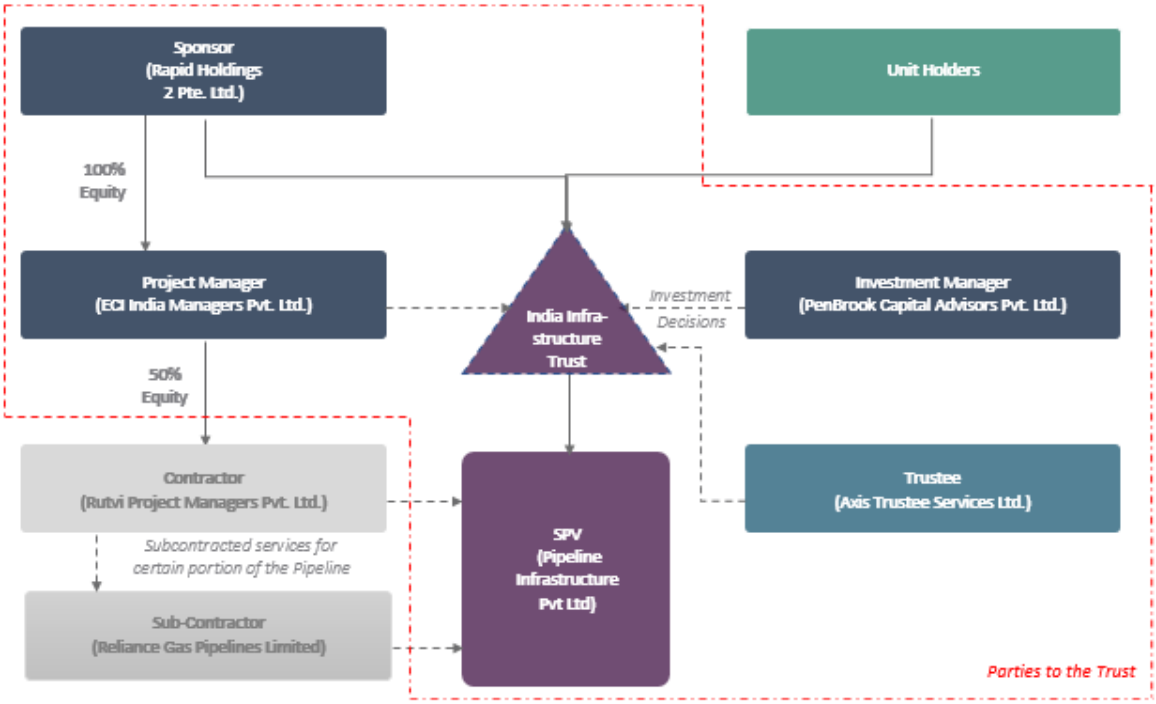
PenBrook Capital Advisors Private Limited ("**Investment Manager**" or "**PenBrook**") is the Investment Manager to the Trust. The Investment Manager was incorporated in 2011 as a joint venture between Brookfield Asset Management (Barbados) and Peninsula Land Limited ("**PLL**"), to pool investments from investors in India with the objective of making investments in portfolio companies in the real estate sector in India. The Investment Manager is the investment manager of two Category II alternative investment funds registered with the SEBI. For further details, see "***Parties to the Trust – The Investment Manager – PenBrook Capital Advisors Private Limited***" on page 121.

The Project Manager of the Trust is ECI India Managers Private Limited, a wholly-owned subsidiary of the Sponsor. The Project Manager shall (directly or through the appointment of appropriate agents) in accordance with the Project Management Agreement, the O&M Agreement and the O&M Sub-Contract Agreement undertake operations and management of the Pipeline and make arrangements for the appropriate maintenance of the Pipeline. For further details, see "***Parties to the Trust – the Project Manager – ECI India Managers Private Limited***" on page 135.

The Pipeline will be held by the Trust through Pipeline Infrastructure Private Limited ("**PIPL**"). For details of PIPL, see "***Formation Transactions in Relation to the Trust – Details of PIPL***", on page 45.

Rutvi Project Managers Private Limited (the "**Contractor**") shall perform certain specified services for the operation and maintenance of the Pipeline and in accordance with specified operating standards and specifications, in accordance with the O&M Agreement (as defined below), and Reliance Gas Pipelines Limited (the "**Sub-Contractor**") shall perform such services for a specified portion of the Pipeline, in accordance with the O&M Sub-Contract Agreement (as defined below).

The following structure illustrates the relationship among Parties to the Trust (being the Trust, the Trustee, the Sponsor, the Investment Manager and the Project Manager), the Contractor, the Sub-Contractor and the Unitholders as on the Listing Date:



Overview of the Transaction Agreements

PIPL, RIHPL, the Investment Manager and the Sponsor entered into a framework agreement, dated August 28, 2018 (the "**Framework Agreement**"), which records the understanding among the parties for, among others (1) transfer of the entire issued equity share capital of PIPL to the Trust; (2) subscription by the Trust to the PIPL NCDs; (3) transfer of the Pipeline Business from EWPL to PIPL pursuant to the Scheme of Arrangement for a net consideration of ₹6,500.00 million, payable through cash consideration of ₹ 6,000.00 million and issuance and allotment of 50,000,000 Redeemable Preference Shares to EWPL by PIPL (4) repayment of the unsecured liability of ₹164,000 million ("**Outstanding Payables**"), owed by EWPL in relation to the Pipeline Business, and transferred to PIPL pursuant to the Scheme of Arrangement. Accordingly, through the Scheme of Arrangement, the Pipeline Business has been demerged from EWPL to PIPL for an asset value of ₹ 170,500.00 million along with the Outstanding Payables, i.e. for net consideration of ₹ 6,500 million. For further details of the Framework Agreement see "***Formation Transactions in Relation to the Trust – the Framework Agreement***" on page 41.

For a detailed description of the transaction agreements, see "– ***Description of Our Business – Key Contracts***" and "***Formation Transactions in Relation to the Trust***" on pages 188 and 41, respectively.

In order to give effect to the transactions under the Framework Agreement, the parties have entered into the following agreements and documentation:

- the relevant benches of the NCLT have approved a Scheme of Arrangement among EWPL, PIPL and their respective shareholders and creditors, for the demerger of the Pipeline Business from EWPL to PIPL for a net consideration of ₹ 6,500 million, payable by PIPL through cash consideration of ₹ 6,000 million and the issuance and allotment of 50,000,000 Redeemable Preference Shares to EWPL. For further details see "***Formation Transactions in Relation to the Trust – Scheme of Arrangement and Acquisition of the Pipeline by PIPL***" on page 44.

- PIPL, RIHPL, the Trust (acting through its Trustee) and the Investment Manager have entered into a share purchase agreement, dated February 11, 2019 (the "**Share Purchase Agreement**") for the purchase of 100% of the equity share capital of PIPL by the Trust from RIHPL, for a purchase consideration of ₹ 500 million. The parties to the Share Purchase Agreement have agreed to carry out certain post-completion actions. See, "***Risk Factors - We have received a conditional in-principle approval from the PNGRB in relation to the demerger of the Pipeline Business to PIPL and are yet to receive a final approval from the PNGRB. If we are unable to obtain the requisite approval from the PNGRB, on terms favorable to us, or at all, our business, results of operations, financial condition and cash flows may be adversely affected***" on page 76. For further details see "***Formation Transactions in Relation to the Trust – The Share Purchase Agreement***" on page 52.

- PIPL, Reliance Industrial Investments and Holdings Limited ("**RIIHL**") and the Trust have entered into a share subscription agreement dated February 11, 2019 (the "**Share Subscription Agreement**"). RIIHL has (either by itself or through one or more members of the RIL group) agreed to subscribe to 4,000 million compulsorily convertible preference shares of ₹ 10 each of PIPL aggregating to ₹ 40,000 million (the "**CCPS**") on the date when the PIPL NCDs are allotted to the Trust ("**Transfer Date**").

  The term of the CCPS shall be 20 years from the date of allotment and the CCPS shall have the following terms: (i) dividend of 0.10% on the par value of the CCPS subject to availability of distributable profits with PIPL, (ii) a preferential right vis-à-vis equity shares with respect to payment of dividend, and (iii) voting rights, as available to holders of preferences shares under Section 47(2) of the Companies Act, provided that the CCPS Holder shall not have the right to vote on resolutions as prescribed under the second proviso to Section 47(2) of the Companies Act, even if the dividend has not been paid by PIPL for two years. Upon the expiry of 20 years from the date of allotment, every 254 CCPS shall be converted into one equity share which shall represent 24.00% of the then issued and paid up equity share capital of PIPL, subject to adjustments specified in the Share Subscription Agreement.

- PIPL, EWPL, Reliance, the Trust and the Investment Manager have entered into a shareholders' and options agreement dated February 11, 2019, as amended by the first amendment agreement dated March 9, 2019 (the "**PIPL SHA**") to set out their rights and obligations in relation to PIPL, including those of the Trust as the equity shareholder of PIPL and the holder of the PIPL NCDs, of holders of the Redeemable Preference Shares and of Reliance and the Trust in relation to the purchase and transfer of the equity shares of PIPL under certain circumstances and the manner of distribution of cash flows of PIPL, in compliance with applicable law.

  The PIPL SHA contains, among others, terms of the Redeemable Preference Shares and PIPL NCDs. The PIPL NCDs are to be issued to the Trust by PIPL for an issue size of ₹ 129,500 million and face value of ₹ 1,000 each, to be applied towards the repayment of the Outstanding Payables and discharge of consideration payable to EWPL pursuant to the Scheme of Arrangement. The PIPL NCDs have a tenor of 20 years and carry an interest rate which comprises of an annual rate of interest, an implicit rate of return embedded in the right to sweep certain cash-flows of PIPL for the first five years, an implicit rate of return embedded in the right to sweep certain cash-flows of PIPL for the balance fifteen years and an implicit rate of return linked to an upside share. For further details see "***Formation Transactions in Relation to the Trust – Subscription to PIPL NCDs by the Trust***" on page 58.

  Further, the PIPL SHA contains clauses which govern the Trust's right to require Reliance to purchase all the equity shares of PIPL, and Reliance's right to require the Trust to sell all the equity shares of PIPL, after a period of 20 years from the Completion Date or earlier under certain specified circumstances, at a price determined in accordance with the terms set out in PIPL SHA. For details of the cash flows and distribution, and other rights of the parties in respect of the PIPL NCDs see "***Formation Transactions in Relation to the Trust – Subscription to PIPL NCDs by the Trust***" on page 58.

PIPL and Reliance have agreed to enter into, in an agreed form and manner, the following agreement on the Completion Date pertaining to the Pipeline Business:

- PIPL and Reliance have agreed to enter into a pipeline usage agreement, the form of which has been agreed between the parties, on the Completion Date (the "**Pipeline Usage Agreement**"), which will set out the terms for Reliance to reserve transportation, storage or other capacity in the Pipeline for a period of 20 years. Under the Pipeline Usage Agreement, PIPL will agree to reserve a capacity of up to a maximum of 33 mmscmd in the Pipeline for a period of 20 years, pursuant to which Reliance shall pay

PIPL Contracted Capacity Payments determined for four blocks of five years each in the manner specified and calculated with reference to the Benchmark Rate, and subject to certain adjustments. The obligation of Reliance to pay the Contracted Capacity Payments will be conditional upon and adjusted in accordance with capacity charges collected directly by PIPL from Reliance or third party customers. The CCP to be paid by Reliance will only be adjusted by Reliance by transporting gas in the Pipeline by itself or through its nominees up to the amounts outstanding against CCP. Whenever Reliance or its nominees transport gas, the actual GTA Capacity Charges (defined under the Pipeline Usage Agreement) will be adjusted against the CCP amounts outstanding in the manner to be set out in the Pipeline Usage Agreement. See "***Formation Transaction in Relation to the Trust – Pipeline Usage Agreement***" on page 55.

In order for PIPL to carry out the Pipeline Business, PIPL has entered into the following agreements, effective on the Completion Date:

- the Project Manager, the Trustee, the Investment Manager and PIPL have entered into a project management agreement dated February 22, 2019 ("**Project Management Agreement**"), which sets out the scope of services to be provided by the Project Manager in respect of the Pipeline as well as certain related matters, including in respect of any sub-contracting. For further details see "***Parties to the Trust – Key Terms of the Project Management Agreement***" on page 135.

- PIPL, the Contractor and the Project Manager have entered into an operations and maintenance agreement, dated February 11, 2019 ("**O&M Agreement**"), in order to set out the terms for delegation of obligations by the Project Manager to the Contractor, towards the operation and maintenance of the Pipeline. The Contractor has agreed to perform certain specified services for the operation and maintenance of the Pipeline and in accordance with specified operating standards and specifications, including health, safety, and environment standards. The O&M Agreement includes budget plans for the cost of operating and maintaining the Pipeline facilities, for a period of 20 years, as well a process of drawing up annual budgets and provides for the manner of dealing with amounts in excess of or less than actual amounts spent towards operation and maintenance of the Pipeline. For further details see "***Parties to the Trust – Key Terms of the O&M Agreement***" on page 141;

- PIPL, the Contractor and the Sub-Contractor have entered into an operations and maintenance sub-contract, dated February 11, 2019 ("**O&M Sub-Contract Agreement**"), in order to set out the terms for delegation of certain obligations by the Contractor to the Sub-Contractor for a certain portion of the Pipeline, i.e., from compressor station 8 to compressor station 10. For further details see "***Parties to the Trust – Key Terms of the O&M Sub-Contract Agreement***" on page 145;

- PIPL, the Contractor and RGPL have entered into an infrastructure sharing agreement dated February 11, 2019 ("**Infrastructure Agreement**") in order to set out the terms for permitting RGPL non-exclusive access to certain facilities of RGPL which are laid on the Pipeline's right of usage area and are co-located with the Pipeline facilities. For further details see "***Parties to the Trust – Key Terms of the Infrastructure Agreement***" on page 148; and

- PIPL, Reliance and the Contractor have entered into an shared services agreement, dated February 11, 2019 ("**Shared Services Agreement**"), in order to set out the terms for Reliance to provide PIPL and the Contractor with certain identified services in connection with the Pipeline Business, for a period of three years, in order to enable business continuity, seamless operations and an effective cost structure of the Pipeline Business, pursuant to the demerger of the Pipeline Business from EWPL to PIPL. For further details see "***Parties to the Trust – Key Terms of the Shared Services Agreement***" on page 147.

Our Strengths

Strategically important, revenue generating asset with a long estimated life

We believe that, the Pipeline is a strategically important pipeline forming 9.16% of the natural gas pipeline network in India as of October 2017, according to the FICCI Report. EWPL designed, constructed and commissioned the Pipeline to respond to the opportunity presented by the discovery of natural gas reserves in the KG Basin. The Pipeline connects certain supply hubs and demand centres located in the eastern and western India. It connects gas sources in the KG Basin and the HLPL LNG terminal at Hazira, Gujarat, with existing markets in the eastern, western and northern regions of India, as well as to consumers along the route.

The Pipeline is a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km, including spur lines, with a capacity of 85 mmscmd (considered as the capacity for the purpose of tariff determination in accordance with an interim order passed by the APTEL on November 20, 2018). As of September 30, 2018, the Pipeline includes a network of 11 compressor stations and two operation centres that incorporate modern telecommunication, emission control and operational systems for safe and efficient operations. The Pipeline is constructed on a common carrier principle, with a trunk pipeline diameter of 48 inches, according to the PNGRB. The Pipeline was put into commercial operation in April 2009 by EWPL, which prior to the effectiveness of the Scheme of Arrangement, owned and operated the Pipeline Business. The PNGRB, in terms of the PNGRB Authorising Regulations, has considered an economic life of 25 years for the Pipeline commencing from April 1, 2009 and as on date approximately 16 years are remaining. Further, as per the PNGRB Authorising Regulations, the economic life of the Pipeline can be extended by 10 years on satisfactory compliance of the service obligations that the PNGRB Authorising Regulations prescribe and such other terms and conditions as the PNGRB may deem fit

For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, average daily flow of natural gas through the Pipeline was 20 mmscmd, 17 mmscmd, 17 mmscmd and 19 mmscmd, respectively. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, our revenue from operations was ₹ 663.12 crore, ₹ 884.78 crore, ₹ 820.99 crore, and ₹ 1,050.03 crore, respectively. For details of our revenue from operations for each of the completed months subsequent to September 30, 2018, see "***Management Discussion and Analysis of The Financial Condition, Results of Operations and Cash Flows of The Initial Portfolio Asset of The Trust – Revenue from Operations for Completed Months Subsequent to September 30, 2018***" on page 241.

Strategically located asset in a regulated industry

The Pipeline is strategically located to access gas sources in the KG-D6 gas block located in the KG Basin and the HLPL LNG terminal at Hazira and to supply markets in the west of India. The Pipeline is a cross-country, natural gas pipeline that stretches from Kakinada, Andhra Pradesh, in the east of India, to Bharuch, Gujarat, in the west of India, traversing through or adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat. We believe the Pipeline acts as a vital link in India's developing natural gas grid as it connects certain supply hubs and demand centres located in the eastern and western India. We believe that the Pipeline is well positioned for growth, given its ability to access future gas production from new explorations in the KG Basin and additional inter-connections with terminals on the east coast of India. We believe that it also has potential connectivity to other major gas pipeline networks in India.

Further, the gas pipeline industry in India is regulated, and the oversight of the industry comes primarily from the PNGRB. The Pipeline operations and business adhere to an established regulatory and statutory framework set out by the PNGRB Act, the PMP Act and the regulations issued thereunder, which includes, among other areas, authorization, access code, affiliate code of conduct, capacity determination, safety and technical standards, disaster management, integrity management, and tariff determination. The Government of India has also recently implemented the Hydrocarbon Exploration and Licensing Policy, which is intended to strengthen upstream oil and gas infrastructure and increase domestic natural gas production in order to reduce India's import dependency. We believe that the Pipeline's strategic domestic geographic position makes it well suited to benefit from such broader Indian energy industry trends, as well as the opportunities presented by a clear and consistent regulatory environment conducive to our business operations.

The regulatory framework in place requires the PNGRB to be guided by a number of relevant objectives pursuant to the PNGRB Authorisation Regulations prior to approving a new pipeline proposal. These include, among others, avoiding infructuous investment, securing equitable distribution and ensure adequate availability throughout the country and incentivizing rapid gas pipeline infrastructure. The PNGRB has the authority to accept or reject any application to lay a new pipeline. Accordingly, we believe that the regulatory barriers for establishing a pipeline on a route similar to the Pipeline route may be high.

Logistically and technically complex construction process

The construction of the Pipeline was logistically and technically complex, involving several river crossings where complex methods of pipe-laying were deployed. During the process of construction, the Pipeline successfully acquired the Right of Use of a corridor of land spread over villages across several states in India. For further details, see "***– Description of Our Business – Title to Properties and Right-to-Use***" on page 196. Permits were also successfully obtained for the crossing of the Pipeline over highways, railways, rivers and canals. We believe

the logistically and technically complex construction process of the Pipeline presents the Pipeline with a distinct competitive advantage, as it creates a barrier to entry for competitors.

Capacity reservation arrangements promote stable and predictable cash flows

The Pipeline is a revenue-generating asset that operates with generally stable cash flows, subject to the supply and demand for natural gas in India. PIPL and Reliance have agreed to enter into the Pipeline Usage Agreement on the Completion Date, which will set out the terms for Reliance to reserve transportation, storage or other capacity in the Pipeline for a period of 20 years. Under the Pipeline Usage Agreement, Reliance will agree to pay to PIPL, during its term, Contracted Capacity Payments determined for four blocks of five years each, in the manner specified, towards annual contracted capacity to a maximum of 33 mmscmd, and calculated with reference to the Benchmark Rate, and subject to certain adjustments. The obligation of Reliance to pay the Contracted Capacity Payment will be adjusted in accordance with payments made for actual capacity contracted by Reliance or third party customers pursuant to gas transportation agreements, and capacity charges collected directly by PIPL from Reliance or such third party customers.

Further Reliance reserving capacity in the Pipeline provides certainty of cash flows to PIPL and PIPL will also be eligible for certain annual upside sharing, determined in accordance with the Pipeline Usage Agreement. We expect that this arrangement will provide us with a highly predictable cash flow stream throughout the 20 year term, regardless of whether Reliance utilizes natural gas capacity of the Pipeline equal to its annual booked capacity. Further, pursuant to the gas transportation agreements with existing customers the Pipeline Business had contracted quantity of 316.83 million mmbtu and 429.60 million mmbtu for the period between April 1, 2018 and November 30, 2018 and for the Financial Year 2018, respectively. We believe that these capacity contracts and other arrangements, together with our limited need for capital expenditures, promote stable and predictable cash flows for our business.

Well established and long-standing customer relationships

We have well established and long-standing relationships with our customers. Our customers are from industries such as the fertiliser, power, CGD, LPG and petrochemicals refining sectors and rely on our Pipeline for the transportation of gas to facilitate their operations, a majority of whom have been our customers for over five years. Some of our customers are situated on the GAIL and GSPC networks and gas is transported to them through interconnecting points between the Pipeline and other GAIL and GSPC networks. Among our customers, the Pipeline is of importance to Reliance, as it provides transportation of gas to its petrochemical and refining facilities. Customers such as GAIL and GSPC who are also aggregators, are able to transport gas using the Pipeline, which is strategically located, from east coast to western markets for either captive use or for sale to their consumers. We believe the Pipeline is critical for carrying gas from ONGC fields on the east coast of India to markets to in Western India. We seek to ensure high customer satisfaction levels through the operation of a regular feedback mechanism.

Support from our Sponsor

The Sponsor, Rapid Holdings 2 Pte. Ltd., is a wholly owned subsidiary of Rapid 1, a company incorporated in Singapore. The Sponsor is an entity forming part of the Brookfield Group (i.e. the entities which are directly or indirectly controlled by Brookfield Asset Management, Inc.). Brookfield is a global alternative asset manager, currently listed on the New York Stock Exchange and the Toronto Stock Exchange. All infrastructure related investments by Brookfield are made through BIP. The units of BIP are listed on the New York Stock Exchange and the Toronto Stock Exchange. Brookfield is a global asset manager which, together with its affiliates, owns and operates assets, with a focus on infrastructure, renewable power, property and other real assets. Brookfield had approximately US$ 285 billion of assets under management as of December 31, 2017. Brookfield's infrastructure vehicle, BIP, owns and operates one of the largest infrastructure portfolios in the world, with approximately US$ 76 billion of assets (including wind, hydro and solar assets) under management as of December 31, 2017. We believe that the experience with Brookfield will contribute to our growth and success, and assist in the operations and management of the Pipeline. For further details, see "***Parties to the Trust – Background and Past Experience of the Sponsor***" on page 111.

Skilled and experienced Investment Manager

The Investment Manager is an asset management company and is the investment manager of two Category II alternative investment funds registered with the SEBI. The Investment Manager has over five years of experience

in fund management. For further details, see "***Parties to the Trust – Background and Past Experience of the Investment Manager***" on page 121. We believe that the experience of the Investment Manager will contribute to our growth and success and will position the Pipeline to be operated and managed in an efficient manner. Further, the Investment Manager has appointed the Project Manager to (directly or indirectly) undertake operations and management of the Trust Assets, including the Pipeline. The Project Manager has delegated these responsibilities to the Contractor, pursuant to the O&M Agreement. See "***Formation Transactions in Relation to the Trust – Key terms of the O&M Agreement***" on page 141.

FORMATION TRANSACTIONS IN RELATION TO THE TRUST

The Trust proposes to acquire 100.00% equity interest in PIPL, the owner and operator of the Pipeline, which will constitute the initial portfolio asset of the Trust.

Details of the Pipeline Business and EWPL

The Pipeline Business entails the business of providing transportation of natural gas through a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km (including dedicated lines) that stretches from Kakinada, Andhra Pradesh in the east of India to Bharuch, Gujarat, in the west of India. For a detailed description of the operation of the Pipeline see "***Business – Description of our Business***" on page 185.

Historically, the Pipeline Business was owned and operated by EWPL. EWPL is a public limited company incorporated on June 4, 1999 and its corporate identification number is U60300GJ1999PLC040064. Its registered office is situated at 101, Shivam Apartments, 9, Patel Colony Bedi Bunder Road, Jamnagar 361 008, Gujarat, India.

The Framework Agreement

PIPL, RIHPL, the Investment Manager and the Sponsor have entered into a framework agreement dated August 28, 2018 (the "**Framework Agreement**"), which records the understanding of the parties for demerger of the Pipeline Business from EWPL to PIPL pursuant to the Scheme of Arrangement.

The Trust proposes to acquire the Pipeline Business by way of acquiring the entire issued and paid-up equity share capital of PIPL from RIHPL, the shareholder of PIPL as on the date of this Preliminary Placement Memorandum. The Trust also proposes to repay/prepay a portion of the unsecured liability of ₹ 164,000.00 million owed by EWPL with respect to the Pipeline Business (transferred to PIPL pursuant to the Scheme of Arrangement).

The Trust proposes to fund a portion of such obligations through the proceeds from: (i) the Issue, (ii) the Net Sponsor Subscription, and (iii) the Trust NCD Offering. For details on the utilisation of proceeds by the Trust and PIPL, please see "***Use of Proceeds***" on page 198.

In accordance with the terms of the Framework Agreement, the parties have agreed to undertake the following steps to give effect to transactions contemplated under the Framework Agreement:

(a) *Implementation of the Scheme of Arrangement*: pursuant to the Scheme of Arrangement, the demerger of the Pipeline Business from EWPL to PIPL (the consideration for which is a cash consideration of ₹ 6,000.00 million and the issuance and allotment of 50 million Redeemable Preference Shares of ₹ 10 each of PIPL to EWPL).

(b) *Transfer of the shares of PIPL*: all of the equity shares of PIPL will be transferred from RIHPL to the Trust, upon payment of a consideration of ₹ 500.00 million from the Trust to RIHPL.

(c) *Subscription of PIPL NCDs*: the Trust will subscribe to the PIPL NCDs upon payment of a subscription consideration of ₹ 129,500.00 million by the Trust to PIPL.

(d) *Repayment of Outstanding Payables*: PIPL will utilize the amount raised from the issuance of the PIPL NCDs in accordance with the terms of the Pipeline Usage Agreement for repayment of the unsecured liability previously owed by EWPL and which has demerged from EWPL to PIPL as part of the Scheme of Arrangement with effect from the Appointed Date.

(e) *Adoption of the restated articles of association*: PIPL will adopt restated articles of association in the form agreed pursuant to the Framework Agreement.

The Framework Agreement contains the following clauses with respect to representations, warranties, conditions precedent and indemnity:

(a) *Conditions precedent*:

The completion of the transaction in accordance with the Framework Agreement is subject to the parties

agreeing to the forms of the related agreements and their execution (including the PM Joint Venture Agreement, the O&M Sub-Contract Agreement, the Share Purchase Agreement, the PIPL SHA and the Pipeline Usage Agreement, the Termination Agreement together with the Framework Agreement, the Scheme of Arrangement and such other documents as may be entered into between the parties for the purposes of the transaction), and completion of due diligence on PIPL and the Pipeline Business by the Sponsor and the Investment Manager, to their satisfaction.

In addition to the parties to the Framework Agreement not breaching their respective warranties and covenants, the other conditions precedent, *inter alia*, are:

- the receipt of approval of the PNGRB and the CCI;
- the receipt of orders from the respective NCLT's approving the Scheme of Arrangement and submission of the respective NCLTs orders for adjudication for applicable stamp duty by the collector;
- the assets and properties pertaining to the Pipeline Business being free of encumbrance;
- PIPL having no indebtedness (other than the liabilities arising out of business operations, which are represented by corresponding assets, unsecured liability to be repaid pursuant to the Framework Agreement and the consideration to be paid pursuant to the Scheme of Arrangement by PIPL to EWPL);
- the Trust obtaining its certificate of registration under the SEBI InvIT Regulations;
- the Sponsor receiving approval of its internal committees; and
- the Trust raising funds to the extent of ₹ 130,000.00 million, as of the completion date as defined under the Framework Agreement.

(b) *Representations and warranties*:

(i) Each of RIHPL, PIPL, the Sponsor and the Investment Manager have provided various representations and warranties to each of the other parties under the Framework Agreement. The representations and warranties provided by RIHPL and PIPL include, among other things, (i) customary representations and warranties in relation to due incorporation and existence of RIHPL, EWPL and PIPL, (ii) title related representations and warranties on the Sale Shares (as defined under the Share Purchase Agreement); (iii) title related representations and warranties in relation to the Pipeline Business including, but not limited to, all material licenses, registrations and permits necessary for carrying on the Pipeline Business being obtained and effective in the ordinary course of business; and (iv) representations and warranties on the conduct of the Pipeline Business including relating to valid legal and marketable title or leasehold rights (as the case maybe) with respect to each of the properties, assets, buildings and other structures in relation to the Pipeline Business. Additionally, as part of these representations and warranties, RIHPL and Reliance (and each of their affiliates) have made representations and warranties as to the trueness and completeness, in all material respects, of all information and documents pertaining to the Pipeline Business and PIPL, as of the date on which such information has been provided. Further, RIHPL has also made representations and warranties regarding all material information in relation to the Pipeline Business, PIPL and EWPL is true and complete, in all material respect, in connection with the statements and disclosures made by the Sponsor and the Investment Manager for the purposes of the amounts to be raised by the Trust and for regulatory purposes.

(ii) The Sponsor and the Investment Manager have each confirmed their respective ability to enter into the Framework Agreement and consummate the transactions contemplated therein.

(c) *Covenants and undertaking*:

The covenants and undertakings provided for in the Framework Agreement include, *inter alia*, the following:

(a) RIHPL and PIPL have agreed that from the date of execution of the Framework Agreement until completion contemplated under it, or earlier termination (the "**Standstill Period**"), the Pipeline Business and the business of PIPL will be carried on in the ordinary course of business as per past practice and applicable laws. RIHPL has also agreed, amongst other things, to not undertake or permit any of the restricted actions, which include, but are not limited to, restrictions on EWPL and/or PIPL (as applicable) in relation to, (i) making any amendments to the Scheme of

Arrangement; (ii) terminating or amending any material contract or arrangement between EWPL, and RIHPL, Reliance (and each of their affiliates) with respect to the Pipeline Business, other than in the ordinary course of business; or (iii) implementing any change in accounting principles or methods ("**Restricted Actions**"), to be undertaken during the Standstill Period, except with the specific prior written consent of the Sponsor and the Investment Manager or as required under the transaction documents (as defined under the Framework Agreement). Additionally during the Standstill Period, amongst other things, RIHPL shall not (either by itself or through its affiliates) except with the prior written consent of the Sponsor or as required under the transaction documents (as defined under the Framework Agreement), transfer, encumber or offer to transfer or encumber any shares (or other securities) of PIPL to any person, and shall also ensure that EWPL shall not (directly or indirectly) transfer, encumber or offer to transfer the Pipeline Business (or any part of it) to any person, other than PIPL under the Scheme of Arrangement.

(b) RIHPL and PIPL have also undertaken that they will provide (or cause EWPL to provide) the Sponsor, the Investment Manager or the Trust, with such reasonable information, clarifications or documents in relation to PIPL, the Pipeline Business or EWPL as may be required to be furnished to SEBI in connection with the transaction and as may be required for purposes of finalization of the documentation.

(d) *Completion:*

Completion under the Framework Agreement shall take place after all the transaction documents (as defined under the Framework Agreement), have been executed. The parties have agreed to take all reasonable steps to ensure completion in the manner detailed in the relevant transaction documents (as defined under the Framework Agreement), including but not limited to: (a) filing of the order of the respective NCLTs in respect of the Scheme of Arrangement with the respective ROCs; (b) consummation of the transfer of the entire issued and paid-up equity share capital of PIPL held by RIHPL to the Trust in accordance with the Share Purchase Agreement; (c) execution of the Pipeline Usage Agreement, (d) adoption of restated articles by PIPL; (e) issue and allotment of 50 million Redeemable Preference Shares to EWPL in accordance with the Scheme of Arrangement and the PIPL SHA; (f) completion of the PIPL NCD issuance; (g) payment of the cash consideration pursuant to the Scheme of Arrangement by PIPL to EWPL; and (h) repayment of the liability of ₹ 164,000.00 million by PIPL.

(e) *Conditions subsequent:*

Following the completion of the transactions contemplated under the Framework Agreement, the parties have agreed to take the following actions in accordance with the relevant transaction documents (as defined under the Framework Agreement):

(c) Filing of forms and all necessary documents by the Investment Manager with its authorized dealer bank as may be required under applicable law;
(d) PIPL shall do all acts and deeds necessary for the dematerialization of the PIPL NCDs;
(e) PIPL making all the necessary filings, as required under applicable law, with the respective government authorities for all transactions undertaken on the completion date as per the Framework Agreement, and shall take all steps as may be necessary to give effect to the actions required to be undertaken after completion date as per the Framework Agreement;
(f) RIHPL taking steps to give effect to the demerger of the Pipeline Business under the Scheme of Arrangement and to perfect the title to the Pipeline Business, including making the necessary filings with the relevant government authorities for recording the name of PIPL as the true and legal owner of the Pipeline Business;
(g) At the time of completion as contemplated under the Framework Agreement, the Investment Manager shall have the right to designate any person (who is an affiliate of the Sponsor, Investment Manager or Trustee, or any of their employees) to purchase one equity share of PIPL (as a nominee of the Trust)

(f) *Indemnity*:

1. RIHPL has agreed to indemnify PIPL and the Trust to the extent of any amounts payable and outstanding on the PIPL NCDs in the event of any failure by PIPL to perform its obligations to the Trust in accordance with the terms of issue of the PIPL NCDs, resulting from (i) any misrepresentations or breach of

warranties provided by RIHPL and PIPL; (ii) any acts or omissions by RIHPL or EWPL or PIPL in respect of the conduct of the Pipeline Business or business of PIPL prior to the date of completion under the Framework Agreement, (ii) any breach by Reliance, RIHPL and their respective affiliates, of their respective covenants or obligations under the relevant transaction documents (as defined under the Framework Agreement) relating to the proposed transaction, pertaining to the period after the date of completion under the Framework Agreement; or (iv) any liabilities (including direct and indirect tax liabilities) incurred by PIPL: (a) in relation to the Pipeline Business or the business of PIPL, prior to the date of completion under the Framework Agreement; or (b) as a result of the consummation of the transactions contemplated pursuant to the Framework Agreement.

2. RIHPL has additionally agreed to indemnify the Sponsor, the Investment Manager, the Trust, the Trustee, and their respective directors and employees, as the case may be, from and against any and all Losses (as defined under the Framework Agreement) they may directly incur as a result of (i) any misrepresentation or breach of warranties provided by RIHPL and PIPL; (ii) acts or omissions by RIHPL or that of PIPL in relation to the conduct of the Pipeline Business or the business of PIPL prior to the date of completion under the Framework Agreement, and (iii) any inaccuracy or misrepresentation in relation to the information provided pursuant to Clause 7.1(h) of the Framework Agreement.

   Additionally, pursuant to the Framework Agreement, any indemnifying party shall not be liable in respect of an indemnity claim to the extent of the amount actually recovered from any other person (including from an insurance company under an insurance policy) in respect of any matter relating to such indemnity claim. The maximum aggregate amount that the indemnifying party shall be liable to pay to the indemnified party for an indemnity claim under the Framework Agreement shall not exceed ₹ 129,500.00 million *plus* aggregate interest accrued but not paid on the PIPL NCDs until the date of payment of the indemnity claim *less* any payments already made by PIPL towards principal repayment with respect to the PIPL NCDs. Further, parties to the Framework Agreement have agreed that the indemnifying party shall not be liable for any indemnity claim arising out of (ii) above, where the indemnity claim is raised after the expiry of five years from the completion contemplated under the Framework Agreement.

(g) *Termination*: The Framework Agreement may be terminated, *inter alia*, as follows:

- (a) by the mutual consent of the parties to the Framework Agreement in writing;
- (b) by any of the parties to the Framework Agreement by:
  - (a) providing a written notice to the other parties, in the event the transactions contemplated under the Framework Agreement are not consummated within six months of the date of the Framework Agreement or any other later date as agreed by the parties to the Framework Agreement;
  - (b) in the event there is in effect an order of a court or government entity of competent jurisdiction, prohibiting, enjoining or restricting another party from completing the transactions contemplated under the Framework Agreement or any part thereof;
  - (c) in the event there is a material adverse effect prior to completion of the transactions contemplated under the Framework Agreement;
  - (d) in the event the respective conditions precedent (including those requiring action by more than one party to the Framework Agreement) have become impossible to be performed by the respective party; or
- (c) by a party in the event a material uncured breach of the Framework Agreement by the other parties.

Scheme of Arrangement and Acquisition of the Pipeline by PIPL

The demerger of the Pipeline Business from EWPL to PIPL in accordance with the terms of the Scheme of Arrangement which was filed with the National Company Law Tribunal, Bench at Ahmedabad and the National Company Law Tribunal, Bench at Mumbai (together the "**NCLTs**") on July 20, 2018 (the "**Scheme of Arrangement**"). The NCLT, Ahmedabad and NCLT, Mumbai have approved the Scheme of Arrangement by their orders dated November 12, 2018 and December 21, 2018, respectively.

Pursuant to the Scheme of Arrangement the Pipeline Business comprising an asset value of ₹ 170,500.00 million and liabilities of ₹ 164,000.00 million has demerged to PIPL on a going concern basis with effect from the appointed date, being July 1, 2018 ("**Appointed Date**").

Under the Scheme of Arrangement the demerger of the Pipeline Business is for a net consideration of ₹ 6,500.00 million, payable by PIPL through cash consideration of ₹ 6,000.00 million and the issuance and allotment of 50 million Redeemable Preference Shares of ₹ 10 each of PIPL, to EWPL. For the assets belonging to the Pipeline Business that require execution of separate documents to effect the transfer, the necessary documents, as and when required, shall be executed with effect from the Appointed Date.

In terms of the Scheme of Arrangement, with effect from the Appointed Date, among other things, (i) the Pipeline Business without any further act, instrument or deed, stands transferred to and vested in or deemed to be transferred to and vested in PIPL, as a going concern, so as to vest in PIPL all the rights, title and interest pertaining to the Pipeline Business, pursuant to the provisions of the Companies Act and the orders of the respective NCLTs sanctioning the Scheme of Arrangement free from any encumbrance or charges; (ii) in respect of intangible assets of the Pipeline Business, the same has been transferred to and vested in or be deemed to be transferred to and vested in PIPL on the Appointed Date with or without execution of documents as may be required; (iii) the liabilities mentioned in the Scheme of Arrangement, without any further act or deed, stand transferred to PIPL so as to become the liabilities of PIPL.

Additionally, with the Scheme of Arrangement becoming effective, any statutory licences, permissions or approvals or consents held by EWPL which are required to carry on operations of the Pipeline Business stand vested in or transferred to PIPL, without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of PIPL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents have vested in and become available to PIPL pursuant to the Scheme of Arrangement.

Details of PIPL (also referred to as the Project SPV)

The details of PIPL as of the date of this Preliminary Placement Memorandum are provided below:

Corporate Information

PIPL is a private limited company incorporated in Mumbai on April 20, 2018. The corporate identification number of PIPL is U60300MH2018PTC308292. The registered office of PIPL is situated at Maker Maxity, 4th North Avenue, 2nd Floor, Kala Nagar, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India. PIPL was incorporated in Financial Year 2019, and is authorised by its memorandum of association to carry on *inter alia* the business of designing, setting up, maintaining and operating pipelines for transportation of natural gas and petroleum products. In terms of the Scheme of Arrangement, with effect from the Appointed Date, the Pipeline Business has demerged to PIPL.

Board of Directors

The details of board of directors of PIPL are as follows:

S. No.	Name of the director	DIN	Designation
1.	Sundar Mathrubootheswaran	00433686	Non-executive director
2.	Emani Venkata Sarveswara Rao	01915180	Non-executive director
3.	Hariharan Mahadevan	07036483	Non-executive director

Pursuant to Regulation 18(3)(b) of the SEBI InvIT Regulations, the Investment Manager in consultation with the Trustee has the right to appoint majority of the board of directors of PIPL. The board of directors of PIPL shall be reconstituted on or before the completion date, as contemplated under the Framework Agreement. Further, in accordance with the terms of the PIPL SHA, the Trust as the equity shareholder in PIPL has the right to nominate the majority of directors. For further details on the constitution of the board of PIPL as agreed to under the PIPL SHA, see "***PIPL SHA – Corporate Governance***" on page 51. Further, PIPL, Project Manager and the Contractor have entered into an O&M Agreement for the provision of certain operations and maintenance services by the Contractor in respect of the Pipeline, where the Contractor is a joint venture between the Project Manager and Reliance and has the right to nominate one director on the board of PIPL at all times, which nominee will be nominated in accordance with the terms of the PM Joint Venture Agreement.

Capital Structure of PIPL

The authorized share capital of PIPL is ₹ 41,160 million divided into 66,000,000 equity shares of ₹ 10 each and 4,050,000,000 preference shares of ₹ 10 each. The capital structure of PIPL comprised of a paid-up share capital of ₹ 500.00 million comprising of 50,000,000 equity shares of ₹ 10 each prior to Completion.

Shareholding Pattern of PIPL (prior to Completion)

The shareholding pattern of PIPL as of February 22, 2019 was as follows:

S. No.	Name of the shareholder	Number of equity shares of ₹ 10 each	Percentage of the issued, paid-up and subscribed equity share capital (in %)
1.	RIHPL	49,999,999	100.00
2.	Ritesh Shiyal (jointly with RIHPL)	1	*Negligible*
Total		**50,000,000**	**100.00**

Shareholding Pattern of PIPL (post-Completion)

The shareholding pattern of PIPL after the acquisition of 100.00% of the equity shares of PIPL by the Trust from RIHPL, the issuance of Redeemable Preference Shares pursuant to the Scheme of Arrangement to EWPL and the issuance of CCPS on the date on which the PIPL NCD issuance takes place, shall be as follows:

S. No.	Name of the shareholder	Number of shares held	Percentage of share capital (in %)
Preference Shareholding			
1.	EWPL	50,000,000 Redeemable Preference Shares of ₹ 10 each	-
2.	RIIHL*	4,000,000,000 CCPS of ₹ 10 each	-
Equity Shareholding			
2.	The Trust	49,999,999 equity shares of ₹ 10 each	100.00
3.	Nominee to be designated by the Investment Manager	1 equity share of ₹ 10	*Negligible*

* *Either by itself or through one or more members of the RIL group.*

Acquisition of the Equity Shares of PIPL by the Trust and the Subscription of the PIPL NCDs by the Trust

The Trust proposes to raise an amount equivalent to ₹ 130,100.00 million from: (i) the proceeds of the Issue, (ii) the Sponsor Subscription pursuant to which Units will be allotted to the Sponsor in accordance with the Commitment Letter, and (iii) the Trust NCD Offering, for the following purpose:

(i) The Trust, acting through its Trustee, proposes to acquire 100.00% of the issued and paid-up equity share capital of PIPL from RIHPL for a consideration of ₹ 500.00 million, pursuant to the Share Purchase Agreement.

(ii) The Trust will subscribe to the PIPL NCDs upon payment of a subscription consideration of ₹ 129,500.00 million by the Trust to PIPL, pursuant to the PIPL NCD Documents.

(iii) The Trust proposes to utilize an amount upto ₹ 100 million for the purpose of meeting certain transaction related expenses.

For further details, see "***Use of Proceeds***" on page 198.

Sponsor Subscription

Pursuant to the Commitment Letter, the Sponsor has agreed to subscribe to Units of the Trust and accordingly the Sponsor will contribute an amount of ₹ 56,400 million (the "**Sponsor Subscription**") towards subscription of564 million Units, prior to Allotment of Units to the Unitholders pursuant to the Issue, subject to certain conditions specified therein. The Net Sponsor Subscription Amount is proposed to be utilised by the Trust for the purchase of the entire issued and paid-up equity share capital of PIPL and for subscription to the PIPL NCDs proposed to be issued by PIPL. The Allotment of Units to Eligible Investors pursuant to the Issue, shall be undertaken by the Trust after the purchase of PIPL equity shares by the Trust. Upon the completion of the Issue and the Trust NCD Offering, the Trust proposes to subscribe to the PIPL NCDs. Subsequently, PIPL will utilize the proceeds of the PIPL NCDs to repay/prepay a portion of the unsecured liability of ₹ 164,000.00 million with respect to the Pipeline Business (which was transferred to PIPL pursuant to the Scheme of Arrangement) and pay cash consideration of ₹ 6,000.00 million to EWPL pursuant to the Scheme of Arrangement. For further details, see "***Use of Proceeds***" on page 198.

The PIPL SHA

In respect of the proposed acquisition of the equity shares of PIPL by the Trust and issuance of Redeemable Preference Shares by PIPL to EWPL, the Trust (acting through the Trustee), PIPL, Reliance, EWPL and the Investment Manager have entered into a shareholders' and options agreement dated February 11, 2019, as amended by the first amendment agreement dated March 9, 2019 ("**PIPL SHA**"), which sets out the *inter-se* rights and obligations of the parties in relation to PIPL. The parties have agreed that rights granted to any party under the PIPL SHA will not be deemed to restrict the Trust from complying with the SEBI InvIT Regulations and if there is any inconsistency between the PIPL SHA and the SEBI InvIT Regulations, the provisions of the SEBI InvIT Regulations will prevail. Further, the parties to the PIPL SHA will not be required to comply with any provision under the PIPL SHA which is inconsistent with the SEBI InvIT Regulations.

Key terms of the PIPL SHA

- *Effectiveness*: The PIPL SHA shall become effective on the Completion Date, except for clauses relating to representations and warranties and certain other clauses including clauses relating to dispute resolution and governing law, which came into effect from the date of the PIPL SHA.

- *Cash flows and distribution:* The PIPL SHA provides a mechanism for the distribution of the cash flows of PIPL, which is subject to the requirements of the SEBI InvIT Regulations. Unless any Specified Actions (as defined below) have occurred, the Trust has the right, at its discretion, to deploy or distribute cash flows of PIPL to the Trust in accordance with the PIPL SHA, in the manner deemed fit by the Trust, unless otherwise provided in the Transaction Documents. Further, the Trust is required to ensure that PIPL's obligation towards the PIPL NCD is nil, no later than 20 (Twenty) years from the date of completion of the transactions contemplated under the PIPL SHA, other than upon the occurrence of an Enforcement Event (as defined below). The parties have agreed that in the event (i) there is a 'total loss' (as defined under applicable insurance policies of PIPL) ("**Total Loss**") or (ii) a final order for dissolution or termination of the Trust ("**Dissolution**") is passed by a court or authority of competent jurisdiction, the amounts realized by PIPL from consequential claims arising out of such events, shall, after payment of all the statutory dues, taxes, operational costs, expenses and liabilities of PIPL, be paid to the Trust and applied in discharge of, (i) first, the amount payable as accrued interest and the upside amount payable to the Trust (if any) under the terms of the Pipeline Usage Agreement, and then, (ii) the principal amount and other amounts that are outstanding on the PIPL NCD as of the relevant date, in full and final settlement of the liability of PIPL towards the PIPL NCDs. Upon the occurrence of an event of Total Loss, all the amounts realised from the consequential claims, which are in excess of PIPL's liability under the PIPL NCDs, are required to be applied towards charges that may be payable by the Trust to its external lenders for the premature redemption or repayment of the loan or borrowings ("**Prepayment Charges**"). The payment of such excess amount shall be deemed to be in full and final settlement of the liability of PIPL towards the PIPL NCDs, even if an amount equal to the Prepayment Charges is not paid in full. Further, Reliance or the holder of Preference Shares shall not be liable to fund PIPL for the purpose of payment of an amount equal to the Prepayment Charges.

- *Non-Convertible Debentures:* The terms of issuance of the PIPL NCDs are set out in the PIPL SHA and the parties have agreed that, unless any of the Specified Actions (as defined below) have occurred, the terms of issuance of the PIPL NCDs will subsist for the entire duration of PIPL SHA and the Transaction Documents. For further details on the terms of the PIPL NCDs, see "***Formation Transactions in relation to the Trust – Subscription to PIPL NCDs by the Trust***" on page 58.

- *Specified Actions:* Under the terms of PIPL SHA, specified actions is defined to include, (i) ESH Event of Default (as defined below), (ii) an Enforcement Event (as defined below); (iii) an Option Trigger Event (as defined below); or (iv) Total Loss or Dissolution (as defined above) ("**Specified Actions**"), as the case may be. Under the terms of the PIPL SHA:

  (i) *ESH Event of Default*: The PIPL SHA defines ESH Event of Default to include the following:

  (a) any distribution or payment of amounts by PIPL to the Trust (or its affiliates) which is in excess of the amounts due to the Trust as per the cash flow mechanism set out in the PIPL SHA and such a breach remaining uncured for a period of 90 (ninety) days from the date of notice by Reliance of occurrence of such breach;

  (b) any alteration or breach of the material terms of the PIPL NCDs, or any alteration or breach of other terms of the PIPL NCDs which has an adverse effect on the material terms of the PIPL NCDs and such a breach remaining uncured for a period of 90 (ninety) days from the date of notice by Reliance of occurrence of such breach; or

  (c) occurrence of a PIPL Event of Default under the Pipeline Usage Agreement, after the expiry of the cure period as will be set out under the Pipeline Usage Agreement;

  (together as "**ESH Events of Default**" and individually as an "**ESH Event of Default**").

  Upon the occurrence of an ESH Event of Default, Reliance has the right to issue a notice in writing ("**ESH EOD Notice**") to the Trust and PIPL requiring PIPL to redeem all outstanding PIPL NCDs ("**Accelerated Redemption**") at an amount which is equal to the outstanding principal amount in respect of the PIPL NCDs plus the interest amount (calculated in accordance with the PIPL SHA) and other amount payable as per the terms of the PIPL NCDs and minus specified deductions and amounts in excess of the cash flow mechanism set out in the PIPL SHA ("**ESH NCD Redemption Amount**"); or (ii) requiring the Trust to transfer all outstanding PIPL NCDs to Reliance at the ESH NCD Redemption Amount ("**Accelerated Purchase**").

  If Reliance does not issue the ESH EOD Notice within 90 (ninety) days of Reliance becoming aware of the occurrence of an ESH Event of Default pursuant to the expiry of the cure period, Reliance will not be entitled to exercise its rights under the PIPL SHA for such ESH Event of Default. However, even in case the rights of Reliance are deemed to be waived, the obligation of the Trust to pay PIPL, the amounts distributed or paid in excess of the amounts prescribed in the cash flow mechanism shall continue to subsist and PIPL will be entitled to pursue all remedies available under applicable law for the purposes of recovery of such excess amounts.

  Accelerated Redemption

  In the event Reliance issues an ESH EOD Notice for an Accelerated Redemption, an amount equal to the ESH NCD Redemption Amount will become due and payable to the Trust immediately.

  The parties have agreed that to the extent that any part of the ESH NCD Redemption Amount is not available with PIPL in case of an Accelerated Redemption, Reliance will invest such amount of money in PIPL, that is required to ensure that the Trust would have available with it, the ESH NCD Redemption Amount, once all the outstanding PIPL NCDs are redeemed. In lieu of the amounts invested by Reliance, the Trust is required to ensure that PIPL issues and allots non-voting securities to Reliance.

  The Parties have further agreed that Reliance will not be entitled to exercise its right to Accelerated Redemption for such ESH Event of Default in the event that Reliance fails to cause PIPL to redeem all of the outstanding PIPL NCDs at the ESH NCD Redemption Amount within the period mentioned in the ESH EOD Notice.

  Accelerated Purchase

  In the event Reliance issues an ESH EOD Notice for Accelerated Purchase, an amount equal to the ESH NCD Redemption Amount shall become due and payable by Reliance to the Trust with effect from the proposed date on which the Accelerated Purchase is to be consummated ("**Accelerated**

Purchase Closing Date"), and the Trust will be liable to transfer the PIPL NCDs to Reliance with effect from the Accelerated Purchase Closing Date.

(ii) *Enforcement Event:* The PIPL SHA defines an Enforcement Event to include the following:

(a) Occurrence of a CCP Payment Default (in terms of the Pipeline Usage Agreement) in accordance with the terms of the Pipeline Usage Agreement, which is not cured within 30 (thirty) days of written notice from PIPL to Reliance;
(b) Occurrence of a Reliance O&M Funding Default (in terms of the Pipeline Usage Agreement) in accordance with the terms of the Pipeline Usage Agreement, which is not cured within 30 (thirty) days of written notice from PIPL to Reliance; or
(c) The filing of a petition for voluntary winding up or voluntary liquidation by Reliance.

(any of (a) to (c) being an "**Enforcement Event**")

Immediately upon the occurrence of an Enforcement Event, all the rights (but not the obligations) of the holder of Preference Shares under PIPL SHA shall fall away.

Upon occurrence of an Enforcement Event, the Trust may issue a notice in writing ("**Enforcement Notice**") and notify Reliance and the holder of Preference Shares of its intention to enforce either an Enforcement Option or an Enforcement Sale (as defined below), as the case may be, and recover an amount equivalent to the outstanding principal amount in respect of the PIPL NCDs plus (or) minus the outstanding upside amount (defined in the PIPL SHA), as the case may be, payable in accordance with the Pipeline Usage Agreement, plus the interest amount plus such other amount payable as per the terms of the PIPL NCDs plus enforcement adjustment ("**Enforcement Amount**").

Upon the issuance of the Enforcement Notice, (1) an amount equal to the Enforcement Amount shall become due and payable by Reliance to PIPL or the Trust (at the discretion of the Trust) with immediate effect if the Enforcement Option is applicable; and (2) in addition to the obligations of Reliance, the holder of Preference Shares is required to undertake all such steps and provide all the necessary information, support and co-operation that may be required by the Trust (including providing appropriate representations), to give effect to the Enforcement Option or the Enforcement Sale, as the case may be.

Enforcement Option

In the event that the Trust exercises the Enforcement Option (as defined below) and the credit rating of Reliance is equal to grade which is either (i) a 'C' grade ; or (ii) any other equivalent rating which grades Reliance as being above the 'Default' grade ("**Specified Rating**"), at the time of occurrence, the Trust shall be entitled, at its sole discretion ("**Enforcement Option**") to (1) require Reliance to purchase the PIPL NCDs; or (2) require the redemption of the PIPL NCDs, in both instances, for an amount equal to the Enforcement Amount. In such an event, Reliance shall be obligated to either (a) purchase the PIPL NCDs for an amount equal to the Enforcement Amount; or (b) invest an amount equal to the Enforcement Amount in PIPL to cause the redemption of the PIPL NCDs; as may be directed by the Trust. In the event that Reliance invests an amount equal to the Enforcement Amount in the PIPL, the Trust is required to do all such acts and deeds necessary to ensure that PIPL issues and allots non-voting securities to Reliance in lieu of such invested amounts.

In the event there is a failure by Reliance to ensure the consummation of the Enforcement Option, the Trust will have the option to exercise its right to consummate an Enforcement Sale (as defined below).

Enforcement Sale

At the time of, or after the, occurrence of the Enforcement Event or if the credit rating of Reliance is lower than the Specified Rating, the Trust shall, notwithstanding anything contained in the articles of association of PIPL, be entitled (at its sole discretion) to sell and transfer the PIPL NCDs and / or any of the equity shares of PIPL and/or to direct PIPL to sell all or substantially all of its assets to any person to enable the recovery of an amount equal to the Enforcement Amount, in the manner set out in the PIPL SHA ("**Enforcement Sale**"). In the event of an Enforcement Sale the Trust has

the right to require the holder of Preference Shares to transfer its entire shareholding to the proposed purchaser at a price determined by the Trust and on terms and conditions which are no less favourable, in the aggregate, than the terms and conditions applicable to the Trust.

(iii) *Option Trigger Event:* The PIPL SHA defines an Option Trigger Event (as defined below) to mean the earliest of the following:

(a) the expiry of 20 (twenty) years from the date on which the completion occurs in accordance with the Share Purchase Agreement ("**Completion Date**");
(b) the final redemption, repayment or extinguishment of all the PIPL NCDs in any manner whatsoever, including by virtue of a payment of an indemnity claim which has been invoked under Share Purchase Agreement such that the liability towards the PIPL NCDs along with all amounts payable thereon (under the terms of the PIPL NCDs), has been paid or extinguished in full ("**Full Indemnity Payout**");
(c) the receipt of the Enforcement Amount by the Trust upon the occurrence of an Enforcement Event pursuant to the purchase or redemption of all outstanding PIPL NCDs;
(d) the receipt of the PNGRB Specified Amount (as defined under the Share Purchase Agreement) by the Trust upon the occurrence of a PNGRB Authorisation Failure (as defined under the Share Purchase Agreement) pursuant to the purchase or redemption of, or extinguishment of liability on, all outstanding PIPL NCDs in the manner set out in the Share Purchase Agreement; and
(e) the redemption or transfer of all outstanding PIPL NCDs by receipt of the ESH NCD Redemption Amount upon the occurrence of an ESH Event of Default.

Put Option for Sale Shares

On and from the date on which the Option Trigger Event occurs ("**Option Trigger Date**"), the Trust shall be entitled (but not obligated) to require Reliance (or the Reliance Nominee, if applicable) to purchase the entire issued and paid up equity share capital of PIPL ("**Sale Shares**") for the purchase consideration agreed between the parties under the PIPL SHA, which shall mean an amount which is the lower of ₹ 500.00 million or such other amount as may be determined by the Option Valuer (as defined under the PIPL SHA) in accordance with applicable law ("**Purchase Consideration**"), and Reliance (or the Reliance Nominee, as applicable) shall be obligated to purchase the Sale Shares from the Trust, in accordance with terms and conditions as contained in the PIPL SHA ("**Put Option**").

Call Option for Sale Shares

On and from the Option Trigger Date, Reliance shall be entitled (but not obligated) to require the Trust to sell to Reliance (or the Reliance Nominee, if applicable), the Sale Shares for the Purchase Consideration, and the Trust shall be obligated to transfer the Sale Shares to Reliance (or the Reliance Nominee, as applicable), on the terms and conditions as contained in the PIPL SHA ("**Call Option**").

- *Restrictions on Share Transfers:* pursuant to the terms of the PIPL SHA the holder of Preference Shares is restricted from transferring any of the preference shares of PIPL (including any legal or beneficial interest therein) held by it. However, the holder of Preference Shares is not restricted from transferring any or all of the preference shares of PIPL held by it to one or more of its respective affiliates, at any time provided that (i) each such affiliate executes a deed of adherence undertaking to observe and perform all the terms and conditions of the PIPL SHA and other related agreements; and (ii) the holder of Preference Shares ensures that prior to any of its respective affiliates ceasing to be an affiliate, any preference share held by such affiliate shall be transferred to the PIPL or to any of its other affiliate. Such restrictions shall not restrict the Trust from creating a security over the equity shares of PIPL in favour of a lender or financial institution ("InvIT Lender") for availing financing from such InvIT Lender and shall also not restrict the InvIT Lender from invoking such security over the equity shares of PIPL.

- *Reliance Nominee:* Reliance has a right to nominate an affiliate of Reliance ("**Reliance Nominee**"), provided that such affiliate (a) is compliant with the anti-corruption laws applicable to Reliance at the relevant point in time; and (b) issues a letter to the Trust acknowledging that it will be subject to the obligations of Reliance under the PIPL SHA as if it were named as a party to the agreement ("**Nominee**

Confirmation"). Upon receipt of the Nominee Confirmation, the Reliance Nominee shall be deemed to be a party to the PIPL SHA and all rights and obligations of Reliance under the PIPL SHA will also be applicable to the Reliance Nominee.

- *Corporate Governance:* As per the terms of the PIPL SHA:

  (i) Composition of the Board: The board of the directors of PIPL ("**Board**") shall comprise a minimum of 3 (three) directors and shall, at all times, comprise an odd number of directors, and a maximum of 5 (five) director. The Trust shall at all times have the right to nominate the majority of the directors on the Board.

  (ii) Quorum for Board meetings: quorum for the meetings of the Board required shall be at least 2 (two) directors.

  (iii) Quorum for Shareholder meetings: quorum required for general meetings of the shareholders of PIPL shall be2 (two) members, being registered holders of equity shares of PIPL, personally present.

- *Terms of the Redeemable Preference Shares:* The Redeemable Preference Shares proposed to be issued to the holder of Redeemable Preference Shares have a term of 30 (thirty) years from the date of allotment, as permitted for companies in infrastructural projects pursuant to the proviso to Section 55(2) of the Companies Act, 2013 read with Rule 10 of the Companies (Share Capital and Debentures) Rules, 2013.

  Each Redeemable Preference Share will be redeemed at par. 10.00% of the Redeemable Preference Shares shall be redeemed every year from the 21st (Twenty First) year onwards on a proportionate basis.

  The Redeemable Preference Shares shall have voting rights, as available to all holders of preferences shares of PIPL under Section 47(2) of the Companies Act, on matters directly affecting the Redeemable Preference Shares, winding up of PIPL and reduction or repayment of the share capital of PIPL, provided that the Redeemable Preference Shares holder shall not have the right to vote on resolutions as prescribed under the second proviso to Section 47(2) of the Companies Act, even if the dividend has not been paid by PIPL for two years. However, the Redeemable Preference Shares carry a preferential right vis-à-vis equity shares of PIPL with respect to the payment of dividend and repayment of capital. The Redeemable Preference Shares will carry a dividend of 0.10%.

  The Redeemable Preference Shares have the right to surplus assets either on winding-up or liquidation of PIPL or otherwise.

- *Optionally convertible debentures:* Pursuant to the PIPL SHA, PIPL has the right to issue optionally convertible debentures to the Contractor (or any other security which, at the relevant point in time, will not be treated as debt / borrowing by PIPL under applicable law) in lieu of the funding mechanism specified in the O&M Agreement, which shall (i) be convertible at the sole option of PIPL; (ii) be issued in a manner such that it will not be treated as a debt of PIPL; and (iii) not carry any voting rights whatsoever in any meetings of the members of PIPL and be subordinate to any other securities issued by PIPL in accordance with the terms of the Transaction Documents.

- *Non-compete:* The holder of Preference Shares, Reliance and the Reliance group (as defined under the PIPL SHA) are restricted in engaging, whether directly or indirectly, in establishing, developing or carrying on the business of operating a trunk pipeline between Kakinada in Andhra Pradesh and Bharuch in Gujarat ("**Competing Business**") until the Option Closing Date (as defined under the PIPL SHA), except, among other things, financial investments by the Reliance group not exceeding 5% (five percent) and not having any controlling interest, in any business, venture or company or any other person which carries on or is engaged in a Competing Business or any investments in mutual funds, hedge funds or other investment funds.

  The Sponsor, the Investment Manager and their respective affiliates are restricted, directly or indirectly, to engage in establishing, developing or carrying on the Competing Business, on and from the Completion Date until the earlier of (a) the Option Closing Date, or (b) the Investment Manager ceasing to be an affiliate of Brookfield, except, among other things, financial investments by the Reliance group not exceeding 5% (five percent) and not having any controlling interest, in any business, venture or company or any other

person which carries on or is engaged in a Competing Business or any investments in mutual funds, hedge funds or other investment funds. No change in control of the Investment Manager is permitted to be undertaken or given effect to without the prior written consent of Reliance, except (a) any direct or indirect transfer of shares or ownership interests of the Investment Manager within the Sponsor Affiliates; (ii) any direct or indirect transfer of shares or ownership interests of the Investment Manager by the shareholders of the Investment Manager who are not part of the Sponsor Affiliates; or (iii) such other instances as may be mutually agreed between Reliance and the Investment Manager.

- *Representations and warranties:* the PIPL SHA contains customary representations and warranties.

- *Indemnity:* the Trust has agreed to indemnify Reliance or the Reliance Nominee (as the case may be) ("**Indemnified Party**") from and against any and all losses incurred or suffered by the Indemnified Party arising out, resulting out of or relating to any misrepresentation or any breach of the warranties made by the Trust.

The Share Purchase Agreement

Pursuant to the terms of the Framework Agreement, the Trust proposes to acquire 100.00% ownership and control of PIPL and consequently, acquire the Pipeline Business. As on the date of this Preliminary Placement Memorandum, RIHPL holds the entire issued and paid-up equity share capital of PIPL (one share of PIPL is held by Ritesh Shiyal jointly with RIHPL) ("**Sale Shares**"). RIHPL, the Trust (acting through its Trustee), the Investment Manager and PIPL have entered into the share purchase agreement dated February 11, 2019 (the "**Share Purchase Agreement**") in relation to purchase of the Sale Shares by the Trust.

Key terms of the Share Purchase Agreement

(i) *Sale and Purchase of the shares of PIPL*: Under the terms of the Share Purchase Agreement, RIHPL has agreed to sell the Sale Shares (as defined above) to the Trust, free and clear of all encumbrances, for a consideration amount of ₹ 500.00 million ("**Purchase Consideration**").

(ii) *Conditions Precedent*: the obligation of the parties to consummate the transactions contemplated under the Share Purchase Agreement, is subject to and conditional upon the fulfilment (or waiver) of the conditions precedent to the Framework Agreement and the execution of the Pipeline Usage Agreement. For details see "***Formation Transactions in Relation to the Trust – The Framework Agreement – Conditions Precedent***" on page 41.

(iii) *Completion*: completion will occur on the date on which: (i) the Trust will remit the Purchase Consideration to RIHPL's bank account, (ii) RIHPL will transfer and deliver the Sale Shares to the account maintained on behalf of the Trust with a depository participant; and (iii) PIPL and the Investment Manager (through the Trust) will ensure that PIPL records and approves the transfer of Sale Shares by RIHPL to the Trust at a board meeting of its directors and also makes necessary entries in its statutory registers to record this transfer ("**Completion Date**").

(iv) *Post-Completion actions*: on or after the Completion Date, among other things, RIHPL shall take all necessary steps and assist the Investment Manager, the Sponsor, the Trust and PIPL in order to give effect to the demerger of the Pipeline Business pursuant to the Scheme of Arrangement and to perfect the title to the Pipeline Business, and also ensure that necessary filings with the relevant governmental authorities are duly made to record the name of PIPL as the true and legal owner of the Pipeline Business (including the immoveable properties and assets forming part of the Pipeline Business), including, making the application for the PNGRB Authorization (as defined below) to the PNGRB within 15 business days from the Completion Date. For further details, see "***Our inability to comply with all the post-completion conditions provided under the SPA, including obtaining all approvals and completing all formalities with governmental authorities and counter-parties in respect of the demerger of the Pipeline Business and on an ongoing basis may cause disruptions in the Pipeline Business***" on page 81.

(v) *Representations and warranties*: Each of RIHPL, PIPL, the Trust and the Investment Manager have provided various representations and warranties to each of the other parties under the Share Purchase Agreement, which are the same as those provided for under the Framework Agreement. For details, see, "***Formation Transactions in relation to the Trust – The Framework Agreement***" on page 41.

(vi) *Covenants and undertaking*: RIHPL and PIPL have agreed that from the date of execution of the Share Purchase Agreement until the Completion Date, or earlier termination of the Share Purchase Agreement (the "**Standstill Period**"), the Pipeline Business and the business of PIPL will be carried on in the ordinary course of business as per past practice and applicable laws. RIHPL has also agreed, amongst other things, to not undertake or permit any of the restricted actions, which include, but are not limited to, restrictions on EWPL and/or PIPL (as applicable) in relation to (i) making any amendments to the Scheme of Arrangement; (ii) terminating or amending any material contract or arrangement between EWPL, and RIHPL, Reliance (and each of their affiliates) with respect to the Pipeline Business; (iii) implementing any change in accounting principles or methods with respect to the Pipeline ("**Restricted Actions**") to be undertaken during the Standstill Period, except with the specific prior written consent of the Trust or as required under the Transaction Documents. Additionally during the Standstill Period, amongst other things, RIHPL shall not (either by itself or through its affiliates) except with the prior written consent of the Trust or as required under the Transaction Documents, transfer, encumber or offer to transfer or encumber any shares (or other securities) of PIPL to any person, and shall also ensure that EWPL shall not (directly or indirectly) transfer, encumber or offer to transfer the Pipeline Business (or any part of it) to any person, other than PIPL under the Scheme of Arrangement. RIHPL and PIPL have also undertaken that they will provide (or cause EWPL to provide) the Sponsor, the Investment Manager or the Trust, with such reasonable information, clarifications or documents in relation to PIPL, the Pipeline Business or EWPL as may be required to be furnished to SEBI in connection with the transaction and as may be required for purposes of finalization of the documentation (other than, inter alia, the Preliminary Placement Memorandum pertaining to raising of the investment amount as defined in the PIPL SHA).

(vii) *PNGRB Authorization Failure*: pursuant to the terms of the Share Purchase Agreement, in the event the PNGRB issues any directive, order, or notification in relation to the authorisation to operate the Pipeline Business, in the name of PIPL ("**PNGRB Authorization**") which would result in: (i) PIPL being prevented from making the Pipeline Business available for use under the Pipeline Usage Agreement or from making it available for use without a change in the commercial parameters as envisaged in the Transaction Documents; or (ii) Reliance not fulfilling its obligations under the Pipeline Usage Agreement without a change in the commercial parameters envisaged in the Transaction Documents; or (iii) any final, non-appealable order rejecting the application made for the PNGRB Authorisation (together as "**PNGRB Authorization Failure**"), the Trust has the right to issue a notice in writing ("**PNGRB Failure Notice**") to RIHPL, in order to recover from RIHPL an amount equivalent to the outstanding principal amount in respect of the PIPL NCD plus (or) minus the outstanding upside amount (defined in the PIPL SHA), if applicable, payable in accordance with the Pipeline Usage Agreement, plus annually compounded interest calculated for the period for which the PNGRB Authorization Failure subsists, plus the interest accrued but unpaid as per the terms of the PIPL NCD plus an adjustment amount calculated in accordance with the formula provided in the Share Purchase Agreement ("**PNGRB Specified Amount**"). Pursuant to the Share Purchase Agreement, in the event that a PNGRB Authorization Failure occurs, the Trust may issue a notice to RIHPL, requiring either (i) RIHPL to purchase the PIPL NCDs, or (ii) redemption of the PIPL NCDs; or (iii) RIHPL to indemnify the Trust in accordance with the Share Purchase Agreement for an amount equal to the PNGRB Specified Amount.

(viii) *Indemnity:* RIHPL has agreed to indemnify PIPL, the Trust, the Trustee, the Sponsor and the Investment Manager in the following manner:

a. RIHPL has agreed to indemnify PIPL and the Trust for any amount outstanding and payable on the PIPL NCDs to the Trust in the event of any failure by PIPL to perform its obligations in accordance with the terms of issue of the PIPL NCDs resulting from, *inter alia*, (i) any misrepresentation or breach by RIHPL and PIPL, (ii) any acts or omissions of RIHPL, EWPL or PIPL in relation to the conduct of the Pipeline Business or the business of PIPL for the period prior to the Completion Date; or (iii) any breach by the Reliance group of their respective covenants or obligations under the relevant Transaction Documents pertaining to the period after the Completion Date;

b. RIHPL has agreed to indemnify the Sponsor, the Investment Manager, the Trust, the Trustee and their directors and employees, as the case maybe, from and against all losses directly incurred by them as a result of (a) any misrepresentation, or breach of the warranties provided under the Share Purchase Agreement, (ii) any acts or omissions of RIHPL or PIPL in relation to the conduct of the Pipeline Business or the business of PIPL for a period prior to the Completion Date, or (iii) any inaccuracy or misrepresentation in relation to certain information provided in accordance with the Share Purchase Agreement;

c. RIHPL has agreed to indemnify the Trust in the event that a PNGRB Authorisation Failure has occurred, for an amount equal to the PNGRB Specified Amount.

Under the Share Purchase Agreement, the maximum amount that the indemnifying party shall be liable to pay to the indemnified party for an indemnity claim under (a) and (b) above shall not exceed ₹ 129,500.00 million *plus* aggregate interest accrued but not paid on the PIPL NCDs until the date of payment of the indemnity claim *less* any payments already made by PIPL towards principal repayment with respect to the PIPL NCDs.

(i) *Fees and expenses:* Each party under the Share Purchase Agreement has agreed that it shall bear by itself all costs and expenses incurred by it in connection with any discussions, negotiations and investigations undertaken in connection with the subject matter of the Share Purchase Agreement (including, without limitation, costs and expenses associated with the retention of financial, legal, tax and other professional advisors). All stamp duty in connection with the transfer of the Pipeline Business and in connection with all matters related to the transfer (such as, fees and expenses in connection with any government, lender and third party approval for the transaction contemplated; and all fees and expenses, including advisor fees, for setting up the Trust and all related documentation) shall be paid for and borne by RIHPL.

Share Subscription Agreement

PIPL, Reliance Industrial Investments and Holdings Limited ("**RIIHL**") and the Trust have entered into a share subscription agreement dated February 11, 2019 (the "**Share Subscription Agreement**") pursuant to which RIIHL (either by itself or through one or more members of the RIL group) will subscribe to and PIPL will issue and allot compulsorily convertible preference shares of PIPL of ₹ 10.00 each (the "**CCPS**") to RIIHL in the manner and as per the rights as set out in the Share Subscription Agreement.

Key terms of the Share Subscription Agreement

(a) *CCPS Subscription Amount*: An amount of ₹ 40,000.00 million for subscription to 4,000 million CCPS.

(b) *CCPS Holder:* RIIHL will subscribe to the CCPS either by itself or through one or more members of the RIL group ("**CCPS Holder**") provided that each such CCPS Holder will be required to abide by all the terms and conditions of the Share Subscription Agreement and other connected agreement as if it were an original party thereto, and RIIHL shall ensure that before such CCPS Holder ceases to form part of the RIL group, any CCPS held by such subscriber are transferred to RIIHL or any other member of the RIL group.

(c) *Subscription to the CCPS:* RIIHL, PIPL and the Trust have agreed to undertake all necessary actions that are required to ensure that the allotment of the CCPS takes place on the date on which the PIPL NCD issuance (as provided for under the Framework Agreement) (the "**PIPL NCD Issuance**") is completed ("**Transfer Date**"). The CCPS Holder will accept the offer to subscribe to the CCPS by transferring the CCPS Subscription Amount to a designated CCPS bank account of PIPL on the Transfer Date. Upon receipt of the CCPS Subscription Amount, PIPL has agreed to undertake all necessary filings and actions necessary in relation to allotment of the CCPS, including the execution of a deed of adherence in agreed form by the CCPS Holder to comply with the obligations prescribed under the PIPL SHA for the holder of Preference Shares.

(d) *Terms of the CCPS:* The term of the CCPS shall be 20 years from the date of allotment and the CCPS shall carry the following rights: (i) dividend of 0.10% on the par value of the CCPS subject to availability of distributable profits with PIPL, (ii) a preferential right vis-à-vis equity shares with respect to payment of dividend, and (iii) voting rights, as available to holders of preferences shares under Section 47(2) of the Companies Act, provided that the CCPS Holder shall not have the right to vote on resolutions as prescribed under the second proviso to Section 47(2) of the Companies Act, even if the dividend has not been paid by PIPL for two years.

(e) *Conversion of the CCPS*: Upon the expiry of 20 years from the date of allotment, every 254 CCPS shall be converted into one equity share which shall represent 24.00% of the then issued and paid up equity share capital of PIPL. If PIPL grants any bonus, rights, options, warrants or other rights per share to shareholders to subscribe to or acquire shares, then the conversion ratio shall be adjusted accordingly. In the event of liquidation or winding up of PIPL, the CCPS shall immediately convert into equity shares in

the manner set out hereinabove and such equity shares shall rank *pari passu* with the other equity shares issued by PIPL at that time.

(f) *Representations and warranties:* The Share Subscription Agreement contains customary representations and warranties. Additionally, PIPL has represented and warranted to RIIHL as on the CCPS Subscription Date that, inter alia that the CCPS have been validly issued and have a good valid and marketable title.

(g) *Termination*: The Share Subscription Agreement shall stand terminated by mutual consent of the parties to it, or automatically if the PIPL NCD Issuance is not completed in accordance with the terms of the Framework Agreement. In the event that the CCPS Subscription Amount has been paid by the CCPS Holder to PIPL and the PIPL NCD Issuance has not occurred in accordance with the Framework Agreement, PIPL shall and the Trust shall ensure that PIPL shall promptly repay such CCPS Subscription Amount to the CCPS Holder.

The Pipeline Usage Agreement

PIPL and Reliance Industries Limited ("**Reliance**") have agreed to enter into a pipeline usage agreement on the Completion Date in an agreed form and manner (the "**Pipeline Usage Agreement**").

Key terms of the Pipeline Usage Agreement

(a) *Reservation of Capacity and use of the Reserved Capacity* – Reliance will reserve capacity, including of transportation, storage or other capacity, of up to 33 mmscmd ("**Contracted Capacity**" or "**Reserved Capacity**") in the Pipeline for a period of 20 years commencing from the Completion Date. Reliance will be entitled to transport gas in the Pipeline either by itself or through its nominees against this Contracted Capacity, adjusted in accordance with the Pipeline Usage Agreement.

(b) *Compulsorily Convertible Preference Shares* – Reliance, either itself or through its wholly owned subsidiary, RIIHL, has agreed to subscribe to 4,000 million 0.10% compulsorily convertible preference shares of ₹ 10 each of PIPL aggregating to ₹ 40,000 million (the "**CCPS**") on the date when the PIPL NCDs are allotted to the Trust ("**Transfer Date**"). For details of the terms of the CCPS, see "***Share Subscription Agreement – Key terms of the Share Subscription Agreement***" on page 54.

(c) *Contracted Capacity Payments* – Reliance will make quarterly Contracted Capacity Payments ("**CCPs**") for reserving the Contracted Capacity of up to 33 mmscmd. The CCPs will be paid quarterly in advance on or before the 7th of the first month of the quarter. Reliance will not be obligated to make CCP payment for the portion of the Contracted Capacity not made available by PIPL during the immediately preceding quarter except where such non-availability results from (i) Reliance O&M Funding Default (ii) default by Reliance under the Shared Services Agreement (iii) scheduled maintenance of Pipeline as contemplated under the GTA or O&M Agreement (iv) force majeure. However, non-renewal or extension of the approval of the PNGRB will not affect the CCP even if it results in Reliance being unable to use the capacity of the Pipeline. Until the business interruption insurance policy of PIPL is not linked to the CCP, Reliance will make good the CCP for a business interruption not covered under the policy (less any insurance proceeds that are received). In the event the CCP is delayed, interest would be payable on the delayed amount for every day of the delay at the interest rate (together with any default interest rate) applicable under the PIPL NCDs.

The Contracted Capacity and the CCP will be reset at the beginning of every Block of 5 years (first Block beginning on the Completion Date and ending on the 5th Anniversary of the Completion Date and so on) in the manner to be provided in the Pipeline Usage Agreement.

(d) *Free Usage Entitlement and adjustment of CCP* – The CCP paid by Reliance will only be adjusted by Reliance by transporting gas in the Pipeline by itself or through its nominees up to the amounts outstanding against CCP. Whenever Reliance or its nominees transport gas, the actual Gas Transportation Charges (i.e. the quantity transported multiplied by the actual tariff) will be adjusted against the CCP amounts outstanding in the manner to be set out in the Pipeline Usage Agreement. The unadjusted CCP amounts outstanding at any point of time will be the "**Free Usage Entitlement Amount**". However, the Free Usage Entitlement Amount will be considered as having become zero if (a) the Free Usage Entitlement Amount calculated as the aggregate amount paid by Reliance to PIPL under the Pipeline Usage Agreement less amounts adjusted for payment by PIPL to Reliance (in accordance with the terms of the Pipeline Usage

Agreement) is less than zero or (b) on the completion of an Enforcement Option, an Enforcement Sale or upon the occurrence of a 'total loss' (as defined under applicable insurance policies of PIPL), as contemplated under the PIPL SHA. The Free Usage Entitlement Amount will not be refundable or repayable in contract or law even in the case of a force majeure leading to a Total Loss (as defined in the PIL SHA) or any bankruptcy or liquidation of either Reliance or PIPL.

(e) *Deemed nominees of Reliance* – All third party transporters of natural gas even if directly contracted by PIPL will be deemed to be nominees of Reliance to the extent of adjustment of CCP as paid by Reliance.

(f) *Cash Flows from CCPs* – Over the term of 20 years, the cash flows from CCPs will be formulated taking into consideration the cash requirement of PIPL including towards (i) the equated yearly instalments payable in terms of the PIPL NCDs (ii) budgeted operating expenses including operation and maintenance costs for the Pipeline, system usage gas consumed by the Pipeline, refurbishment and other incidental expenses.

(g) *Manner of payment of CCPs and adjustment of Free Usage Entitlement Amount* – Taking into account the regulatory requirements, taxation and the ease of implementation, the Pipeline Usage Agreement will set out the following process for payment of CCPs and the adjustment of Free Usage Entitlement Amount:

(i) PIPL will invoice and collect the actual transportation charges from customers with whom PIPL has entered into gas transportation agreements with for transportation of natural gas, which customers will include Reliance, its nominees and any third parties ("**Customers**").

(ii) Accordingly, the actual transportation charges for the natural gas transported by the Customers, (without any deductions whatsoever) against the Free Usage Entitlement Amount (and which should have been adjusted by Reliance against the Free Usage Entitlement) will also be received by PIPL ("**Amounts Adjustable Against Free Usage Entitlement**").

(iii) The CCP will be paid by Reliance at the beginning of every quarter as "Net Contract Capacity Payments" which will be the CCP less the Amounts Adjustable Against Free Usage Entitlement received by PIPL in the previous quarter.

(iv) In the event, the Amounts Adjustable Against Free Usage Entitlement is more than the CCP payable for the next quarter, such excess will be paid back to Reliance for adjusting the Free Usage Entitlement Amount.

(h) *Upside Sharing* – The Pipeline Usage Agreement will provide for sharing of the upside cash flows received by PIPL based on the formula linked to return on capital employed as specified and determined in the manner to be set out in the Pipeline Usage Agreement over a period of 20 years (the "**Upside Amount**"). In respect of Reliance, the Pipeline Usage Agreement will provide for its Upside Amount to be subject to adjustment for the PIPL NCD coupon, the Upside Amount payable to PIPL and the specified Trust receipts.

(i) *Total Loss* – Should the Pipeline be a 'total loss' as defined in the Pipeline Usage Agreement, the Pipeline Usage Agreement will automatically terminate. In such event, all insurance proceeds received by PIPL will be first applied towards any dues against the PIPL NCDs.

(j) *Representations and warranties* – PIPL and Reliance will provide customary representations and warranties with respect to their respective capacity to enter into the Pipeline Usage Agreement, including in terms of obtaining completing requisite corporate or other required actions, and as to due execution and the binding effect of the Pipeline Usage Agreement.

(k) *Obligations of PIPL* – PIPL will agree that it will not wholly or substantially sell its entire undertaking except in case of an Enforcement Sale under the PIPL SHA. PIPL will agree to operate the Pipeline in terms of applicable laws and regulations, the Gas Transportation Agreements and in accordance with standard industry practice. PIPL will also agree to permit representatives of Reliance complete access to the Pipeline during business hours (with reasonable notice and in line with safety standards adopted by PIPL from time to time).

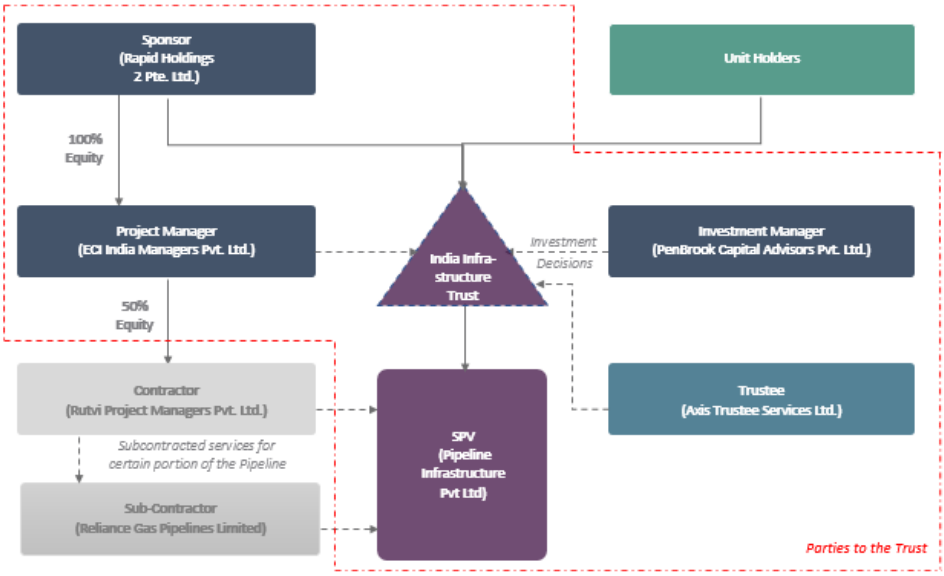
(l) *Events of Default* –

- PIPL would be in default (a) upon the filing of a petition for voluntary winding up or voluntary liquidation by PIPL (unless caused by a Reliance Event of Default or any failure by Reliance to pay any amount due and payable under the Pipeline Usage Agreement) or (b) in the event it refuses to make the Pipeline available for over 45 days under one or more of its gas transportation agreements with customers (including Reliance), unless the refusal is on account of, *inter alia*, an on-going dispute with a customer, a default by Reliance under the Pipeline Usage Agreement or the Shared Services Agreement, any action taken by PIPL in good faith, a scheduled maintenance of the Pipeline or an emergency affecting the Pipeline ("**PIPL Event of Default**"). In the event PIPL does not cure a PIPL Event of Default within 90 days of being served a notice by Reliance, Reliance will be entitled to exercise its right of Accelerated Redemption or Accelerated Purchase as contemplated under the PIPL SHA and thereafter terminate the Pipeline Usage Agreement.
- Reliance would be in default if it (a) fails to make any of the quarterly CCPs, (b) fails to meet its obligations towards Further Funding (as contemplated under the O&M Agreement) in accordance with the PM Joint Venture Agreement, or (c) files a petition for voluntary winding up or voluntary liquidation. In case of an occurrence of an event of default by Reliance, PIPL will be entitled to serve notice in writing to Reliance of the Trust's intention to exercise the Enforcement Option or the Enforcement Sale in terms of the PIPL SHA ("**Reliance Event of Default**").

(m) Term of the Pipeline Usage Agreement – The Pipeline Usage Agreement will be effective until the earlier of:
   (i) (a) the date on which the period of twenty years from the Completion Date lapses or (b) the date on which the Free Usage Entitlement Amount) becomes nil, whichever is later,
   (ii) termination of the Pipeline Usage Agreement by Reliance following an Accelerated Redemption or an Accelerated Purchase in terms of the PIPL SHA,
   (iii) completion of an Enforcement Option or an Enforcement Sale as contemplated under the PIPL SHA (in which case the Free Usage Entitlement Amount will be considered as having become zero), or
   (iv) on the Pipeline becoming a 'total loss' (as defined applicable insurance policies of PIPL) under the Pipeline Usage Agreement (in which case the Free Usage Entitlement Amount will be considered as having become zero).

Proposed post-listing structure

The following structure illustrates the relationship between the Parties to the Trust (being the Trust, the Trustee, the Sponsor, the Investment Manager, and the Project Manager), the Contractor, the Sub-Contractor and the Unitholders as on the Listing Date:



The Trust NCD Offering

The Trust proposes to issue up to 63,700 listed, secured, redeemable, non-convertible debentures of face value ₹ 1,000,000.00 each for an aggregate principal amount of up to ₹ 63,700.00 million as governed by the Trust NCD Documents. For a brief description see "***Financial Indebtedness and Deferred Payments***" on page 201.

Subscription to PIPL NCDs by the Trust

The Trust proposes to subscribe, on a private placement basis, to 129,500,000 secured, unlisted, redeemable, non-convertible debentures of ₹ 1,000.00 each aggregating to ₹ 129,500.00 million ("**PIPL NCDs**") as governed by the PIPL NCD Documents. For a brief description see "***Financial Indebtedness and Deferred Payments***" on page 201. The key terms of the terms of the PIPL NCDs as contained in the PIPL SHA ("**NCD Terms**") are as follows:

- *Tenor:* The PIPL NCDs have a maximum tenor of 20 (twenty) years from the completion date as defined in the Framework Agreement ("**Tenor**") in accordance with the NCD Terms.

- *Use of proceeds of the PIPL NCDs:* The proceeds from issuance of the PIPL NCDs ("**PIPL NCD Proceeds**") will be utilized towards repaying liabilities of PIPL aggregating to ₹ 164,000.00 million. The PIPL NCD Proceeds attributable to funds received from lenders to the Trust shall not be used for acquiring equity shares of PIPL or for the payment of consideration to EWPL under the Scheme of Arrangement. For further details see "***Use of Proceeds***" on page 198.

- *Security:* The security for the PIPL NCDs includes *inter alia* an exclusive first charge on the Pipeline, assignment of the Pipeline Usage Agreement.

- *Block of five years:* For the purpose of calculation of the interest rate, the Tenor is divided in four blocks of five years each, in the following manner:

    - First block of five years- refers to the block of five years commencing from the Completion Date ("**First Block**");

    - Second block of five years- refers to the block of five years commencing from the date of end of the First Block ("**Second Block**");

    - Third block of five years- refers to the block of five years commencing from the date of end of the Second Block ("**Third Block**"); and

    - Fourth block of five years- refers to the block of five years commencing from the date of end of the Third Block ("**Fourth Block**").

- *Interest rate:* The interest rate applicable to the PIPL NCDs comprises of four components, namely, (a) the annual interest rate; (b) an implicit rate of return embedded in the right to sweep cash flows of PIPL for the First Block ("**First Block Implicit Return**"); (c) an implicit rate of return embedded in the right to sweep cash flows of PIPL for the Second, Third and Fourth Block; ("**Remaining Block Implicit Return**") and (d) implicit rate of return linked to the Upside Share ("**Upside Share Implicit Return**").

    (a) *Annual interest rate:* The annual interest rate is linked to a benchmark rate which is to be calculated on the basis of the mechanism provided under the NCD Terms for each block of five years. However, the annual interest is subject to a minimum of 9.50% and a maximum of 10.50%

    (b) *First Block Implicit Return:* During the First Block, an implicit rate of return embedded in the right to sweep calculated in accordance with the mechanism provided under the NCD Terms.

    (c) *Remaining Block Implicit Return:* During the remaining three blocks including the Second Block, the Third Block and the Fourth Block, implicit rate of return embedded in the right to sweep calculated in accordance with the mechanism provided under the NCD Terms.

    (d) *Upside Share Implicit Return:* the implicit rate of interest embedded in the right to the upside share determined and drawn by the Trust in accordance with the Pipeline Usage Agreement.

The amounts as per the interest rates set out above will be paid out every quarter until the end of the tenor in accordance with and as provided for in the NCD Terms.

- *Default interest:* The PIPL NCDs carry a default interest rate of 2.00% per annum.

- *Borrowing:* The total borrowings of PIPL at any point of time are required to not exceed the sum of principal amount outstanding on the PIPL NCDs and ₹ 5,000 million. Further, borrowings by PIPL are not to made at terms substantially different from prevailing market terms at the time of such borrowing.

- *Fees:* A one time fee which will be the lower of (i) 0.50% of the PIPL NCD issuance being ₹ 129,500 million; and (ii) identified expenses incurred by the Trust, or on behalf of the Trust, in relation to the Trust NCD Offering shall be payable by PIPL to the Trust.

- *Transferability*: The PIPL NCDs are non-transferable except to lenders in whose favour a pledge has been (or will be) created.

SUMMARY AUDITED SPECIAL PURPOSE COMBINED IND-AS FINANCIAL STATEMENTS

The following tables set forth the summary financial information derived from the Audited Special Purpose Combined Ind-AS Financial Statements, prepared in accordance with Ind AS and other relevant provisions of the SEBI InvIT Regulations as of and for the six months ended September 30, 2018 and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016.

The summary financial information derived from the Audited Special Purpose Combined Ind-AS Financial Statements, as presented herein below, should be read in conjunction with the Audited Special Purpose Combined Ind-AS Financial Statements, the notes thereto and the sections "***Audited Special Purpose Combined Ind-AS Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations and Cash Flows of the Initial Portfolio Asset of the Trust***" on pages 291 and 224, respectively.

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INDIA INFRASTRUCTURE TRUST

Special Purpose Combined Balance Sheet

(Rs. in crore)

	Notes	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	1	14,901.50	11,039.54	11,878.83	12,704.04
Capital Work-in-Progress	1	0.57	0.36	-	7.85
Intangible Assets	1	1,828.05	1.49	2.09	2.63
Financial Assets					
Loans & Advances	2	1.45	1.46	1.40	1.41
Other Non- Current Assets	3	-	-	0.41	0.41
Total Non-Current Assets		**16,731.57**	**11,042.85**	**11,882.73**	**12,716.34**
Current Assets					
Inventories	4	190.21	202.24	210.24	216.10
Financial Assets					
(i) Investments	5	0.32	-	-	-
(ii) Trade Receivables	6	61.28	55.31	36.16	47.76
(iii) Cash and Cash Equivalents	7	0.47	4.54	1.32	66.91
(iv) Other Bank Balances	8	68.43	66.57	62.31	56.55
(v) Other Financial Assets	9	2.92	4.42	2.23	7.01
Other Current Assets	10	30.81	18.95	18.93	12.15
Total Current Assets		**354.44**	**352.03**	**331.19**	**406.48**
Total Assets		**17,086.01**	**11,394.88**	**12,213.92**	**13,122.82**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	11	0.05	-	-	-
Other Equity	12	(347.65)	6,387.19	7,308.38	4,681.49
Total Equity		**(347.60)**	**6,387.19**	**7,308.38**	**4,681.49**
Liabilities					
Non-Current Liabilities					
Financial Liabilities					
Borrowings	13	-	-	-	8,119.84
Other Financial Liabilities	14	2.70	8.10	44.02	52.63
Deferred Tax Liabilities (Net)	15	206.00	-	-	-
Other Non-Current Liabilities	16	73.70	74.38	82.08	82.34
Total Non-Current Liabilities		**282.40**	**82.48**	**126.10**	**8,254.81**
Current Liabilities					
Financial Liabilities					
Borrowings	17	16,400.00	4,826.70	4,727.25	-
Trade Payables	18	59.62	57.35	24.89	22.40
Other Financial Liabilities	19	650.93	0.83	4.48	151.16
Other Current Liabilities	20	39.55	39.15	21.55	9.47
Provisions	21	1.11	1.18	1.27	3.49
Total Current Liabilities		**17,151.21**	**4,925.21**	**4,779.44**	**186.52**
Total Liabilities		**17,433.61**	**5,007.69**	**4,905.54**	**8,441.33**
Total Equity and Liabilities		**17,086.01**	**11,394.88**	**12,213.92**	**13,122.82**

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

INDIA INFRASTRUCTURE TRUST
Special Purpose Combined Statement of Profit and Loss

(Rs. in crore)

	Notes	Half year ended 30th Sept. 2018	31st March, 2018	For the year ended 31st March, 2017	31st March, 2016
INCOME					
Revenue from Operations	**22**	663.12	884.78	820.99	1,050.03
Other Income	**23**	4.77	9.29	15.28	14.05
Total Income		**667.89**	**894.07**	**836.27**	**1,064.08**
EXPENSES					
Employee Benefits Expense	**24**	13.25	24.20	22.94	48.80
Finance Costs	**25**	3.45	(0.36)	270.36	791.50
Depreciation and Amortisation Expense	**1**	529.83	840.28	840.70	843.51
Other Expenses	**26**	333.61	335.82	164.21	241.58
Total Expenses		**880.14**	**1,199.94**	**1,298.21**	**1,925.39**
Profit / (Loss) Before Tax		**(212.25)**	**(305.87)**	**(461.94)**	**(861.31)**
Tax Expenses					
Current Tax		-	-	-	-
Deferred Tax - Charge		206.00	-	-	-
Profit / (Loss) for the period/year		**(418.25)**	**(305.87)**	**(461.94)**	**(861.31)**
Other Comprehensive Income					
Items that will not be reclassified to profit and loss					
(Re-measurement of defined benefit liability)		(0.28)	(0.80)	3.65	(0.45)
Total Comprehensive Income for the period/year		**(418.53)**	**(306.67)**	**(458.29)**	**(861.76)**
Earnings per Unit	**32**				

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

INDIA INFRASTRUCTURE TRUST
Cash Flow Statement

(Rs. in crore)

	Half year ended 30th Sept. 2018	For the year ended 31st March, 2018	31st March, 2017	31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax as per Statement of Profit and Loss	(212.25)	(305.87)	(461.94)	(861.31)
Adjusted for:				
Depreciation and Amortisation Expense	529.83	840.28	840.70	843.51
(Profit) on sale of Property, Plant and Equipment (Net)	-	(0.09)	(1.98)	(0.13)
Interest Income	(3.52)	(5.86)	(7.29)	(7.01)
Finance Costs	3.45	(0.36)	270.36	791.50
Total	529.76	833.97	1,101.79	1,627.87
Operating profit / (loss) before working capital changes	**317.51**	**528.10**	**639.85**	**766.56**
Trade and Other Receivables	(16.58)	(21.66)	9.23	23.43
Inventories	12.03	7.99	5.86	70.02
Trade and Other Payables	(2.92)	14.66	4.44	(17.86)
Total changes in working capital	(7.47)	0.99	19.53	75.59
Cash Generated from / (used in) Operations	**310.04**	**529.09**	**659.38**	**842.15**
Taxes Paid (Net)	-	-	-	-
Net Cash Flow from / (used in) Operating Activities	**310.04**	**529.09**	**659.38**	**842.15**
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(1.04)	(4.37)	(19.49)	(9.80)
Proceeds from Sale of Property, Plant and Equipment	-	0.46	6.18	0.98
Deposits placed with Banks	(1.86)	(4.25)	(5.77)	(8.26)
Purchase of Current Investments (net)	(0.32)	-	-	-
Net Current Assets Acquired (Refer note 33)	(169.80)	-	-	-
Interest received	2.45	4.33	5.39	4.34
Net Cash Flow from / (used in) Investing Activities	**(170.57)**	**(3.83)**	**(13.69)**	**(12.74)**
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Preference Shares	-	-	8,000.00	-
Proceeds from Issue of Equity Shares	0.05	-	-	-
Proceeds from Share application money	1.45	-	-	-
Proceeds from Long Term Borrowings	-	-	-	7,694.15
Proceeds from Short Term Borrowings	3,573.55	99.45	406.29	-
Repayment of Short Term Borrowings	(0.25)	-	(4,000.00)	-
Repayment of Long Term Borrowings	-	-	(4,120.81)	(4,611.27)
Interest paid	(2.04)	(6.98)	(298.20)	(404.64)
Net Cash Flow from / (used in) Financing Activities	**3,572.76**	**92.47**	**(12.72)**	**2,678.24**
Net Increase / (Decrease) in Cash and Cash Equivalents	**3,712.23**	**617.73**	**632.97**	**3,507.65**
Balances with Remaining Group/Adjustment Pursuant to Scheme of arrangement (Refer note B.1 of Significant Accounting Policies and note 33)	(3,716.30)	(614.51)	(698.56)	(3,453.02)
Opening Balance of Cash and Cash Equivalents	**4.54**	**1.32**	**66.91**	**12.28**
Closing Balance of Cash and Cash Equivalents (Refer note 7)	**0.47**	**4.54**	**1.32**	**66.91**

SUMMARY FINANCIAL INFORMATION OF THE SPONSOR

The following is a summary of the audited financial information of the Sponsor, comprising the statement of financial position of the Sponsor as at December 31, 2017 and as at December 31, 2018, and statement of profit or loss and statement of cash flows of the Sponsor for the financial period from the date of incorporation on December 19, 2016 to December 31, 2017, and from January 1, 2018 to December 31, 2018, prepared in accordance with IFRS which have been drawn up from the audited financial statements of the Sponsor, on which its auditor, Deloitte & Touche LLP, conducted its audit in accordance with Singapore Standards on Auditing and issued audit reports thereon dated January 18, 2019 and February 11, 2019, respectively. As the Sponsor was incorporated on December 19, 2016, no financial information is available prior to such date.

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BALANCE SHEET
As at December 31, 2018 and December 31, 2017

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
LIABILITIES AND NET EQUITY (CAPITAL DEFICIENCY)				
Equity (Capital deficiency)				
Share capital	18,490,000	10	18,490,000	10
Currency translation reserve	73	-	-	-
Accumulated losses	(3,758,490)	(2,239,824)	(3,749,818)	(2,231,802)
Net equity (capital deficiency)	**14,731,583**	**(2,239,814)**	**14,740,182**	**(2,231,792)**
Current liabilities				
Advance from immediate holding company	-	500,000	-	500,000
Other payables	951,987	1,971,814	948,152	1,968,222
Total current liabilities	**951,987**	**2,471,814**	**948,152**	**2,468,222**
Total liabilities and net equity (capital deficiency)	**15,683,570**	**232,000**	**15,688,334**	**236,430**
ASSETS				
Non-current asset				
Investments in subsidiaries	-	-	17,311	100
Current assets				
Cash and cash equivalents	15,683,111	228,823	15,666,109	228,823
Other receivables	459	3,177	4,914	7,507
Total current assets	**15,683,570**	**232,000**	**15,671,023**	**236,330**
Total assets	**15,683,570**	**232,000**	**15,688,334**	**236,430**

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Financial period from December 19, 2016 (date of incorporation) to December 31, 2017 and
For the financial year ended December 31, 2018

	Group		Company	
	Financial year from January 1, 2018 to December 31, 2018	Financial period from December 19, 2016 (date of incorporation) to December 31, 2017	Financial year from January 1, 2018 to December 31, 2018	Financial period from December 19, 2016 (date of incorporation) to December 31, 2017
	US$	US$	US$	US$
Income				
Other income	35,589	494	35,589	494
Total Income	**35,589**	**494**	**35,589**	**494**
Expenses				
Other operating expenses	(1,554,255)	(2,240,318)	(1,553,605)	(2,232,296)
Total Expenses	**(1,554,255)**	**(2,240,318)**	**(1,553,605)**	**(2,232,296)**
Loss before income tax	**(1,518,666)**	**(2,239,824)**	**(1,518,016)**	**(2,231,802)**
Tax Expense				
Income tax	-	-	-	-
Loss for the year/period	**(1,518,666)**	**(2,239,824)**	**(1,518,016)**	**(2,231,802)**
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising from consolidation of foreign subsidiary companies	73	-	-	-
Total comprehensive loss for the year/period	**(1,518,593)**	**(2,239,824)**	**(1,518,016)**	**(2,231,802)**

CONSOLIDATED STATEMENTS OF CASH FLOWS
Financial period from December 19, 2016 (date of incorporation) to December 31, 2017 and For the financial year ended December 31, 2018

	Group		Company	
	Financial year from January 1, 2018 to December 31, 2018	Financial period from December 19, 2016 (date of incorporation) to December 31, 2017	Financial year from January 1, 2018 to December 31, 2018	Financial period from December 19, 2016 (date of incorporation) to December 31, 2017
	US$	US$	US$	US$
Operating activities				
Loss before income tax	(1,518,666)	(2,239,824)	(1,518,016)	(2,231,802)
Adjustment for:				
Interest income	(35,589)	(494)	(35,589)	(494)
Operating cash flows before movement in working capital	**(1,554,255)**	**(2,240,318)**	**(1,553,605)**	**(2,231,296)**
Other receivables **(Note A)**	2,708	(3,167)	2,583	(7,497)
Other payables **(Note B and C)**	884,843	1,971,814	884,700	1,968,122
Cash used in operations	**(666,704)**	**(271,671)**	**(666,322)**	**(271,671)**
Interest received	35,589	494	35,589	494
Net cash used in operating activities	**(631,115)**	**(271,177)**	**(630,733)**	**(271,177)**
Investing activity				
Investment in subsidiary, representing net cash used in investing activity **(Note B)**	-	-	(17,311)	-
Financing activities				
Proceeds from advance from immediate holding company	332,677	500,000	332,677	500,000
Proceeds from issue of share capital **(Note A and C)**	15,752,653	-	15,752,653	-
Net cash from financing activities	**16,085,330**	**500,000**	**16,085,330**	**500,000**
Net increase in cash and cash equivalents	**15,454,215**	**228,823**	**15,437,286**	**228,823**
Cash and cash equivalents at beginning of year/ date of incorporation	228,823	-	228,823	-
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	73	-	-	-
Cash and cash equivalents at end of year/period	**15,683,111**	**228,823**	**15,666,109**	**228,823**

Note A

For the financial period ended December 31, 2017, the amount due from immediate holding company amounting to US$10 for share capital of the Company and the Group was unpaid. This outstanding amount was paid during the financial year ended December 31, 2018.

Note B

For the financial period ended December 31, 2017, the Company did not pay for the investment in subsidiary amounting to US$100. This outstanding amount was paid during the financial year ended December 31, 2018.

Note C

For the financial year ended December 31, 2018, the Company issued 18,489,990 preference shares amounting to US$18,489,990 of which US$15,752,643 was received in the form of cash while the remaining US$2,737,347 was used to offset advances from immediate holding company and other payables due to related companies amounting to US$832,677 and US$1,904,670 respectively.

SUMMARY FINANCIAL INFORMATION OF THE INVESTMENT MANAGER

The following is a summary of: (a) the standalone financial statements of the Investment Manager as of and for the years ended March 31, 2018, March 31, 2017, and March 31, 2016 and (b) the consolidated financial statements of the Investment Manager for the year ended March 31, 2018, prepared in accordance with Ind-AS. The Investment Manager did not have any subsidiary during the financial years ended March 31, 2017 and March 31, 2016.

The summary financial information as of and for the years ended March 31, 2018, March 31, 2017 have been extracted from the audited financial statements of the Investment Manager prepared in accordance with the accounting principles generally accepted in India, including Ind-AS, of each of the respective years, and should be read with the audit reports issued by B S R & Associates LLP, Chartered Accountants, dated May 21, 2018 and May 8, 2017, respectively. The summary financial information as of and for the year ended March 31, 2016 has been extracted from the special purpose standalone Ind-AS financial statements prepared in accordance with the accounting principles generally accepted in India, including Ind-AS and should be read with the audit report (along with the relevant notes and annexures) issued by B S R & Associates LLP, Chartered Accountants, dated February 14, 2019. The audited financial statements of the Investment Manager and the audit reports issued thereon are available for inspection as described in "***Material Contracts and Documents for Inspection***" on page 344.

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PenBrook Capital Advisors Private Limited

(formerly known as Peninsula Brookfield Investment Managers Private Limited)

I. Summary of Standalone Balance Sheet as at March 31, 2018, 2017 and 2016

Particulars	31 March 2018 (in INR)	31 March 2017 (in INR)	31 March 2016 (in INR)
ASSETS			
Non-current assets			
Property, plant and equipment	189,827	191,442	328,792
Other intangible assets	68,935	-	2,345
Financial assets			
- Investments	43,218,883	36,656,776	31,850,110
- Loans and advances	4,669,083	6,161,826	3,873,003
Deferred tax assets (net)	63,651,337	67,394,900	69,921,840
Other non-current assets	890,917	5,464,320	8,436,485
Total non-current assets	**112,688,982**	**115,869,264**	**114,412,575**
Current assets			
Financial assets			
- Trade and other receivables	16,404,989	19,980,704	3,685,254
- Cash and cash equivalents	32,807,541	18,643,717	14,286,339
- Loans and advances	22,580	454,415	482,634
- Other financial assets	8,391,992	1,437,714	909,066
Current tax assets (net)	10,022,058	10,060,792	7,704,851
Other current assets	-	4,191,681	10,126,051
Total current assets	**67,649,160**	**54,769,023**	**37,194,195**
TOTAL ASSETS	**180,338,142**	**170,638,287**	**151,606,770**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	332,875,600	332,875,600	332,875,600
Retained earnings (including items of other comprehensive income)	(170,196,068)	(182,533,555)	(198,603,695)
Equity attributable to equity holders of the company	**162,679,532**	**150,342,045**	**134,271,905**
Total equity	**162,679,532**	**150,342,045**	**134,271,905**
Non-current liabilities			
Provisions	1,710,969	3,521,572	3,976,796
Total non current liabilities	**1,710,969**	**3,521,572**	**3,976,796**
Current liabilities			
Trade and other payables	9,996,918	15,629,003	10,620,235
Other current liabilities	5,746,356	910,851	2,525,252
Provisions	204,367	234,816	212,582
Total current liabilities	**15,947,641**	**16,774,670**	**13,358,069**
Total liabilities	**17,658,610**	**20,296,242**	**17,334,865**
TOTAL EQUITY AND LIABILITIES	**180,338,142**	**170,638,287**	**151,606,770**

PenBrook Capital Advisors Private Limited

(formerly known as Peninsula Brookfield Investment Managers Private Limited)

II. Summary of Standalone Statement of Profit and Loss for financial year 2018, 2017 and 2016

Particulars	31 March 2018 (in INR)	31 March 2017 (in INR)	31 March 2016 (in INR)
Income			
Revenue from operations	80,190,378	68,050,091	43,900,468
Other income	5,768,448	10,001,079	7,561,140
Total income	**85,958,826**	**78,051,170**	**51,461,608**
Expenses			
Employee benefits expenses	27,789,292	32,050,529	36,634,748
Depreciation and amortization expenses	122,149	225,857	304,964
Other expenses	37,262,977	22,705,808	40,912,023
Total expenses	**65,174,419**	**54,982,194**	**77,851,735**
Profit before tax	**20,784,407**	**23,068,977**	**(26,390,127)**
Tax expense:			
Current tax	4,122,694	4,703,499	-
Deferred tax charge	3,514,519	2,480,927	(7,904,955)
Profit for the year	**13,147,194**	**15,884,551**	**(18,485,172)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit (asset)/liability	(809,707)	185,589	(976,339)
Other comprehensive income, net of tax	**(809,707)**	**185,589**	**(976,339)**
Total comprehensive income for the year	**12,337,487**	**16,070,140**	**(19,461,511)**

PenBrook Capital Advisors Private Limited

(formerly known as Peninsula Brookfield Investment Managers Private Limited)

III. Summary of Standalone Cash Flow Statement for financial year 2018, 2017 and 2016

Particulars	31 March 2018 (in INR)	31 March 2017 (in INR)	31 March 2016 (in INR)
Cash flow from operating activities			
Profit before tax	**20,784,407**	**23,068,977**	**(26,390,127)**
Adjustments for			
Remeasurement of defined benefit plans	(580,662)	231,602	(1,412,936)
Financial asset at FVTPL - net change in fair value	2,370,285	(4,115,170)	(1,281,602)
Depreciation and amortisation	122,149	225,857	304,964
Interest income	(618,400)	(369,634)	(557,452)
	22,077,780	**19,041,632**	**(29,337,153)**
Working capital adjustments			
Decrease/(Increase) in trade and other receivables	3,575,715	(16,295,450)	(1,372,472)
(Decrease)/Increase in trade and other payables	(2,637,632)	2,961,377	(4,548,719)
(Increase)/Decrease in loans and advances	3,735,384	10,308,963	(789,210)
	4,673,467	**(3,025,110)**	**(6,710,401)**
Income tax paid (Net of income tax refund)	(4,083,960)	(11,251,121)	(4,351,647)
Net cash flows generated from /(used in) operating activities	**22,667,287**	**4,765,401**	**(40,399,201)**
Cash flow from investing activities			
Purchase of property, plant and equipment	(189,469)	(86,162)	(117,590)
Investment made			
- Units in Alternative Investment Fund	11,666,607	(691,495)	(13,925,289)
- In Limited Liability Partnership	(20,599,000)		
Interest received	618,400	369,634	557,452
Net cash flows used in investing activities	**(8,503,462)**	**(408,023)**	**(13,485,427)**
Cash flow from financing activities			
Proceeds from issue of capital	-	-	26,999,400
Net cash flows generated from financing activities	**-**	**-**	**26,999,400**
Net increase /(decrease) in cash and cash equivalents	**14,163,825**	**4,357,378**	**(26,885,228)**
Cash and cash equivalents at the beginning of the year	18,643,717	14,286,339	41,171,567
Cash and cash equivalents at the end of the year	**32,807,541**	**18,643,717**	**14,286,339**

PenBrook Capital Advisors Private Limited

(formerly known as Peninsula Brookfield Investment Managers Private Limited)

I. Summary of Consolidated Balance Sheet as at March 31, 2018

Particulars	As at 31 March 2018
ASSETS	
Non-current assets	
Property, plant and equipment	189,827
Other intangible assets	68,935
Financial assets	
- Investments	22,619,883
- Loans and advances	4,669,083
Deferred tax assets (net)	63,795,816
Other non-current assets	890,917
Total non-current assets	**92,234,461**
Current assets	
Financial assets	
- Trade and other receivables	16,404,989
- Cash and cash equivalents	53,472,117
- Loans and advances	22,580
- Other financial assets	8,013,614
Current tax assets (net)	10,051,127
Total current assets	**87,964,427**
TOTAL ASSETS	**180,198,888**
EQUITY AND LIABILITIES	
Equity	
Equity share capital	332,875,600
Retained earnings (including items of other comprehensive income)	(170,389,864)
Equity attributable to equity holders of the company	**162,485,736**
Non-controlling interests	1,000
Total equity	**162,486,736**
Non-current liabilities	
Provisions	1,710,969
Total non current liabilities	**1,710,969**
Current liabilities	
Trade and other payables	10,015,424
Other current liabilities	5,781,392
Provisions	204,367
Total current liabilities	**16,001,183**
Total liabilities	**17,712,152**
TOTAL EQUITY AND LIABILITIES	**180,198,888**

PenBrook Capital Advisors Private Limited

(formerly known as Peninsula Brookfield Investment Managers Private Limited)

II. Summary of Consolidated Statement of Profit and Loss for financial year 2018

Particulars	31 March 2018 (in INR)
Income	
Revenue from operations	79,840,028
Other income	6,049,315
Total income	**85,889,343**
Expenses	
Employee benefits expenses	27,789,292
Depreciation and amortization expenses	122,149
Other expenses	37,473,951
Total expenses	**65,385,393**
Profit before tax	**20,503,950**
Tax expense:	
Current tax	4,180,512
Deferred tax charge	3,370,040
Profit for the year	**12,953,398**
Other comprehensive income	
Items that will not be reclassified to profit or loss	
- Remeasurement of defined benefit (asset)/liability	(809,706)
Other comprehensive income, net of tax	**(809,706)**
Total comprehensive income for the year	**12,143,691**

PenBrook Capital Advisors Private Limited

(formerly known as Peninsula Brookfield Investment Managers Private Limited)

III. Summary of Consolidated Cash Flow Statement for financial year 2018

Particulars	31 March 2018 (in INR)
Cash flow from operating activities	
Profit before tax	**20,503,950**
Adjustments for	
Remeasurement of defined benefit plans	(580,662)
Financial asset at FVTPL - net change in fair value	2,370,285
Depreciation and amortisation	122,149
Interest income	(899,267)
	21,516,455
Working capital adjustments	
Decrease/(Increase) in trade and other receivables	3,575,715
(Decrease)/Increase in trade and other payables	(2,584,090)
(Increase)/Decrease in loans and advances	4,113,762
	5,105,387
Income tax paid (Net of income tax refund)	(4,170,847)
Net cash flows generated from operating activities	**22,450,995**
Cash flow from investing activities	
Purchase of property, plant and equipment	(189,470)
Investment made	11,666,607
Interest received	899,267
Net cash flows generated from investing activities	**12,376,405**
Cash flow from financing activities	
Proceeds from issue of capital	1,000
Net cash flows generated from financing activities	**1,000**
Net increase in cash and cash equivalents	**34,828,400**
Cash and cash equivalents at the beginning of the year	18,643,717
Cash and cash equivalents at the end of the year	**53,472,117**

RISK FACTORS

An investment in the Units involves a high degree of risk. Investors should carefully consider all the information in the Preliminary Placement Memorandum, including the risks and uncertainties described below, before making an investment in the Units. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the price of the Units could decline and investors may lose all or part of their investment. The risks and uncertainties described below are not the only risks that we face or may face or not the only the ones relevant to us, the Units, or the industry in which we operate. Additional risks and uncertainties not presently known to us and the Investment Manager or that they currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition and as a result, the returns to the Unitholders. Unless specified or quantified in the relevant risk factors below, the Investment Manager is not in a position to quantify the financial or other implications of any of the risks described in this section.

In making an investment decision, prospective investors must rely on their own examination of us and our business, the terms of the Issue and the Transaction, including the merits and risks involved. To obtain a complete understanding, this section should be read in conjunction with the sections entitled "Business" and "Management Discussion and Analysis of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Asset of the Trust" on pages 177 and 224, respectively as well as the financial statements and other financial information included elsewhere in the Preliminary Placement Memorandum. Before investing in the Units, prospective investors should obtain professional advice on investing in the Issue.

This Preliminary Placement Memorandum also contains forward-looking statements that involve risks and uncertainties and assumptions. Our actual results could differ significantly from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in "Forward Looking Statements" on page 23.

Unless otherwise stated or the context requires otherwise, references in this section to "we", "our" or "us" are to the Trust along with PIPL and include the Pipeline Business. However, for the purpose of the Audited Special Purpose Combined Ind-AS Financial Statements, references to "we", "us", and "our" refers to the Pipeline Business and PIPL on a combined basis.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Audited Special Purpose Combined Ind-AS Financial Statements, included in this Preliminary Placement Memorandum on page 291. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Audited Special Purpose Combined Ind-AS Financial Statements and may have not been subjected to an audit or review of the Statutory Auditor. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. You should consult your own advisors and evaluate such information in the context of the Audited Special Purpose Combined Ind-AS Financial Statements and other information relating to our business and operations included in this Preliminary Placement Memorandum.

Risks Related to Our Organization and the Structure of the Trust

1. ***We have received a conditional in-principle approval from the PNGRB in relation to the demerger of the Pipeline Business to PIPL and are yet to receive a final approval from the PNGRB. If we are unable to obtain the requisite approval from the PNGRB, on terms favorable to us, or at all, our business, results of operations, financial condition and cash flows may be adversely affected.***

Based on an application made to the PNGRB by EWPL under the PNGRB Authorizing Regulations, we have received an in-principle approval from the PNGRB, dated September 27, 2018, for renunciation of the authorisation granted to EWPL for the Pipeline, in favour of PIPL. The in-principle approval is subject to the following key conditions:

(i) the renunciation would not adversely affect the existing or proposed activities of laying, building, operating or expanding the Pipeline and its associated facilities;
(ii) PIPL would abide by existing or modified terms and conditions of the authorisation, including compliance with the service obligations for the activities of laying, building, operating or expanding the Pipeline;
(iii) the sale of assets to PIPL (by EWPL) should not result in change in the value of assets which consequently results in adverse tariff for existing customers of the Pipeline. The gross fixed assets shall be equal to their

actual historical cost of acquisition (including the cost of a subsequent replacement or improvement or modification) or that which is normatively assessed by the PNGRB, whichever is lesser and required in the Pipeline's economic life based on principles to create and sustain an efficient infrastructure; and

(iv) PIPL would have to request PNGRB for change of authorisation of the Pipeline in its favour after the transfer of assets. PNGRB shall after satisfying itself, may accept this proposal in full or with modifications, as it may deem fit.

In accordance with the above, the final authorisation in the name of PIPL (which is proposed to be acquired by the Trust) to operate the Pipeline Business, is yet to be received from the PNGRB ("**PNGRB Authorisation**"). If PIPL is unable to obtain the PNGRB Authorisation in the form expected or at all or any additional conditions are imposed, we will have to invest our time and funds to negotiate the terms of the approval or fulfil the conditions imposed (as the case may be), which could adversely affect our business, results of operations, financial condition and cash flows.

The parties to the Share Purchase Agreement have agreed to provide the Trust with certain rights in the event of any directive from the PNGRB in relation to the PNGRB Authorisation, which results in (a) PIPL being prevented from making the Pipeline available for use in the manner agreed under the Pipeline Usage Agreement; (b) a change in the commercial parameters envisaged in the Transaction Documents, as provided in the Share Purchase Agreement; (c) Reliance not fulfilling its obligations in the manner agreed under the Pipeline Usage Agreement, or (d) any final non-appealable order from the PNGRB rejecting the PNGRB Authorisation ("**PNGRB Authorisation Failure**").

In the event of the PNGRB Authorisation Failure, the Trust shall be entitled to recover the PNGRB Specified Amount, in accordance with the terms of the Share Purchase Agreement. For further details, see "***Formation Transactions in Relation to the Trust – The Share Purchase Agreement***" on page 52. The recovery of such amounts by the Trust may be subject to uncertainties, which may be lengthy and time consuming to resolve. We cannot assure you that the Trust will be able to recover such amounts or that the amounts recovered by the Trust on the occurrence of such events will be equal to or more than the initial investments made by the Trust. Any such event could adversely affect the market price of the Units.

Further, the SEBI InvIT Regulations restrict the transfer of an infrastructure asset held by a trust for a period of at least three years from the date of purchase of such asset by the trust. In the event the PNGRB Authorisation Failure occurs within three years of the purchase of the Pipeline by the Trust, the Trust will be restricted from transferring the Pipeline pursuant to the SEBI InvIT Regulations, while at the same time PIPL will also be prevented from using the Pipeline (if PIPL is unable to obtain the PNGRB Authorisation in the form expected or at all or any additional conditions are imposed by PNGRB) for fulfilling its obligations in the manner agreed under the Pipeline Usage Agreement. We will be required to obtain regulatory approvals in this regard, which may not be forthcoming in a timely manner, or at all.

2. *Certain actions of the Trust require prior approval of the Trust Lenders, and we cannot assure you that the Trust Lenders will approve such actions in a timely manner or at all.*

Under the Trust NCD Documents, we are required to maintain certain financial ratios, such as maintaining a minimum interest service coverage ratio, maintain a specified debt service reserve amount in the debt service reserve account and are required to ensure that all payments which are due and payable by the Trust under the Trust NCD Documents or by PIPL in respect of the PIPL NCDs have been paid, failing which and for the duration that the Trust or PIPL are in default of the requirement to make such payments, if we make distributions to Unitholders we risk a declaration of an event of default under the Trust NCD DTD.

In addition, we are required to obtain the written consent of the Debenture Trustee, among others, prior to giving loans and advances or lending money or carrying out investment (except as permitted under the Trust NCD DTD), entering into partnerships, profit sharing, royalty or other arrangements by which income or profits might be shared with a third party, changing the statutory auditors of the Trust, altering our Financial Year (except as may be mandatorily required under applicable law) and the accounting policies followed by the Trust, undertaking guarantee obligations on behalf of any person or issue any guarantee or letter of credit or provide any security on behalf of any other person and undertaking additional financial indebtedness, subject to change in the regulatory debt ratio as defined under the Trust NCD DTD. Further, the security for the Trust NCDs includes a pledge on the equity shares of PIPL and a portion of the PIPL NCDs held by the Trust. Accordingly, the Trust may require the consent of the Debenture Trustee, among others, prior to the transfer of such securities. Our failure to comply with financial or restrictive covenants or periodic reporting requirements or to obtain consent of the Debenture

Trustee in a timely manner or at all may result in the declaration of an event of default, which may trigger a mandatory redemption or result in the imposition of penal interest rates or trigger the invocation of security under our financing arrangements any of which could adversely affect our business, financial condition, results of operations and prospects. See "***Financial Indebtedness and Deferred Payments – Brief Description of the Trust NCD Terms***" on page 202.

3. ***The Trust's ownership of the Pipeline is for a defined period and the terms of the PIPL SHA regulate the manner of selling or disposing of the Trust's shareholdings in PIPL during such period.***

In accordance with the PIPL SHA, upon the occurrence of (a) the expiry of 20 years from the Completion Date or (b) the final redemption, repayment or extinguishment or payment of all the liability towards all the PIPL NCDs, in any manner including by virtue of a final redemption, repayment or extinguishment of all the PIPL NCDs or (c) the receipt of the Enforcement Amount by the Trust upon the occurrence of an Enforcement Event, whichever is the earliest, (each event an "**Option Trigger Event**") the Trust shall be entitled (but not obligated) to require Reliance (or its nominee, if applicable) to purchase the entire issued and paid up equity share capital of PIPL ("**Sale Shares**" and such option the, "**Put Option**") for a consideration which is equivalent to the lower of ₹ 500 million, or the fair value of the Sale Shares determined by a valuer ("**Purchase Consideration**"). Upon the occurrence of the Option Trigger Event, Reliance also has the right (but not the obligation) to require the Trust to sell to Reliance (or its nominee, if applicable), the Sale Shares (the "**Call Option**") for the Purchase Consideration.

The Call Option and the Put Option restrict the ability of the Trust to realize, sell or dispose of its shareholdings in PIPL at an attractive price, or at the appropriate time, other than as agreed in the PIPL SHA, which may hinder the Trust from realizing the full-economic value of its investment and may have an adverse effect on the market value, business, prospects, financial condition and results of operations of the Trust. Further, in the event the equity shares of PIPL are transferred to Reliance and the Trust has no other assets remaining for a period of six months nor does the Trust propose to invest in any infrastructure assets in the future, the Investment Manager will be required to apply for delisting the Units of the InvIT, pursuant to which the InvIT will be required to surrender its certificate of registration and subsequently wind-up the Trust. The current regulatory framework does not set out the procedure for completing this and thus until the regulatory framework setting out the procedure and regulations for delisting is notified, we may not be able to delist the Units, as required.

In addition, the SEBI InvIT Regulations restrict the transfer of an infrastructure asset held by a trust for a period of at least three years from the date of purchase of such asset by the Trust, which may restrict Reliance and the Trust's ability in exercising their right under the PIPL SHA for such period. Reliance's inability to exercise its right in the event of an ESH Event of Default or the Trust's inability to exercise its right in the event of a RIL Event of Default may result in a contractual dispute between Reliance, PIPL and the Trust. We cannot assure you that such a contractual dispute will be decided in our favour and we may be required to compensate Reliance for any loss suffered by Reliance as result of its inability to exercise its rights under the PIPL SHA.

4. ***The demerger and transfer of the Pipeline Business from EWPL to PIPL, pursuant to the Scheme of Arrangement may result in an initial disruption of the operations of the Pipeline Business.***

The Scheme of Arrangement sets out the terms and conditions for the demerger of the Pipeline Business from EWPL to PIPL. The parties to the Scheme of Arrangement have agreed to co-operate and execute relevant documents for demerger of the Pipeline Business. While the Scheme of Arrangement has become effective, the Scheme of Arrangement stipulates that registrations, licenses, permissions, approvals, authorizations (including authorizations by Central Government and the PNGRB), concessions, consents, employees and contracts, deeds, bonds, agreements, quotas, subsidies, deferrals, incentives, special status, exemptions, relaxations, liberties, consents, contracts, tax and other benefits arising out of any law or programme or policy of the Government or any municipal or other authority, whether past, present or future in respect of the Pipeline Business and other instruments relating to the Pipeline Business shall stand demerged from EWPL to PIPL, upon receipt of relevant regulatory consents and authorizations.

The demerger of the Pipeline Business may result in an initial disruption of the Pipeline's operations, due to, among others, difficulties associated with segregating the operating systems and shared services of the Pipeline Business from that of EWPL; obtaining consents or authorizations from Government agencies as well as counter-parties and service providers that may be required in respect of the transfer of the Pipeline's operations; and developing and improving administrative infrastructure within PIPL to carry out the Pipeline Business. In event the operations of the Pipeline Business are disrupted, our business, results of operations, financial condition and cash flows may be adversely affected. For further details on the Scheme of Arrangement and demerger of the

Pipeline Business, see "***Formation Transactions in Relation to the Trust – Scheme of Arrangement and Acquisition of the Pipeline by PIPL***" on page 44.

5. ***The Audited Special Purpose Combined Ind-AS Financial Statements presented in this Preliminary Placement Memorandum may not be indicative of the Trust's future financial condition and results of operations.***

Our initial portfolio asset is the Pipeline which shall be held by the Trust through PIPL. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, the average daily flow of natural gas through the Pipeline was 20 mmscmd, 17 mmscmd, 17 mmscmd and 19 mmscmd, respectively. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, our revenue from operations was ₹ 663.12 crore, ₹ 884.78 crore, ₹ 820.99 crore, and ₹ 1,050.03 crore, respectively, based on our Audited Special Purpose Combined Ind-AS Financial Statements**.**

For the purpose of this Preliminary Placement Memorandum, we have included our Audited Special Purpose Combined Ind-AS Financial Statements. Since PIPL was incorporated on April 20, 2018 and the Appointed Date of the Scheme of Arrangement is July 1, 2018, the Audited Special Purpose Combined Ind-AS Financial Statements as of and for the six months ended September 30, 2018 are prepared by combining the carve-out financials of EWPL as at June 30, 2018 and the financial statement of PIPL as at and for the six months ended September 30, 2018, at book values. The Audited Special Purpose Combined Ind-AS Financial Statements include the carve-out financials of EWPL for the financial years 2018, 2017, 2016 and for the three months ended June 30, 2018. The Audited Special Purpose Combined Ind-AS Financial Statements have been prepared for the sole purpose of the Issue and may not necessarily represent our consolidated financial position, results of operations and cash flows had PIPL and the Trust been in existence during the periods presented, nor do they give an indication of our financial results, cash flows and financial position in the future. For a discussion on the Audited Special Purpose Combined Ind-AS Financial Statements, see "***Management Discussion and Analysis of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Asset of the Trust***" on page 224.

The Pipeline Business, prior to the implementation of the Scheme of Arrangement, was a part of EWPL, and incurred expenses, including operations and maintenance expenses, by way of agreements entered into directly with third party suppliers and contractors. PIPL has entered into, or will enter into, certain agreements in order to carry out the Pipeline Business, which will include the Pipeline Usage Agreement, Project Management Agreement, O&M Agreement, O&M Sub-Contract Agreement, Infrastructure Agreement and Shared Services Agreement. The revenues and expenses of PIPL will be governed, in part, by the terms and covenants entered into pursuant to these agreements, and may not be reflective of the historical Audited Special Purpose Combined Ind-AS Financial Statements. See "***Formation Transactions in Relation to the Trust***" and "***Parties to the Trust***" on pages 41 and 111, respectively.

Further, following the execution of the agreements detailed above, there will be certain changes to our cost structure, level of indebtedness and operations. Our cost structure after the Completion Date differs in certain significant respects from our cost structure as indicated in the Audited Special Purpose Combined Ind-AS Financial Statements. For example, there are certain costs, such as the Investment Manager's, the Project Manager's, the Contractor's and Sub-Contractor's fees that may be incurred by the Trust and PIPL (as may be applicable) going forward, which were not incurred by the Pipeline Business historically. We cannot assure you that the past performance of the Pipeline Business is an appropriate indicator of the Trust's future prospects. We also cannot assure you that PIPL will be able to generate sufficient revenue from the operations of the Pipeline Business, in order for the Trust to make distributions to Unitholders, as anticipated, or at all. Accordingly, our financial statements and results of operations for the periods after Completion may not be comparable to our historical Audited Special Purpose Combined Ind-AS Financial Statements, and our historical financial statements may not be indicative of our future financial condition and results of operations.

6. ***The Valuation Report, and any underlying reports, are not opinions on the commercial merits of PIPL, nor are they opinions, expressed or implied, as to the future trading price of the Units or the financial condition of the Trust upon listing, and the valuation contained therein may not be indicative of the true value of the Pipeline Business.***

BDO Valuation Advisory LLP has been appointed as an independent valuer (the "**Valuer**") to undertake to determine the value of the InvIt Asset as per the SEBI InvIT Regulations. As per the requirements of the SEBI InvIT Regulations, the Valuer has issued a report dated March 8, 2019 (the "**Valuation Report**"), included on

page 353 to this Preliminary Placement Memorandum, which sets out, among others, the valuation and valuation methodology adopted for the InvIT Asset as on January 1, 2019.

In order to issue their Valuation Report, the Valuer based its assumptions regarding the volume, rates, operation and maintenance costs, amortization, debt repayments and noncash net working capital projections on information provided by and discussions with or on behalf of the Investment Manager and the Sponsor. Further, with respect to forecast of volume to be transported through the Pipeline, the Valuer has placed reliance on the technical report titled "EWPL Due Diligence Abridged Report for Disclosure in Private Placement Memorandum" dated December 21, 2018 issued by Wood Mackenzie, included at page 402 to this Preliminary Placement Memorandum. Such information reflects current expectations and views regarding future events and, therefore, necessarily involves known and unknown risks and uncertainties. Please see the Valuation Report included in this Preliminary Placement Memorandum for a more detailed description of all assumptions relied upon in the preparation thereof. The Valuation Report contains forecasts, projections and other forward-looking statements that relate to future events, which involve risks, uncertainties and other factors which may cause the actual results or performance to be significantly different from any future results or performance expressed or implied by the forward-looking statements.

The Valuation Report is not an opinion on the commercial merits and structure of the Trust or PIPL, nor is it an opinion, expressed or implied, as to the future trading price of the Units in or the financial condition of the Trust upon listing. The Valuation Report does not confer rights or remedies upon investors or any other person, and does not constitute and should not be construed as any form of assurance as to our financial condition or future performance or as to any other forward-looking statements included therein, including those relating to certain macro-economic factors, by or on behalf of the Investment Manager, or us. Further, we cannot assure you that the valuation prepared by the Valuer reflects the true value of the future revenues of PIPL or that other valuers would arrive at the same valuation. Accordingly, the prospective Unitholders should rely on their independent assessment of PIPL and the Pipeline Business and are cautioned from placing undue reliance on the Valuation Report. The Valuation Report is dated March 8, 2019 and has not been updated since then and does not take into account any subsequent developments and should not be considered as a recommendation by the Investment Manager, us or any other party that any person should take any action based on the Valuation Report. Accordingly, investors should not place undue reliance on the Valuation Report in making an investment decision to purchase Units in the Trust.

7. ***Our actual results may be significantly different from the expectations expressed or implied in the section entitled "Projections of Revenue and Cash Flows from Operating Activities" and the assumptions therein are inherently uncertain and are subject to significant business, economic, financial, regulatory and competitive risks and uncertainties that could cause actual results to differ significantly from those projected.***

This Preliminary Placement Memorandum contains forward-looking statements regarding, among other things, the projections of revenue from operations and cash flows from operating activities of the Trust (on a consolidated basis) and PIPL for the years ending March 31, 2020, 2021 and 2022, as per the requirements of the SEBI InvIT Regulations. Please see, "***Statement of Projections of Revenues from Operations and Cash Flows from Operating Activities***" on page 334. These projections, while presented with numerical specificity, are based on a variety of estimates and assumptions as set out therein. Such assumptions and projections may not be realized and, because they relate to future events, are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial risks, uncertainties, contingencies and other factors, many of which are beyond our control.

Such risks, uncertainties, contingencies and other factors which may cause the actual results or performance of the Trust and PIPL to be significantly different from any future results or performance expressed or implied by such projections.

The revenue of the Trust will be dependent on the net distributable cash flows from dividends, and principal and interest payments (net of applicable taxes and expenses) and other payments from PIPL, whose revenue in turn is dependent on a number of factors, including the volume of gas transported through the Pipeline and the receipt of the contractual payments under the Pipeline Usage Agreement to be entered into on the Completion Date. Accordingly, we cannot assure you that the projections included in this Preliminary Placement Memorandum, even though based on facts known today and reasonable assumptions, will be achieved or that our actual results will not be significantly different compared with the projections. If we do not achieve the projected operating results, the distribution to be made by us may be impacted, in which case the market price of the Units may

decline. We will not, and disclaim any obligation to, furnish updated business plans or projections to Unitholders, or to otherwise make public such information. As a result, you should not rely upon the Projections of Revenue and Cash Flows from Operating Activities in making an investment decision given the possibility that actual results may differ significantly from the underlying estimates and assumptions.

8. ***We have experienced losses in prior years and any losses in the future could adversely affect our business, financial condition and results of operations, our ability to make distributions to the Unitholders and the trading price of our Units.***

As provided in the Audited Special Purpose Combined Ind-AS Financial Statements, we have experienced losses in prior periods. For the six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016 our loss for the period or year was ₹ 418.25 crore, ₹ 305.87 crore, ₹ 461.94 crore and ₹ 861.31 crore, respectively. We cannot assure you that in the future, we (including any future investments we make) or PIPL will make a profit. Under the Companies Act, 2013, companies that do not generate "distributable profits" are not permitted to pay dividends to their shareholders. Accordingly, if PIPL fails to generate such distributable profits, it will not be able to pay dividends to the Trust, which may impact distributions by the Trust to Unitholders. Any losses in the future could adversely affect our business, financial condition and results of operations, our ability to make distributions and the trading price of the Units.

9. ***We may not be able to raise the Aggregate Transaction Value in a timely manner, or at all.***

The funds raised by the Trust pursuant to the Transaction are proposed to be utilized by the Trust for subscription of the PIPL NCDs and for purchasing 100.00% of the issued and paid-up equity share capital of PIPL from RIHPL.

While a portion of the Aggregate Transaction Value is being met by the Trust through this Issue, the balance shall comprise the Sponsor Subscription and the Trust NCDs pursuant to the Trust NCD Offering in accordance with applicable law, including the SEBI InvIT Regulations and the SEBI Circular on Issuance of Debt Securities. The funds raised from the Transaction shall be utilized as specified in the section "***Use of Proceeds***" on page 198.

However, we cannot assure you that we will be successful in completing the Trust NCD Offering within the time in which we expect to. We may experience delays in completing the conditions precedent for the Trust NCD Offering, including in terms of completing steps for providing the security cover as required under the Trust NCD DTD or complying with certain other conditions, such as obtaining consent from PNGRB for creating security cover over the Pipeline related assets, the PIPL NCD Documents being in form and manner satisfactory to the holders of the Trust NCDs/Debenture Trustee and acceptance and execution of binding term sheet in respect of the PIPL Funding from the proposed holders of the Trust NCDs. If we fail to comply with these conditions precedent to the issuance of the Trust NCDs, we may not be able to undertake the issuance of the Trust NCDs in a timely manner which also lead to a breach of the Transaction Documents. Further in the event we undertake PIPL Funding, we may also be required to obtain approval of the Unitholders and carry out amendments to the Transaction Documents. For details, see "***Financial Indebtedness and Deferred Payments – Brief Description of the Trust NCD Terms***" on page 202. In addition, the Sponsor Subscription may not be received in a timely manner, or at all, for us to complete the various steps required for the Allotment and listing of the Units. Delays in, including due to delay in receipt of necessary approvals, or our inability to raise the Aggregate Transaction Value may adversely affect our ability to complete the Transaction. We cannot assure you that Unitholders will be able to recover any amounts or that the amounts recovered by Unitholders on the occurrence of such events will be equal to or more than the initial investments made by them. Any such event could adversely affect the market price of the Units.

10. ***Our inability to comply with all the post-completion conditions provided under the SPA, including obtaining all approvals and completing all formalities with governmental authorities and counter-parties in respect of the demerger of the Pipeline Business and on an ongoing basis may cause disruptions in the Pipeline Business.***

Under the terms of the SPA, PIPL is required to undertake certain post-completion actions, which include, among others, (a) making necessary filings under applicable law with the respective government authorities for recording the name of PIPL as the true and legal owner of the Pipeline Business and the immoveable properties and assets forming part of the Pipeline Business, and (b) notifying several relevant authorities and counter parties regarding the consummation of the transactions contemplated, including transfer of the Pipeline Business pursuant to the Scheme of Arrangement, within a period of 15 days from the Completion Date.

The authorities and counter parties identified above include, among others, state pollution control boards, state labor departments and commissioners which grant various approvals under the Factories Act and various state-wise rules issued thereunder as well as other authorities from whom approvals are required to be obtained from time to time in respect of the Pipeline Business; and from the Gujarat Industrial Development Corporation for transfer of leasehold rights granted to EWPL. In the event that any such authority or third party refuses to record the name of PIPL following the demerger of Pipeline Business into PIPL or records the transfer subject to onerous conditions, the Pipeline Business may be subject to possible disruptions to its operations to the extent that one or more such approval are not obtained in a timely manner, or at all.

In addition, during the construction of the Pipeline, in addition to the right of user obtained under the PMP Act, various crossing agreements were entered into for specific permission of governmental authorities to facilitate the laying of the Pipeline through its approved route which involved passage through rivers, national and state highways as well as roads. For assignment of the rights under these crossing agreements, notification to certain governmental authorities such as the south central and central railway departments, municipal corporations, local road and building division, public works divisions and state canal divisions will be made as part of the post-completion actions within a period of 15 days from the Completion Date.

Further, in the states of Gujarat, Karnataka, Telangana and Andhra Pradesh (through which the Pipeline passes), any transfer of a "factory" within the meaning of the Factories Act, 1948 from one owner or occupier to another requires the relevant authority to acknowledge such transfer and any change in the designated manager of such factory is also required be notified to the relevant authority. As the compressor stations relevant to the operation of the Pipeline fall within the meaning of a factory within the meaning of the Factories Act, we cannot assure you that we will be able to complete such endorsements under the Factories Act, 1948 in a timely manner, or at all. Further, the Pipeline Business will continue to require, approvals to be obtained from various central, state and local authorities from time to time on an ongoing basis. We cannot assure you that we will receive all such approvals in a timely manner.

11. ***The occurrence of an event of default on the part of the Trust or Reliance under the PIPL SHA may result in an accelerated redemption or purchase of the PIPL NCDs and an option with Reliance to purchase the equity shares of PIPL.***

Under the PIPL SHA, the occurrence of an event of default on the part of PIPL and the Trust, i.e., an ESH Event of Default, which includes (a) any distribution or payment of amounts by PIPL in excess of the amounts due to the Trust as per the PIPL SHA; (b) any alteration or breach of the material terms of the PIPL NCDs; or (d) the occurrence of a PIPL Event of Default under the Pipeline Usage Agreement, which is not cured or waived as provided, results in Reliance having the accelerated right to either redeem all outstanding Non-Convertible Debentures or require the Trust to transfer all outstanding Non-Convertible Debentures to Reliance for an amount to be determined in accordance with the PIPL SHA.

Further, under the PIPL SHA, the occurrence of an event of default on the part of Reliance, i.e., an Enforcement Event, which includes (a) occurrence of a CCP Payment Default (in terms of the Pipeline Usage Agreement) in accordance with the terms of the Pipeline Usage Agreement, which is not cured within 30 (thirty) days of written notice from PIPL to Reliance; (b) occurrence of a RIL O&M Funding Default (in terms of the Pipeline Usage Agreement) in accordance with the terms of the Pipeline Usage Agreement, which is not cured within 30 days of written notice from PIPL to Reliance; or (c) the filing of a petition for voluntary winding up or voluntary liquidation by Reliance, results in, the Trust having the right to enforce either an Enforcement Option or an Enforcement Sale (requiring Reliance to purchase the PIPL NCDs or require the redemption of PIPL NCDs), and recover an amount equivalent to the outstanding principal amount in respect of the PIPL NCDs plus or minus the outstanding Upside Amount which will be payable to the Trust or PIPL (at the discretion of the Trust).

The redemption or transfer of all outstanding PIPL NCDs upon occurrence of the events discussed above, results in Reliance being entitled (but not obliged) to require the Trust to sell to Reliance (or its nominee, if applicable), all the equity shares of PIPL at an agreed upon price, on the terms and conditions as contained in the PIPL SHA. In the event the PIPL NCDs are redeemed or transferred and Reliance exercises its consequent option to purchase all the equity shares of PIPL, we may lose our economic and ownership interest in PIPL. For further details on the PIPL SHA, see "***Formation Transactions in relation to the Trust – The PIPL SHA***" on page 47. We cannot assure you that the Trust will be able to recover any of the amounts invested or that the amounts recovered by the Trust on the occurrence of such events will be equal to or more than the initial investments made by the Trust. Any such event could adversely affect the market price of the Units.

12. ***The sale or disposal of the assets of PIPL, pursuant to the option to seek an enforcement sale of assets, which may be exercised by the Trust upon occurrence of an Enforcement Event under the terms of the PIPL SHA, may be restricted by the illiquid nature of the Pipeline Business.***

Upon the occurrence of an Enforcement Event under the PIPL SHA, i.e., the occurrence of an event of default on the part of Reliance, the Trust has the right to recover the Enforcement Amount from Reliance which will be payable either to the Trust or PIPL (at the discretion of the Trust), by requiring Reliance to purchase PIPL NCDs or require the redemption of PIPL NCDs. However, in certain circumstances, the Trust has the option to recover an amount equivalent to the Enforcement Amount by way of selling some or all of the assets of PIPL and using the proceeds to redeem the PIPL NCDs.

The Pipeline Business is illiquid in nature, for among other reasons, on account of market conditions, the nature of the assets, residual periods of the relevant agreements, various approvals, consents and confirmations required for such transfer, and a scarcity of disposal options and/or potential acquirers. As a result, it may be difficult for us to realize, sell or dispose of assets held by PIPL at an attractive price, or at the appropriate time, or at all, and such illiquidity may have an adverse effect on our market value, business, prospects, financial condition and results of operations. Further, in the event the Trust has no other assets remaining for a period of six months or if it does not propose to invest in any infrastructure assets in the future, the Investment Manager will be required to apply for delisting the Units of the Trust, pursuant to which the Trust will be required to surrender its certificate of registration and subsequently wind-up the Trust.

13. ***We may not be able to make distributions to Unitholders or the level of distributions may fall.***

The Trust's distributions will be based on the net distributable cash flows generated from the Pipeline Business undertaken by PIPL. The SEBI InvIT Regulations provide that not less than 90% of the net distributable cash flows of PIPL is required to be distributed to the Trust in proportion of its holding in PIPL subject to applicable provisions of the Companies Act, 2013. It further provides that not less than 90% of the net distributable cash flows of the Trust shall be distributed to the Unitholders. Such distributions shall be declared and made at least once in every Financial Year and shall be made not later than fifteen days from the date of such declaration. In addition, while our Investment Manager has adopted a distribution policy, we cannot assure you of the effectiveness of the policy or its implementation. For more details, see the sections "***Distribution***" and "***Corporate Governance***" on pages 220 and 154, respectively, of this Preliminary Placement Memorandum. Further, the PIPL SHA provides a mechanism for the distribution of the cash flows of PIPL.

The Trust will substantially rely on the net distributable cash flows from dividends, and principal and interest payments (net of applicable taxes and expenses) and other payments from PIPL in order to make distributions to Unitholders. The distributions to Unitholders will be in the form of dividends, interest, proceeds from sale of infrastructure assets (if any) and any other means permitted by law. There can be no assurance or guarantee that the Trust will have sufficient distributable or realized profits or surplus in any future period to make distributions every year in any amount or at all.

The ability of PIPL to pay dividends and make interest payments to the Trust and the Trust in turn to the Unitholders may be affected by a number of factors including, among other things:

- its business, profitability and financial position;
- all parties fulfilling the obligations under the Pipeline Usage Agreement and other Transaction Documents;
- cash flows received from the Pipeline Business;
- applicable laws and regulations, which may restrict the payment of dividends by PIPL;
- operating losses or profits incurred by PIPL in any Financial Year;
- changes in accounting standards, taxation laws and regulations, corporation laws and regulations relating thereto; and
- the terms of agreements, including any financing agreements, to which it is, or may become, a party.

Any change in the applicable laws in India (including, for example, tax laws and foreign exchange controls) may limit the Trust's ability to pay or maintain distributions to Unitholders. For example, under current laws and regulations, dividends that may be paid by PIPL to the Trust will be exempt from the dividend distribution tax. We cannot assure you that such dividends will remain exempt from the dividend distribution tax. Furthermore, no assurance can be given that the Trust will be able to pay or maintain the levels of distributions or that the level of distributions will increase over time, or that future acquisitions will increase the Trust's distributable free cash

flow to Unitholders. Any reduction in, or elimination or taxation of, payments of distributions could adversely affect the market price of the Units.

14. ***Due to our initial lack of asset diversification, negative developments in the Pipeline operations could reduce the Pipeline's ability to fund its operations and our ability to make distributions to Unitholders.***

Subsequent to the completion of the Transaction, we will rely on the revenues exclusively received from the operation of the Pipeline. Further, the Trust has not entered into any agreements for future acquisition of completed or under-construction assets. Expanding our project portfolio in the future is subject to a number of factors such as, among others, identification of suitable infrastructure assets and the ability to raise capital on favorable terms. We cannot assure you that we will be able to identify suitable infrastructure projects in the future or raise capital on favorable terms, which could impact our business, results of operations and financial condition.

Due to our initial lack of asset diversification, any negative development in the Pipeline's prospects could have a significantly greater impact on our financial condition and results of operations than if we maintained more diverse asset base. Any closure of the Pipeline, termination of the Pipeline Usage Agreement and other operational agreements, any governmental action negatively affecting the Pipeline, any economic recession particularly affecting the areas concerned, any natural disaster or any natural event or inadequacy of the reserves supplying the Pipeline that may adversely affect the volume of gas transported would have a significant adverse effect on our business, financial condition and results of operations and our ability to make distributions to Unitholders.

15. ***We must maintain certain investment ratios in compliance with the SEBI InvIT Regulations, which may present additional risks to us.***

Pursuant to the SEBI InvIT Regulations, we are required to invest not less than 80% of the value of our assets in eligible infrastructure projects, such as the Pipeline, and are only permitted to deploy un-invested funds in debt of companies or body corporates in the infrastructure sector, equity shares of such listed companies in India which derive at least 80% of their operating income from the infrastructure sector, government securities, or money market instruments, liquid mutual funds or cash equivalents. Additionally, under the SEBI InvIT Regulations, the aggregate consolidated borrowings and deferred payments, net of cash and cash equivalents, cannot exceed 49% of the value of the assets of the Trust or such threshold as may be specified under the SEBI InvIT Regulations. Failure to comply with these conditions may present additional risks to us, including divestment of certain assets, delisting and other penalties, which could have an adverse effect on our business, financial condition and results of operations.

16. ***The regulatory framework governing infrastructure investment trusts in India is recent and the interpretation and enforcement thereof involves uncertainties, which may have an adverse effect on the ability of certain categories of investors to invest in the Units, our business, financial condition and results of operations and our ability to make distributions to Unitholders.***

SEBI issued the SEBI InvIT Regulations with effect from September 26, 2014. The SEBI InvIT Regulations have since been amended and supplemented with additional guidelines and other circulars.

The regulations and processes with respect to certain aspects of infrastructure investment trusts, have not yet been issued or adopted or are the subject matter of consultation papers. For example, trust units may not be classified as "securities" under the Securities Contract (Regulation) Act, 1956, as amended, and infrastructure investment trusts are not "companies" or "bodies corporate" within the meaning of various SEBI regulations. Further, the applicability of several regulations (including regulations relating to intermediaries, underwriters, merchant bankers, takeover, insider trading and fraudulent and unfair trade practices) to an infrastructure investment trust is unclear. Accordingly, the interpretation and enforcement of this regulatory framework by the regulators and courts involves certain uncertainties, which may have an adverse effect on the ability of certain categories of investors to invest in the Units and also on our ability to operate and maintain our business as an infrastructure investment trust.

In addition to imposing certain continuous reporting obligations, such as submission of annual reports containing disclosure of material litigation and regulatory action, the SEBI InvIT Regulations also vests SEBI with extensive regulatory powers to conduct inspections in relation to the activities of the Trust, PIPL and/or parties to the Trust. This includes the power to call upon any person with relevant information pertaining to conduct and affairs of the Trust, including any of the Trust's associates, to produce books, accounts and other documents in their custody or control. Further, any change to the structure of the Transaction, change to agreements entered into or proposed to

be entered into in connection with the Transaction, cost increase, fine, legal fee or business interruption may result from changes to regulations, from new regulations, from new interpretations by courts or regulators of existing regulations or from stricter enforcement practices by regulatory authorities of existing regulations. In addition, new costs may arise from audit, certification and or self-assessment standards required to maintain compliance with the SEBI InvIT Regulations. Such changes in regulation, interpretation and enforcement may render it economically infeasible to continue conducting business as an infrastructure investment trust or otherwise have an adverse effect on our business, financial condition and results of operations.

We cannot assure you the manner in which the existing or any new laws, regulations or standards or future amendments to the SEBI InvIT Regulations will affect infrastructure investment trusts and the infrastructure sector in India, and we cannot assure you that the regulatory system will not change in a way that will impair our ability to comply with the regulations, conduct our business, compete effectively or make distributions. Failure to comply with changes in laws, regulations and standards or any erroneous interpretation by us of existing laws, regulations and standards may have an adverse effect on our business, financial condition, results of operations and prospects.

17. ***The Trust will qualify as a foreign owned and controlled trust and any investment made by the Trust in any Indian entity will be considered as an indirect foreign investment and will be required to comply with the extant foreign exchange regulations.***

The Sponsor of the Trust is an entity which is owned and controlled by persons resident outside India. Therefore, any investment made by the Trust in an Indian entity will be reckoned as an indirect foreign investment and the Trust will be required to comply with the extant foreign exchange regulations, particularly the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, for making any investment in India including in relation to subscription to PIPL NCDs with respect to the definition of capital instruments under such regulations. Further, as a result of the Trust being a foreign owned and controlled trust, the applicable foreign exchange regulations restrict the Trust from exercising rights under any optionality clauses under the PIPL SHA, subject to a minimum lock-in of one year.

Risks Related to Our Business and Industry

18. ***There are outstanding proceedings and regulatory actions against the Investment Manager and the Trustee and outstanding proceedings and regulatory actions involving the Pipeline Business and PIPL and any adverse outcome in any of such proceedings may adversely affect our profitability and reputation and may have an adverse effect on our business, results of operations and financial condition.***

The Pipeline Business is currently, and may in the future be, implicated in lawsuits in the ordinary course of its business, which, if determined adversely, could subject PIPL to significant liabilities, in relation to the Pipeline Business. Although the results of litigation and claims cannot be predicted with certainty, litigation could result in substantial costs to, and a diversion of effort by the management of PIPL and/or subject PIPL to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Pipeline Business, reputation or standing in the marketplace or that PIPL will be able to recover any losses incurred from third parties. For further details of certain material legal proceedings against the Investment Manager and the Trustee and involving the Pipeline Business and PIPL, see "***Legal and Other Information***" on page 252.

A summary of material proceedings against the Investment Manager and the Trustee, and material proceedings involving PIPL and Pipeline Business, as of the date of this Preliminary Placement Memorandum is provided below:

Litigation involving PIPL

Type of proceeding	Approximate financial impact (*in ₹ million*)	Number of cases
Regulatory	NA	1

Litigation involving the Pipeline Business

Type of proceeding	Approximate financial impact (*in ₹ million*)	Number of cases
Civil	2,065.15*	6
Regulatory	NA	1

**without deduction of the amounts paid under protest*

Litigation against the Investment Manager

Type of proceeding	Approximate amount involved (*in ₹ million*)	Number of cases
Civil	2,000	1

Litigation against the Trustee

A show-cause notice has been issued against the Trustee, proceedings for which are currently pending. For details, see "***Legal and Other Information – Litigation against the Trustee***" on page 256.

Litigation against the Associates of the Sponsor, the Investment Manager and the Project Manager

There are certain material litigations pending against the Associates of the Investment Manager. For details, see "***Legal and Other Information – Litigation against the Associates of the Investment Manager***" on page 255.

Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations.

19. *Our business may be adversely affected by Reliance's non-performance of its obligations under the Pipeline Usage Agreement.*

PIPL and Reliance have agreed to enter into the Pipeline Usage Agreement on and with effect from the Completion Date, under which Reliance will agree to reserve a capacity of up to a maximum of 33 mmscmd in the Pipeline for a period of 20 years, pursuant to which Reliance will pay PIPL Contracted Capacity Payments determined for four blocks of five years each in the manner specified. The Contracted Capacity Payments will be calculated with reference to the Benchmark Rate, and subject to certain adjustments. The obligation of Reliance to pay the Contracted Capacity Payment will be conditional upon and will be adjusted in accordance with capacity charges collected directly by PIPL from Reliance or third party customers. Thus, in the event the gas transmission charges collected directly by PIPL from Reliance or third party customers are lower than the Contracted Capacity Payment then PIPL will be dependent on the adjusted Contracted Capacity Payments, to be paid by Reliance, in order to meet its payment obligations including interest accruing on the PIPL NCDs, operational and maintenance expenses and employee benefits expense, amongst others. For further details on the Pipeline Usage Agreement, see "***Formation Transactions in Relation to the Trust – The Pipeline Usage Agreement***" on page 55.

Any event or factor which adversely impacts Reliance's business and its ability, or its unwillingness, to comply with its payment obligations under the Pipeline Usage Agreement would adversely affect our business and our ability to pay interest and principal payments on PIPL NCDs and Trust NCDs when due as well as make distributions to our Unitholders. Events or factors which could adversely impact Reliance's business, particularly the ability to satisfy payment obligations under the Pipeline Usage Agreement, include, among others:

- deterioration in Reliance's business or financial condition or adverse changes in the government-regulated prices at which Reliance sells its products within India;
- decreases in Reliance's gross refining margin – due to factors such as cyclicality in the refining industry or higher processing costs for a refinery of Reliance which utilized the Pipeline;
- operating risks – including operational problems, mechanical failures, transportation interruptions, natural disasters, accidents, acts of terrorism, discharges of toxic or hazardous substances or gases and other environmental risks – that could cause interruptions to Reliance's businesses or delay or prevent the refinery of Reliance from reaching its full processing of the Pipeline capacity;

- increased competition from private and other government-owned companies as well as other factors which could lead to a decrease in demand or prices for Reliance's products; and
- business disruptions due to labour unrest, inability to attract and retain trained and skilled manpower and any unrest, political or otherwise.

In the event Reliance defaults on, or breaches, its obligation to make the Contracted Capacity Payments under the Pipeline Usage Agreement, PIPL shall have the right to exercise the Enforcement Option or the Enforcement Sale. See "***– The occurrence of an event of default on the part of the Trust or Reliance under the PIPL SHA may result in an accelerated redemption or purchase of the PIPL NCDs and an option with Reliance to purchase the equity shares of PIPL.***" on page 82.

20. ***The mechanism for dealing with cash flows of PIPL shall be governed by the Pipeline Usage Agreement and any distribution or payment of amounts by PIPL to the Trust (or its affiliates) which in contravention of the Pipeline Usage Agreement shall trigger an event of default under the PIPL SHA.***

PIPL and Reliance will agree to a manner of sharing upside of cash flows in accordance with a formula specified in the Pipeline Usage Agreement, to be entered into on the Completion Date. As per the terms of the Pipeline Usage Agreement in consideration of Reliance providing certainty of cash flows, Reliance is entitled to receive certain upside cash flows, subject to deduction of taxes by PIPL and adjustments as per the Pipeline Usage Agreement ("**RIL Upside Share**"). Reliance shall be entitled to the RIL Upside Share for Financial Years when the actual capacity payments received by PIPL pursuant to gas transportation agreements are higher than the Contracted Capacity Payments payable during the Financial Year. PIPL will be required to pay to Reliance cash flows generated by the Pipeline Business, reduced by amounts retainable by PIPL, calculated in accordance with the Pipeline Usage Agreement. Accordingly, PIPL will not be entitled to the entirety of its cash flows. For further details on the manner of calculation and payment of the RIL Upside Share, see "***Formation Transactions in Relation to the Trust – The Pipeline Usage Agreement***" on page 55.

21. ***PIPL and Reliance have not executed definitive documentation with respect to the Pipeline Usage Agreement. The form of the Pipeline Usage Agreement agreed between PIPL and Reliance provides that it may be terminated prior to the expiry of its term. If this occurs, our business, financial condition and results of operations may be adversely affected and PIPL may be unable carry out the Pipeline Business effectively.***

PIPL and Reliance have not yet executed the Pipeline Usage Agreement, the form of which has been agreed between PIPL and Reliance, and which will be executed on the Completion Date. Details of the Pipeline Usage Agreement included in this Preliminary Placement Memorandum are based on the agreed form between PIPL and Reliance, and we cannot assure you that such details will not undergo any change.

The Pipeline Usage Agreement, once it is executed, shall provide that in the event of a default by PIPL, which includes (a) filing of a petition for voluntary winding up or voluntary liquidation by PIPL (unless caused by a Reliance Event of Default or any failure by Reliance to pay any amount due and payable under the Pipeline Usage Agreement), or (b) PIPL refusing to make the Pipeline available for over 45 days under one or more of its gas transportation agreements with customers (including Reliance, but other than for specified circumstances including an on-going dispute or acts in good faith or an emergency), which is not cured, Reliance will be entitled to require the accelerated redemption or transfer of the PIPL NCDs in accordance with the PIPL SHA and thereafter terminate the Pipeline Usage Agreement. The Pipeline Usage Agreement (once executed) will terminate automatically upon the Pipeline becoming a total loss (as defined applicable insurance policies of PIPL) under the Pipeline Usage Agreement. Further, the Pipeline Usage Agreement will provide that, in the event the Pipeline becomes a 'total loss', PIPL will be dependent entirely on the proceeds received from insurance claims for payment of all its liabilities and Reliance shall have no liability to pay PIPL in the event of a total loss. In the event Reliance terminates the Pipeline Usage Agreement (once it is executed), our business, financial condition and results of operations may be adversely affected and PIPL may not be able to carry out the Pipeline Business in an effective manner. For further details, see "***Formation Transactions in Relation to the Trust – The Pipeline Usage Agreement***" on page 55.

In the event of a default by PIPL under the Pipeline Usage Agreement (once it is executed), such default will result in an event of default by PIPL under the PIPL SHA, i.e., ESH Event of Default. For further details, see "***– The occurrence of an event of default on the part of the Trust or Reliance under the PIPL SHA may result in***

an accelerated redemption or purchase of the PIPL NCDs and an option with Reliance to purchase the equity shares of PIPL" on page 82.

22. ***Our gas transportation business derives a significant portion of its revenue from a few customers and relies on customers in certain industry sectors, and the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our services could adversely affect our business, results of operations, financial condition and cash flows.***

The performance of the Pipeline Business is dependent on the volume of gas transported. The Pipeline's gas transmission revenues are substantially derived from gas transportation agreements with customers. Given the nature of the industry, our gas transportation business is dependent on a limited number of customers for a significant portion of its revenues. For the six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016, our top three customers contributed 67%, 56%, 51% and 52% of our revenues from our Pipeline Business, respectively. Further, customers from the fertilizer, refinery and petrochemicals and LPG manufacturing industries, collectively, contributed 87%, 90%, 91% and 89% of the Pipeline revenues, for six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016, respectively. Any reduction in growth or a slow-down in these industries or business of our customers could result in a reduction of their requirement for our services, and result in a significant decrease in the revenues we derive from these customers.

Further, loss of one or more of our significant customers or a reduction in the amount of business we obtain from them could have an adverse effect on the Pipeline Business, and thus our results of operations, financial condition and cash flows. Under the Pipeline Usage Agreement, PIPL will be required to prioritize a request for capacity utilization from Reliance over any other customer's request, at the time of signing any new gas transportation agreement, and this may have an adverse effect on the Pipeline Business' ability to engage with any new customers. We cannot assure you that we will be able to maintain historic levels of business from such significant customers, or that we will be able to significantly reduce customer concentration in the future

23. ***PIPL is significantly reliant on Reliance and certain of its affiliates in order to carry out the Pipeline Business.***

PIPL receives gas transmission charges collected from Reliance and certain of its affiliates pursuant to GTAs, and shall also receive the Contracted Capacity Payment (subject to certain adjustments as determined under the Pipeline Usage Agreement) to be paid by Reliance pursuant to the Pipeline Usage Agreement. See "**– *Our gas transportation business derives a significant portion of its revenue from a few customers and relies on customers in certain industry sectors, and the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our services could adversely affect our business, results of operations, financial condition and cash flows.*"** and **"*Our business may be adversely affected by Reliance's non-performance of its obligations under the Pipeline Usage Agreement.*** " on pages 88 and 86, respectively.

In addition, PIPL, Reliance and the Contractor have entered into a Shared Services Agreement, in order to set out the terms for Reliance to provide PIPL with services in connection with the Pipeline Business. These services are in order to enable business continuity, seamless operations and an effective cost structure of the Pipeline Business, pursuant to the demerger of the Pipeline Business from EWPL into PIPL, for a period of three years. For further details, see "***Parties to the Trust – Other Parties – Shared Services Agreement***" on page 147. Further, PIPL, Project Manager and the Contractor have entered into an O&M Agreement for the provision of certain operations and maintenance services by the Contractor in respect of the Pipeline, where the Contractor is a joint venture between the Project Manager and Reliance and has the right to nominate one director on the board of PIPL at all times, which nominee will be nominated in accordance with the terms of the PM Joint Venture Agreement. In accordance with the sub-contracting provision in the O&M Agreement, the Contractor, PIPL and RGPL have entered into an O&M Sub-Contract Agreement for the operation and maintenance of a section of the Pipeline. For further details, see "***Formation Transactions in Relation to the Trust***" on page 41.

Consequently, PIPL is significantly reliant on Reliance and its affiliates in order to carry out the Pipeline Business in an effective manner. Additionally, pursuant to the terms of the PIL SHA, the holder of the Redeemable Preference Shares will have preferential rights vis-a-vis the equity shareholder (equity shareholder being the Trust in the case of PIPL) with respect to the payment of dividend and repayment of capital. The holders of the Preference Shares will also have a right to all the surplus assets of PIPL on its winding up or liquidation or otherwise, once certain specified payments have been made. We are exposed to the risk that Reliance or its affiliates may not comply with or fulfil their obligations under the relevant agreements and have disputes with us

or terminate such agreements; take actions that are not acceptable to regulatory authorities; or experience financial or other difficulties. If Reliance or its affiliates fail to perform their obligations satisfactorily or within the prescribed time periods, or if any of them defaults on or terminates its arrangement with PIPL, we may be unable to operate the Pipeline or carry out the Pipeline Business. If this occurs, we may incur, significant penalties and losses which we may not be able to recover from Reliance or its relevant affiliates.

24. ***The Pipeline Business requires certain statutory approvals and registrations, including renewal of existing approvals and registrations. We may be required to incur substantial costs or may be unable to continue commercial operations if it cannot obtain or maintain necessary approvals and registrations.***

The operation and expansion of the Pipeline Business require various approvals and registrations under various laws and regulations, including environmental, electricity related and labour law related. For instance, the Pipeline is required to procure a consent to establish and a consent to operate from various State Pollution Control Boards for operating a compressor station, the validity which ranges from one to five years. These compressor stations are deemed to fall within the definition of 'factories' under the Factories Act, and therefore subject to the requirements of the Factories Act, as well as rules and regulations issued thereunder.

In addition, the Pipeline requires operating permits that are subject to renewal, modification and, in some circumstances, cancellation. Certain of our approvals have expired in the ordinary course of our business, application for which have been made. The renewal for these may not be forthcoming in a timely manner including due to factors beyond the control of PIPL. Following applications for approvals have been made in relation to our compressor stations: (i) renewal of factory license for compressor stations 6, 8 and 10; (ii) renewal of wireless planning and coordination licenses obtained from the Department of Telecommunication, Ministry of Communications and Information Technology, Government of India for all compressor stations, (iii) application for no objection certificate for withdrawal of ground water for compressor stations 1, 2, 3, 4, 6, 7, 8 and 9, and (iv) renewal of consent to operate under the Water Pollution Act, Air Pollution Act and Hazardous Waste Rules (as may be applicable) for compressor stations 1, 2, 3 and 4. For details of material approvals obtained and yet to be obtained in respect of the Pipeline Business see "***Regulatory Approvals***" on page 249.

Any delay in obtaining necessary approvals and clearances, the revocation or abeyance of any existing clearances, non-compliance with applicable conditions, or other difficulties in the Pipeline operations and planned expansion plans may adversely affect our prospects.

We cannot be certain that PIPL following the Transaction will be able to obtain all such approvals and clearances in a timely manner, on reasonable terms or at all, or that PIPL will continue to maintain such approvals and clearances in the future. Failure to obtain, maintain or renew such approvals and clearances, or a violation of the conditions of any approval or of other legal or regulatory requirements may result in substantial fines, sanctions, permit revocations, or injunctions. In addition, we cannot be certain that all of the Pipeline's contractors and transaction counterparties have obtained or will maintain all necessary approvals and clearances, or comply with the terms thereof. In such instances, the Pipeline may incur substantial compliance costs or suffer disruptions to its operations, which may adversely affect the Pipeline's business, prospects, results of operation and financial condition.

25. ***The Pipeline's business is exposed to a variety of gas market risks.***

The relative price and availability of gas and its competitive position with other energy sources (including electricity, coal, fuel oils, solar, wind and other alternative energy sources) may significantly change demand levels for the Pipeline. We cannot predict the supply and competitive position of gas and the Pipeline's operations, profits and financial position may be adversely affected if the market position of gas weakens. Tariffs are payable by customers based on contractual terms in accordance with the PNGRB Regulations. However, an increase in the use of gas swap contracts may result in a reduction in demand for transmission services availed by our customers. Gas swap contracts involves customers "swapping" gas at specified delivery and receipt points so as to reduce the distance gas needs to be transported. Increased usage of such contracts by customers directly with each other may adversely affect the Pipeline's future revenue. In addition, if the Pipeline's competitors or customers build gas storage facilities, which may increase the efficiency of gas use at a delivery point and, as a result, reduce the demand for gas transmission and value added service such as deferred delivery service for storage of gas in our Pipeline.

Further, availability of gas reserves is essential for the ongoing use of gas transmission pipelines and distribution networks. The availability of competitively priced reserves is dependent on the gas producing companies and is outside our control. If there is an unforeseen shortage in the availability of competitively priced gas, either as a result of gas reserve depletion or the unwillingness or inability of gas production companies to produce gas, the Pipeline's revenue may be adversely affected. The Pipeline Business' cash flows and operations are dependent on the volume of gas available for transportation. Lower volumes of gas available reduce the capacity utilization of the Pipeline, which may adversely impact its revenues and cash flows. There is risk however, that the PNGRB may stipulate or impose conditions which result in lower capacity utilization or lower volumes of gas transported through the Pipeline or otherwise adversely impact our results of operations and revenues. Further, there is a risk, that the Pipeline could be financially exposed to a reduction in volume resulting from such an event. There is also a possibility that, a prolonged event impacting gas producers could permit a customer to terminate a gas transportation agreement with the Pipeline.

26. ***A decline in gas production and transportation volumes would adversely affect our business prospects, financial condition and results of operations and our ability to make distributions to Unitholders.***

For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, the Pipeline Business transported and delivered 20 mmscmd, 17 mmscmd, 17 mmscmd and 19 mmscmd of natural gas, respectively. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, our revenue from operations was ₹ 663.12 crore, ₹ 884.78 crore, ₹ 820.99 crore, and ₹ 1,050.03 crore, respectively. The Pipeline's capacity utilization, computed based on capacity of 85 mmscmd (as per order of APTEL for determination of tariff), has been 23.53%, 20.00%, 20.00% and 22.35%, for the six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016, respectively.

In more recent years, specifically between 2011 and 2015, there has been comparatively lower levels of gas being supplied from the KG Basin and while exploration of resources from other wells is underway, we cannot assure you that sufficient reserves will be identified or that the supply from such alternative resources will be routed through the Pipeline or at all. In the past, forecasts made as to the resources in the KG Basin have been incorrect, with forecasts in 2013 expected additional supplies from new finds from the KG Basin and revival of production from KG D6 well, and resulting in actual production being lower despite production from the small and marginal fields. Accordingly, we cannot assure you that available forecasts will not similarly fail to predict actual availability of gas.

In addition, gas production and transportation volumes are directly or indirectly affected by a number of factors, many of which are outside of our control, including:

- the price of gas in India;
- the availability and cost of alternative means of power;
- agricultural demand and the subsequent demand for fertilizers; and
- the level of commercial, industrial and residential development in areas served by the Pipeline.

The volume of gas transported is, in turn, affected by end-user demand and is subject to a range of variables, including economic and social conditions, competitive conduct, population and customer growth and relocation, the availability of competitively priced supplies of gas, industry issues, weather patterns, government policy and the availability and popularity of alternative fuels or energy sources. Any reduction of throughput in the Pipeline Business as a result of such variables could directly impact its revenues. In the event that the gas production and transportation volumes are significantly less than the projected gas production and transportation volumes, the revenue generated from gas transportation may be lower than anticipated and our business prospects, financial condition and results of operations and our ability to make distributions to Unitholders may be adversely affected.

27. ***Continued development of new gas supply sources in the west or north of India could impact the Pipeline customer's, demand for the Pipeline.***

In the event end users procure natural gas from any supplier of natural gas other than the Pipeline's customers, or if there is a discovery of alternate gas reserves, in closer proximity to the regions where the Pipeline's customers or the Pipeline customers' end users operate, particularly in the west or north of India, its customers' demand for the use of the Pipeline could be adversely affected, which could then have an adverse effect on our business, results of operations or financial condition.

28. ***Potential acceleration of development of alternative energy sources and new technologies may adversely affect demand for the Pipeline and adversely affect the Pipeline Business.***

The gas sector and the market for gas products are heavily influenced by demand for alternative energy sources and new technologies. Potential acceleration of the development of alternative fuel and other alternative energy sources could dampen gas prices which, in turn, would likely result in a corresponding decline in the demand for gas, leading to an adverse effect on the Pipeline Business and our results of operations and financial condition. Further, technical advancements in the energy sector could influence the market for natural gas in India and increase competition in the energy sector. If natural gas becomes, or is perceived to be, a less viable and less cost-effective means for energy production, there may be an adverse effect on the Pipeline Business and our results of operations and financial condition.

29. ***PIPL has entered into agreements with third parties for receiving operation and management services and any failure on their part to perform their obligations could adversely affect our reputation, business, results of operations and cash flows.***

PIPL, the Contractor (a joint venture between the Project Manager and Reliance) and the Project Manager have entered into the O&M Agreement, in order to delegate obligations to the Contractor for the operation and maintenance of the Pipeline. The Contractor has agreed to adhere to specified operating standards and specifications, including health, safety, and environment standards. Further, PIPL, the Contractor and the Sub-Contractor have entered into the O&M Sub-Contract Agreement, in order to delegate obligations by the Contractor to the Sub-Contractor for a certain portion of the Pipeline. For further details, see "***Formation Transactions in Relation to the Trust***" on page 41.

Accordingly, the operation and maintenance of the Pipeline depends on the skill of these contractors, as well as contingencies affecting them, including labor shortages and industrial action such as strikes and lockouts. If the Contractor or the Sub-Contractor fails to perform its obligations satisfactorily or within the prescribed time periods or budgets, or terminates its arrangement with us, we may be unable to operate the Pipeline or carry out the Pipeline Business. If this occurs, we may be required to incur additional cost or time to operate and maintain the Pipeline in a manner consistent with the applicable standards, which could result in reduced profits or, in some cases, significant penalties and losses which we may not be able to recover from the relevant contractor. We cannot assure you that the services rendered by the Contractor to the Sub-Contractor will always be satisfactory or match our requirements or standards. Further, we may be subject to claims in relation to defaults and late payments, which may adversely affect our reputation, business, results of operations and cash flows.

30. ***The O&M Agreement includes budget plans for the cost of operating and maintaining the Pipeline facilities for a period of 20 years from the Completion Date. In the event the cost of operating and maintaining the Pipeline facilities exceeds such budgets or estimates, our results of operations and cash flows may be adversely affected.***

The O&M Agreement includes budget plans for the cost of operating and maintaining the Pipeline facilities, over certain categories, for a period of 20 years from the Completion Date. Certain expenses are to be incurred directly by PIPL, while others are to be incurred by the Contractor and then reimbursed by PIPL. The cost of operating and maintaining the Pipeline facilities included in the O&M Agreement are based on agreed projections and estimates between the parties to the O&M Agreement. However, in the event the cost of operating and maintaining the Pipeline exceeds such budgeted amounts (including any reserve amounts) PIPL may be unable to incur such increased expenses, the business of PIPL may be disrupted and its results of operations and cash flows may be adversely affected.

Further, in the event the actual budget and business plan prepared for any Financial Year exceeds the budget plan as included in the O&M Agreement, or the actual costs and expenses incurred exceed such budget and business plan, the Contractor may be obliged to subscribe to optionally fully convertible debentures, convertible into equity shares of PIPL (at the option of PIPL), in accordance with the O&M Agreement. While the optionally fully convertible debentures are convertible at the option of PIPL, any such conversion if exercised would result in a dilution of the Trust's equity interest in PIPL leading to lower returns to the Trust. For further details, see "***Formation Transactions in Relation to the Trust – Key terms of the O&M Agreement***" on page 141.

31. ***Land title in India can be uncertain and we may not be able to identify or correct defects or irregularities in title to the land which is owned, leased or intended to be acquired.***

The Pipeline has ownership interest in over 400 acres of land and leasehold interest in 1.73 acres of land on which the installations of our 11 compressor stations, 37 main line valves, 10 metering and regulating stations, as well as the spurs, test lead points, tap stations and control centers are situated. The land acquired and, in one instance leased by EWPL (on which one of our compressor stations is situated in Gujarat), is situated across locations over five states (i.e. Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Telangana). However, there is no central title registry for real property in India and the documentation of land records in India has not been fully computerized.

Property records in India are generally maintained at the state and district level and in local languages, and are updated manually through physical records. The difficulty of obtaining title guarantees in India means that title records provide only for presumptive rather than guaranteed title. The original title to lands may often be fragmented and the land may have multiple owners. In addition, title insurance is not commercially available in India to guarantee title or development rights in respect of land, which may increase our exposure to third party claims to the property that the Pipeline is situated on. Title may also suffer from irregularities, such as non-execution or non-registration of conveyance deeds and inadequate stamping, and may be subjected to encumbrances that we or the Investment Manager is unaware. Any defects in, or irregularities of, title or leasehold rights that we shall enjoy may prejudice PIPL's ability to operate the Pipeline without interference from third party claims.

Improperly executed, unregistered or inadequately stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favor of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. As a result, potential disputes or claims over title to the land on which our assets are or will be situated may arise.

Further, while the Ministry of Petroleum and Natural Gas, Government of India under the PMP Act declared that the right of use of the acquired land for the Pipeline vested with EWPL, the Pipeline Business is and may continue to be subject to civil proceedings by land owners claiming additional compensation or disputing compensation paid. See "***Legal and Other Information – Litigation involving the Pipeline Business – Civil Matters***" on page 254. In addition, the Pipeline Business entered into agreements to obtain crossing rights through highways, roads, railways, rivers and canals during the construction of the Pipeline. If the Pipeline Business fails to comply with the terms of such crossing agreements the Pipeline Business could be subject to additional costs towards curing such breaches and resolving disputes. The Pipeline Business could also be negatively impacted if land access costs increase, including through rental increases, renewals of expiring agreements, prevention of easement encroachments or lack of enforcement of the Pipeline's current land access rights.

32. *The Pipeline is subject to many environmental and safety regulations.*

The transportation of natural gas entails environmental risks. The Pipeline is subject to extensive central, state, and local regulations, rules and ordinances relating to pollution, the protection of the environment and the handling, transportation, treatment, disposal and remediation of hazardous substances. In the ordinary course of business, the Pipeline is continually subject to environmental inspections and monitoring by government enforcement authorities. The Pipeline may incur substantial costs, including fines, damages and criminal or civil sanctions, and experience interruptions in the Pipeline's operations for actual or alleged violations arising under applicable environmental laws and/or implementing preventive measures.

Violations of operating permit requirements or environmental laws can also result in restrictions to or prohibitions on Pipeline operations, substantial fines and civil or criminal sanctions. Changes in regulations regarding the Pipeline's operations involving hazardous substances could inhibit or interrupt the Pipeline's operations and have an adverse effect on the Pipeline Business. Potentially significant expenditures could be necessary in order to comply with future environmental laws. Such capital expenditures and operating expenses relating to environmental matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on the Pipeline's operations. See: "***Business – Description of Our Business – Environmental, Health and Safety Protection***" on page 194.

33. *The Pipeline Business and our results of operations could be adversely affected by stringent labour laws, strikes or work stoppages by employees.*

India has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and imposes financial obligations on employers

upon employee layoffs. This makes it difficult for us to maintain flexible human resource policies, discharge employees or downsize, which could adversely affect our business.

Further, a strike or other work stoppage at any of our work sites, such as our compressor stations, could have an adverse effect on our ability to operate and meet our contractual obligations in a timely manner. Any delays, stoppages and interruptions could have an adverse effect on our financial performance and condition. Excess wage escalation not otherwise covered within applicable cost recovery provisions could have an adverse effect on our business, prospects, financial condition and results of operations.

34. ***Any disruption, failure or delay in the operation of the Pipeline information systems may disrupt Pipeline operations and cause an unanticipated increase in costs.***

The Pipeline has implemented various information technology solutions that are critical to its operations. This includes implementation of a supervisory control and data acquisition ("**SCADA**") system in order to provide safe and efficient operations and for monitoring and access control of the Pipeline. This and other specialized planning, optimization and scheduling tools allow adjustments in the operation of the Pipeline. Any disruption or failure in the operation of these systems may result in the decrease of throughput in the Pipeline system, and unanticipated increases in costs. Further, these systems are potentially vulnerable to malfunctioning, damage or interruption from a variety of sources, including due to employee error or default, virus infection as well as power outage, which may result in an adverse effect on the Pipeline's business, results of operations and financial condition. See "***Business – Description of Our Business – Operations and Maintenance***" on page 194.

35. ***Government intervention in the pricing decisions of the Pipeline may adversely affect its business.***

The Government has historically sought to control and achieve other social and economic objectives through determining prices of the Pipeline's gas transportation tariff rates. The Government, through the PNGRB tariff regime, has the ultimate discretion to regulate the prices at which the Pipeline may offer its natural gas transportation services. The PNGRB in accordance with the Tariff Regulations determines the per unit tariff for natural gas pipelines based on a discounted cash flow method that allows the operators a 12% post tax return on capital employed, which remains fixed for its entire economic life. The 'per unit tariff' is determined for the natural gas pipeline over its economic life and is levelized across certain periods.

Other than due to the significant and continued reduction in gas supply volumes, the delay in finalization of tariff for several years in the past, has led, in part, to the Pipeline incurring losses on the sale of gas transportation services. We cannot assure you that there will not be a significant change in Government policy, which may adversely affect the Pipeline's financial condition and results of operations. EWPL has filed a tariff application with the PNGRB for determination of a tariff revision, from the current provisional tariff of ₹ 52.23/MMBtu. However, we cannot assure you that the PNGRB will grant a higher tariff. Any prolonged or additional significant changes in Government policy with respect to use of the Pipeline's transportation services could adversely affect the Pipeline's financial conditions and results of operations.

36. ***We will depend on certain directors, executive officers and key employees of the Investment Manager, the Project Manager and PIPL, and such entities may be unable to retain such personnel or to replace them with similarly qualified personnel, which could have an adverse effect on the business, financial condition, results of operations and prospects of the Trust.***

Our performance will depend, in part, upon the continued service and performance of certain directors, executive officers and key employees of the Investment Manager, the Project Manager and PIPL. See "***Parties to the Trust***" on page 111. The continued operations and growth of our business will be dependent upon the Investment Manager, the Project Manager and PIPL being able to attract and retain personnel who have the necessary and required experience and expertise in our business and operations. Competition for qualified personnel with relevant industry expertise in India is intense due to the scarcity of qualified individuals in the gas transportation business, and the aforesaid entities may not be able to retain their executive officers and key employees or attract and retain fresh talent in the future. Any inability by the Investment Manager, the Project Manager and PIPL to retain their directors, executive officers and key employees, or the inability to replace such individuals with similarly qualified personnel, could have an adverse effect on our business, financial condition, results of operations and prospects.

37. ***Significant differences exist between Ind AS used to prepare our Audited Special Purpose Combined Ind-AS Financial Statements and other accounting principles, such as Indian GAAP and IFRS, with which investors may be more familiar.***

We have prepared our Audited Special Purpose Combined Ind-AS Financial Statements in accordance with Ind AS. India has adopted the IFRS-converged or IFRS synchronized accounting standards and not IFRS. Ind AS, therefore, differs in certain significant respects from IFRS and other accounting principles and standards with which investors may be more familiar, such as Indian GAAP. We have not attempted to quantify the impact of IFRS or Indian GAAP on the Audited Special Purpose Combined Ind-AS Financial Statements, nor do we provide a reconciliation of our financial statements to those of IFRS or Indian GAAP. If we were to prepare our Audited Special Purpose Combined Ind-AS Financial Statements in accordance with such other accounting principles, our results of operations, financial condition and cash flows may be substantially different. Accordingly, the degree to which our Audited Special Purpose Combined Ind-AS Financial Statements will provide meaningful information is entirely dependent on your level of familiarity with Indian accounting practices under Ind AS. Any reliance by persons not familiar with such accounting practice on our financial disclosures presented in this Preliminary Placement Memorandum should accordingly be limited.

38. ***We have relied on industry publications and other publicly available information, including the report "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017, issued by Federation of Indian Chambers of Commerce and Industry and certain other publically available information, which are based on certain bases, estimates and assumptions that are subjective in nature and may not be accurate.***

We have relied on industry publications and other publicly available information, including the report "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017, issued by Federation of Indian Chambers of Commerce and Industry (the "**FICCI Report**") and certain reports published by the PPAC and the PNGRB, in relation to certain information included in this Preliminary Placement Memorandum. Industry publications and publically available data sources are subject to various limitations and are based upon certain bases, estimates and assumptions that are subjective in nature. Such publications reflect expectations and views as of the date of their publication, regarding future events, and therefore, necessarily involve known and unknown risks and uncertainties.

Accordingly, we cannot assure you of the completeness, accuracy or reliability of the information contained in the Report or other publications. Such sources also contain forecasts, projections and other "forward-looking" statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties, including gross domestic product growth, per capita income, and gas supply, demand and consumption. The future events included involve risks, uncertainties and other factors which may cause the actual gas transportation volumes to be materially different from any future gas transportation volumes expressed or implied by the industry sources. In particular, the Report has cited instances of actual gas production falling short of projections in the past. We cannot assure you that the bases, estimates and assumptions adopted by such industry professionals for the purposes of preparing their reports will prove to be accurate. If any of such bases or assumptions is incorrect, future gas transportation volumes for the industry and for the Pipeline could be significantly different from those that are set forth in this Preliminary Placement Memorandum.

39. ***Gas transmission and distribution networks have significant occupational health and safety risks that could expose the Pipeline to claims and increased regulatory costs. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities which could adversely affect our business, prospects, financial condition, results of operations and cash flows.***

Occupational health and safety is a key risk area in the operation and maintenance of gas transmission and distribution networks. Operational hazards, as well as the inherently hazardous nature of maintenance and construction work involving gas transmission and distribution facilities, are risks associated with the Pipeline Business. These risks could result in serious injury and loss of human life, both to the Pipeline's employees and third parties. The Pipeline's internal policy decisions on safety and the training provided to employees relating to accident prevention and awareness may not be effective and the risks of accidents or long term health impacts cannot be eliminated. Consequently, the Pipeline may receive employee, customer or public claims for health and safety related issues from time to time. Such claims could interrupt the Pipeline's operations, prove costly to resolve and injure the Pipeline's relations with employees and customers, as well as its public image.

In light of the occupational health and safety hazards of the industry, the Pipeline is subject to central, state, and local regulations, rules and ordinances relating to health and safety and is required to comply with regulations concerning the protection of the health and welfare of employees and contractors. This includes the Public Liability Insurance Act, 1991, which requires us to maintain insurance policies so as to enable compensating third party injuries (comprising death or injury to any person other than a workman) and damage to property which has resulted from an accident. Claims from affected third parties are permitted to be brought under the Public Liability Insurance Act, 1991 at any time within five years of the accident. Accordingly, PIPL will be required to maintain policies where the amount of the policy is in excess of our paid-up capital with an upper limit of ₹ 500 million.

The Pipeline will incur compliance costs and any failure or lapses in its compliance may result in the Pipeline being exposed to fines, damages, and criminal or civil sanctions. Further, stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities which could adversely affect our business, prospects, financial condition, results of operations and cash flows. If health and safety hazards occur unusually frequently in the Pipeline's business or in unusually severe fashions, the Pipeline could be subjected to additional and unanticipated compliance costs. These may have a negative impact on the Pipeline's business, operations, profits and financial position.

40. ***The Pipeline requires the services of third parties, including suppliers and contractors of labour material and equipment, which entail certain risks.***

The Pipeline requires the services of third parties, including contractors and suppliers of labor, materials and equipment. The Pipeline also requires registrations with the relevant state assistant labour commissioners under the Contract Labour Regulation Act, 1971 for engaging contract labour for its compressor stations. The operation and maintenance of the Pipeline Business depends on the availability and skill of such third parties, as well as contingencies affecting them, including labor shortages and industrial action, such as strikes and lockouts. We cannot assure you that skilled third parties will continue to be available at reasonable rates. As a result, we may be required to make additional investments to ensure the adequate performance and delivery of contracted services, and any default by its contractors could have an adverse effect on our business, results of operations or financial condition.

There is also a risk that we may have disputes with the Pipeline contractors arising from, among other things, the violation of the terms of their contracts. While we will attempt to monitor the implementation of various aspects of the Pipeline Business that have been contracted to other agencies and partners, and to manage its risk through performance guarantees, contractual indemnities, disclosure and confidentiality obligations and limitations of liability, it may not be possible for us to protect the Pipeline Business from all possible risks arising from third party default, or to enforce such contractual protections and recover the full amount of any losses that may be suffered by us as a result of any delay or shortfall in performance. In the event of a failure or disruption in committed services or supplies, we cannot be certain that we will be able to make alternative arrangements in a reasonable time, on commercially acceptable terms, or at all. As a result, our business, results of operations or financial condition could be adversely affected.

41. ***Under the Infrastructure Agreement, RGPL has non-exclusive access to certain of its facilities which are laid on the Pipeline's right of usage area and are co-located with the Pipeline facilities. Any breach by RGPL of its obligations under the Infrastructure Agreement may have an adverse impact on our business, results of operations and financial condition.***

PIPL, the Contractor and RGPL have entered into an Infrastructure Agreement in order to set out the terms for permitting RGPL non-exclusive access to certain of its facilities which are laid on the Pipeline's right of usage area and are co-located with the Pipeline facilities. RGPL has agreed to ensure that PIPL and the Contractor are not unreasonably restricted from accessing the usage area and their rights with respect to the usage area are not adversely affected. In the event that RGPL intends to undertake any planned or unplanned maintenance which may have an impact on the Pipeline facilities, it will have to provide prior written intimation to PIPL and the Contractor. For further details, see "***Formation Transactions in Relation to the Trust***" on page 41. In the event RGPL breaches any of its obligations under the Infrastructure Agreement, we may be restricted from accessing the usage area, our rights with respect to the usage area may be adversely affected, and we may not be able to carry out maintenance or other necessary activities in the usage area. Any such event may have an adverse impact on our business, results of operations and financial condition.

42. ***The Pipeline operations may be subject to losses arising from natural disasters, operational hazards and unforeseen interruptions, and the Pipeline's insurance coverage may not adequately protect it against such losses, hazards and interruptions.***

There are various operating risks inherent in the Pipeline Business such as leaks, explosions, fires and mechanical problems. Additionally, the nature of the Pipeline Business may make it susceptible to periodic corrosion and wear and tear, and in the event regular maintenance is not undertaken, it may impact the operating life of the Pipeline. Further the Pipeline may be exposed to catastrophic losses from earthquakes, windstorms, explosions and fires. Any of these or other similar occurrences in the future could result in the disruption of Pipeline Business, substantial repair costs, personal injury or loss of human life, significant damage to property, environmental pollution, impairment of Pipeline Business and substantial financial losses. The location of Pipeline facilities near populated areas, including residential areas, commercial business centers and industrial sites, could further significantly increase the level of damages resulting from some of these risks.

The Pipeline carries all-risks mitigation policy covering property damage, machinery breakdown, business interruption, third-party liability (which we are statutorily required to maintain) for the Pipeline Business. The losses the Pipeline may incur or payments the Pipeline may be required to make may exceed its insurance coverage, and the Pipeline's results of operations may be adversely affected as a result. In addition, insurance may not be available for the Pipeline in the future at commercially reasonable terms and costs.

PIPL will be required to maintain adequate insurance with respect to the Pipeline Business. An inability of PIPL to maintain and/or obtain requisite insurance policies as have been maintained by EWPL, particularly under the Public Liability Insurance Act, 1991 may expose the Pipeline to third party risks and impose obligations to compensate such third parties without the benefit of recouping such amounts under an insurance policy. Maintenance of such insurance policies may also require PIPL to incur significant compliance costs, which if PIPL is unable to maintain could expose the Project SV to third party claims, to the extent it not covered by insurance.

43. ***The Pipeline's business will be subject to seasonal fluctuations that may affect its cash flows.***

Our cash flows may be affected by seasonal factors, which may adversely affect gas transmission volumes for example, on account of excessive rainfall during the monsoon season in India. While the Pipeline is designed to operate in all seasons and normal climatic variations as experienced, any abnormal or excessive rains and flooding may restrict our ability to carry on activities related to our operation and maintenance of the Pipeline. This may result in delays in periodic maintenance and reduce productivity, thereby adversely affecting our business, financial condition and results of operations.

Risks Related to the Trust's Relationships with the Sponsor and Investment Manager

44. ***The Sponsor, whose interests may be different from the other Unitholders, will be able to exercise significant influence over certain activities of the Trust.***

Pursuant to the Sponsor Subscription, the Sponsor will own an aggregate of 84.94% of the issued and outstanding Units and will be entitled to vote as a Unitholder on all matters other than matters where it is a related party and not permitted to vote under the SEBI InvIT Regulations. Although at least half of the board of the Investment Manager will comprise independent directors and currently half the members of the InvIT Committee (which has been authorized to oversee all the duties and responsibilities required to be undertaken by the Investment Manager) also comprise independent directors, the Sponsor will be in a position to exercise significant influence in matters which require the approval of Unitholders by virtue of its ownership of Units in the Trust. The interests of the Sponsor may conflict with the interests of our other Unitholders and the Sponsor may, for business considerations or otherwise, seek to benefit itself instead of the Trust or the interests of the other Unitholders.

In addition, the Trustee is required to review conflict of interest transactions involving the Investment Manager and the Project Manager with their respective Associates and obtain an independent certification as to whether the transaction is at arm's length. However, the responsibility of reporting conflicts of interest lies with the Investment Manager and the Project Manager, respectively. Further, the InvIT Committee of the Investment Manager is empowered to periodically review related party transactions. For details see, "***Corporate Governance***" on page 154.

The Sponsor may also be able to exercise significant influence over the Investment Manager which is an affiliate of the Sponsor and the Project Manager, which is its subsidiary. Accordingly, the Investment Manager and Project Manager may also be subject to conflicts of interest with respect to the Trust. These conflicts may be harmful to our interests or the interests of our other Unitholders, which may impact the Trust's business, financial condition and results of operations.

45. ***The Investment Manager may not be able to implement its investment or corporate strategies and the fees payable to the Investment Manager are dependent on various factors.***

The Investment Manager's strategies focus on three main areas:

- managing the underlying assets of the Trust;
- managing the Trust's acquisitions and disposals; and
- managing the Trust's capital structure to maximize distributions.

We cannot assure you that the Investment Manager will be able to implement these strategies successfully or that it will be able to expand our portfolio at any specified rate or to any specified size or to maintain distributions at projected levels. The Investment Manager may not be able to make acquisitions or investments on favorable terms or within a desired time frame, and it may not be able to manage the operations of its underlying assets in a profitable manner. Factors that may affect this risk may include, but are not limited to, changes in the regulatory framework in India, competition for assets, partial award of concessions or licenses favoring local or other competitors of the Trust, changes in the Indian regulatory or legal environment or macro-economic conditions. If the Investment Manager is unable to implement these strategies successfully or expand our portfolio, we will nonetheless be required to pay the Investment Manager an annual management fee of not less than 24.00 million, in accordance with the terms of appointment of the Investment Manager. See "***Overview of the Trust – Annual Expenses***" on page 28.

46. ***Parties to the Trust are required to maintain the eligibility conditions specified under Regulation 4 of the SEBI InvIT Regulations on an ongoing basis. The Trust may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Trust.***

Parties to the Trust are required to maintain the eligibility conditions specified under Regulation 4 of the SEBI InvIT Regulations on an ongoing basis. These eligibility conditions include, among other things, that (a) the Sponsor, Investment Manager and Trustee are separate entities, (b) the Sponsor has a net worth of not less than ₹ 1,000 million and through itself or its Associates has a sound track record in the development of infrastructure or fund management in the infrastructure sector, either through itself or its Associates, (c) the Investment Manager has a net worth of not less than ₹ 100 million and has not less than five years' experience in fund management or advisory services or development in the infrastructure sector, (d) the Trustee is registered with the SEBI under Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and is not an Associate of the Sponsor or Investment Manager and (e) each of the Sponsor, Investment Manager, Project Manager and Trustee are "fit and proper persons" as defined under Schedule II of the Intermediaries Regulations on an ongoing basis. The Trust may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Trust.

47. ***The Sponsor has limited experience as a sponsor of an InvIT.***

Our Sponsor, Rapid Holdings 2 Pte. Ltd., is an entity forming part of the Brookfield Group (i.e., the entities which are directly or indirectly controlled by Brookfield Asset Management Inc.). Brookfield is a global alternative asset manager, which, together with its affiliates, owns and operates assets, with a focus on infrastructure, renewable power, property and other real assets. Brookfield's infrastructure vehicle, BIP, owns and operates one of the largest infrastructure portfolios in the world, with approximately US$ 76 billion of assets under management as of December 31, 2017, including wind, hydro and solar assets. However, our Sponsor relies on the experience of its associates and has limited experience acting as a sponsor of an InvIT and in relation to the Pipeline Business in India. We cannot assure you that the Sponsor will be able to fulfill all its obligations as a sponsor of an InvIT, in accordance with the SEBI InvIT Regulations.

48. ***The Investment Manager has limited experience as an investment manager of an InvIT and may not be able to manage the Trust's growth effectively.***

Even though the Investment Manager, has more than five years of experience in fund management, it does not have experience as an investment manager of an InvIT. While the Investment Manager has recently adopted policies and established procedures relevant to the management of an InvIT, we cannot assure you that the Investment Manager will be able to implement its investment strategy successfully or that it will be able to expand the Trust's portfolio at all, or at any specified rate or to any specified size or make distributions as projected.

49. ***The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust. There can be no assurance that the Investment Manager will be able to comply with such requirements in a timely manner or at all, and which may have an adverse effect on our business, financial condition and results of operations.***

The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust in accordance with the SEBI InvIT Regulations. These requirements include, among other things, (a) making investment decisions with respect to the underlying assets or projects of the Trust, (b) overseeing the activities of the Project Manager, (c) investing and declaring distributions in accordance with the SEBI InvIT Regulations, (d) submitting reports to the Trustee and (e) ensuring the audit of the Trust's accounts. There can be no assurance that the Investment Manager will be able to comply with such requirements in a timely manner or at all, which could subject the Investment Manager, the other parties to the Trust, the Trust or any person involved in the activity of the Trust to applicable penalties under the SEBI InvIT Regulations, the Intermediaries Regulations and/or the SEBI Act. Any such failure to comply or the imposition of any penalty could have an adverse effect on our business, financial condition and results of operations.

Under the SEBI InvIT Regulations, the SEBI also has the right to inspect documents, accounts and records relating to the activity of the Trust, PIPL or parties to the InvIT and may issue directions in the nature of, among others, (i) requiring the Trust to delist its Units and surrender its certificate of registration; (ii) requiring the Trust to wind-up; (iii) requiring the Trust to sell its assets; (iv) requiring the Trust or parties to the Trust to take such action as may be in the interest of investors; or (v) prohibiting the Trust or parties to the Trust from operating in the capital market or from accessing the capital market for a specified period.

50. ***The use of additional leverage by the Investment Manager and the Trust are subject to risks.***

Although the Investment Manager will seek to use leverage in relation to the Trust in a manner it believes is prudent and manage the Trust according to its investment objectives (as defined in the Trust Deed), the use of leverage will generally magnify both the opportunities for gain and risk of loss from any given asset. The cost and availability of leverage is variable and it is not always possible to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs that will limit distributions made to the Trust or appreciation of its investments. An increase in interest rates may decrease the profitability of the Trust or any of the assets of the Trust. Further, pursuant to the SEBI InvIT Regulations, the aggregate consolidated borrowings and deferred payments of the InvIT and its SPV cannot exceed 49% of the value of the Trust Assets or such threshold as may be specified under the SEBI InvIT Regulations. Additionally, as per the SEBI InvIT Regulations, if the aggregate consolidated borrowings and deferred payments exceed 25% of the value of the Trust Assets, the approval of the Unitholders is required in the manner prescribed under the SEBI InvIT Regulations.

A leveraged capital structure will increase assets' exposure to any deterioration in market conditions, competitive pressures, an adverse economic environment or rising interest rates, which could accelerate and magnify declines in the value of the Trust's investments. If an asset of the Trust is not able to generate adequate cash flow to meet debt service, the Trust may suffer a partial or total loss of capital invested in such asset.

Risks Related to India

51. ***We are dependent on economic growth in India and financial stability in Indian markets, and any slowdown in the Indian economy or in Indian financial markets could have an adverse effect on the Pipeline Business, financial condition and results of operations and the price of the Units.***

The Trust is registered in India, and all of our assets are located in India. As a result, we, and the Pipeline Business, are highly dependent on the prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in interest rates or inflation in India;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India;
- introduction or removal of subsidies for agriculture, fertilizer, electric power, gas powered transport and renewable energy industries;
- prevailing income, consumption and saving conditions among consumers and corporations in India;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- the occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions;
- the balance of trade movements, including export demand and movements in key imports, including oil and gas products;
- annual rainfall which affects agricultural production;
- adverse impact to the fertilizer and power sectors; and
- other significant regulatory or economic developments in or affecting India or its infrastructure sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could have an adverse effect on our Pipeline Business, financial condition and results of operations and the price of the Units.

The Indian economy and Indian financial market are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including any instability related to the implementation of the decision of the United Kingdom to exit the European Union, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

52. *Our operations are located in India, and we are subject to regulatory, economic, social and political uncertainties in India.*

The Pipeline, PIPL and its employees are located in India. Consequently, the Pipeline's financial performance will be affected by changes in regulations, exchange rates and controls, interest rates, commodity prices, subsidies and controls, changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India. The Government and State Governments have traditionally exercised, and continue to exercise, significant influence over many aspects of the economy. The Pipeline Business, and the market price and liquidity of the Units, may be affected by interest rates, changes in governmental policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

The GoI has historically played a key role, and is expected to continue to play a key role, in regulating, reforming and restructuring the Indian natural gas industry. For instance, in 2012 the PNGRB issued guidelines attempting to standardize gas transportation agreements executed between transporters and shippers of natural gas. While the High Court of Delhi initially struck down the guidelines as bad in law, the decision has been appealed in the Supreme Court. Depending on the outcome of the proceedings before the Supreme Court, all gas transmission and pipeline usage agreements (including existing agreements) will be required to adhere to the terms of the guidelines.

In addition, the GoI plays an important commercial role in the execution of natural gas exploration, development and production activities in India, in particular through government-controlled companies such as Oil India Limited, GAIL India Limited ("**GAIL**") and Oil & Natural Gas Corporation Limited ("**ONGC**"). The Indian government has in the past, among other things, imposed controls on the price of a range of goods and services, restricted the ability of business to expand existing pipelines and reduce the number of their employees, and determined the allocation to businesses of raw materials and foreign exchange.

53. ***The operation of the Pipeline is subject to disruptions and other external factors that are beyond our control, which may have an adverse impact on our business, financial condition and results of operations if they materialise.***

The operation of the Pipeline Business is subject to disruptions and other external risks that may have an adverse impact on our business, financial condition and results, including but not limited to:

- failure to renew and/or maintain necessary governmental, environmental and other approvals;
- any changes to the policies or legislation under which the Pipeline's rights over land have been granted;
- theft and pilferage and any related interruptions caused by such actions;
- leakages and any related interruptions necessary to remedy such leakages as well as other necessary repairs and maintenance;
- accidents, including fires, explosions, ruptures in, or spills from, crude and product carriers or storage tanks;
- natural disasters, including seismic or cyclonic activity, and weather-related delays, in particular because the Pipeline crosses different regions and terrain which include certain zones with higher seismic activity;
- breakdown, failure or substandard performance of equipment or other processes;
- mobilizing required resources, including recruiting, housing, training and retaining our workforce;
- labour unrest or disputes; and
- war, terrorism or civil unrest.

Further, we source power for the compressor stations connected to the Pipeline entirely from generators or connections to the national grid, both of which require us to obtain and maintain approvals from local or regional electricity authorities. The power supply from these sources may be subject to disruptions, and if power supply from these sources is disrupted or reduced for any reason, the operation of the Pipeline could be significantly impacted, and we cannot be certain that we will be able to make alternative arrangements to source adequate power from alternate sources, in a reasonable time or at reasonable cost, or at all.

54. ***It may not be possible for Unitholders to enforce foreign judgements against us.***

The Trustee and the Investment Manager are incorporated in India and the Trust is settled and registered in India. All of our assets are located in India and we may, from time to time, invest in assets in India. Where investors wish to enforce foreign judgments in India, where our assets are or will be located, they may face difficulties in enforcing such judgements. India exercises reciprocal recognition and enforcement of judgements in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgement obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Code of Civil Procedure, 1908 ("**Civil Code**").

Further, the Civil Code only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgement. Judgements or decrees from jurisdictions not recognized as a reciprocating territory by India cannot be enforced or executed in India except through a fresh suit upon judgement. Even if we or a Unitholder were to obtain a judgement in such a jurisdiction, we or it would be required to institute a fresh suit upon the judgement and would not be able to enforce such judgement by proceedings in execution.

In addition, the party which has obtained such judgement must institute the new proceedings within three years of obtaining the judgement. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a judgement rendered by a foreign court if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgement in India is required to obtain prior approval of the RBI to repatriate outside India any amount recovered pursuant to the execution of the judgement. Consequently, it may not be possible to enforce in an Indian court any judgement obtained in a foreign court, or effect service of process outside of India, against Indian companies, their directors and executive officers, and any other parties resident in India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgement will be disposed of in a timely manner.

Risks Related to Ownership of the Units

55. ***The Trust may be dissolved, and the proceeds from the dissolution thereof may be less than the amount invested by the Unitholders.***

The Trust is an irrevocable trust registered under the Trust Act and it may only be extinguished (i) if it is impossible to continue with the Trust or if the Trustee, on the advice of the Investment Manager, deems it impracticable to continue with the Trust; (ii) on the written recommendation of the Investment Manager and upon obtaining the prior written consent of such number of the Unitholders as is required under the SEBI InvIT Regulations; (iii) if the Units of the Trust are delisted from the Stock Exchange; (iv) if the SEBI passes a direction for the winding up of the Trust or the delisting of the Units; or (v) in the event the Trust becomes illegal. Under the Indenture of Trust, in the event of dissolution, the net assets of the Trust, remaining after settlement of all liabilities, and the retention of any reserves which the Trustee deems to be necessary to discharge contingent or unforeseen liabilities, shall be paid to the Unitholders. Should the Trust be dissolved, depending on the circumstances and the terms upon which assets of the Trust are disposed of, there is no assurance that a Unitholder will recover all or any part of his investment.

56. ***The reporting requirements and other obligations of infrastructure investment trusts post-listing are still evolving. Accordingly, the level of ongoing disclosures made to and the protection granted to Unitholders may be more limited than those made to or available to the shareholders of a company that has listed its equity shares upon a recognized stock exchange in India.***

The SEBI InvIT Regulations, along with the guidelines and circulars issued by the SEBI from time to time, govern the affairs of infrastructure investment trusts in India. However, compared to the statutory and regulatory framework governing companies that have listed their equity shares upon a recognized stock exchanges in India, the regulatory framework applicable to infrastructure investment trusts is relatively nascent and thus, still evolving. While the SEBI InvIT Regulations were notified with effect from September 26, 2014, the guidelines and procedures in relation to issuance of debt securities and preferential issue of units by an infrastructure investment trust were only notified by SEBI in April 13, 2018 and June 5, 2018, respectively.

Accordingly, the ongoing disclosures made to Unitholders under the SEBI InvIT Regulations may differ from those made to the shareholders of a company that has listed its equity shares upon a recognized stock exchange in India in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the rights of the Unitholders may not be as extensive as the rights of the shareholders of a company that has listed its equity shares upon a recognized stock exchange in India, and accordingly, the protection available to the Unitholders may be more limited than those available to such shareholders.

57. ***Any additional debt financing or issuance of additional Units may have an adverse effect on the Trust's distributions, and your ability to participate in future rights offerings may be limited.***

The Investment Manager may require additional debt financing or the issuance of additional Units in order to support the operating business or to make acquisitions and investments. If obtained, any such additional debt financing may decrease distributable income, and any issuance of additional Units may dilute existing Unitholders' entitlement to distributions. We are not required to offer pre-emptive rights to existing Unitholders when issuing new Units. Compliance with securities laws or other regulatory provisions in some jurisdictions may prevent certain investors from participating in any future rights issuances and thereby result in dilution of their existing holdings in Units.

58. ***Unitholders are unable to require the redemption of their Units.***

Unitholders will not have the right to redeem Units or request or require the redemption of Units by the Investment Manager while the Units are listed. It is intended that Unitholders may only deal in their listed Units through trading on the Stock Exchange. Listing of the Units on the Stock Exchange does not guarantee a liquid market for the Units.

59. ***The Trust does not have many similar and comparable listed peers which are involved in same line of business for comparison of performance and, therefore, investors must rely on their own examination of the Trust for the purposes of investment in the Issue.***

As of the date of this Preliminary Placement Memorandum, there are three other infrastructure investment trusts which are listed on the Indian stock exchanges and none in the gas pipeline business and, accordingly, we are not

in a position to provide comparative analysis of our performance with any listed company. Therefore, investors must rely on their own examination of the Trust for the purposes of investing in the Units.

60. ***The Units have never been publicly traded and the listing of the Units on the Stock Exchanges may not result in an active or liquid market for the Units.***

There is no public market for the Units prior to the Issue and an active public market for the Units may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, that there will be liquidity of that market for the Units. Accordingly, prospective Unitholders should view the Units as illiquid and must be prepared to hold their Units for an indefinite length of time.

61. ***The price of the Units may decline after the Issue.***

The Issue Price has been determined by the Investment Manager in consultation with the Lead Manager. The Issue Price may not be indicative of the market price of the Units upon completion of the Issue.

The market price of the Units may also be highly volatile and could be subject to wide fluctuations. If the market price of the Units declines significantly, investors may be unable to resell their Units at or above their purchase price, if at all. There can be no assurance that the market price of the Units will not fluctuate or decline significantly in the future. The market price of the Units will depend on many factors, including, among others:

- the perceived prospects of our business and investments and the market for assets and infrastructure projects;
- differences between our actual financial and operating results and those expected by investors and analysts;
- the perceived prospects of future assets and other infrastructure projects that may be added to our portfolio in accordance with our investment mandate;
- changes in research analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of our assets;
- the perceived attractiveness of the Units against those of other business trusts, equity or debt securities;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Indian business trusts market;
- any changes to the regulatory system, including the tax system, both generally and specifically in relation to India business trusts;
- the ability of the Investment Manager to implement successfully its investment and growth strategies;
- foreign exchange rates;
- market fluctuations, including increases in interest rates and weakness of the equity and debt markets;
- variations in our quarterly operating results;
- difficulty in assessing our performance against either domestic or international benchmarks, as there are few listed comparables;
- publication of research reports about us, other businesses, the industry in general or other relevant sectors, or the failure of securities analysts to cover the Units after the Issue;
- additions or departures of key management personnel of the Trust and/or the Investment Manager;
- changes in the amounts of our distributions, if any, and changes in the distribution payment policy or failure to execute the existing distribution policy;
- actions by Unitholders;
- changes in market valuations of similar business entities or companies;
- announcements by us or our competitors of significant contracts, acquisitions, disposals, strategic partnerships, joint ventures or capital commitments;
- speculation in the press or investment community; and
- changes or proposed changes in laws or regulations affecting the industry and infrastructure development in India or enforcement of these laws and regulations, or announcements relating to these matters.

To the extent that we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of the Units. Our failure to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price of the Units. Where new Units are issued at less than the

market price of the Units, the value of an investment in the Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in the Trust.

In addition, the Units are not capital-safe products and there is no guarantee that Unitholders can regain the amount invested, in full or in part. If the Trust is extinguished, it is possible that investors may lose a part or all of their investment in the Units.

62. ***Any future issuance of Units by the Trust or sales of Units by the Sponsor or any of other significant Unitholders may adversely affect the trading price of the Units.***

Any future issuance of Units by the Trust could dilute investors' holdings of Units. Any such future issuance of Units may also adversely affect the trading price of the Units, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that the Trust will not issue further Units. In addition, any perception by investors that such issuances might occur could also affect the trading price of the Units. Upon completion of the Issue, 564 million Units (constituting 84.94% of the total number of Units issued after the completion of the Issue) will be held by the Sponsor. Units will be tradable on the Stock Exchange. If the Sponsor (following the lapse of its lock-up arrangements or pursuant to any applicable waivers), directly or indirectly, sells or is perceived as intending to sell a substantial number of its Units, or if a secondary offering of the Units is undertaken, the market price for the Units could be adversely affected. These sales may also make it more difficult for us to raise capital through the issue of new Units at a time and at a price we deem appropriate.

63. ***Our rights and the rights of the Unitholders to recover claims against the Investment Manager or the Trustee are limited.***

Under the Trust Deed, the Trustee is not liable for any of its actions or omissions which are in good faith in accordance with, or in pursuance of any request or advice of the Investment Manager. Additionally, the liability of the Trustee under the Trust Deed is limited to the fee received by the Trustee except in case of fraud, gross negligence, a breach of applicable law or a failure to display the degree of care and diligence required under applicable law.

Under the Investment Management Agreement, the Investment Manager is not liable for any of its actions or omissions which are in good faith. Additionally, the liability of the Investment Manager under the Investment Management Agreement is limited to the fee received by the Investment Manager except in case of fraud, gross negligence, a breach of applicable law or a failure to display the degree of care and diligence required under applicable law.

64. ***Information and the other rights of Unitholders under Indian law may differ from such rights available to equity shareholders of an Indian company or under the laws of other jurisdictions.***

The Indenture of Trust and various provisions of Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, fiduciary duties and liabilities, and Unitholders' rights may differ from those that would apply to a company in India or a trust in another jurisdiction. Unitholders' rights and disclosure standards under Indian law may differ from the laws of other countries or jurisdictions.

Risks Related to Tax

65. ***Changing tax laws and regulations may adversely affect our business, financial condition and results of operations.***

Our business, financial condition and results of operations could be materially and adversely affected by any change in the extensive central and state tax regime in India applicable to us and our business. Tax and other levies imposed by the central and state governments in India that affect our tax liability, include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges, which are introduced on a temporary or permanent basis from time to time. This extensive central and state tax regime is subject to change from time to time. The final determination of our tax liability involves the interpretation of local tax laws and related regulations in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred.

The General Anti Avoidance Rules ("**GAAR**") came into effect from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017, that combines taxes and levies by the central and state governments into a unified rate structure. Any future amendments to GST may affect our overall tax efficiency and may result in significant additional taxes becoming payable by us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Any increase in the rates of corporate income tax, dividend distribution tax, withholding tax or minimum alternate tax ("**MAT**"), or any changes to the provisions of the IT Act, including relating to tax holidays and interest deductions applicable to PIPL, tax depreciation and any introduction of new taxes or withdrawal of any exemption or deduction could have an adverse effect on our business, prospects, financial condition and results of operations and/or our ability to make distributions to the Unitholders.

66. ***Tax laws are subject to changes and differing interpretations, which may adversely affect our operations.***

Tax laws and regulations are subject to differing interpretations by various authorities in India. Differing interpretations of tax and other fiscal laws and regulations may exist within governmental ministries, including tax administrations and appellate authorities, thus creating uncertainty and potential unexpected results. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action by the governmental or tax authorities, may result in tax risks in the jurisdictions in which we operate being significantly higher than expected.

For instance, while the Investment Manager intends to take measures to ensure that it is in compliance with all relevant tax laws, there is no assurance that the tax authorities will not take a position that differs from the position taken by us with regard to our tax treatment of various items. Any of the above events may result in an adverse effect on our business, financial condition, results of operations and/or prospects and our ability to make distributions to the Unitholders.

67. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of the Units and on any dividend or 'interest' component of any returns from the Units.***

Under the current Indian tax laws, capital gains arising from the sale of Units are generally taxable in India. Capital gains arising from the sale of Units could be exempt from taxation in India, in cases where an exemption is provided under a treaty between India and the respective country of which the seller is a resident. Recently, the Finance Act, 2018 has withdrawn the exemption on taxation of capital gains exceeding ₹100,000 realized on the sale of units of an InvIT held for more than 36 months, on or after April 1, 2018.

In relation to the taxation on the interest component of any returns from the Units or the dividend distributed, PIPL, Trust and non-Indian resident investors, as the case may be, would be liable to be taxed, subject to the exemptions/benefits under the following provisions of the IT Act:

(a) the dividend distributed by PIPL in respect of income earned after the date it is transferred to the Trust, is not liable to dividend distribution tax, subject to the fulfillment of certain conditions;
(b) the interest paid by PIPL to the Trust is not liable for withholding tax; and
(c) the interest component of any returns from the Units, when distributed to a non-Indian resident investor, is taxable at a beneficial rate of 5.0%, plus applicable surcharge and cess, subject to fulfillment of certain conditions.

Also, the IT Act provides that the expenses incurred in connection with exempt income would not be deducted when taxable profits are computed. It is however, unclear what impact such provision has on the Unitholder.

68. ***The income of the Trust in relation to which "pass through" status is not granted under the IT Act, may be subject to a higher rate of Indian taxes.***

The total income of the Trust, other than capital gain, interest and dividend income from PIPL would be chargeable to Indian taxes at the maximum marginal rate ("**MMR**") under the provisions of section 115UA of the IT Act. MMR, as defined under the IT Act, means the rate of income tax, including surcharge and cess on income tax, if any, applicable in relation to the highest slab of income.

The MMR applicable to the Trust, which is a separate assessable resident entity is 30.0%, plus applicable surcharge and cess. However, the Indian tax authorities may view the Trust as a "pass through" entity and the applicable rate of taxation on the Trust in such case will be the MMR applicable to the beneficiaries of the Trust. If any beneficiary is chargeable to MMR at a rate higher than the rate applicable to other beneficiaries, the income of the Trust attributable to the share of such beneficiary will be taxed at the higher applicable rate. For example, if any Unitholder is a non-resident company, the MMR of 40.0%, plus applicable surcharge and cess would apply.

Although, there is lack of clarity and the Indian tax authorities may take the latter view, which if taken, may result in a possible litigation.

69. *The Trust and PIPL may be subject to certain tax related risks under the provisions of the IT Act.*

Shortfall in the determination of fair market value of the equity shares at the time of transfer of PIPL to the Trust may be subject to taxation in the hands of the acquire - The equity shares of PIPL are proposed to be transferred to the Trust. Under the provisions of section 56(2)(x) of the IT Act, where a purchase of shares is undertaken at a value which is lower than the fair market value of the shares, such shortfall in value is subject to be taxed as income from other sources in the hands of the acquirer. The manner of determination of fair market value as provided under the Income tax rules, includes the value determined by net asset method, subject to the prescribed adjustments.

Unfavourable tax implication on the Trust for a partial repayment of capital / reduction of the face value of the Unit – Under the provisions of the Trust Deed, the Trust is permitted to repay a portion of the capital or reduce the face value of Units. There is uncertainty in the tax treatment that will be applicable on the Trust on the occurrence of such an event and there can be no assurance that such tax treatment will be favourable to the Trust.

Uncertainty in relation to the method of allocation of expenses to various source of income of the Trust – The Trust is under an obligation to distribute to the Unitholders, the surplus of the income earned from receipt of cash flows from the interest and dividend received from PIPL, after the deduction of the various expenses incurred in connection with earning such income and general purpose expenses.

The provisions of the IT Act provide that the Trust should disclose the nature of the amount distributed to the Unitholders, i.e., whether from dividends received from PIPL, interest income earned, etc. However, there is lack of clarity on the method to be adopted by the Trust for the allocation of various expenses incurred towards earning each specific stream of income by the Trust.

70. *The Ministry of Finance, GoI, has constituted a task force to draft new direct tax legislation, the provisions of which may have an unfavorable implication for us.*

The Ministry of Finance, GoI, has set up a panel to review the IT Act and to draft a new direct tax legislation ("**Panel**"). The Panel has been tasked with drafting appropriate direct tax legislation aimed at (i) aligning India's domestic direct tax regime in line with international best practices; and (ii) ensuring and encouraging compliance. The Panel is yet to submit its report. The impact of the report by the panel, including findings and recommendations in their report and the provisions of the proposed direct tax legislation could have an unfavorable implication on us. Since the panel and their report, including their recommendations and the draft of the new direct tax legislation has not been released yet, the possible impact on us is not clear.

GENERAL INFORMATION

The Trust

The Trust was set up as a contributory irrevocable trust under the provisions of the Indian Trusts Act, 1882 on November 22, 2018 in Mumbai. The Trust was registered as an infrastructure investment trust under the SEBI InvIT Regulations on January 23, 2019 having registration number IN/InvIT/18-19/0008. For information on the background of the Trust and the description of the Initial Portfolio Asset, sees entitled "***Overview of the Trust***", "***Formation Transactions in relation to the Trust***" and "***Business***" on pages 27, 41 and 177, respectively. The principal place of business and the correspondence address of the Trust is at Unit 804, 8th Floor, A Wing, One BKC, Bandra Kurla Complex, Bandra East, Mumbai 400 051.

Compliance Officer of the Trust

The compliance officer of the Trust is Prashant Sagwekar. His contact details are as follows:

Unit 804, 8th Floor
A Wing, One BKC
Bandra Kurla Complex, Bandra East
Mumbai 400 051, Maharashtra, India
Tel: +91 22 6600 0739
Fax: +91 22 6600 0777
Email: prashant.sagwekar@penbrookcapital.com

Bidders can contact the compliance officer of the Trust or the Lead Manager in case of any pre-Issue or post-Issue related problems, non-credit of Allotted Units in the respective beneficiary account of Bidders after Allotment or non-receipt of refund orders.

The Sponsor

Rapid Holdings 2 Pte. Ltd.

Registered office and address for correspondence*:*

16 Collyer Quay, #19-00
Income at Raffles, Singapore 049318
Tel: +65 6750 4481
Fax: +65 6532 0149
E-mail: aviral.chaturvedi@brookfield.com

Contact Person of the Sponsor:

Aviral Chaturvedi, who is a director on the board of the Sponsor, is the contact person of the Sponsor and his contact details are as follows:

16 Collyer Quay, #19-00
Income at Raffles, Singapore 049318
Tel: +65 6750 4481
Fax: +65 6532 0149
E-mail: aviral.chaturvedi@brookfield.com

Statutory Auditors of the Sponsor:

Deloitte & Touche LLP

6 Shenton Way, OUE Downtown 2 #33-00, Singapore 068809
Tel: +65 6224 8288
Fax: +65 6538 6166
E-mail: spanjabi@deloitte.com
Contact Person: Sanjay Gordhan Panjabi

The Investment Manager – PenBrook Capital Advisors Private Limited (*formerly Peninsula Brookfield Investment Managers Private Limited*)

***Registered office**:*

Peninsula Spenta, Mathuradas Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013, Maharashtra
Tel: +91 22 6600 0700
Fax: +91 22 6600 0777
E-mail: darshan.vora@penbrookcapital.com
Website: www.penbrookcapital.com

Address for correspondence:

Unit 804, 8th Floor
A Wing, One BKC
Bandra Kurla Complex, Bandra East
Mumbai 400 051, Maharashtra, India
Contact Person: Darshan Vora
Tel: +91 22 6600 0739
Fax: +91 22 6600 0777
E-mail: darshan.vora@penbrookcapital.com

Statutory Auditors of the Investment Manager:

B S R & Associates LLP
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg
Mahalaxmi, Mumbai 400 011
Tel: +91 22 4345 5300
Fax: +91 22 4345 5399
Firm Registration No.: 116231W /W-100024
E-mail: riteshg@bsraffiliates.com
Peer review certificate no.:009059

The Project Manager – ECI India Managers Private Limited

***Registered office**:*

F-83, 1st Floor, Profit Centre
Mahavir Nagar, Kandivali West
Mumbai 400 067, Maharashtra, India
Tel: +91 22 6600 0700
Fax: +91 22 6600 0777
E-mail: nawal.saini@brookfield.com

Address for correspondence:

Unit 804, 8th Floor
A Wing, One BKC
Bandra Kurla Complex, Bandra East
Mumbai 400 051, Maharashtra, India
Tel: +91 22 6600 0742
Fax: +91 22 6600 0777
E-mail: nawal.saini@brookfield.com

The Trustee – Axis Trustee Services Limited

Registered Office and address for correspondence:

Axis House, Bombay Dyeing Mills Compound
Pandurang Budhkar Marg, Worli
Mumbai 400 025, Maharashtra, India
Contact Person: Krishna Kumari
Tel: +91 22 6226 0074/75/73/61
Fax: +91 22 4325 3000
E-mail: debenturetrustee@axistrustee.com; krishna.kumari@axistrustee.com
Website: www.axistrustee.com

Statutory Auditor of the Trust

Deloitte Haskins & Sells LLP

Indiabulls Finance Centre, 31st Floor, Tower 3
Senapati Bapat Marg,
Elphinstone Mill Compound
Elphinstone (West), Mumbai 400 013, India
Tel: +91 22 6245 1130
E-mail: analtaf@deloitte.com
Firm Registration No: 117366W/W-100018

Valuer

BDO Valuation Advisory LLP

The Ruby-Level 9
North East Wing
Senapati Bapat Marg, Dadar West
Mumbai 400028, India
Tel: +91 22 3332 1600
Fax: +91 22 2439 3700
E-mail: mandargadkari@bdo.in
LLP Identification No.: AAN - 9463
Contact Person: Mandar Gadkari

Lead Manager to the Issue

JM Financial Limited
7th Floor, Cnergy, Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
Email: indiainfra.invit@jmfl.com
Website: www.jmfl.com
Investor Grievance E-mail: grievance.ibd@jmfl.com
Contact person: Prachee Dhuri
SEBI Registration No: INM000010361

Escrow Collection Bank

ICICI Bank Limited
1st floor 122, Mistry Bhawan
Churchgate, Mumbai 400 020
Maharashtra, India

Financial Advisors to the Sponsor

Ambit Capital Private Limited
Ambit House
449 Senapati Bapat Marg
Lower Parel, Mumbai 400 013
Maharashtra, India
Tel: +91 22 6623 3000
Fax: +91 22 6623 3100

Legal counsel to the Trust, Sponsor and the Investment Manager as to Indian Law

Shardul Amarchand Mangaldas & Co

Mumbai:

24th Floor, Express Towers
Nariman Point
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Maharashtra, India
Tel.: +91 22 4933 5555
Fax: +91 22 4933 5550

Delhi:

Amarchand Towers
216, Okhla Industrial Estate
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India
Tel: +91 11 4159 0700
Fax: +91 11 2692 4900

Legal counsel to the Lead Manager

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

United States Legal Counsel to the Lead Manager

Sidley Austin LLP
Level 31
Six Battery Road
Singapore 049909
Tel: +65 6230 3900
Fax: +656 6230 3939

Registrar and Unit Transfer Agent

Karvy Fintech Private Limited
Karvy Selenium Tower B
Plot No. 31-32, Financial District, Nankramguda
Serilingampally Hyderabad Rangareddi,
Telangana 500 032
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551

E-mail: indiainfratrust.invit@karvy.com
Website: www.karvyfintech.com
Investor Grievance E-mail: einward.ris@karvy.com
Contact Person: M Murali Krishna
CIN: U67200TG2017PTC117649
SEBI Registration No.: INR000000221

Credit Rating Agency

CARE Ratings Limited
4th Floor, Godrej Coliseum
Somaiya Hospital Road, Off Eastern Express Highway
Sion (East), Mumbai - 400022
Tel: +91 22 67543456 / 67543455
Fax: +91 22 67543457
E-mail: meenal.sikchi@careratings.com
Website: www.careratings.com
Contact Person: Meenal Sikchi
SEBI Registration No.: IN/CRA/004/1999

Technical Consultant

Wood Mackenzie Asia Pacific Pte. Ltd.
3 Church Street
#29-01 Samsung Hub
Singapore 049 483, Singapore
Tel: +65 6518 0800
Fax: +65 6518 0801
E-mail: contactus@woodmac.com
Website: www.woodmac.com

PARTIES TO THE TRUST

A. The Sponsor – Rapid Holdings 2 Pte. Ltd.

History and Certain Corporate Matters

Rapid Holdings 2 Pte. Ltd. is the Sponsor of the Trust. The Sponsor was incorporated on December 19, 2016 in Singapore with registration number 201634453Z. The Sponsor is a private company limited by shares. The Sponsor's registered office is situated at 16 Collyer Quay, #19-00 Income at Raffles, Singapore 049318. For further details, see "***General Information***" on page 106.

Background and Past Experience of the Sponsor

The Sponsor is an entity forming part of the Brookfield Group. Brookfield is a global alternative asset manager, currently listed on the New York Stock Exchange and the Toronto Stock Exchange. All infrastructure related investments by Brookfield are made through Brookfield Infrastructure Partners, L.P ("**BIP**"). The units of BIP are listed on the New York Stock Exchange and the Toronto Stock Exchange.

The Sponsor is a wholly owned subsidiary of Rapid Holdings 1 Pte. Ltd ("**Rapid 1**"), a company incorporated in Singapore. Rapid 1 is held 70.58% by BIF III India Holdings (Bermuda) LP ("**Bermuda LP 1**"), a limited partnership incorporated in Bermuda and 29.42% by BIP BIF III AIV (Bermuda) LP ("**Bermuda LP 2**"), a limited partnership incorporated in Bermuda.

In accordance with the eligibility criteria specified under the SEBI InvIT Regulations, the Sponsor had a net worth of not less than ₹ 1,000.00 million as at December 31, 2018.

The Sponsor's Associates, Brookfield and BIP have a fund management experience of at least five years in the infrastructure sector, on which the Sponsor has relied on for its eligibility under the SEBI InvIT Regulations. Brookfield is a global asset manager which, together with its affiliates, owns and operates assets, with a focus on infrastructure, renewable power, property and other real assets. Brookfield had approximately US $ 285 billion of assets under management as of December 31, 2017. Brookfield's infrastructure vehicle, BIP, owns and operates one of the largest infrastructure portfolios in the world, with approximately US$76 billion of assets (including wind, hydro and solar assets) under management as of December 31, 2017.

Other Confirmations

As of the date of this Preliminary Placement Memorandum, the Sponsor is in compliance with the eligibility criteria provided under Regulation 4 of the SEBI InvIT Regulations and is a "fit and proper person" as prescribed under SEBI (Intermediaries) Regulations, 2008.

For details of the holding or proposed holding by the Sponsor in the Trust, see "***Information Concerning the Units – Unitholding of the Sponsor, Investment Manager, Project Manager and the Trustee***" on page 197.

Board of Directors of the Sponsor

The board of directors of the Sponsor is entrusted with the overall management of the Sponsor. Please see below the details in relation to the board of directors of the Sponsor:

S. No.	Name	Identification Number
1.	Aanandjit Sunderaj	G3395950N
2.	Liew Yee Foong	S8779790B
3.	Aviral Chaturvedi	G3103802U

Shareholding pattern of the Sponsor as on December 31, 2018

S. No.	Shareholder	Number of shares held	Amount of share capital (US$)	Percentage of share capital (in %)
1.	Rapid Holdings 1 Pte. Ltd.	10 equity shares	10	100.00

S. No.	Shareholder	Number of shares held	Amount of share capital (US$)	Percentage of share capital (in %)
		18,489,990 redeemable preference shares	18,489,990	100.00

B. The Trustee – Axis Trustee Services Limited

History and Certain Corporate Matters

Axis Trustee Services Limited is the Trustee of the Trust. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee since January 31, 2014, having registration number IND000000494 and is valid until suspended or cancelled by SEBI. The Trustee's registered office and address for correspondence is Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025, Maharashtra, India. For further details, see "***General Information***" on page 106.

Background of the Trustee

The Trustee is a wholly-owned subsidiary of Axis Bank Limited. The Trustee is authorised pursuant to its memorandum to engage in various areas of debenture and bond trusteeships, including, advisory functions and management functions. The Trustee is also permitted to act as a security trustee. The Trustee is also authorised to provide services *inter alia* as: (i) a facility agent; (ii) an escrow agent; (iii) a trustee to alternative investment funds; (iv) custodian of documents as a safe-keeper; and (v) monitoring agency.

The Trustee confirms that it has maintained, and undertakes to ensure that it will at all times maintain, adequate infrastructure personnel and resources to perform its functions, duties and responsibilities with respect to the Trust, in accordance with the Trust Deed, the SEBI InvIT Regulations and other applicable law.

Other Confirmations

The Trustee is not an Associate of the Sponsor or the Investment Manager. Further, as of the date of this Preliminary Placement Memorandum, the Trustee is in compliance with the eligibility criteria provided under Regulation 4 of the SEBI InvIT Regulations and is a "fit and proper person" as prescribed under SEBI (Intermediaries) Regulations, 2008.

For details of the holding or proposed holding by the Trustee in the Trust, see "***Information Concerning the Units – Unitholding of the Sponsor, Investment Manager, Project Manager and the Trustee***" on page 197.

Board of Directors of the Trustee

The Board of Directors of the Trustee is entrusted with the responsibility for the overall management of the Trustee. Please see below the details in relation of the board of directors of the Trustee:

S. No.	Name	DIN
1.	Sanjay Sinha	08253225
2.	Rajesh Kumar Dahiya	07508488
3.	Ram Bharosey Lal Vaish	00150310

Brief profiles of the Directors of the Trustee

Sanjay Sinha, aged 57 years, is the managing director and chief executive officer of the Trustee.

Rajesh Kumar Dahiya, aged 51 years, is a non-executive director on the board of the Trustee and is also on the board of directors of Axis Bank Limited and Axis Private Equity Limited.

Ram Bharosey Lal Vaish, aged 73 years, is a non-executive director on the board of the Trustee and is also on the board of directors of LICHFL Asset Management Company Limited.

Key Terms of the Trust Deed

The Trustee has entered into the Trust Deed, in terms of the SEBI InvIT Regulations, the key terms of which, are provided below:

- *Powers of the Trustee*

  The Trustee has been provided with various powers under the Trust Deed in accordance with the Indian Trusts Act, 1882 and the SEBI InvIT Regulations, including but not limited to:

  (i) every and all powers, duties and rights that a person competent to contract has and such powers shall not be restricted by any principle of construction or rule or requirement, but shall operate according to the widest generality of which the foregoing words are capable, notwithstanding that certain powers are more specifically set forth in the Trust Deed but at all times the exercise of such powers shall be subject to the terms of the Trust Deed, the Investment Management Agreement, the Project Management Agreement, the Application Form, and such other documents as entered between the Trustee and/or the Investment Manager with respect to the Trust or the Units, the Placement Memorandum which may be designated as 'InvIT Documents' by the Trustee and/or the Investment Manager (the "**InvIT Documents**") and the SEBI InvIT Regulations.

  (ii) the power to appoint the Investment Manager as the investment manager of the Trust, to delegate all or any of the powers of the Trustee, as set out in the Trust Deed and as permitted under applicable law, to the Investment Manager and to execute the Investment Management Agreement or any other agreement or arrangement, from time to time, with the Investment Manager in this regard.

  (iii) power delegated by the Trustee to, and consequently exercised exclusively by, the Investment Manager pursuant to the Investment Management Agreement), subject to the limitations contained elsewhere in the Trust Deed and the SEBI InvIT Regulations, to:

    (a) make all decisions, concerning the investigation, selection, development, negotiation, structuring, restructuring, monitoring, divestment of the Investments (including any additions or accretions thereto) and the appointment of various advisors and service providers in connection with such investments;

    (b) direct and approve the formulation of investment policies and strategies for the Trust and to direct and approve the investment of the monies comprised in the Trust Assets;

    (c) structure an investment through one or more investment vehicles in order to address commercial or regulatory considerations;

    (d) manage, acquire, hold, sell, securitize, transfer, exchange, pledge and dispose of the Investments (including any additions or accretions thereto), and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to investments;

    (e) commence, prosecute, enforce, defend, answer or oppose any suit or other legal proceedings in connection with any or all matters relating to the Trust;

    (f) appoint counsel or appear before the relevant authorities, submit information, seek clarifications from any governmental agency and complete, sign and submit any applications or documents for any approvals, permissions, or actions that may be necessary or desirable;

    (g) open, maintain and close bank accounts and draw cheques or other orders for the payment of money and open, maintain and close demat, brokerage, mutual fund and similar accounts; and

    (h) enter into, execute and/or terminate any investment pooling agreements, agreements related

to strategic investments, co-investment agreements, and any and all documents and instruments of a similar nature in the name of the Trust.

(iv) whether directly or through the Investment Manager where the Investment Manager has been so authorised by the Trustee, to appoint, determine the remuneration of and enter into, execute, deliver, perform, modify or terminate all documents, agreements and instruments containing customary terms including contractual indemnities with Valuers, Auditors, registrar and transfer agents, merchant bankers, credit rating agencies, search agents, property consultants, brokers, legal, financial and tax consultants or any other intermediary or professional service provider or agent as may be required in connection with the activities of the Trust in a timely manner and as per the provisions of the SEBI InvIT Regulations and other applicable law.

(v) in consultation with, and on the recommendation of the Investment Manager, from time to time, in the interests of administrative and operational convenience, delegate to any committee or person, any powers and duties including management of the Trust Assets vested in it under the Trust Deed, provided, however, that the Trustee shall remain liable for all the acts of commission or omission of such person (such liability as may be determined by a court of competent jurisdiction, whose decision is final and non-appealable) except in cases of gross negligence, misconduct, wilful default and fraud by such person or committee, as determined by a court of competent jurisdiction, whose decision is final and non-appealable. Any action taken by such committee or person in respect of the Trust Assets shall be construed as an act done by the Trustee.

(vi) subject to the provisions of the Trust Deed and the SEBI InvIT Regulations, in consultation with, and on the recommendation of the Investment Manager, to create such reserves in respect of the Trust, as it may deem proper, in order to meet the expenses, liabilities (including potential tax liability) or contingent liabilities of the Trust.

(vii) cause the offering of Units, and issue and allot Units to the Unitholders of the Trust, which power shall be delegated to the Investment Manager in terms of the Investment Management Agreement and, in consultation with the Investment Manager, to cause the issuance of securities (including bonds, debentures and other debt securities, at discount or premium, secured or otherwise, with special rights of redemption or otherwise) by the Trust, in accordance with the guidelines issued by SEBI from time to time. The Trustee has the power to create charges, security interests and / or liens over any or all of the assets of the Trust (both present and future), to secure and guarantee the performance by the Trust of any obligation of the Trust. Any such charge or security interest created by the Trust shall have the priority and ranking it is so expressed to have.

(viii) the power to utilise any tax credits available to the Trust, prior to making any such payment of taxes or expenses.

(ix) subject to applicable law and restrictions under the InvIT Documents and on receipt of advice from the Investment Manager, the power to borrow monies and offer such security as it may deem fit, for the purpose of making such borrowing.

(x) apart from acting personally, to employ and pay at the expense of the Trust, any agent in any jurisdiction, whether attorneys, solicitors, brokers, banks, trust companies or other agents, whether associated or connected in any way with the Trustee or not, without being responsible for the default of any agent if employed in good faith to transact any business.

(xi) permit any property comprised in the Trust, or any documents in relation thereto, to be, and remain, deposited with a custodian or with any person in India subject to such deposit being permissible under applicable law.

(xii) in the event that any capital gains tax, income tax, stamp duty or other duties, fees, cess or other taxes (and any interest or penalty chargeable thereon), become payable in any jurisdiction in respect

of the Trust or on behalf of the Unitholders in respect of the Trust or any of the Units or any part thereof in any circumstances whatsoever, the Trustee may, on the recommendation of the Investment Manager, pay all such duties, fees, cess or other taxes (and any interest or penalty chargeable thereon), out of the Trust Assets in accordance with applicable law and the advice of tax consultants.

(xiii) to take the opinion of legal and tax counsel in any jurisdiction concerning any disputes or differences arising under the Trust Deed, in connection with any investments or any matter incidental thereto and the fees of such counsel shall be paid out of the Trust Assets.

(xiv) from time to time and in consultation with the Investment Manager, make rules to give effect to, and carry out the purposes of the Trust and secure effective control over the affairs thereof, subject to the provisions of applicable law.

(xv) cause the Investment Manager to, insure the Trust (including the Trust Assets) against any loss or damage from any peril, any assets and property forming part of the Trust for any amount, and to pay the premiums out of the Trust Assets.

(xvi) maintain, or cause the Investment Manager or registrar and transfer agent to maintain, a register of the Units.

(xvii) subject to restrictions contained in the InvIT Documents and applicable laws (including the limits and restrictions prescribed under the SEBI InvIT Regulations), the Trustee may, in consultation with, and upon the recommendation of the Investment Manager, extend loans to the holding companies/ SPVs and also subscribe to debt securities or quasi debt securities or any similar kind of securities issued by the holding companies/ SPVs from the monies comprised in the Trust Assets.

(xviii) *Other Powers of the Trustee*

Without prejudice to any other provisions of the Trust Deed, the Trustee shall also have the following powers and authorities exercisable pursuant to the advice of the Investment Manager:

1. to make and give receipts, releases and other discharges for moneys payable to the Trust and for the claims and demands of the Trust;

(i) to enter into all such negotiations and contracts, and, execute and do all such acts, deeds and things for or on behalf of or in the name of the Trust as the Trustee may consider expedient for or in relation to any of the matters or otherwise for the purposes of the Trust;

(j) to require (during and after the term of the Trust, subject to the Unitholder being informed of such requirement and statutory limitations under applicable law) a Unitholder to return distributions made to such Unitholder (subject to a limit of the total distributions made to such Unitholder) in order to satisfy the Unitholder's pro-rata share of any obligations or liabilities of the Trust arising pursuant to or in accordance with the SEBI InvIT Regulations or other applicable law;

(k) to sign, seal, execute, deliver and register according to law all deeds, documents, and assurances in respect of the Trust;

(l) take into their custody and/or control all the capital, assets, property of the Trust and hold the same in trust for the Unitholders in accordance with the Trust Deed and the SEBI InvIT Regulations; and

(m) generally to exercise all such powers as it may be required to exercise under the SEBI InvIT Regulations for the time being in force and do all such matters and things as may promote

the Trust or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Trust Deed.

(xix) The Trustee shall have the power to make distributions to the Unitholder in accordance with the SEBI InvIT Regulations and confer all other rights attached to the Units as stipulated under applicable laws.

- *Duties of the Trustee*

The Trustee shall perform its duties as required under the Trust Deed in accordance with the Indian Trusts Act, 1882 and the SEBI InvIT Regulations, including but not limited to:

(i) *Applications to Governmental Agencies*

The Trustee shall, with the assistance and advice of the Investment Manager, make all necessary applications to such governmental agencies as may be required for the Trust to carry on its activities after the Trust is registered with SEBI.

(ii) *Interests of the Unitholders*

(a) The Trustee shall at all times exercise due diligence in carrying out its duties and protect the interests of the Unitholders.

(b) The Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager in accordance with the SEBI InvIT Regulations.

(iii) The Trustee shall, through the Investment Manager, ensure prompt and proper collection of the income due to the Trust.

(iv) *Transactions by certain persons*

The Trustee shall ensure that all transactions executed by the Investment Manager and any service provider to whom the Trustee has delegated any powers or duties, are done in accordance with the Trust Deed, the Investment Management Agreement, the SEBI InvIT Regulations and the agreement executed with such service provider.

(v) *Trust Assets*

(a) The Trustee shall hold the Trust Assets in trust for the benefit of the Unitholders in accordance with the Trust Deed and the SEBI InvIT Regulations.

(b) The Trustee shall also be responsible for opening and operating bank accounts on behalf of the Trust.

(c) The Trustee shall ensure that the Capital Contributions are kept in a separate bank account in name of the Trust and is only utilised for adjustment against allotment of Units or refund of money to the applicants till the time such Units are listed and the same will be utilised for the objectives stated in the Preliminary Placement Memorandum or Placement Memorandum (as the case may be).

(vi) *Books of Accounts and Records*

The Trustee shall maintain all the records that are required to be maintained pursuant to Regulation 26(2) of the SEBI InvIT Regulations or otherwise required under applicable law. The Trustee shall also ensure that the Investment Manager maintains, the books of accounts of the Trust in accordance with the Trust Deed.

(vii) *Statutory charges or levies payable by the Trust*

The Trustee shall, in accordance with the applicable law and on receipt of advice from the Investment Manager, pay all taxes, duties and any other statutory charges or levies that may be payable by the Trust on behalf of the Unitholders from the Trust Assets, subject to the provisions of the InvIT Documents.

(viii) *Reports to be filed by the Trust*

The Trustee, either by itself or through the Investment Manager, shall from time to time file such reports and provide such information as may be required by the SEBI, the Stock Exchange or other governmental agencies, with respect to the activities carried on by the Trust.

(ix) *Documents and information to be provided to the Unitholders*

The Trustee shall, through the Investment Manager, from time to time provide such documents and information to the Unitholders, as may be required by the SEBI, the Stock Exchange or other governmental agency, with respect to the activities carried on by the Trust. The Trustee shall comply with intimation requirements under the SEBI InvIT Regulations, including in relation to intimating SEBI in case of any discrepancy in the operation of the Trust with the SEBI InvIT Regulations and the Preliminary Placement Memorandum or Placement Memorandum. The Trustee shall also immediately inform SEBI in case (i) the Investment Manager fails to submit to the Trustee the information or reports as specified under the SEBI InvIT Regulations, in a timely fashion; and (ii) any act which is detrimental to the interest of the Unitholders is noted.

(x) *Segregation of Assets & Liabilities*

The assets and liabilities of the Trust shall at all times be segregated from the assets and liabilities of any other trusts managed by the Trustee. The assets held under the Trust shall be held for the exclusive benefit of the Unitholders of the Trust and such assets shall not be subject to the claims of any creditor or other person claiming under any other trust administered by the Trustee or managed by the Investment Manager, as the case may be.

(xi) *Attainment of objects of the Trust*

The Trustee shall ensure that all acts, deeds and things are done with a view to attain the objects of the Trust, in accordance with applicable law and the InvIT Documents, in order to secure the best interests of the Unitholders.

(xii) *Activities of the Investment Manager*

(a) The Trustee shall oversee activities of the Investment Manager in the interest of the Unitholders, ensure that the Investment Manager complies with the SEBI InvIT Regulations and obtain a compliance certificate from the Investment Manager on a quarterly basis, in the form prescribed by SEBI, if any.

(b) The Trustee shall ensure that the Investment Manager complies with reporting and disclosure requirements in accordance with the SEBI InvIT Regulations and other applicable law and in case of any delay or discrepancy, require the Investment Manager to rectify such delay or discrepancy on an urgent basis.

(c) The Trustee shall require the Investment Manager to set up such systems and procedures and submit such reports to the Trustee, as may be necessary for effective monitoring of the functioning of the Trust.

(d) The Trustee shall ensure that the activity of the Trust is being operated in accordance with the provisions of the InvIT Documents and the SEBI InvIT Regulations, and in the event

that any discrepancy is noted, the Trustee shall inform the same to the SEBI immediately in writing.

(xiii) *Meetings of Unitholders*

(a) The Trustee shall ensure that the Investment Manager convenes meetings of the Unitholders in accordance with the SEBI InvIT Regulations and shall oversee the voting by the Unitholders and declaration of results of such meetings;

Provided that, where there is:

(1) a change or removal of the Investment Manager, or a change in control of the Investment Manager of the Trust, the Trustee shall be responsible for convening and conducting of the meeting of the Unitholders; and

(2) any issue pertaining to the Trustee, such as change in the Trustee, the Trustee shall not be involved in any manner in the conduct of the meetings of the Unitholders.

(b) The Trustee shall ensure that the Investment Manager convenes meetings of the Unitholders at least once every year within requisite number of days from the end of a financial year (as prescribed under the SEBI InvIT Regulations) with the period between such meetings not exceeding such number of months as is prescribed under the SEBI InvIT Regulations.

(c) The Trustee shall have the power to take up with SEBI or with the Stock Exchange, as applicable, any matter which has been approved in any meeting of Unitholders, if the matter requires such action.

(xiv) *Related Party Transactions*

The Trustee shall review the transactions carried on between the Investment Manager and its Associates and where the Investment Manager has advised that there may be a conflict of interest, the Trustee must obtain a certificate from a practising chartered accountant or a valuer as applicable specifying that such transactions are on an arms' length basis.

(xv) *Change in control of the Investment Manager*

The Trustee hereby confirms that it shall (a) obtain the prior approval of the Unitholders in accordance with the requirements of the SEBI InvIT Regulations, and (b) obtain prior approval of SEBI in the event of a proposed change in control of the Investment Manager.

(xvi) *Suspension of Trustee's Registration*

The Trustee shall, promptly on occurrence, inform the Investment Manager and the Unitholders of a cancellation, revocation, suspension, non-renewal of its registration to act as a trustee under applicable law or a breach of the terms of such registration that will materially impair its ability to perform its obligations and exercise its powers under the Trust Deed.

(xvii) *General Duties*

Without limiting the foregoing general duties, the Trustee shall perform all the duties and obligations set out in the SEBI InvIT Regulations, including those duties and obligations set out in Regulation 9 of the SEBI InvIT Regulations, as may be amended, modified or supplemented from time to time.

- *Rights of the Trustee*

(i) The Trustee shall have the right to receive trusteeship fees from the Trust for services to be rendered in relation to the administration and management of the Trust, as agreed in the offer letter dated July 30, 2018 issued by the Trustee.

(ii) The Trustee may, in the discharge of its duties, act upon any advice obtained in writing from any qualified bankers, accountants, brokers, lawyers, professionals, consultants, or other experts acting as advisors to the Trustee. The Trustee shall not be bound to supervise or verify advice of the advisors and not be liable for any bona fide act or omission or consequence suffered as a result of the reliance upon such advice or information. The Trustee shall also not be responsible for any loss occasioned by so acting, nor for the consequences of any bona fide mistake, oversight or error of judgement on the part of such advisors.

(iii) The Trustee may appoint any scheduled commercial bank to act as the banker to the Trust, on the same terms and conditions extended by such a bank to similar customers.

(iv) The Trustee shall be entitled to the reimbursement of all reasonable expenses incurred by the Trustee on behalf of the Trust, including any direct or indirect tax or duty, which has become or may become leviable under applicable law. Such expenses shall be paid out of the monies comprised in the Trust Assets.

(v) Subject to applicable law, the Trustee acknowledges that no Unitholder shall be entitled to inspect or examine the Trust's premises or properties without the prior permission of the Investment Manager. Further, no Unitholder shall be entitled to require discovery of any information with respect to any detail of the Trust's activities or any matter which may be related to the conduct of the business of the Trust and which information may, in the opinion of the Investment Manager adversely affect the interest of other Unitholders.

- *Liabilities of the Trustee*

The liabilities of the Trustee in terms of the Trust Deed are as follows:

(i) *Assets received by the Trustee:* The Trustee shall only be liable or responsible for such monies, stocks, funds, shares, assets, investment, property or securities as the Trustee shall have actually received and shall not be liable or responsible for any banker, broker, administrator, custodian or other person in whose hands the same may be deposited or placed, nor for the deficiency or insufficiency in the value of any investments of the Trust nor otherwise for any involuntary loss. Any receipt signed by the Trustee for any monies, stocks, funds, shares, assets, securities, investment or property, paid, delivered or transferred to the Trustee under or by virtue of the Trust Deed or in exercise of the duties, functions and powers of the Trustee shall effectively discharge the Trustee or the person or persons paying, delivering or transferring the same therefrom or from being bound to see to the application thereof, or being answerable for the loss or misapplication thereof provided that the Trustee and such persons shall have acted in good faith, without negligence and shall have used their best efforts in connection with such dealings and matters.

(ii) *Acts done in good faith:* The Trustee shall not be under any liability on account of anything done or omitted to be done or suffered by the Trustee in good faith in accordance with, or in pursuance of any request or advice of the Investment Manager.

(iii) *Suits, proceedings or claims against the Trust:* The Trustee shall not be under any obligation to institute, acknowledge the service of, appear in, prosecute or defend any action, suit, proceedings or claim (including tax proceedings) in respect of the provisions of the Trust Deed or in respect of the investments or any part of such investments or any corporate or shareholders' action which in its opinion, acting on the advice of the Investment Manager, would or might involve expense or liability unless the Investment Manager shall so request in writing and the Trustee is satisfied that

the value of the investment is sufficient to provide adequate indemnity against costs, claims, damages, expenses or demands to which it may be put as the trustee as a result thereof.

(iv) *Bona fide action by the Trustee:* The Trustee shall not be liable in respect of any action taken or damage suffered by it on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or (without being limited in any way by the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities.

(v) *Acts or things required to be done by the Trustee under law:* The Trustee shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (which legally or otherwise) it shall be directed or requested to do or perform or to forbear from doing or performing. If, for any reason it becomes impossible or impracticable to carry out any of the provisions of the Trust Deed the Trustee shall not be under any liability therefore or thereby.

(vi) *Authenticity of signature and seal:* The Trustee shall not be responsible to any Unitholder for the authenticity of any signature or any seal affixed to any endorsement on any certificate or to any transfer or form of application endorsement or other document affecting the title to or transmission of interests in the Trust or of any investments of the Trust or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee shall be entitled but not bound to require that the signature of any Unitholder to any document required to be signed by him under or in connection with the Trust Deed shall be verified to the Trustee's reasonable satisfaction.

(vii) *Trustee to act as trustee of other trusts:* Subject to the SEBI InvIT Regulations, nothing contained in the Trust Deed shall be construed so as to prevent the Trustee from acting as trustee of other trusts or privately pooled funds separate and distinct from the Trust, and retaining for its own use and benefit all remuneration, profits and advantages which it may so derive.

(viii) *Information regarding the Trust, etc.:* If the Trustee is required by applicable laws or any other laws to provide information regarding the Trust and/or the Unitholders, the investments of the Trust and income or proceeds therefrom and provisions of the Trust Deed and complies with such request in good faith, whether or not it was in fact enforceable, the Trustee shall not be liable to any of the Unitholders or to any other party as a result of such compliance or in connection with such compliance.

(ix) *Depletion in the value of the Trust Assets:* The Trustee shall not incur any liability for doing or (as the case may be) failing to do any act or thing which may result in a loss to a Unitholder (by reason of any depletion in the value of the Trust Assets or otherwise), except in the event that such loss is a result of disabling conduct on the part of the Trustee.

(x) *Limited Liability:* The Trustee shall not be personally liable for any losses (including indirect or consequential losses), costs, damages or expenses incurred in any way arising from anything which the Trustee, in its capacity as trustee of the Trust does or fails to do. Further, the liability of the Trustee shall not exceed the fees received by the Trustee except in case of the Trustee engaging in disabling conduct.

(xi) *Trustee to not risk its monies:* If the Trustee engages any external advisors or experts (in accordance with the Trust Deed), to discharge its obligations under the Trust Deed, or undertakes any work (in consultation with the Investment Manager, in the interest of the Unitholders) which is not covered

within the scope of work of the Trustee under the Trust Deed and such additional work is beyond the obligations of the Trustee under applicable laws, the Trustee shall be entitled to recover such costs, charges and expenses which the Trustee may incur in this regard, from the funds of the Trust. Further, it is clarified that, the Trustee will not be required to utilise funds held by the Trustee for any other trust for which, Axis Trustee Services Limited is appointed as a trustee, for discharging its obligations as the Trustee under the Trust Deed.

C. The Investment Manager – PenBrook Capital Advisors Private Limited (*formerly Peninsula Brookfield Investment Managers Private Limited*)

History and Certain Corporate Matters

PenBrook is the Investment Manager of the Trust. PenBrook was incorporated in India as Peninsula Brookfield Investment Managers Private Limited on November 24, 2011 under the Companies Act, 1956 with corporate identification number U74120MH2011PTC224370. The name of the Investment Manager was changed from Peninsula Brookfield Investment Managers Private Limited to PenBrook Capital Advisors Private Limited (its current name) on June 2, 2017. The Investment Manager's registered office is situated at Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra and address for correspondence is Unit 804, 8th Floor, A Wing, One BKC, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra. For further details, see "***General Information***" on page 106.

Background and Past Experience of the Investment Manager

The Investment Manager was established as a joint venture between Brookfield Asset Management (Barbados) Inc. ("**Brookfield (Barbados)**") and Peninsula Land Limited ("**PLL**") by the joint venture agreement dated December 15, 2011, which was amended by (i) the amendment agreement dated February 24, 2012; (ii) the amended and restated joint venture agreement dated August 28, 2012; (iii) the amendment agreement dated October 9, 2013; and (iv) the amendment agreement dated July 31, 2018 (the "**JV Agreement**"). The Investment Manager has been appointed as the investment manager of the Trust pursuant to the investment management agreement dated November 22, 2018 ("**Investment Management Agreement**").

The Investment Manager manages two SEBI registered Category II alternative investment funds, (i) 'Peninsula Brookfield India Real Estate Fund' (bearing registration number IN/AIF2/12-13/0039) since October 3, 2012 and (ii) 'PenBrook India Real Opportunities Fund' (bearing registration number IN/AIF2/17-18/0371) since September 20, 2017. The Investment Manager complies with the eligibility criteria provided in the SEBI InvIT Regulations, of having not less than five years' experience in fund management.

Further, in accordance with the eligibility criteria provided under the SEBI InvIT Regulations, the Investment Manager had a net worth of not less than ₹ 100.00 million as on September 30, 2018. The Investment Manager has not less than two employees, who have at least five years of experience each, in the field of consulting and advisory work in the infrastructure sector, and not less than one employee who has at least five years of experience in the relevant sub-sector in which the Trust proposes to invest in India, namely the gas sector.

Further, not less than half the directors of the Investment Manager are independent, and are not directors or members of the governing board of an investment manager of another infrastructure investment trust. The Investment Manager proposes to conduct operations pertaining to the Trust from Unit 804, 8th Floor, A Wing, One BKC, Bandra Kurla Complex, Bandra East, Mumbai 400 051.

The JV Agreement

PLL and Brookfield (Barbados) entered into the JV Agreement to jointly establish the Investment Manager to pool investments from investors in India with the objective of making investments in portfolio companies in the real estate sector in India. Pursuant to the terms of the JV Agreement, PLL and Brookfield (Barbados) have also agreed to establish an employee benefit trust by the name of Peninsula Brookfield Employee Benefit Trust ("**Employee Benefit Trust**") for the benefit of the employees and key management personnel of Investment Manager. Each of PLL and Brookfield (Barbados) subscribed to the share capital of the Investment Manager in equal proportion and further agreed to co-invest equal amounts into the Investment Manager at all times in accordance with the terms of the JV Agreement.

Under the terms of the JV Agreement, both Brookfield and Peninsula have the right to appoint three directors each on the board of directors of the Investment Manager ("**IM Board**") and the Employee Benefit Trust has the right to appoint two directors on the IM Board. The JV Agreement provides that there should always be an equal number of directors of Brookfield and Peninsula on the IM Board. As per the JV Agreement, the quorum for any meeting of the IM Board, requires at least one director appointed by each of Brookfield and Peninsula. The JV Agreement also provides for Brookfield and Peninsula to constitute an executive team to supervise the functioning of Investment Manager's fund management team, which assists in its management and advisory functions. The executive team of the Investment Manager is required to constitute of a minimum of two members, one each nominated by Brookfield and Peninsula. The JV Agreement also provides for certain reserved matters which require the affirmative vote of the directors nominated by Brookfield and Peninsula.

The JV Agreement has been further amended on July 31, 2018 in light of the investment management related activities proposed to be undertaken by the Investment Manager ("**2018 Amendment**"). Pursuant to the 2018 Amendment, the JV Agreement has been amended to include, *inter alia*, the following changes:

(i) any decision on matters pertaining to the management and operation of the Trust will require the affirmative consent of Brookfield (Barbados);

(ii) the authority and responsibility of overseeing all of those activities of the Investment Manager that pertain to the management and operation of the Trust have been delegated to an InvIT Committee, which will comprise of two independent directors and such other nominees as may be designated by the IM Board.

Board of Directors of the Investment Manager

The board of directors of the Investment Manager is entrusted with the responsibility for the overall management of the Investment Manager. Please see below the details in relation of the board of directors of the Investment Manager:

S. No.	Name	DIN
1.	Rajeev Ashok Piramal	00044983
2.	Sridhar Rengan	03139082
3.	Chetan Rameshchandra Desai*	03595319
4.	Narendra Kumar Aneja*	00124302

* *Independent directors.*

Brief profiles of the Directors of the Investment Manager

Please see below a brief profile of the directors of the Investment Manager:

Rajeev Ashok Piramal, aged 42 years, is a director on the board of the Investment Manager. He is the managing director of Peninsula Land Limited and Peninsula Investment Management Company Limited. He is also a director on the board of, *inter alia*, Peninsula Pharma Research Centre Private Limited, Inox Mercantile Company Private Limited and Pune Football Club Limited.

Sridhar Rengan, aged 58 years, is a director of the Investment Manager. He is also a director on the board of, *inter alia*, Brookfield Advisors India Private Limited, Peninsula Brookfield Trustee Private Limited, BIP India Infra Projects Management Services Private Limited, Esplanade Developers Private Limited, Tricap India Capital Private Limited and Kanai Technology Parks Private Limited.

Chetan Rameshchandra Desai, aged 68 years, is an independent director of the Investment Manager. He is also a director on the board of, *inter alia*, Delta Corp Limited and Crystal Crop Protection Limited and is an additional director on the board of Next Mediaworks Limited, Mercator Limited and Sula Vineyards Private Limited.

Narendra Kumar Aneja, aged 66 years, is an independent director of the Investment Manager. He is also a director on the board of, *inter alia*, Peninsula Trustee Limited, Aneja Management Consultants Private Limited, Aneja Assurance Private Limited and Aneja Advisory Private Limited.

Other Confirmations

The Investment Manager confirms that it has, and undertakes to ensure that it will at all times maintain, adequate infrastructure, personnel and resources to perform its functions, duties and responsibilities with respect to the management of the Trust, in accordance with SEBI InvIT Regulations, the Investment Management Agreement and applicable law. None of the directors of the Investment Manager hold or propose to hold any Units in this Issue.

Further, as of the date of this Preliminary Placement Memorandum, the Investment Manager is in compliance with the eligibility criteria provided under Regulation 4 of the SEBI InvIT Regulations and is a "fit and proper person" as prescribed under SEBI (Intermediaries) Regulations, 2008.

For details of the holding or proposed holding by the Investment Manager in the Trust, see "***Information Concerning the Units – Unitholding of the Sponsor, Investment Manager, Project Manager and the Trustee***" on page 197.

Brief profiles of the key personnel of the Investment Manager

1. **Darshan Vora**

Darshan Vora, aged 33 years, is the associate vice president of the Investment Manager since January 1, 2018 and is responsible for managing existing investments and structuring strategic exits. He holds a bachelor's degree in commerce from the University of Mumbai and is also an associate of the Institute of Chartered Accountants of India since May 19, 2009. He has approximately 6 years of experience in advisory services having been previously associated with L&T Infra Debt Fund Limited in the capacity of a team manager from November 2015 till August 2016, with IL&FS Financial Services Limited in the capacity of a manager as part of the asset & structured finance department from January 2012 till October 2015, and thereafter with the Investment Manager since September 1, 2016 as a senior associate.

2. **Sambasiva Uppala Rao**

Sambasiva Uppala Rao, aged 58 years, has been employed with the Investment Manager from November 28, 2018 as an investment manager. He holds a master's degree of science (technology) in applied physics and instrumentation from the Andhra University. He has previously worked at GAIL India Limited as deputy general manager (operations & maintenance). He was employed as general manager (operations & maintenance) with RGTIL and was promoted to vice-president with effect from December 1, 2008. He has over 10 years of experience in development in the infrastructure sector.

3. **Sameer Wadhawan**

Sameer Wadhawan, aged 33 years, is the associate vice president of the Investment Manager since January 1, 2017. He holds a bachelor's degree in commerce from the University of Mumbai and a master's of science in finance from the ICFAI University, Dehradun. He has been associated with the Investment Manager since August 5, 2015.

4. **Prashant Sagwekar**

Prashant Sagwekar, aged 43 years, is the vice president – finance & accounts of the Investment Manager since January 1, 2016. He holds a bachelor's degree in commerce from the K.P.B. Hinduja College of Commerce, University of Mumbai and has also passed the final examination held by the Institute of Chartered Accountants of India. He has been associated with the Investment Manager since December 1, 2012 and had joined the Investment Manager as the senior manager – finance & accounts.

5. **Amit Gupta**

Amit Gupta, aged 43 years, is the fund manager of the Investment Manager since September 21, 2018 and is responsible for the Investment Manager's investment and advisory business. He has previously worked as the vice president of investments at Urban Infrastructure Venture Capital Limited, Mumbai from May 2006 to September 2018, before joining the Investment Manager. He has been associated with the Investment Manager since September 21, 2018.

Key Terms of the Investment Management Agreement

The Investment Manager has entered into the Investment Management Agreement, in terms of the SEBI InvIT Regulations, the key terms of which, are provided below.

- *Powers of the Investment Manager*

  The Investment Manager has been provided with various powers under the Investment Management Agreement in accordance with the SEBI InvIT Regulations, including but not limited to:

  (i) *General Powers*: The Investment Manager shall, in relation to the Trust, have every and all powers and rights that are granted to the Trustee under the Trust Deed, to the extent that such powers and rights are necessary and required by the Investment Manager for the performance of its duties and discharge of its obligations under the InvIT Documents (shall mean collectively, the Investment Management Agreement, the Trust Deed, the Project Management Agreement, the Application Form and such other documents as entered into between the Trustee and/or the Investment Manager with respect to the Trust or the Units, the Placement Memorandum and such other documents in connection herewith and designated as a 'InvIT Document' by the Trustee and/or the Investment Manager) and the SEBI InvIT Regulations. Notwithstanding that certain powers are more specifically set forth in the Investment Management Agreement, at all times the exercise of powers, duties and obligations of the Investment Manager shall be subject to the terms of the InvIT Documents and the SEBI InvIT Regulations (including Regulation 10 thereof).

  (ii) Without limiting the generality of the foregoing, the Investment Manager shall also have the following powers:

    (a) Power to manage and administer the Trust and Trust Assets: The Investment Manager shall take all decisions in relation to the day-to-day management and administration of the Trust and the Trust Assets as may be incidental or necessary for the advancement or fulfilment of the Investment Objectives of the Trust in accordance with the SEBI InvIT Regulations.

    (b) Power to make investment and divestment decisions: The Investment Manager shall make the investment decisions with respect to the Trust and the Trust Assets including any further investments or divestments, subject to the SEBI InvIT Regulations and in accordance with the relevant InvIT Documents, and in this regard is also empowered to do the following acts on behalf of the Trust:

      (i) acquire, hold, manage, trade and dispose of the Trust Assets, shares, stocks, convertibles, debentures, bonds, equity, equity-related securities, debt or mezzanine securities of all kinds issued by any holding company or SPVs (including loans convertible into equity), whether in physical or dematerialised form, including power to hypothecate, pledge or create encumbrances of any kind on such securities held by the Trust in such holding company / SPVs to be used as collateral security for any borrowings by the Trust;

      (ii) without limiting the generality of the foregoing, to decide, in the manner set out in the InvIT Documents and in compliance with the SEBI InvIT Regulations and the Investment Objective, the amounts to be invested in each new entity that is to form part of the Trust and the mode, manner, terms and conditions for making such Investment and the forms of assistance including the return to be earned therefrom, and to realize such Investments and income and distribute the same to the Unitholders as per the terms contained herein and the InvIT Documents and in compliance with the SEBI InvIT Regulations;

      (iii) keep the monies comprised in the Trust Assets in deposit with banks or in such other instruments or form as permitted under the SEBI InvIT Regulations in the name of the Trust;

      (iv) collect and receive the profit, interest, repayment of principal of debt or debt like or equity or equity like mezzanine securities, dividend, return of capital of any type by the SPV/ any holding company and any other income of the Trust, as and when the same may become due and receivable;

(v) make Investments as set out in the InvIT Documents and Investment Objective and in the manner and to the extent permitted under the SEBI InvIT Regulations (including particularly under Regulation 18 of the SEBI InvIT Regulations);

(vi) structure investments through one or more investment vehicles in order to address tax or regulatory considerations.

(c) Objects of the Trust: The Investment Manager is hereby authorized to do all such other acts, deeds and things as may be incidental or necessary for the advancement or fulfillment of the Investment Objective of the Trust, as set out in the Trust Deed.

(d) Power to issue and to accept subscription to Units of Trust: The Investment Manager shall have the power to cause the issue and allotment of Units, including specifically in accordance with Regulation 14 of the SEBI InvIT Regulations. The Investment Manager shall have the power to accept Capital Contributions for the Trust and subscriptions to Units and undertake all related activities.

(e) Power to maintain register of Unitholders: The Investment Manager shall cause the Depository to maintain a register of Unitholders.

(f) Power to make reserves: Subject to the provisions of the SEBI InvIT Regulations (including particularly the requirements to make distributions in accordance with Regulation 18(6) of the SEBI InvIT Regulations) and other applicable law, the Investment Manager shall, as it may deem proper, make such reserves out of the income or capital of the Trust.

(g) Power to borrow: The Investment Manager may cause the Trust to issue debentures, borrow or to defer payments, subject to applicable law (including the requirement to procure approvals from the Unitholders in accordance with the SEBI InvIT Regulations).

(h) Power to exercise rights in respect of the Trust Assets: Subject to and in compliance of any conditions laid out in the SEBI InvIT Regulations and other applicable law, the Investment Manager shall have the power to exercise all rights in relation to the shareholding of Trust in the holding companies / SPVs and other assets underlying the Trust Assets, including voting rights, rights to appoint directors (in consultation with the Trustee), whether pursuant to securities held by the Trust, or otherwise.

(i) Power to appoint professional service providers, intermediaries and agents:

(i) The Investment Manager, in consultation with the Trustee, shall have the power to appoint, determine the remuneration of and enter into, execute, deliver, perform, modify or terminate all documents, agreements and instruments containing customary terms including contractual indemnities with valuers, auditors, registrar and transfer agents, merchant bankers, credit rating agencies, search agents, property consultants, brokers, legal, financial and tax consultants or any other intermediary or professional service provider or agent as may be required in connection with the activities of the Trust in a timely manner and as per the provisions of the SEBI InvIT Regulations and other applicable law. Provided that any such appointee shall act under the supervision of the Investment Manager and the Investment Manager shall ensure that all activities of such intermediary or agent or service provider appointed by the Investment Manager are in accordance with the SEBI InvIT Regulations and guidelines or circulars issued thereunder.

(ii) The Investment Manager shall not be responsible for the default or violation by any such professional service provider, intermediary or agent of their terms of service, if employed in good faith to transact any business identified in the arrangement with them.

(iii) All fees in relation to such professional service providers, intermediaries and agents shall be determined by the Investment Manager in consultation with the Trustee and shall be to the account of the Trust, to be paid out of the monies comprised in the

Trust Assets. Provided that remuneration of a valuer shall not be linked to or based on the value of the Investments being valued by the valuer. The Investment Manager shall be entitled to rely on the information, data, opinions and reports provided by such professional service providers, intermediaries and agents.

(iv) The Investment Manager shall not appoint an Auditor, Valuer and such other intermediaries or agents (as applicable) for consecutive periods greater than as permitted under the SEBI InvIT Regulations, without the consents of Unitholders or governmental agencies, as may be required under the SEBI InvIT Regulations or other applicable law.

(j) Power to appoint Custodians: The Investment Manager may appoint any custodian in order to provide custodian services, oversee the activities of the custodian, and may permit any Trust Asset (and/ or any documents pertaining thereto, as applicable) to be and remain deposited with a custodian, subject to such deposit as authorised by the Trustee and permissible under the applicable law.

(k) Power to pay duties and taxes: In the event of any duties, fees or taxes (and any interest or penalty chargeable thereon) whatsoever becoming payable in any jurisdiction in respect of the Trust or in respect of documents issued or executed in pursuance of the Trust Deed in any circumstances whatsoever, the Investment Manager, shall have the power and duty to pay all such duties, fees or taxes and any interest or penalty thereon as well as to create any reserves for future potential tax liability out of the Trust's income. For the avoidance of doubt, it is clarified that pursuant to this, no Unitholder will be required to make a Capital Contribution to the Trust (other than the issue price for Units allotted).

(l) Power to spend on behalf of the Trust: The Investment Manager shall have the power to pay operating expenses out of the monies comprised in the Trust Assets.

(m) Power to take counsel's opinion*:* The Investment Manager shall have the power to take the opinion of legal / tax counsel in any jurisdiction concerning any difference arising under the Investment Management Agreement or any matter in any way relating to the Investment Management Agreement or to its duties in connection with the Investment Management Agreement.

(n) Power to re-invest: Subject to the conditions laid down in any InvIT Documents and the Investment Objective and as permissible under the SEBI InvIT Regulations, the Investment Manager, may retain for the purpose of reinvestment into a potential holding company / SPV, any proceeds received by the Trust from any sale of any Trust Assets or any holding company / SPV or any shares or interest in the holding company or SPV. In such circumstances, the Investment Manager shall not be required to distribute any amounts retained for re-investment to the Unitholders.

(o) Power to make policies: The Investment Manager may, make internal policies to generally evolve, formulate and adopt from time to time such policies and procedures as may be conducive for the effective administration and management of the Trust and the attainment of the Investment Objective, in accordance with the InvIT Documents and the SEBI InvIT Regulations. In particular, and without prejudice to the generality of such power, the Investment Manager may provide for all or any of the following matters namely:

(i) norms of investment by the Trust in accordance with the Investment Objective of the Trust and in accordance with the powers and authorities of the Trustee as set out in the Trust Deed and those delegated to the Investment Manager;

(ii) matters relating to entrustment / deposit or handing over of any documents, etc. pertaining to the Investments of the Trust in the holding companies/ SPVs or other assets, to one or more custodians and the procedure relating to the holding thereof by the custodian;

(iii) such other administrative, procedural or other matters relating to the administration

or management of the affairs of the Trust and which matters are not by the very nature required to be included or provided for in the Trust Deed or the Investment Management Agreement;

(iv) procedure for seeking approval of the Unitholders in compliance with the SEBI InvIT Regulations; and

(v) procedure for summoning and conducting of meetings of Unitholders.

Provided that, in case of any inconsistencies between the rules or policies framed by the Investment Manager and the InvIT Documents, the terms of the InvIT Documents shall prevail.

(p) Power to restrict right to inspect: Subject to applicable law, the Trustee acknowledges that no Unitholder shall be entitled to inspect or examine the Trust's premises or properties without the prior permission of the Investment Manager. Further, no Unitholder shall be entitled to require discovery of any information with respect to any detail of the Trust's activities or any matter which may be related to the conduct of the business of the Trust and which information may, in the opinion of the Investment Manager adversely affect the interest of other Unitholders.

(q) Power to buyback Units: Investment Manager may facilitate the buyback of Units from the Unitholders by the Trust, at the end of the term of the Trust or in any other manner in accordance with applicable law.

(r) Power to delegate: The Investment Manager may delegate its administrative duties under the Investment Management Agreement and may appoint advisors and consultants to assist with the same, the cost of which shall be borne by the Trust. Regardless of any delegation, the Investment Manager will remain liable for any delegatee's acts of commission or omission as if the Investment Manager would itself have been responsible and liable under the Investment Management Agreement for that act of commission or omission. Any action taken by such delegatee in respect of the Trust shall be construed as an act done by the Investment Manager.

(iii) *Other Powers*: Without prejudice to any other provisions of the InvIT Documents and subject to the SEBI InvIT Regulations, the Investment Manager shall also have the following powers and authorities exercisable without any further act or approval or vote of the Unitholders:

(a) to open one or more bank accounts, demat accounts and any other accounts for the purposes of the Trust, to deposit and withdraw money and fully operate the same;

(b) negotiate and execute contracts, and/or terminate or modify such contracts and do all such acts, deeds and things for or on behalf of or in the name of the Trust as the Investment Manager may consider expedient for managing the Trust (including without limitation entering into, modifying or terminating rent agreements for use of office space for the Trust, maintenance service arrangements for the office of the Trust, share purchase agreements for acquisition of entities that are to be included as SPVs under the Trust, indemnity agreements, deed of right of first offer and refusal, escrow agreements, debt documentation, underwriting agreements, any investment pooling agreement, agreement relating to strategic investments, co-investment agreements);

(c) to vary, alter, postpone, extend or cancel the terms and conditions of agreements in relation to the Investments, as entered into with the relevant SPVs;

(d) to ascertain, appropriate, declare and distribute or reinvest the surplus comprised in the Trust Assets in compliance with the SEBI InvIT Regulations, to determine and allocate income, profits and gains and expenses in respect of the Trust to and amongst the Unitholders;

(e) to sign, seal, execute, deliver and register according to law all deeds, documents, and assurances in respect of the Trust;

(f) along with the Trustee, initiate, prosecute and/or defend any action or other proceedings in any court of law or through arbitration or in any other manner for recovery of debts or sums of money, for any claim, actions or suits in respect of and pertaining to the Trust, right, title or interest in the Trust Assets or any other matter in connection therewith, and to discontinue or settle any of the above, as the Investment Manager shall in its best judgment or discretion deem fit;

(g) to sign and verify all written statements, petitions, appeals, declarations, revisions and applications in connection with any proceedings in (f) above and have power to refer any claim to arbitration and to perform, observe and challenge the awards;

(h) to issue statement of accounts or Unit certificates (if requested) to the Unitholders on behalf of the Trustee. In case Unit certificates have been issued to the Unitholders, to submit the Units for dematerialisation and to make all applications and execute all documents with the Depositories and depository participants as may be necessary in this regard;

(i) to retain and pay to the relevant governmental agencies, any amounts that the Trustee or the Investment Manager is required to, or may deem prudent to, withhold from the amounts to be distributed to the Unitholders;

(j) to set up such systems and procedures, and submit such reports, as may be required by the Trustee as necessary for effective monitoring of the functioning of the Trust. The Trustee shall intimate SEBI of any failure by the Investment Manager to submit such reports in a timely manner;

(k) to ensure that the Trust Assets have proper legal title and that all the material contracts entered into on behalf of the Trust are legal, valid, binding and enforceable by and on behalf of the Trust;

(l) to make and give receipts, releases and other discharges for moneys payable to the Trust and for the claims and demands made or to be made by the Trust;

(m) generally, to exercise all such powers as it may be required to exercise under the SEBI InvIT Regulations and do all such matters and things as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Investment Management Agreement and the SEBI InvIT Regulations, in relation to the Trustee, Unitholders, Trust Assets and the holding companies/ SPVs.

- *Duties of the Investment Manager*

(i) Duty to manage the Trust: The Investment Manager shall coordinate with the Trustee, as may be necessary, with respect to the operations of the Trust.

(ii) Duty to undertake valuation: The Investment Manager shall have the Trust Assets valued by an independent valuer and submit the same to the Stock Exchange and Unitholders in accordance with and within the timeframes prescribed in the SEBI InvIT Regulations (including particularly Regulation 21 therein). The Investment Manager shall ensure that the computation and declaration of net asset value (as defined in the SEBI InvIT Regulations) of the Trust is based on the valuation done by the Valuer, in accordance with the SEBI InvIT Regulations.

(iii) Insurance: The Investment Manager shall maintain adequate insurance coverage for the Trust Assets in accordance with the SEBI InvIT Regulations and shall ensure that assets held by the SPVs and any holding company are adequately insured. Provided that, the requirement to maintain insurance for SPVs and any holding company shall not arise in case the assets have been insured (and maintained on an on-going basis) by any other person under any agreement including a concession agreement or shareholders' agreement or pursuant to applicable law or direction of a governmental agency.

(iv) Distributions: The Investment Manager shall declare distribution to Unitholders in accordance with Regulation 18 of the SEBI InvIT Regulations. Subject to applicable law, such percentage of the net distributable cash flows of the holding company / SPVs shall be distributed to the Trust and such percentages of the net distributable cash flows of the Trust shall be distributed to the Unitholders (in the ratio of the beneficial interest of the Unitholders), and within such time periods, as may be prescribed in the SEBI InvIT Regulations. The Investment Manager shall maintain a record (for such periods as may be prescribed by the SEBI InvIT Regulations) of the distributions declared and made to the Unitholders.

(v) Meeting of Unitholders:

(a) The Investment Manager shall convene meetings of the Unitholders in accordance with the SEBI InvIT Regulations (including specifically Regulation 22 therein) and maintain records pertaining to the meetings in accordance with the SEBI InvIT Regulations (including specifically Regulation 26 therein).

(b) The Investment Manager shall convene meetings of the Unitholders at least once every year within requisite number of days from the end of a financial year (as prescribed under the SEBI InvIT Regulations) with the period between such meetings not exceeding such number of months as is prescribed under the SEBI InvIT Regulations.

(c) The Investment Manager shall be responsible for all the activities pertaining to conducting of meeting of the Unitholders, subject to overseeing by the Trustee in all cases other than where the meetings are on issues pertaining to the Trustee. Provided that, for Unitholder meeting related to issues related to Investment Manager such as change, removal or change in control of the Investment Manager, the Unitholder meetings shall be convened and conducted by the Trustee.

(vi) Change in control: The Investment Manager shall intimate the Trustee prior to any change in control of the Investment Manager to enable the Trustee to seek approval from the Unitholders and SEBI in this regard and shall ensure that any change is given effect to in compliance with any provisions of the SEBI InvIT Regulations and applicable law.

(vii) Monitoring: The Investment Manager will monitor the InvIT, including monitoring current and projected financial position of the Trust and the Trust Assets including the holding company / SPVs. The Investment Manager shall place before its board of directors, a report on the activity and performance of the Trust, in accordance with and in the manner and at the frequency prescribed in the SEBI InvIT Regulations. The Investment Manager shall designate an employee or a director as the compliance officer for monitoring of compliance with the SEBI InvIT Regulations and any circulars or guidelines issued thereunder and intimating SEBI in case of non-compliance.

(viii) Maintenance of records: The Investment Manager shall maintain records pertaining to the activity of the Trust in terms of the SEBI InvIT Regulations (including specifically Regulation 26 therein).

(ix) Duty in relation to the Investment Objectives: The Investment Manager shall manage the Trust in accordance with the SEBI InvIT Regulations and the Investment Objectives of the Trust, and shall ensure that the investments made by the Trust are in accordance with the investment conditions enumerated in the SEBI InvIT Regulations (including specifically Regulation 18 therein), the Investment Objectives of the Trust and are solely in the interest of the Unitholders.

(x) Redressal of Complaints: The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of the Trust.

(xi) Submissions to Trustee: The Investment Manager shall submit to the Trustee:

(a) quarterly reports on the activities of the Trust including receipts for all funds received by it and for all payments made, status of compliance with the SEBI InvIT Regulations, specifically Regulations 18, 19 and 20 therein, performance report, status of development of under-construction properties, within the time periods specified under the SEBI InvIT Regulations;

(b) valuation reports as required under the SEBI InvIT Regulations within the time period specified under the SEBI InvIT Regulations;

(c) decision to acquire or sell or develop any property or expand existing completed assets or projects along with rationale for the same;

(d) details of any action which requires approval from the Unitholders as may be stipulated under the SEBI InvIT Regulations;

(e) details of any other material fact including change in its directors, any legal proceedings that may have a significant bearing on the activity of the Trust, within such time period as required under the SEBI InvIT Regulations;

(f) details of any breach of the investment conditions specified under the SEBI InvIT Regulations on account of market movements of the price of the investments;

(g) quarterly reports on the effective monitoring of the functioning of the Trust as per the SEBI InvIT Regulations;

(h) details of any borrowings exceeding such percentage of the value of the Trust Assets as may be prescribed by the SEBI InvIT Regulations on account of market movements of the price of the investments; and

(i) any other reports, presentations, documents, as may be required under the InvIT Documents and applicable law including the SEBI InvIT Regulations.

The Trustee shall intimate SEBI of any failure by the Investment Manager to submit information or reports as specified above in a timely manner.

(xii) Listing of Units: The Investment Manager shall be responsible for all activities pertaining to the issue and listing of the Units in accordance with the SEBI InvIT Regulations and other applicable laws, including:

(a) filing of Preliminary Placement Memorandum or Placement Memorandum with SEBI;

(b) filing the draft and final Placement Memorandum with SEBI and the Stock Exchange within the prescribed time period;

(c) dealing with all matters up to allotment of Units to the Unitholders;

(d) obtaining in-principle approval, and final listing and trading approvals from the Stock Exchange;

(e) dealing with all matters relating to the issue and listing of the Units as specified under Chapter IV of the SEBI InvIT Regulations and any guidelines as may be issued by SEBI in this regard.

The Investment Manager is also responsible to ensure that all relevant provisions of the SEBI InvIT Regulations and other applicable law have been complied with and all statements and disclosures made in any Preliminary Placement Memorandum or Placement Memorandum comply with the SEBI InvIT Regulations and other applicable law, contain material, true, correct, not misleading and adequate disclosures in order to enable the investors to make an informed decision, do not provide guaranteed returns to the investors, not be misleading and not contain any untrue statements or mis-statements and shall include such other disclosures as may be specified by SEBI.

(xiii) Delisting of units and winding up of the Trust: In case of occurrence of any event specified in Regulation 17(1) of the SEBI InvIT Regulations, the Investment Manager shall apply for delisting of units of the Trust to SEBI and the Stock Exchange in accordance with the SEBI InvIT Regulations and applicable law.

(xiv) Submission of half yearly and annual report: The Investment Manager shall within the time period prescribed under the SEBI InvIT Regulations, submit half yearly and annual report to all the Unitholders.

(xv) Disclosures: The Investment Manager shall, in accordance with the requirements of the SEBI InvIT Regulations and other applicable laws, including any requirements prescribed by SEBI or the Stock Exchange from time to time, disclose to Stock Exchange any information having bearing on the operation or performance of the Trust as well as price sensitive information and other information that is required in terms of the SEBI InvIT Regulations and applicable law (including particularly the requirements under Regulation 23(5) of the SEBI InvIT Regulations). The Investment Manager shall ensure that the disclosures or reporting to the Unitholders, SEBI, Trustee and Stock Exchange, are in accordance with the SEBI InvIT Regulations and guidelines or circulars issued thereunder. The Investment Manager shall provide to the SEBI and to the Stock Exchange, where applicable, any such information as may be sought by the SEBI or the Stock Exchange, pertaining to the activities of the Trust.

(xvi) Related Party Transactions: The Investment Manager (along with the Trustee) shall ensure that all Related party transactions in relation to the Trust are on an arms-length basis and are consistent with the Investment Objective of the Trust and shall be disclosed to the Stock Exchange and Unitholders periodically in accordance with the relevant listing agreement of the Trust and the SEBI InvIT Regulations. Details of fees and commissions received by Related Parties are required to be disclosed to Unitholders and the Stock Exchange, in accordance with the SEBI InvIT Regulations.

(xvii) Title to the Trust Assets: The Investment Manager shall ensure that the Trust Assets have proper legal titles, if applicable, and that all the material contracts entered into on behalf of the Trust or the Project SPV are legal, valid, binding and enforceable by and on behalf of the Trust or the Project SPV.

(xviii) Conflict of Interest: The Investment Manager shall review the transactions carried out between the Project Manager and its Associates and where the Project Manager has advised that there may be a conflict of interest, shall obtain confirmation from the practicing chartered accountant or the Valuer, as applicable, that such transaction is on arm's length basis.

(xix) Other Duties: Without prejudice to any other provision of the Investment Management Agreement, the Investment Manager will also have the following duties and obligations:

(a) maintain regular interaction with the Trustee on performance of the Trust and providing the Trustee with any information in relation to the operations of the Trust, as may be required;

(b) keep the Unitholders updated on investment activities of the Trust in compliance with the SEBI InvIT Regulations and in accordance with the terms of the InvIT Documents;

(c) to ensure that it has and continues to have adequate infrastructure and sufficient key personnel with adequate experience and qualification to undertake management of the Trust;

(d) to fulfil any other duty, obligation and responsibility that may be required of the Investment Manager, in accordance with, and within the timelines prescribed under (if any) the provisions of the SEBI InvIT Regulations.

(xx) The Investment Manager shall provide to the Trustee such assistance as may be required by the Trustee in fulfilling its obligation towards the Trust under applicable law or as may be required by any regulatory authority with respect to the Trust.

- *Liabilities of the Investment Manager*

The liabilities of the Investment Manager in terms of the Investment Management Agreement are as follows:

(i) *Assets received by the Investment Manager:* The Investment Manager shall only be liable or responsible for such monies, stocks, funds, shares, assets, investment, property or securities as the

Investment Manager shall have actually received and shall not be liable or responsible for any banker, broker, administrator, custodian or other person in whose hands the same may be deposited or placed, nor for the deficiency or insufficiency in the value of any investments of the Trust nor otherwise for any involuntary loss. Any receipt signed by the Investment Manager for any monies, stocks, funds, shares, assets, securities, investment or property, paid, delivered or transferred to the Investment Manager under or by virtue of the Investment Management Agreement or in exercise of the duties, functions and powers of the Investment Manager shall effectively discharge the Investment Manager or the person or persons paying, delivering or transferring the same therefrom or from being bound to see to the application thereof, or being answerable for the loss or misapplication thereof provided that the Investment Manager and such persons shall have acted in good faith, without negligence and shall have used their best efforts in connection with such dealings and matters.

(ii) *Acts done in good faith:* The Investment Manager shall not be under any liability on account of anything done or omitted to be done or suffered by the Investment Manager in good faith.

(iii) *Suits, proceedings or claims against the Trust:* The Investment Manager shall not be under any obligation to institute, acknowledge the service of, appear in, prosecute or defend any action, suit, proceedings or claim (including tax proceedings) in respect of the provisions of the Investment Management Agreement or other InvIT Documents in respect of the investments or any part of such investments or any corporate or shareholders' action which in its opinion, would or might involve expense or liability unless it is satisfied that the value of the investment is sufficient to provide adequate indemnity against costs, claims, damages, expenses or demands to which it may be put as the trustee as a result thereof.

(iv) *Bona fide action by the Investment Manager:* The Investment Manager shall not be liable in respect of any action taken or damage suffered by it on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or (without being limited in any way by the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities.

(v) *Acts or things required to be done by the Investment Manager under law:* The Investment Manager shall not be liable to the Unitholders for doing or failing to do any act or thing which, by reason of force majeure or any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request announcement or similar action (whether of binding legal effect or not), may be taken or made by any person or body acting with or purporting to exercise the authority of any government (which legally or otherwise) unless it shall be directed or requested to do or perform or to forbear from doing or performing. If, for any reason it becomes impossible or impracticable to carry out any of the provisions of the Investment Management Agreement, the Investment Manager shall not be under any liability therefore or thereby.

(vi) *Authenticity of signature and seal:* The Investment Manager shall not be responsible to any Unitholder for the authenticity of any signature or any seal affixed to any endorsement on any certificate or to any transfer or form of application endorsement or other document affecting the title to or transmission of interests in the Trust or of any investments of the Trust or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Investment Manager shall be entitled but not bound to require that the signature of any Unitholder to any document required to be signed by him under or in connection with the Investment Management Agreement shall be verified to the Investment Manager's reasonable satisfaction.

(vii) *Information regarding the Trust, etc.:* If the Investment Manager is required by applicable laws or any other laws to provide information regarding the Trust and/or the Unitholders, the investments of the Trust and income or proceeds therefrom and provisions of the Investment Management Agreement and complies with such request in good faith, whether or not it was in fact enforceable, the Investment Manager shall not be liable to any of the Unitholders or to any other party as a result of such compliance or in connection with such compliance.

(viii) *Depletion in the value of the Trust Assets:* The Investment Manager shall not incur any liability for

doing or (as the case may be) failing to do any act or thing which may result in a loss to a Unitholder (by reason of any depletion in the value of the Trust Assets or otherwise), except in the event that such loss is a result of disabling conduct on the part of the Investment Manager.

(ix) *Limited Liability:* The Investment Manager shall not be personally liable for any losses (including indirect or consequential losses), costs, damages or expenses incurred in any way arising from anything which the Investment Manager does or fails to do. Further, the liability of the Investment Manager shall not exceed the fees received by the Investment Manager as Management Fees, as defined below, except in case of the Investment Manager engaging in disabling conduct.

(x) *Investment Manager entitled to reimbursement:* If the Investment Manager engages any external advisors or experts (in accordance with the Investment Management Agreement), to discharge its obligations under the Investment Management Agreement, or undertakes any work (in the interest of the Unitholders) which is not covered within the scope of work of the Investment Manager under the Investment Management Agreement and such additional work is beyond the obligations of the Investment Manager under applicable laws, the Investment Manager shall be entitled to recover such costs, charges and expenses which the Trustee may incur in this regard, from the funds of the Trust.

(i) *Fees and Expenses*:

The following comprise the fees payable to the Investment Manager in accordance with the Investment Management Agreement:

(i) *Management Fees:* In consideration of the services to be rendered by the Investment Manager, the Investment Manager shall be paid management fees as set out in the Investment Management Agreement.

(ii) *Operating Expenses*: The Investment Manager will be reimbursed for expenses incurred by the Investment Manager in the performance of its obligations under the Investment Management Agreement by the Trustee out of the funds available with the Trust and the initial settlement amount received for settling the Trust.

(iii) *Transaction Expenses*: In addition to the operating expenses described above, the Investment Manager and / or any of its affiliates are entitled to be reimbursed for expenses incurred in connection with any investments in holding companies and/or SPVs made by the Trust, including out-of-pocket costs and expenses incurred with regard to investing in, monitoring and disposing of the investments of the Trust. This would include any financing, legal, accounting, travel, investigatory, advisory and consulting expenses (to the extent not reimbursed by any holding companies / SPVs) and fees (arrangement fees, underwriting fees, valuation fees or monitoring fees, directors' fees) which may be borne by the Investment Manager.

- *Indemnity*

(i) The Trust has agreed to indemnify and hold harmless the Trustee, the Investment Manager, the Sponsor and their respective affiliates, directors, officers, employees, shareholders, partners, advisors, members or agents and members of any committee constituted by the Investment Manager and/or Sponsor (each, a "**Protected Person**") from and against any and all liabilities (including tax, interest and penalty), claims, costs, losses, damage and expenses (including reasonable attorney's fees and costs) arising out of or in connection with the Trust or any other matters set out in the InvIT Documents (as specified under the Investment Management Agreement), in each case, subject to any exceptions set out in the InvIT Documents or where such Protected Person has engaged in disabling conduct (as specified under the Investment Management Agreement) in respect of the matter for which it is to be indemnified.

(ii) The right of any Protected Person to indemnification as provided under the InvIT Documents shall be cumulative of, and in addition to, any and all rights to which such Protected Person may otherwise be entitled by contract or as a matter of law or equity and will extend to such Protected Person's successors, assigns and legal representatives.

(iii) If the Trustee determines in its sole discretion that it is appropriate or necessary to do so, the Trustee, on the advice of the Investment Manager may establish reasonable reserves, escrow accounts or similar accounts to fund obligations with respect to such indemnification.

- *Termination*

(i) The Investment Management Agreement shall continue from the date of execution of the Investment Management Agreement for a Term (as is specified under the Trust Deed). The Investment Management Agreement (along with the appointment of the Investment Manager) may be terminated by the Investment Manager by delivery of a written notice to the Trustee at any time, subject to the approval of the Unitholders and the SEBI in accordance with the SEBI InvIT Regulations. The Investment Management Agreement may be terminated by the Trustee on the occurrence of any of the following events:

(i) if the board of directors of the Investment Manager passes a resolution for the Investment Manager to be voluntarily wound up under the applicable laws at such time, or any order of winding up against the Investment Manager is passed by any court or tribunal;

(ii) in the event the Investment Manager is held to be insolvent or a receiver is appointed to all or a substantial portion of the assets of the Investment Manager;

(iii) if the SEBI or any other governmental or regulatory authority passes a direction to remove the Investment Manager;

(iv) in the event that the Investment Manager desires to resign, it may submit its resignation to the Trustee;

(v) in the event of termination by Trustee on account of material breach by the Investment Manager of the terms and conditions of the Investment Management Agreement; and/or

(vi) in the event that the Unitholders holding such percentage of the Units as prescribed in the SEBI InvIT Regulations elect in writing to terminate the services of the Investment Manager and appoint a new investment manager in accordance with the SEBI InvIT Regulations.

The Trustee shall follow the procedure specified in the SEBI InvIT Regulations (including Regulation 9(15) and Regulation (22) upon the occurrence of any of the above events.

(ii) Upon removal or replacement of the Investment Manager, the Investment Manager shall transfer to the Trustee, and deliver to the Trustee, all books of accounts, correspondence, documents and records relating to the Trust which the Investment Manager has in its possession.

(iii) In the event of removal or resignation of the Investment Manager, the Investment Manager shall be entitled to receive fees and reimbursements as specified under the Investment Management Agreement only for the period for which the Investment Manager remains the investment manager of the Trust. However, this shall mean that the Investment Manager is required to return any fees and/ or reimbursements already paid to it.

(iv) Every new investment manager appointed pursuant to this termination clause of the Investment Management Agreement shall have the powers, authorities and discretion, and shall in all respects act and be liable as if originally appointed as an investment manager under the Investment Management Agreement. Notwithstanding termination under the Investment Management Agreement, the Investment Manager shall continue to be liable for all its acts of default, omissions and commissions prior to such termination.

(v) Except as set forth in the termination clause of the Investment Management Agreement, upon termination of the Investment Management Agreement, the powers, rights and obligations of the parties under it shall terminate except to the extent of rights and obligations accrued prior to such termination.

D. The Project Manager – ECI India Managers Private Limited

History and Certain Corporate Matters

ECI India Managers Private Limited ("**ECI**") is the Project Manager of the Trust appointed pursuant to the project management agreement entered into among the Project Manager, the Trustee, the Investment Manager and PIPL dated February 22, 2019 ("**Project Management Agreement**"). ECI was incorporated as a private limited company, originally named ECI Properties Private Limited, with the corporate identification number U74999MH2018PTC307880, in Mumbai, India on April 12, 2018 under the provisions of the Companies Act, 2013. The name of the Project Manager was changed to ECI India Managers Private Limited with effect from July 26, 2018. Its registered office is situated at F-83, 1st Floor, Profit Centre Mahavir Nagar, Kandivali West, Mumbai 400 067, Maharashtra, India. For further details, see "***General Information***" on page 106.

Background and past experience of the Project Manager

The Project Manager is a newly incorporated entity and is a wholly owned subsidiary of the Sponsor and has been appointed as the project manager to the Trust pursuant to the Project Management Agreement dated February 22, 2019. The Project Manager, shall through the Contractor appointed under the O&M Agreement, undertake operations and management of the Trust Assets, including making arrangements for the appropriate maintenance of such assets. The operation and maintenance of a section of the Pipeline from compressor station 8 to compressor station 10 being undertaken by the Contractor will be further sub-contracted to the Sub-Contractor in accordance with the O&M Sub-Contract Agreement.

Further, as of the date of this Preliminary Placement Memorandum, the Project Manager is in compliance with the eligibility criteria provided under Regulation 4 of the SEBI InvIT Regulations and is a "fit and proper person" as prescribed under SEBI (Intermediaries) Regulations, 2008.

For details of the holding or proposed holding by the Project Manager in the Trust, see "***Information Concerning the Units – Unitholding of the Sponsor, Investment Manager, Project Manager and the Trustee***" on page 197.

Key terms of the Project Management Agreement

The Project Manager, Trustee, the Investment Manager and PIPL have entered into the Project Management Agreement in terms of the SEBI InvIT Regulations, the key terms of which, are provided below:

- *Scope of Services:*

  (i) *Services:* The services to be provided by the Project Manager under the Project Management Agreement *inter alia* include the following:

  (a) *operational services* such as operating the control room, operating SCADA, ensuring compliance with requirements under GTAs;
  (b) *work control services* such as management of the 24/7 response to emergency work, undertaking corrective work, major overhauls and repairs;
  (c) *maintenance services* comprising:
  (i) pipeline integrity services such as corrosion protection, external interference management,
  (ii) services specific to stations, metering, off-takes and injections points, such as pressure checks, operational check, structural checks,
  (iii) emergency response services,
  (iv) right of way related services including pipeline patrol, overseeing easement sharing with other pipelines,
  (d) *asset management and engineering services* such as conducting engineering audits, managing asset information utilising the geographic information system, forecasting gas throughput and demand, monitoring and reporting of performance of the Pipeline;
  (e) *asset development services* such as managing extensions, expansions and other capital works on the Pipeline (as approved by PIPL), conducting pipeline modelling and simulations to determine capacity as requested by PIPL;
  (f) *liaison services* involving relationship management with third parties for access arrangements, maintenance of easements;

(g) *administration services* such as purchasing, receiving, accounting and managing storage of materials and equipment; and

(h) *other services* such as in respect of litigation, arbitration proceedings or regulatory processes in relation to the Pipeline which would include notifying PIPL of proceedings and providing assistance in this respect.

(ii) *Standard of performance:* The Project Manager *inter alia* is required to act in accordance with (a) terms of the Project Management Agreement, (b) all applicable laws, and (c) all relevant operating approvals including permits, licences, approvals, consents and other forms of authorisations including from the PNGRB in respect of the Pipeline.

(iii) *Minimum functional operational specifications*: The Project Manager is required to comply with certain minimum functional operational specifications (as detailed in the Project Management Agreement) based on key performance indicators which *inter alia* include:

- *Efficiency in emergency responses* i.e. evaluating the efficiency in response to emergencies in terms of time taken from communication to first attendance;
- *Unplanned interruption to supply* i.e. to evaluate the reliability of the operation and maintenance activities on the assets of gas transportation;
- *Maintenance plan compliance index* which is a parameter to check the monthly execution of maintenance plans;
- *Uncounted gas index* i.e. to evaluate the balance of gas pipelines/systems and identify potential measurement failures; and
- *Gas leak not predicted* i.e. to evaluate the reliability of the operation and maintenance activities by accounting of non-controlled gas release occurrences (unexpected situations).

(iv) *Responsibility for obtaining permits:* The Project Manager is responsible for procuring and maintaining all required licenses, approvals, permits, authorisations etc. which may be required for the operation and maintenance of the Pipeline, including being responsible for those required to be obtained or maintained in the name of PIPL, other than the authorisation from the PNGRB which PIPL is responsible for obtaining and maintaining.

- *Term:* The Project Management Agreement is effective from the date the Trust acquires the entire equity share capital of PIPL until terminated in accordance with the provisions of the agreement and the SEBI InvIT Regulations.

- *Sub-Contracting:* The Project Manager may sub-contract any of the services enlisted in the Project Management Agreement to a contractor but will remain solely responsible for ensuring the fulfilment of its obligations under the InvIT Documents and the SEBI InvIT Regulations.

- *Duties of the Project Manager* – Certain duties of the Project Manager are as listed below:

(i) undertaking operations and management of PIPL and making arrangements for fulfilment of the services either directly or through the appointment and supervision of agents and/or a contractor;

(ii) overseeing the progress of development, approval status and other aspects of any under-construction projects being executed by PIPL, or any expansion of the Pipeline, or, of any new project proposed to be executed by PIPL, either directly or indirectly through agents if so required by the Trustee (in consultation with the Investment Manager) in accordance with any agreement that may be entered into in this regard;

(iii) intimating the Trustee prior to any change in control of the Project Manager for seeking approval from the relevant authority in accordance with applicable law or the InvIT Documents;

(iv) providing to the Trustee and Investment Manager, all information that may be necessary for maintain the records of the Trust and as may be required for making submissions to the SEBI or other government entities, including with respect to relevant approvals, consents and other documents required in relation to PIPL and the reporting requirements under the SEBI InvIT Regulations, in a proper and timely manner;

(v) ensuring that the transactions or arrangements entered into by the Project Manager with any related party is on an arm's-length basis and informing the Trustee and the Investment Manager regarding any actual or potential conflict of interest and obtaining and submitting to the Investment Manager a certificate issued by a practicing chartered accountant or a valuer (as applicable) confirming that such transaction is on arm's length basis; and

(vi) exercising diligence and vigilance in carrying out its duties and protecting the commercial interests of PIPL, taking all reasonable steps to mitigate the risks which may be encountered by the Trust in respect of PIPL, and keeping the Investment Manager informed on all matters which have or may have a material bearing on the operations of PIPL.

(ii) *Obligations of PIPL* – There are certain obligations on PIPL, as stated in the Project Management Agreement, including providing all information reasonably required by the Project Manager or the Contractor for the performance of services enlisted in the Project Management Agreement, including with respect to:

a. relevant approvals, consents, powers of attorney, authorizations and other documents required in relation to PIPL;
b. providing access to the books of accounts, documents and any corporate records; providing details of transactions, decisions and data in relation to PIPL;
c. ensuring that all reports submitted to it are promptly made available to the Project Manager and provide any details in this regard as requested by the Project Manager; and
d. ensuring that it responds to the regulators and takes all steps to remedy the regulatory situation in line with the advice given by the Project Manager.

PIPL, in relation to its obligations, is required to follow the instructions of the Project Manager as long as they do not contravene applicable law, the InvIT Documents or the SEBI InvIT Regulations.

PIPL is required to take and maintain insurance including third party liability insurance, workmen's compensation insurance and such other insurances as may be agreed / required between the parties for the obligations under the Project Management Agreement, to adequately cover the losses that may be suffered by PIPL on account of the risks therein mentioned.

(iii) *Consideration* – In consideration of the services to be rendered by the Project Manager under the Project Management Agreement, it shall receive a fee from the Trustee from the funds of the Trust, or from PIPL, in such proportion, as may be determined from time to time.

(iv) Termination – The Project Management Agreement may be terminated as follows:

- automatically, if:

  (i) the Trust ceases to hold any equity shares of PIPL, in accordance with the provisions of the PIPL SHA;

  (ii) the offer of the Units does not occur within the time period stipulated in the SEBI InvIT Regulations or such other date as mutually agreed between the parties to the Project Management Agreement;

  (iii) registration of the Trust with the SEBI is cancelled; or

  (iv) the Trust is wound up in accordance with the SEBI InvIT Regulations.

- by the Investment Manager, after consultation with the Trustee, by delivery of a written notice to the Project Manager at any time (with prior intimation to PIPL), upon breach of any of the terms, covenants, conditions or provisions of the agreement by the Project Manager and failure of the Project Manager to remedy the said breach within a period of 30 days or such other period as may be mutually agreed by the Parties, subject to appointment of new project manager in accordance with the SEBI InvIT Regulations; or

- by any party to the Project Management Agreement, by delivery of a written notice to the other party, upon the bankruptcy of such other party or if winding up or liquidation proceedings are commenced against such other party (and such proceedings persist for a period of more than three months); or

- by the Project Manager by delivery of a written notice of not less than three months to the Trustee, PIPL and the Investment Manager, subject to compliance with the SEBI InvIT Regulations and applicable law.

- *Change in Control* – The Trustee (on behalf of the Trust), in consultation with the Investment Manager, is required to ensure that any written consent required, including from any governmental entity, is obtained prior to any change in control of the Project Manager.

  Change in control is defined as any change in the right to appoint majority of its directors or control the management or the policy decisions whether exercisable by a person directly or indirectly, including by virtue of management or shareholding rights, shareholders agreements, voting agreements or in any other manner.

- *Indemnity* – The Project Manager has agreed to indemnify the Trustee, the Investment Manager, PIPL and their respective directors, employees, officers and the Trust against any actions, claims, suits, proceedings, losses, costs, damages, liabilities and expenses, including legal fee from and incurred or suffered by them in connection with the breach of any of the terms or arising out of gross negligence, wilful default or fraud on part of the Project Manager in carrying out its obligations under the Project Management Agreement, the other InvIT Documents and applicable law. The aggregate maximum liability of the Project Manager in any financial year is capped to the fees payable to the Project Manager in such financial year in accordance with the terms of the Project Management Agreement, except in cases of gross negligence, wilful default or wilful misconduct or fraud by the Project Manager.

- *Representations and warranties* – The Trustee, the Investment Manager, the Project Manager and the Contractor have provided customary representations and warranties with respect to their rights and obligations in relation to the Project Management Agreement.

In addition to the aforementioned Parties to the Trust, which includes the Trustee, the Investment Manager and the Project Manager, the following section describes agreements in relation to certain other parties to the Trust.

Key terms of the PM Joint Venture Agreement

The Project Manager is responsible for operations and maintenance of the Pipeline in accordance with the Project Management Agreement. In accordance with the Project Management Agreement, the Project Manager has decided that operations and maintenance services in respect of the Pipeline shall be sub-contracted to the Contractor in accordance with the O&M Agreement. As shareholders of the Contractor, the Project Manager and Reliance have entered into a joint venture agreement, to which the Contractor is also a party, ("**PM Joint Venture Agreement**") to set out the terms and conditions governing their relationship as shareholders of the Contractor.

The key terms of the PM Joint Venture Agreement are as follows:

- *Effective Date* – The PM Joint Venture Agreement comes into effect on the Completion Date, except for clauses relating to representations and warranties, termination, specific performance, confidentiality, cost and expenses and related clauses in respect of dispute resolution which came into effect from the date of the PM Joint Venture Agreement. The share purchase contemplated under the PM Joint Venture Agreement, by Reliance (and/or its Affiliates) from Project Manager, shall take place on the date of allotment of the PIPL NCDs to the Trust (the "**Transfer Date**").

(i) *Corporate Structure* – On the Transfer Date, the Project Manager and Reliance will hold 49.00% and 51.00% of the paid-up share capital of the Contractor, respectively, immediately upon the completion of the purchase of 5,100 equity shares of the Contractor by Reliance (and/or its affiliates) from the Project Manager. However, pursuant to the Specified Issuance (*as defined below*) the Project Manager and Reliance, will hold 50.00% of the paid-up share capital of the Contractor on a fully diluted basis.

(ii) *Specified Issuance* – Within 30 days of the Transfer Date, the Contractor is required to make an issuance of 4,95,100 equity shares of the Contractor to the Project Manager and 4,94,900 equity shares to Reliance (the "**Specified Issuance**") such that the Project Manager and Reliance each hold 50.00% of the paid-up share capital of the Contractor.

(iii) *Purpose and Scope of the Contractor* – The Project Manager and Reliance have agreed that as the Contractor will provide services for the operation and management of the Pipeline in accordance with the O&M Agreement and that no other business may be undertaken by the Contractor without prior written approval of all the shareholders of the Contractor. Reliance will ensure that all employees, as agreed between the Project Manager, the Contactor and Reliance, will be transferred from Reliance and RGPL to the Contractor or PIPL.

(iv) *Further Funding* – Excess O&M Costs (which are determined in the manner set out in the O&M Agreement) will be funded by Reliance in accordance with clauses set out in the PM Joint Venture Agreement ("**Further Funding**"). For details of the funding of the budget under the O&M Agreement see "***Parties to the Trust – Key Terms of the O&M Agreement – Funding of the Budget***" on page 144. The amount that shall be infused by Reliance as Further Funding is required to be utilized by the Contractor towards the operation and maintenance of the Pipeline in accordance with the terms of the PM Joint Venture Agreement, the O&M Agreement and the Annual Business Plan and Operating Budget.

(v) *Procedure for Further Funding* – Any Further Funding shall be infused by Reliance in the manner set out in the PM Joint Venture Agreement:

- The board of directors of the Contractor is required to issue a written notice to Reliance, setting out *inter alia*, the amount of Further Funding and the proposed date on which the Further Funding shall be made by Reliance, which shall be no less than 15 days from the date of such notice ("**Capital Notice**").

- On receipt of the Capital Notice, Reliance shall remit to the Contractor an amount equal to the Further Funding mentioned in the Capital Notice, and shall subscribe to optionally convertible debentures at par value issued by the Contractor which are convertible into equity shares of the Contractor at the option of the Contractor, i.e. with the consent of each of its shareholders (the "**OCDs**"), on the date mentioned in the Capital Notice.

- The Project Manager and Reliance have agreed to provide all the necessary support to the Contractor and to vote in a manner so as to give effect to the Further Funding.

(vi) *Redemption in case of surplus* – At the end of each financial year, if the expenditure being incurred by the Contractor is lower than the budgeted amounts received from PIPL under the O&M Agreement for any financial year and there are any surplus amounts with the Contractor, the Contractor shall forthwith redeem the outstanding OCDs with such surplus amounts. The Project Manager and Reliance have agreed to vote in a manner which would enable the redemption of the OCDs.

(vii) *Default by Reliance* – In the event that Reliance does not fulfil its obligation to consummate the Further Funding, in its entirety, in the manner set out in the PM Joint Venture Agreement, or provide the necessary support to the Contractor to facilitate the issuance of the Capital Notice, then:

(i) such failure shall constitute an event of default for Reliance under the terms of the Pipeline Usage Agreement, and the Project Manager and its affiliates shall have the right to proceed against Reliance and its affiliates in the manner set out in the PIPL SHA and to be set out in the Pipeline Usage Agreement; and

(ii) the Project Manager shall, at its discretion, either by itself or through its affiliates, have the right to remit to the Contractor such Further Funding ("**PM Funding Amount**"), or the Contractor may

borrow such funds as may be required to meet such Further Funding, as the Project Manager deems fit.

In case the Project Manager elects to remit the PM Funding Amount to the Contractor, then notwithstanding anything contained in the PM Joint Venture Agreement, the Project Manager shall have the right to decide the manner and/or structure through which such funding will be consummated, and the shareholders of the Contractor will be required vote in such manner so as to enable the Contractor to receive the PM Funding Amount.

(viii) *Directors and Management* – On the Transfer Date the board of directors of the Contractor will comprise a maximum of five directors, where Reliance has the right to nominate at least one director and the Project Manager has the right to nominate the majority of the directors. The Project Manager has the sole right to appoint all the key officers (such as the chief executive officer and the chief operating officer) and their removal or replacement shall require the prior consent of the Project Manager. In addition any chairman appointed by the board of directors of the Contractor is required to be chosen from among the directors nominated by the Project Manager on the board.

a. *Board Meetings* – The presence of one director nominated by Reliance and one director nominated by the Project Manager is mandatory to constitute a quorum. If such quorum is not present within one hour of the time set, the meeting shall be adjourned to the same time and place seven business days later. If the meeting is adjourned twice, and either director of Reliance or Project Manager is not present, then the directors present in the third meeting shall constitute the quorum and shall have the right to discuss/vote on matters except the reserved matters (as described below). The composition of board committees, if any, shall be similar to the composition as the board of directors of the Contractor.

b. *Shareholders' Meeting* – The presence of one authorized representative nominated by each, Reliance and the Project Manager is mandatory to constitute a quorum. If such quorum is not present within one hour of the time set, the meeting shall be adjourned to the same time and place seven calendar days later. If the meeting is adjourned twice, and either authorized person of Reliance or Project Manager is not present, then the shareholders present in the third meeting shall constitute the quorum and shall have the right to discuss/vote on matters except reserved matters.

(ix) *Reserved Matters* – Without the prior consent of Reliance and the Project Manager or the Reliance director and the Project Manager director, the Contractor and its shareholders, directors, officers, committees, committee members, employees, agents or any of their respective delegates shall not agree to any of the following actions: (i) approval of the Annual Business Plan and Operating Budget, as defined in the PM Joint Venture Agreement, each year; and (ii) amendment or modification of the Annual Business Plan and Operating Budget. In terms of the O&M Agreement, the Contractor has the right to nominate a person to be appointed as a director on the board of directors of PIPL, which shall be identified and nominated by Reliance.

(x) *General Management* – The board of the directors of the Contractor is responsible for the management, supervision, direction and control of the Contractor and its affairs. The Contractor shall not pay dividends or make any other distributions to its shareholders unless otherwise agreed by the parties to the PM Joint Venture Agreement.

(xi) *Annual Business Plan and Operating Budget* – The Contractor is required to prepare a detailed annual operating plan and budget for PIPL for each financial year ("**Annual Business Plan and Operating Budget**"). For details of the Annual Business Plan and Operating Budget see "***Parties to the Trust – Key Terms of the O&M – Budgets and Plans – Annual Business Plan and Operating Budget***" on page 140. The Annual Business Plan and Operating Budget is required to be adopted by the board of directors of the Contractor with the approval of the Project Manager and Reliance, at least 30 days prior to the end of the previous financial year, provided that the initial Annual Business Plan and Operating Budget shall be agreed between Reliance and the Project Manager prior to the Transfer Date. The Annual Business Plan and Operating Budget is required to factor in the relevant standard required to be met by the Contractor for performing its obligations under the O&M Agreement.

During the course of preparing and/or approving the Annual Business Plan and Operating Budget, if there is any disagreement between the Project Manager and Reliance, with respect to costs to be incurred in relation to any particular activity to be undertaken by the Contractor in connection with the operation and maintenance of the Pipeline ("**BP Disagreement**"), then the parties to the PM Joint Venture Agreement shall undertake market testing through suitably qualified contractors. The costs to be incurred in relation to such activity shall be determined by the Contractor based on the results of such market testing. Further, if the board of directors of the Contractor fails to approve the Annual Business Plan and Operating Budget within the timeframe stipulated, then pending such final approval by the board of directors of the Contractor or determination of the BP Disagreement, the Annual Business Plan and Operating Budget of the financial year immediately preceding the concerned financial year shall be adjusted upwards by 5.00% (five percent) and such adjusted annual budget shall be designated as the Annual Business Plan and Operating Budget for the concerned financial year. Upon the final approval of the Annual Business Plan and Operating Budget by the board of directors of the Contractor or upon final determination of the BP Disagreement, it shall be re-designated as the Annual Business Plan and Operating Budget for that financial year.

(xii) *Transfer of Securities and Options* – The securities of the Contractor held by Reliance and Project Manager shall be locked in and shall continue to remain locked-in for a period of 20 years, but may be transferred to their respective affiliates upon execution of a deed of adherence. The call option and the put option under the PM Joint Venture Agreement shall be co-terminus with the Put Option and Call Option under the PIPL SHA.

- *JVA Call option* – From the Option Trigger Date (as defined under the PIPL SHA), Reliance shall have the right (but not an obligation) to require the Project Manager to transfer all (and not part) of the securities of the Contractor held by the Project Manager ("**Option Securities**") to Reliance or a person nominated by Reliance at an aggregate price being the amount equal to the face value of each of such Option Securities ("**Option Consideration**"), by addressing a written notice to the Project Manager ("**JVA Call Option**").

- *JVA Put Option* – From the Option Trigger Date (as defined under the PIPL SHA), the Project Manager shall have the right (but not an obligation) to require all (and not less than all) the Option Securities to be purchased by Reliance at the Option Consideration, by addressing a written notice to Reliance ("**JVA Put Option**").

  These notices shall constitute a legally binding contract between Reliance and the Project Manager.

- *Drag along Right* – Upon the occurrence of a Reliance Event of Default in accordance with the PIPL SHA, and in the event that an Enforcement Sale has been invoked under the PIPL SHA, the Project Manager shall have the right to transfer the securities of the Contractor held by the Project Manager to any person it so deems fit ("**JVA Drag Along**") by issuing a written notice to require Reliance to transfer all of the securities of the Contractor held by it, to the proposed purchaser at a price determined by the Project Manager.

(xiii) *Termination* – The PM Joint Venture Agreement may be terminated by mutual agreement of the parties to the PM Joint Venture Agreement or upon Reliance or the Project Manager ceasing to hold any equity shares of the Contractor, or if the Contractor is wound up by a resolution of its shareholders or an order of a court. The PM Joint Venture Agreement shall be co-terminus with the PIPL SHA. For details, see "***The PIPL SHA***" on page 47.

(xiv) *Representations and warranties* – The Project Manager, Reliance and the Contractor have provided customary representations and warranties with respect to their rights and obligations in relation to the PM Joint Venture Agreement.

Key terms of the O&M Agreement

PIPL and the Project Manager entered into an agreement dated February 11, 2019 with Rutvi Project Managers Private Limited (the "**Contractor**") for the provision of certain operations and maintenance services by the Contractor in respect of the Pipeline and its related facilities (the "**Facilities**") (the "**O&M Agreement**").

The key terms of the O&M Agreement are as follows:

(xv) *Term* – The O&M Agreement will come into effect on the Completion Date. The Facilities will be handed over to, and accepted by, the Contractor for the operation and maintenance services, on 'as is where is' basis on the Completion Date. On the Completion Date, the Contractor will commence providing operation and maintenance services in respect of the Facilities. The O&M Agreement is co-terminus with the Pipeline Usage Agreement and the Share Purchase Agreement, and may also be terminated upon consummation of transactions pursuant to exercise of the JVA Call Option or JVA Put Option under the PM Joint Venture Agreement. The O&M Agreement may also be terminated with the mutual consent of PIPL, Project Manager and the Contractor.

(xvi) Scope *of Services* –

- *Services:* The services to be provided by the Contractor under the O&M Agreement *inter alia* include:
  - *operational services* such as operating the control room, operating SCADA, ensuring compliance with requirements under GTAs;
  - *work control services* such as management of the 24/7 response to emergency work, undertaking corrective work, major overhauls and repairs;
  - *maintenance services* comprising:
    - (v) pipeline integrity services such as corrosion protection, external interference management,
    - (vi) services specific to stations, metering, off-takes and injections points, such as pressure checks, operational check, structural checks,
    - (vii) emergency response services,
    - (viii) right of way related services including pipeline patrol, overseeing easement sharing with other pipelines,
  - *asset management and engineering services* such as conducting engineering audits, managing asset information utilising the geographic information system, forecasting gas throughput and demand, monitoring and reporting of performance of the Pipeline;
  - *asset development services* such as managing extensions, expansions and other capital works on the Pipeline (as approved by PIPL), conducting pipeline modelling and simulations to determine capacity as requested by PIPL;
  - *liaison services* involving relationship management with third parties for access arrangements, maintenance of easements;
  - *administration services* such as purchasing, receiving, accounting and managing storage of materials and equipment; and
  - *other services* such as in respect of litigation, arbitration proceedings or regulatory processes in relation to the Pipeline which would include notifying PIPL of proceedings and providing assistance in this respect.

- *Standard of performance:* The Contractor *inter alia* is required to act in accordance with (a) terms of the O&M Agreement, (b) all applicable laws, (c) all relevant operating approvals including permits, licences, approvals, consents and other forms of authorisations including from the PNGRB in respect of the Pipeline and (d) the terms of insurance policies to be maintained by PIPL under the O&M Agreement and any warranties granted to PIPL.

- *Minimum functional operational specifications*: The Contractor is required to comply with certain minimum functional operational specifications (as detailed in the O&M Agreement) based on key performance indicators which *inter alia* include:

  - *Efficiency in emergency responses* i.e. evaluating the efficiency in response to emergencies in terms of time taken from communication to first attendance;
  - *Unplanned interruption to supply* i.e. to evaluate the reliability of the operation and maintenance activities on the assets of gas transportation;

- *Maintenance plan compliance index* which is a parameter to check the monthly execution of maintenance plans;
- *Uncounted gas index* i.e. to evaluate the balance of gas pipelines/systems and identify potential measurement failures.; and
- *Gas leak not predicted* i.e. to evaluate the reliability of the operation and maintenance activities by accounting of non-controlled gas release occurrences (unexpected situations).

- *Responsibility for obtaining permits:* The Contractor is responsible for procuring and maintaining all required licenses, approvals, permits, authorisations etc. which may be required for the operation and maintenance of the Facilities, including being responsible for those required to be obtained or maintained in the name of PIPL, other than the authorisation from the PNGRB which PIPL is responsible for obtaining and maintaining.

(xvii) *Rights of PIPL –*

(i) *Delegation to a Facilities Manager:* The Contractor is required to appoint an officer of either PIPL or the Project Manager, who is identified by PIPL or the Project Manager, as the Contractor's manager (the "**Facility Manager**") who will:

a. take all necessary actions on behalf of PIPL pursuant to the O&M Agreement (and will be delegated the authority to do so on behalf of PIPL) which would include liaising with government entities, for the purposes of complying with applicable laws and obtaining the authorisation from the PNGRB (as may be necessary), and

b. act under the directions and instructions of PIPL and the Project Manager on matters relating to the operation and maintenance of the Facilities which would include the provision of transportation services, and management of the Contractor's obligations under the O&M Agreement.

(ii) *Audit and Inspection:* PIPL is also entitled to conduct audits and inspections at its own cost which could be of a financial, technical or other nature in relation to the operation and maintenance of the Facilities.

(xviii) *Nominee* – The Contractor has the right to nominate one director on the board of PIPL at all times, which nominee will be nominated in accordance with the terms of the PM Joint Venture Agreement.

(xix) *Sub-Contracting* –The Contractor is entitled to engage a sub-contractor selected in accordance with a PIPL approved selection process, on the understanding that the subcontracting of the services shall not *inter alia* (a) relieve the Contractor of any of its duties, obligations or liabilities under the O&M Agreement; (b) create any relationship between PIPL and any sub-contractor; or (c) make the Contractor responsible for any claim related to labour or social security matters of the sub-contractors employees. The sub-contractors shall be the sole responsibility of the Contractor. For details of one of the sub-contractors so appointed, the scope of services of such sub-contractor and the related terms of the agreement appointing the sub-contractor see "***– Key terms of the O&M Sub-Contract Agreement***" below on page 145.

(xx) *Reports* – In addition to maintaining logs, records and reports documenting the operation and maintenance of the Facilities, the Contractor is required to submit monthly reports containing operational parameters of the Facilities to PIPL and the Project Manager. The Contractor is also required to submit an annual report to PIPL containing the system operations for the full year.

(xxi) *Budgets and Plans –*

(i) *5 Year Budget Plan:* The Contractor is required to prepare and submit to PIPL an annual operating plan taking into account the transportation volumes forecast for each of the immediately succeeding five years ("**5 Year Budget Plan**").

(ii) *Yearly Budget Amount:* The O&M Agreement sets out a budget for the cost of operating and maintaining the Pipeline in its entirety (including sub-contracted activities and shared services received by the Contractor and PIPL) for a period of 20 years from the Completion Date ("**Yearly Budget Amount**").

(iii) *Annual Business Plan and Operating Budget:* The Contractor is required to submit an annual business plan and budget every year setting out the expenditure expected to be incurred for the year (the "**Annual Business Plan and Operating Budget**") such that it consists of the following three categories of expenses:

- *Category A Expenditure:* This comprises expenditure directly incurred, paid and accounted for in the books of PIPL towards both routine and one-time operational expenses, including any and all expenses relating to providing the services as contemplated under the O&M Agreement and under the O&M Sub-Contract Agreement other than the costs related to the personnel of the Contractor or the Sub-Contractor. ("**Category A Expenditure**"),

- *Category B Expenditure:* This comprises expenditure towards operation and maintenance incurred by the Contractor (including for any sub-contracting) which is incurred, paid and accounted for by the Contractor ("**Category B Expenditure**"). Category B Expenditure is required to be paid in four equal instalments at the beginning of every quarter by PIPL to the Contractor, with any excess actual expenditure being paid by PIPL to the Contractor at the end of the year and any shortfall being adjusted against the first instalment of the next year. As consideration for the services to be provided by the Contractor, PIPL is required to pay an amount equivalent to the Category B Expenditure incurred by the Contractor plus 10.00% of such Category B Expenditure. PIPL is required to bear any goods and service tax or other indirect taxes associated with such amounts.

- *Category C Expenditure:* This comprises expenditure for system use gas consumed by the Pipeline for its operation which is directly incurred, paid and accounted in the books of PIPL ("**Category C Expenditure**").

(xxii) *Funding of the Budget –*

- In the event the Annual Business Plan and Operating Budget for a year exceeds the Yearly Budget Amount for that year ("**Excess O&M Budget**"), within seven days prior to the commencement of each quarter of the year the Contractor is required to subscribe to optionally fully convertible debentures carrying an interest of 0.001% per annum issued by PIPL and convertible into equity shares of PIPL at the option of PIPL (the "**OFCDs**") for an amount equal to (a) one-fourth of the Excess O&M Budget; less (b) any Unadjusted O&M Surplus.

  An Unadjusted O&M Surplus being the amount of O&M Surplus remaining after the O&M Surplus in any year is used to reduce the Excess O&M Budget and the Excess O&M Costs in each subsequent year (but only to the extent required to bring the relevant Excess O&M Budget or Excess O&M Spends to be equal to zero).

  An O&M Surplus would be created as a result of (a) the Annual Business Plan and Operating Budget in respect of any year provides for a lower budget than the Yearly Budget Amount for that year, and/or (b) the actual costs and expenses incurred towards the operation and maintenance of the Pipeline (including the Facilities) being less than the amounts set forth in the Annual Business Plan and Operating Budget for that year.

- In the event the actual costs and expenses incurred towards the operation and maintenance of the Pipeline in any year is more than the amounts set forth in the Annual Business Plan and Operating Budget for that year ("**Excess O&M Spends**"), within seven days of the annual reconciliation, the

Contractor is required to subscribe to OFCDs of PIPL for an amount equal to (a) Excess O&M Spends; less (b) any Unadjusted O&M Surplus.

- The Contractor is required to also pay the tax shortfall as provided for in the PIPL SHA, utilising any amounts available with the Contractor in excess of the budgeted expenditure. In the event the same is insufficient to pay the tax shortfall, any such insufficient amount of the tax shortfall will be treated as Excess O&M Cost under the PM Joint Venture Agreement.

  Excess O&M Costs being (A) Excess O&M Budget reduced by Unadjusted O&M Surplus; and (B) Excess O&M Spends reduced by any Unadjusted O&M Surplus.

(xxiii) *Intellectual Property* – Any intellectual property produced or commissioned by the Contractor relating to the Facilities and/or services provided in respect of the Pipeline belongs to PIPL and PIPL is deemed to have granted the Contractor a royalty-free, irrevocable and non-transferable license to use such intellectual property. For the purpose of the operation and maintenance of the Pipeline, the Contractor has licensed PIPL to use all intellectual property owned by the Contractor free of charge and in turn PIPL has licensed the Contractor to use intellectual property which is either owned by PIPL or which has been licensed to it from a third party free of charge.

(xxiv) *Representations and Warranties* – Each party has provided customary representations and warranties with respect to its rights and obligations in relation to the O&M Agreement including that (i) it has not violated or is in violation of any provision of the anti-corruption laws; and (ii) it is not currently the subject or the target of any sanctions.

Key terms of the O&M Sub-Contract Agreement

In accordance with the sub-contracting provision in the O&M Agreement, the Contractor, PIPL and Reliance Gas Pipelines Limited (the "**Sub-Contractor**") have entered into an operations and maintenance sub-contract agreement dated February 11, 2019 (the "**O&M Sub-Contract Agreement**") for the operation and maintenance of a section of the Pipeline from compressor station 8 to compressor station 10 section ("**Specified Portion**"). The Sub-Contractor has agreed to provide services such as emergency response, preparation of reports, major overhauls and repairs, operation and control facilities, operational checks, structural checks, pipeline patrol, security, pressure checks, and planned and scheduled work like inspection, servicing and upgrading ("**Identified Services**")

The key terms of the O&M Sub-Contract Agreement are as follows:

(h) *Term:* The O&M Sub-Contract Agreement becomes effective on the Completion Date, and unless terminated in accordance with its terms, will continue until the expiry or termination of the O&M Agreement.

(i) *Identified Services and General Obligations of Performance* – The Sub-Contractor is responsible to provide each of the Identified Services for the operation and maintenance of the Specified Portion with due care and skill. The Sub-Contractor is *inter alia* required to (a) act in accordance with the instructions of PIPL and the Contractor, (b) applicable laws including anti-corruption laws; and (c) all relevant consents and permits in relation to the Pipeline and the Specified Portion. The Sub-Contractor is also required to meet each of the performance standards and warranties as set forth in the O&M Sub-Contract Agreement (the "**Performance Warranties**").

The Sub-Contractor is required to submit monthly reports on its level of compliance with the Performance Warranties and other confirmation and monitoring requirements as mentioned in the O&M Sub-Contract Agreement (the "**Additional Standards**"). The Performance Warranties would be reviewed and ascertained at the end of each calendar year (each a "**Review Period**"). In case the ascertained value of any Performance Warranty or the Additional Standards for a review period is in conflict with its respective objective or limit, the Sub-Contractor is required to implement a recovery program as approved by the Contractor, within a period of three months from the date of such ascertainment. In case the recovery program does not result in the return of the Performance Warranty

to its objective or limit within the next Review Period, the Sub-Contractor shall be in breach of its obligations under the O&M Sub-Contract Agreement.

(j) *Sub-Contracting* – The Sub-Contractor may engage additional sub-contractors, based on a selection process approved by PIPL, in relation to the Identified Services. The Sub-Contractor shall at all times be liable to the Contractor and PIPL for the Identified Services under the O&M Sub-Contract Agreement. Unless otherwise agreed between the Parties, no subcontracting of the Identified Services shall: (a) relieve the Sub-Contractor of any of its duties, obligations or liabilities; (b) relieve the Sub-Contractor of its responsibility for the performance of any Identified Services rendered by any such sub-subcontractor; (c) create any relationship between PIPL and any sub-subcontractor; or (d) make the Contractor or PIPL responsible for any claim related to labour or social security matters of the sub-subcontractors employees. The O&M Sub-Contract Agreement states that the Sub-Contractor is the sole responsibility of the Contractor.

(k) *Plans, Budget and Reporting* – An initial plan of activities and corresponding budget will be submitted to the Contractor and PIPL by the Sub-Contractor, for the activities that will be conducted ("**Initial Plan**") in accordance with the O&M Sub-Contract Agreement. The Sub-Contractor is required to update the Initial Plan on an annual basis and submit it for approval of the Contractor ("**Operating Plan**"). All activities in relation to the Identified Services and all related costs are required to be incurred by the Sub-Contractor on the basis of the approved Operating Plan. All expenditure towards provision of Identified Services with respect to the Specified Portion shall be incurred and paid by the Sub-Contractor. The service fee payable by the Contractor to the Sub-Contractor as consideration for Identified Services shall be equal to the actual expenditure it incurs along with a specified percentage of such expenditure excluding taxes and the relevant expenditure for subsequent financial years shall be determined upon adding a specified annual escalation rate to the relevant expenditure amount.

In the event of non-submission of an Operating Plan at least 60 days prior to the start of each year, the Contractor shall be entitled to prepare and issue an Operating Plan to the Sub-Contractor, which shall thereafter be binding on the Sub-Contractor.

(l) *Change in Control* – PIPL has the right to terminate the O&M Sub-Contract Agreement in the event the Sub-Contractor ceases to be an "affiliate" of Reliance, as defined in the O&M Sub-Contract Agreement.

(m) *Service Fee* – The service fee payable by the Contractor to the Sub-Contractor comprises the actual expenditure incurred by the Sub-Contractor for rendering the Identified Services plus 10.00% of such amount exclusive of taxes. The expenditure to be incurred by the Sub-Contractor for rendering the Identified Services for the Financial Year 2019 together with the 10.00%, is estimated to be ₹ 52.50 million (with an annual escalation of 4.50% to the relevant expenditure amount for subsequent financial years).

(n) *Termination* – The O&M Sub-Contract Agreement may (i) be terminated by mutual consent of the parties to the O&M Sub-Contract Agreement in writing; (ii) terminate automatically, upon termination of the O&M Agreement in accordance with its terms; (iii) be terminated upon the occurrence of any material breach of the terms of O&M Sub-Contract Agreement by the Sub-Contractor which are not remedied even 60 days after the issuance of a notice of breach in respect thereof; (iv) be terminated upon a failure to meet the Performance Warranties; or (v) terminate automatically, in the event the Sub-Contractor ceases to be an affiliate of Reliance.

(o) *Representations and Warranties* – The Contractor, PIPL and the Sub-Contractor have provided customary representations and warranties with respect to their rights and obligations in relation to the O&M Sub-Contract Agreement including that (i) it has not violated or is in violation of any provision of the anti-corruption laws; and (ii) it is not currently the subject or the target of any sanctions

(p) *Insurance* – The Sub-Contractor will be responsible for maintaining all third party liability insurance and other insurances as required under applicable law or good industry practices in connection with the performance of the Identified Services. All such insurance will also

insure PIPL and will expressly waive any right of subrogation on the part of the Sub-Contractor against PIPL (with costs of such waiver being borne by the Sub-Contractor).

(q) *Indemnity* – The Sub-Contractor has agreed to indemnify PIPL (and its directors and employees) from and against any and all losses incurred by PIPL (and its directors and employees) arising out of any misrepresentation, omission or breach by the Sub-Contractor under the O&M Sub-Contract Agreement. The Sub-Contractor will not, however, be liable to the extent of amounts actually recovered from any other person (including from an insurance company under an insurance policy) in respect of a claim made under this indemnity.

Other Agreements

Shared Services Agreement

Reliance, PIPL and the Contractor have entered into a shared services agreement dated February 11, 2019 (the "**Shared Services Agreement**"), pursuant to which Reliance agreed to provide PIPL and the Contractor with certain services in connection with the Pipeline to enable its business continuity and smooth operations upon completion of the transaction contemplated under the Framework Agreement.

Key terms of the Shared Services Agreement

(r) *Provision of Services*: Pursuant to the terms of the Shared Services Agreement, Reliance is obligated to provide certain services including, but not limited to, support services relating to tax matters, legal and insurance matters, customs and export-import, accounts and investment matters, payroll and company secretarial matters, human resources, information technology and software usage, compliance, internal audit and general administration and logistics ("**Services**"). Reliance has the right to sub-contract any of its obligations to its affiliates or third party contractors provided that the Contractor and PIPL are provided with a prompt intimation of such sub-contracting. In the event Reliance exercises its right to sub-contract the provision of Services under the Shared Services Agreement to any of its affiliates of third party contractors, it is required to ensure that such sub-contractors are adequately trained and experienced to provide such Services.

(s) *Consideration and payment items*: In consideration of Reliance providing the Services, the Contractor and PIPL have agreed to pay a fixed charge of ₹ 150.00 million exclusive of any taxes (or any other amount which may be mutually agreed upon between the parties) per annum in equal monthly instalments in the ratio of 25:75 by the Contractor and PIPL, respectively ("**SSA Service Charge**").

(t) *Effectiveness*: The Shared Services Agreement comes into effect from the Completion Date, except for clauses relating to representations and warranties and related clauses in respect of dispute resolution which came into effect from the date of the Shared Services Agreement.

(u) *Term and migration*: Reliance shall provide services for a period of three years commencing from the Completion Date. During the term of the Shared Services Agreement, PIPL and/or the Contractor may give a migration notice pursuant to which each party to the Shared Services Agreement shall cooperate and assist the other parties to allow full transition of aforementioned services from Reliance (or any other third party appointed by Reliance for provision of the Services) to allow full transition of the aforementioned services to the Contractor and/or PIPL ("**Migration**").

(v) *Anti-bribery, anti-corruption and health, safety and environment*: In connection with the Shared Services Agreement, Reliance is obligated to comply with applicable anti-corruption and anti-bribery laws, and in relation to third parties that Reliance may engage in connection with the Shared Services Agreement ensure compliance with PIPL's zero tolerance approach in relation to bribery and corruption ("**ABC Code**") which lays down a code of conduct for such third parties, in relation to, amongst other things, bribery, and dealing with public officials, sub-contractors and political donations. Additionally, Reliance is also required to comply with the strict health, safety and environment standards in its business and operations as provided for under the Shared Services Agreement.

(w) *Representations and warranties:* The Shared Services Agreement contains customary representations and warranties. Additionally, Reliance has represented that (i) to the best of its knowledge, the employees

acting for or on behalf of Reliance in connection with the Shared Services Agreement have not violated or are in violation of any provision of the anti-corruption laws; and (ii) Reliance is not currently the subject or the target of any Sanctions (as defined in the Shared Services Agreement).

(x) *Covenants and undertakings*: Reliance has provided undertakings and covenants to PIPL under the Shared Services Agreement, including, but not limited to: (i) not to interact directly or indirectly on behalf of PIPL or the Contractor with public officials, in violation of any provision of anti-corruption laws and the ABC Code, in relation to obtaining licenses or permits or any other negotiations in connection with the Shared Services Agreement, (ii) not to use, directly or indirectly, or allow any funds connected to this Shared Services Agreement to be paid or received to finance activities in violation of applicable laws, (iii) to maintain complete and correct invoices and accounting records relating to the services rendered under the Shared Services Agreement, (iv) to promptly notify PIPL in the event of any suspected or actual breach of anti-corruption and anti-bribery laws and the ABC Code, in connection with the Shared Services Agreement. Further upon issuance of a Migration notice (in accordance with the Shared Services Agreement) or upon expiry of the term, Reliance has also undertaken that it will utilise all reasonable endeavours to ensure that any third party contracts or licenses required for the continued operation of the Pipeline are novated/assigned to PIPL or the Contractor prior to termination of the Shared Services Agreement, or as part of the Migration. Reliance shall also provide reasonable assistance in obtaining replacement third party contracts or licenses for the Contractor or PIPL, as may be required under the Shared Services Agreement.

(y) *Intellectual property rights*: Under the Shared Services Agreement, neither party can use the other party's intellectual property rights (including, without limitation: patents, trademarks, copyright, software products) without the other party's prior written consent. Additionally, no license, permit, assignment or other right of use in relation to any intellectual property (express or implied, whether at present or in future, unless otherwise agreed to in writing) belonging to a party to the Shared Services Agreement shall be granted to the other party, and upon the expiry or termination of the Shared Services Agreement, the right to use any trade mark logos or trade names of the other party shall cease immediately.

(z) *Termination*: The Shared Services Agreement may be terminated if a party commits a material breach of any of the terms and conditions of the Shared Services Agreement and if even after giving notice to remedy such breach, the defaulting party is unable to remedy it within 30 (thirty) business days or such other longer period as the non-defaulting party may deem fit.

(aa) *Indemnity:* Subject to the provisions of the Shared Services Agreement, Reliance has agreed to indemnify the Contractor (and its directors and employees) from and against any and all damages, costs, expenses, charges and Losses (as defined in the Shared Services Agreement) actually incurred by the Contractor (and its directors and employees) and arising directly out of a breach of the Shared Services Agreement. The maximum aggregate amount of indemnity payable in a particular year has been capped at an amount equal to 100.00% of the annual SSA Service Charge payable in that year.

Infrastructure Agreement

The Contractor, PIPL and the Project Manager have entered into the O&M Agreement for the provision of operations and maintenance services to PIPL in relation to the Facilities (as defined under the O&M Agreement). Reliance Gas Pipelines Limited ("**RGPL**") is a company engaged in the business of owning, building, operating and maintaining natural gas pipeline facilities. A portion of RGPL's pipeline is laid over the land in which PIPL has a right of usage (being the "**Area**") and some of RGPL's pipeline facilities are co-located in the Pipeline's facilities ("**Co-Located Assets**") (together, the "**Infrastructure**"). As a result, RGPL, PIPL and the Contractor (being the contractor under the O&M Agreement) have entered into the infrastructure sharing agreement dated February 11, 2019 ("**Infrastructure Agreement**") to set out their mutual understanding as to rights and obligations regarding the sharing of the Infrastructure pertaining to the two pipelines.

Key terms of the Infrastructure Agreement

(bb) *Effectiveness and term:* This Infrastructure Agreement shall only become effective and binding on the parties to it upon the Completion Date, except for clauses relating to representations and warranties and related clauses in respect of dispute resolution which came into effect from the date of the Infrastructure Agreement. The Infrastructure Agreement may be terminated by mutual consent of the parties in writing.

(cc) *Grant of access*: PIPL has agreed to extend non-exclusive access to RGPL for the Area to enable RGPL to access, use, inspect, maintain and operate RGPL's pipeline and its other Co-Located Assets. Under the Infrastructure Agreement, any such access granted by PIPL to RGPL shall be subject to the overall supervision and control of PIPL and the Contractor, and shall not be construed to restrict the access rights of PIPL and the Contractor, or interfere with the access to the Facilities.

(dd) *Access fee*: The access fee payable by RGPL to PIPL as consideration under the Infrastructure Agreement shall be discussed and agreed upon by RGPL and PIPL within a period of 60 days from the date of execution of the Infrastructure Agreement. PIPL shall submit an invoice for the access fee annually and the goods and services tax (or any other indirect taxes) in relation to the same shall be borne by RGPL.

(ee) *Terms of access*: RGPL has agreed, *inter alia*, to comply with all terms and conditions for the access as may be communicated to RGPL by PIPL and the Contractor, in a manner such that PIPL and the Contractor are not unreasonably restricted from accessing the Area and their rights with respect to the Area are not adversely affected. In the event that RGPL intends to undertake any planned or unplanned maintenance which may have an impact on the Facilities, it will have to provide prior written intimation to PIPL and the Contractor at least 15 days prior to the said maintenance and the parties to the Infrastructure Agreement must mutually agree on the scope and schedule of such maintenance. Further, all such maintenance is required to be in compliance with the procedures and processes set out in the interface management protocol to be developed jointly by RGPL, PIPL and the Contractor. The Infrastructure Agreement permits for emergency maintenance activities to be undertaken by RGPL to minimise adverse consequences, with RGPL providing a detailed report of the same (detailing suspected cause of emergency, steps undertaken to contain the situation, etc.) to the Contractor and PIPL no later than 24 hours from the occurrence of such emergency. Further, RGPL has also agreed to share costs incurred by PIPL in relation to the Infrastructure as common costs between itself and PIPL in the ratio of 50:50, or as may be mutually agreed between them.

(ff) *Anti-bribery, anti-corruption and health, safety and environment*: Under the Infrastructure Agreement, RGPL shall in connection with the Infrastructure Agreement, comply with applicable anti-corruption and anti-bribery laws, and in relation to third parties that Reliance may engage in connection with the Infrastructure Agreement ensure compliance with PIPL's zero tolerance approach in relation to bribery and corruption ("**ABC Code**") which lays down a code of conduct for such third parties, in relation to, amongst other things, bribery and dealing with public officials, sub-contractors and political donations. Additionally, RGPL shall also comply with the strict health, safety and environment standards in its business and operations as provided for under the Infrastructure Agreement.

(gg) *Insurance*: RGPL has agreed to obtain insurance policies with adequate coverage with respect to damage resulting to the Facilities from activities undertaken in relation to RGPL's pipeline and the Co-Located Assets and *vice-versa*, PIPL shall also obtain such insurance policies with respect to damage resulting to the Co-Located Assets from the activities undertaken in respect of the Facilities.

(hh) *Representations and warranties:* The Infrastructure Agreement contains customary representations and warranties. Additionally, RGPL has represented to PIPL that (i) to the best of its knowledge, the employees acting for or on behalf of RGPL in connection with the Infrastructure Agreement have not violated or are in violation of any provision of the applicable anti-corruption laws; and (ii) RGPL is not currently the subject or the target of any Sanctions (as defined in the Infrastructure Agreement).

(ii) *Covenants and undertakings*: RGPL has provided undertakings and covenants to PIPL under the Infrastructure Agreement, including, but not limited to: (i) not use funds, directly or indirectly, or allow any funds paid or received, in connection with the Infrastructure Agreement to be used, directly or indirectly, to finance activities in violation of applicable laws, (ii) maintenance of complete and correct invoices and accounting records in relation to the Infrastructure Agreement; (iii) promptly notifying PIPL in the event of any suspected or actual breach of anti-corruption and anti-bribery laws in connection with the Infrastructure Agreement. RGPL has undertaken, amongst other things, that it will keep PIPL informed and provide copies of all licenses, permits and other authorisations that may be requested from public officials during the term of the Infrastructure Agreement, and (iv) immediately notify PIPL in writing of any oral discussions with public officials in connection with obtaining any of the approvals mentioned above, and will not have further interactions with public officials on behalf of PIPL in connection with the Infrastructure Agreement.

(jj) *Indemnity*: Subject to the provisions of the Infrastructure Agreement, RGPL has agreed to indemnify PIPL (and its directors and employees) from and against any and all Losses (as defined in the Infrastructure Agreement) incurred by PIPL (and its directors and employees) arising out of any: (i) misrepresentation or breach of the representations and warranties, or (ii) breach of the covenants and undertakings or omission or breach by RGPL as provided for under the Infrastructure Agreement. The indemnifying party (being RGPL) shall not be liable in respect of any claim for indemnity pursuant to the Infrastructure Agreement ("**Indemnity Claim**") to the extent of the amount actually recovered from any other person (including from an insurance company under an insurance policy) in respect of any matter relating to an Indemnity Claim.

OTHER PARTIES

The Auditor

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, has appointed Deloitte Haskins & Sells LLP (firm registration no. 117366W/W-100018) the Auditor to the Trust pursuant to a resolution of the InvIT Committee dated December 28, 2018. The Auditor has audited the Special Purpose Combined Ind-AS Financial Statements and has examined the Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities, and its report in relation to such Special Purpose Combined Ind-AS Financial Statements dated February 16, 2019 and Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities dated February 16, 2019 have been included in this Preliminary Placement Memorandum.

Functions, Duties and Responsibilities of the Auditor

The functions, duties and responsibilities of the Auditor will be in accordance with the SEBI InvIT Regulations. Presently, in terms of the SEBI InvIT Regulations, the Auditor is required to comply with the following conditions at all times:

1. the Auditor shall conduct audit of the accounts of the Trust and draft the audit report based on the accounts examined by it after taking into account the relevant accounting and auditing standards, as may be specified by SEBI;
2. the Auditor shall, to the best of its information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of the Trust, including profit or loss and cash flow for the period and such other matters as may be specified;
3. the Auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Trust; and
4. the Auditor shall have a right to require such information and explanation pertaining to activities of the Trust as it may consider necessary for the performance of its duties as auditors from the employees of the Trust, or holding company or parties to the Trust, or holding company or Project SPV or any other person in possession of such information.

The Valuer

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, has appointed BDO Valuation Advisory LLP (LLP Identification No. AAN-9463) as the valuer of the Trust ("**Valuer**"). In accordance with the SEBI InvIT Regulations, the Valuer has undertaken a full valuation of the Initial Portfolio Asset which is proposed to be acquired by the Trust, and their report dated March 8, 2019 in relation to such valuation as on January 1, 2019 has been included in this Preliminary Placement Memorandum.

Under the SEBI InvIT Regulations, the Valuer is required to conduct a full valuation of the Trust Assets not less than once every financial year (within two months of the end of the financial year) and the Investment Manager is required to ensure that the valuation of the Trust Assets is done in accordance with Regulation 21 of the SEBI InvIT Regulations.

Functions of the Valuer

The functions, duties and responsibilities of the Valuer will be in accordance with the SEBI InvIT Regulations. Presently, in terms of the SEBI InvIT Regulations, the Valuer is required to comply with the following conditions at all times:

1. the Valuer shall ensure that the valuation of the Trust assets is impartial, true and fair and is in accordance with Regulation 21 of the SEBI InvIT Regulations;
2. the Valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;
3. the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;

4. the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;
5. the Valuer and any of its employees involved in valuing the assets of the Trust, shall not, (i) invest in Units or in the assets being valued; and (ii) sell the assets or Units held prior to being appointed as the valuer, until the time the Valuer is designated as the valuer of the Trust and not less than six months after ceasing to be valuer of the Trust;
6. the Valuer shall conduct valuation of the Trust assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;
7. the Valuer shall act with independence, objectivity and impartiality in performing the valuation;
8. the Valuer shall discharge its duties towards the Trust in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;
9. the Valuer shall not accept remuneration, in any form, for performing a valuation of the Trust assets from anyone other than the Trust or its authorized representative;
10. the Valuer shall before accepting any assignment from any related party of the Trust, disclose to the Trust any direct or indirect consideration which the Valuer may have in respect of such assignment;
11. the Valuer shall disclose to the Trust any pending business transactions, contracts under negotiation and other arrangements with the Investment Manager or any other party whom the Trust is contracting with and any other factors that may interfere with the Valuer's ability to give an independent and professional valuation of the assets;
12. the Valuer shall not make false, misleading or exaggerated claims in order to secure assignments;
13. the Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;
14. the Valuer shall not accept an assignment which interferes with its ability to do fair valuation; and
15. the Valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation.

Policy on Appointment and Removal of Auditor and Valuer

The Investment Manager has adopted policies on the appointment and removal of the Auditor and Valuer of the Trust in accordance with the corporate governance framework in relation to the Trust. For further details, see "***Corporate Governance***" on page 154.

The Contractor

Background and terms of appointment

Rutvi Project Managers Private Limited has been appointed as the Contractor pursuant to the O&M Agreement and will commence providing operations and maintenance services in respect of the Pipeline on the Completion Date. For details of the O&M Agreement see "***Parties to the Trust – Key Terms of the O&M Agreement***" on page 141. Rutvi Project Managers Private Limited is a joint venture between the Project Manager and Reliance with the terms and conditions governing their relationship as its shareholders is provided for in the PM Joint Venture Agreement. For details see "***Parties to the Trust – Key Terms of the PM Joint Venture Agreement***" on page 138.

The Sub-Contractor

Background and terms of appointment

RGPL is a company engaged in the business of owning, building, operating and maintaining natural gas pipeline facilities. In accordance with the sub-contracting provision in the O&M Agreement, RGPL has been appointed as a Sub-Contractor pursuant to the O&M Sub-Contract Agreement in respect of the operation and maintenance of a section of the Pipeline from compressor station 8 to compressor station 10. For details see "***Parties to the Trust – Other Agreements – Key terms of the O&M Sub-Contract Agreement***" on page 145.

In addition, a portion of RGPL's pipeline is laid over the land in which PIPL has a right of user and some of RGPL's pipeline facilities are co-located in the Pipeline's facilities. As a result, RGPL, PIPL and the Contractor (being the contractor under the O&M Agreement) have entered into the Infrastructure Agreement to set out their mutual understanding as to rights and obligations regarding the sharing of the Infrastructure pertaining to the two pipelines. For details see "***Parties to the Trust – Other Agreements – Infrastructure Agreement***" on page 148.

CORPORATE GOVERNANCE

The section below is a summary of the corporate governance framework in relation to India Infrastructure Trust, implemented by or to be implemented by the Investment Manager, as applicable and as specified in this section.

The Investment Manager

The Investment Manager is a joint venture between the Brookfield (Barbados) and the PLL. For further details on the background of the Investment Manager, please see "***Parties to the Trust – Background and Past Experience of the Investment Manager***" on page 121.

In respect of the investment management related activities proposed to be undertaken by the Investment Manager, the JV Agreement was amended on July 31, 2018 ("**2018 Amendment**") pursuant to which the following key amendments were incorporated in the JV Agreement:

i) constitution of an InvIT Committee, whose decisions pertaining exclusively to the management and operation of the Trust shall not require any further direction or express ratification by the board of directors of the Investment Manager;

(j) appointment of such number of independent directors on the board of directors of the Investment Manager, as be required under applicable law and the SEBI InvIT Regulations; and

(k) an agreement that any decision on matters which pertains to, or affects, the Trust will require the affirmative consent of Brookfield (Barbados).

The InvIT Committee

Pursuant to the 2018 Amendment, the InvIT Committee has been delegated the authority and responsibility of overseeing all of those activities of the Investment Manager that pertain to the management and operation of the Trust as required under the Investment Management Agreement, the other Trust Documents, the SEBI InvIT Regulations and applicable law.

Composition of the InvIT Committee

In accordance with the 2018 Amendment, the InvIT Committee has been constituted by the board of directors of the Investment Manager ("**Board of Directors**") by way of a board resolution dated December 28, 2018 and shall comprise two independent directors and such other nominees as may be designated by the board of directors of the Investment Manager. Currently, the InvIT committee comprises:

(i) Chetan Rameshchandra Desai (independent director);
(ii) Narendra K. Aneja (independent director);
(iii) Sridhar Rengan (non-executive director).

Frequency of meetings

The InvIT Committee shall meet at least once every financial quarter as per applicable law and shall have additional meetings as often as deemed necessary, on a prior written notice of at least 14 days to every director.

Terms of Reference of the InvIT Committee

The InvIT Committee has been authorized to oversee activities of the Investment Manager that pertain to the management and operation of the Trust pursuant to the 2018 Amendment, the Investment Management Agreement and other documents to be executed with respect to the Trust, its Units, or any financial indebtedness proposed to be availed by the Trust or to be granted by the Trust, the SEBI InvIT regulations and applicable law as it may, in its absolute discretion, deem fit and proper in the best interest of the Trust, including without limitation:

1. Completing all legal, statutory and procedural formalities, including opening bank accounts, escrow accounts, appointment of various intermediaries, filing the preliminary placement memorandum with the SEBI and filing / registering the placement memorandum / information memorandum with SEBI and the Stock Exchange, or any other forms or applications required to be filed with any other statutory agencies or relevant authorities in accordance with applicable law and do all acts in relation thereto

2. Approving all the investment decisions of the Trust with respect to Trust Assets and any projects of the Trust including any further investment or divestment of the Trust Assets.

3. Overseeing activities of the Project Manager in accordance with the SEBI InvIT Regulations and the Project Management Agreement executed by the Project SPV.

4. Performing all obligations of an investment manager of an infrastructure investment trust in accordance with the SEBI InvIT Regulations and ensuring compliance of the Trust with the SEBI InvIT Regulations and the Investment Management Agreement.

5. Reviewing investments made by the Trust and ensuring compliance of such investments with the investment conditions specified in the SEBI InvIT Regulations and the investment strategy of the Trust.

6. Appointing, in consultation with the Trustee, the Valuer, Registrar and transfer agent, merchant banker, custodian and any other intermediary or service provider or agent as may be applicable with respect to activities pertaining to the Trust in a timely manner and in accordance with the SEBI InvIT Regulations.

7. Appointing the auditor of the Trust, in accordance with the criteria provided under the SEBI InvIT Regulations and the policy on the appointment of auditor adopted by the Trust.

8. Declaring distributions to the Unitholders in accordance with the SEBI InvIT Regulations.

9. Ensuring adequate and timely redressal of all Unitholders' grievances pertaining to activities of the Trust.

10. Ensuring that the disclosures or reporting to the Unitholders of the Trust, SEBI, Trustee and the Stock Exchange, are in accordance with the SEBI InvIT Regulations and guidelines or circulars issued under the applicable law.

11. Providing to the SEBI and to the Stock Exchange, where applicable, any such information as may be sought by the SEBI or the Stock Exchange pertaining to the activities of the Trust.

12. Coordinating with the Trustee, as may be necessary, with respect to operations of the Trust.

13. Appointing a custodian, if needed, in order to provide such custodial services as may be authorised by the Trustee.

14. Designating an employee or director as the compliance officer for monitoring of compliance with the SEBI InvIT Regulations and guidelines or circulars issued under applicable law and intimating the SEBI in case of any non-compliance.

15. Convening meetings of the Unitholders and maintaining records pertaining to the meetings in accordance with the SEBI InvIT Regulations.

16. Ensuring that all activities of the intermediaries or agents or service providers appointed by the InvIT Committee are in accordance with the SEBI InvIT Regulations and guidelines or circulars issued under applicable law.

17. Approving policies and procedures as may be conducive for the effective administration and management of the Trust.

18. Deciding on matters relating to the annual budget.

19. Doing all and every acts for the operation and management of the Trust.

The Board of Directors pursuant to its resolution dated December 28, 2018 has approved that the InvIT Committee will be responsible for undertaking the following acts in order to ensure that the Related Party Transaction entered by the Trust are in compliance with the SEBI InvIT Regulations and other applicable law:

1. Establish procedures so as to ensure that Related Party Transactions are conducted in accordance with the requirements of the SEBI InvIT Regulations and applicable law, are on an arms-length basis in accordance

with relevant accounting standards, are in the best interest of the Unitholders, and are consistent with the strategy and investment objectives of the Trust.

2. Review periodically (and in no event less than once a financial year) the procedures established for review of Related Party Transactions as required under the SEBI InvIT Regulations, including the following:

   (i) Details of Related Party Transactions during the year where the value of the Related Party Transaction exceeds five per cent of value of the Trust Assets shall be disclosed in the annual report to be submitted to the holders of Units and the Stock Exchange.

   (ii) In the event any valuation report is commissioned by the Investment Manager for a specific project, such report shall disclose whether the transaction to acquire such project is a Related Party Transaction.

   (iii) In respect of obtaining approval of the Unitholders of the Trust by a vote, on a matter where a unitholder may be considered interested as a Related Party or if the matter comprises a transaction which would constitute a Related Party Transaction for a unitholder, the vote by such a unitholder and its associates (within the meaning of such term in the SEBI InvIT Regulations) shall not be considered on the specific matter.

The Board of Directors pursuant to its resolution dated December 28, 2018 has delegated power to the InvIT Committee for the issue and listing of the Units on the Stock Exchange and in this respect the InvIT Committee is responsible for undertaking all activities pertaining to the issue and listing of Units including:

1. Authorizing any director or directors of the Investment Manager or other officer or officers of the Investment Manager, including by the grant of power of attorney, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue and allotment of Units;

2. Giving or authorizing any concerned person on behalf of the Investment Manager to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

3. Disclosing all Related Party Transactions of the Trust in the placement memorandum with respect to any such transactions entered into prior to the offer of the Units, in the last three financial years and the current financial year, and any such proposed transactions subsequent to the offer;

4. Approving the draft of the preliminary placement memorandum and the placement memorandum (including amending, varying or modifying the same, as may be considered desirable or expedient) in relation to the Issue as finalized;

5. Filing of the preliminary placement memorandum and the placement memorandum with SEBI and the Stock Exchange within the prescribed time period, in accordance with applicable law;

6. Obtaining in-principle approval, seeking the listing of the Units on the Stock Exchange, submitting the listing application to such Stock Exchange and taking all actions that may be necessary in connection with obtaining such listing;

7. Dealing with all matters up to allotment of Units to the Unitholders;

8. Authorizing the maintenance of a register of Unitholders;

9. Dealing with all matters relating to the Issue and listing of the Units as specified under SEBI InvIT Regulations and any guidelines as may be issued by SEBI in this regard;

10. Accepting and utilizing the proceeds of the Issue in the manner provided under the preliminary placement memorandum, the placement memorandum and the applicable law;

11. to do any other act and/or deed, to negotiate and execute any document(s), application(s), agreement(s), undertaking(s), deed(s), affidavits, declarations and certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the Issue;

12. Deciding the pricing and terms of the Units, and all other related matters, including the determination of the size of the Issue, in accordance with applicable law; and

13. Appointing the Lead Manager, the registrar and any other intermediaries to the Issue, in accordance with the provisions of the SEBI InvIT Regulations and other applicable law and entering into the required agreements with all intermediaries.

Policies Adopted in Relation to the Trust

The InvIT Committee has adopted the following policies under the corporate governance framework of the Trust, however all these policies will be effective from the Completion Date:

Distribution Policy

The InvIT Committee has adopted the distribution policy pursuant to a resolution of the InvIT Committee dated December 28, 2018, in relation to the Trust. The distribution policy provides a structure for distribution of the net distributable cash flows of the Project SPV to the Trust and the Trust to the Unitholders. For details of the Distribution Policy, see "***Distribution***" on page 220.

Policy on unpublished price-sensitive information and dealing in Units by the parties to the Trust and the Unitholders (the "UPSI Policy")

The InvIT Committee has adopted the UPSI Policy pursuant to a resolution of the InvIT Committee dated December 28, 2018, in relation to the Trust and Trust Assets, as applicable. The UPSI Policy provides a framework for dealing with unpublished price sensitive information ("**UPSI**") and dealing in Units by the Parties to the Trust and the Unitholders by the Trust, in accordance with applicable law. The key principles of the UPSI Policy are set out below:

(i) The Investment Manager shall promptly disclose to the public all UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally;

(ii) The Investment Manager shall not make selective disclosures of UPSI to any person and if it does make such selective disclosure to any person (other than to the Parties to the Trust in furtherance of performance of their duties and obligations), the Investment Manager shall first disclose such UPSI to the Stock Exchange in order to make such information generally available;

(iii) Employee of the Investment Manager shall immediately notify the chief executive officer or the compliance officer in case of accidental or unintentional disclosure of UPSI and the Investment Manager shall immediately take steps to disclose such information to the Stock Exchange and/or issue a press release to make such information generally available.

(iv) The chief executive officer or the compliance officer shall be severally authorized to determine whether any event or information may be considered to be UPSI.

(v) The compliance officer shall be authorized to make the disclosure of any UPSI duly approved to the Stock Exchange(s), media, or on the website of the Trust.

(vi) While dealing with analysts or research persons or institutional investors, the Investment Manager shall provide only public information. Alternatively, the information given to analysts or research persons shall be simultaneously made public at the earliest.

Code of Conduct ("Code")

The InvIT Committee has adopted the Code pursuant to a resolution of the InvIT Committee dated December 28, 2018, in relation to the Trust and conduct of the Trust and the Parties to the Trust. The policy provides for principles and procedures for the Sponsor, the Investment Manager, the Project Manager, the Trustee and their respective employees, as may be applicable, for ensuring interest of the Unitholders and proper conduct and

carrying out of the business and affairs of the Trust in accordance with applicable law. The key principles of the Code are set out below:

(i) The Trust and Parties to the Trust shall conduct all affairs of the Trust in the interest of all the Unitholders.

(ii) The Trust and Parties to the Trust shall make adequate, accurate, explicit and timely disclosure of relevant material information to all Unitholders, the Stock Exchange and SEBI in accordance with the SEBI InvIT Regulations and as may be specified by the Stock Exchange from time to time.

(iii) The Trust and Parties to the Trust shall try to avoid conflicts of interest, as far as possible, in managing the affairs of the Trust and keep the interest of all Unitholders paramount in all matters. In case such events cannot be avoided, it shall be ensured that appropriate disclosures are made to the Unitholders and they are fairly treated.

(iv) The Trust and Parties to the Trust shall ensure that fees charged by them with respect to activities of the Trust shall be fair and reasonable.

(v) The Investment Manager shall carry out the business of the Trust in accordance with the Trust Deed and the Investment Management Agreement and invest in accordance with the investment objectives stated in the Preliminary Placement Memorandum and Placement Memorandum, and take investment decisions solely in the interest of Unitholders.

(vi) The Trust, Parties to the Trust and any third party appointed by the Investment Manager shall not use any unethical means to sell, market or induce any person to buy Units and where a third party appointed by the Investment Manager fails to comply with this condition, the Investment Manager shall be held liable for the same.

(vii) The Trust and Parties to the Trust shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business.

(viii) The Trust and Parties to the Trust shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.

(ix) The Trust and Parties to the Trust shall not make any exaggerated statement, whether oral or written, either about their qualifications or capabilities or experience.

Appointment and Removal of Intermediaries Policy

The InvIT Committee has adopted the Appointment and Removal of Intermediaries Policy pursuant to a resolution of the InvIT Committee dated December 28, 2018, in relation to the Trust. The policy provides a framework for ensuring compliance, in appointment and removal of Intermediaries, which shall mean the valuer(s), the registrar, and the transfer agent, the lead manager, the custodian and any other intermediary or service provider or agent as may be applicable with respect to the activities pertaining to the Trust, as identified by Investment Manager) in accordance with the SEBI InvIT Regulations and the applicable law. The key principles of the Appointment and Removal of Intermediaries Policy are set out below:

(i) The board of directors or a committee thereof, of the Investment Manager, in consultation with the Trustee, shall appoint various intermediaries in a timely manner and in accordance with the SEBI InvIT Regulations;

(ii) The intermediaries which are appointed or proposed to be appointed shall comply with the eligibility criteria provided under the SEBI InvIT Regulations;

(iii) The board of directors or a committee thereof, of the Investment Manager, shall ensure that all activities of the Intermediaries appointed are in accordance with the SEBI InvIT Regulations and guidelines or circulars issued under the applicable law.

(iv) The board of directors or a committee thereof, of the Investment Manager, shall have the right to remove any Intermediary who ceases to comply with the eligibility criteria required under the SEBI InvIT Regulations and applicable law.

Appointment of Auditor and the Auditing Standards Policy

The InvIT Committee has adopted the Appointment of Auditor and the Auditing Standards Policy pursuant to a resolution of the InvIT Committee dated December 28, 2018, in relation to the Trust. This policy provides a framework for ensuring compliance with applicable law with respect to appointment of auditor and the auditing standards to be followed by the Trust. The key principles of the Appointment of Auditor and Auditing Standards Policy are set out below:

a. Appointment of Auditor

1. The Auditor shall be appointed by the board of directors or the audit committee of the Investment Manager in a timely manner, in consultation with the Trustee, with the approval of the Unitholders.

2. The auditor shall be appointed for a period of not more than five consecutive years, provided that the auditor, not being an individual, may be reappointed for a period of another five consecutive years, subject to approval of the Unitholders in the annual meeting, in accordance with the SEBI InvIT Regulations.

b. Compliance Requirements and Audit Standards

(i) The Investment Manager shall ensure that the auditor audits accounts of the Trust not less once in a year and shall ensure submission of such report to the Stock Exchange within 45 days of end of financial year.

(ii) The auditor shall comply with the following conditions at all times –

i. conduct audit of the accounts of the Trust and draft the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be specified by SEBI;

ii. ensure that the accounts and financial statements give a true and fair view of the state of the affairs of the Trust, to the best of his information and knowledge, including profit or loss and cash flow for the period and such other matters as may be specified;

iii. the auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Trust;

iv. the auditor shall have a right to require such information and explanation pertaining to activities of the Trust as he may consider necessary for the performance of his duties as an auditor from the employees of the Trust or the Parties to the Trust or any other person in possession of such information.

c. Removal of Auditor

In case of removal of the auditor and appointment of another auditor to the Trust, approval from the Unitholders shall be required where votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution.

Borrowing Policy

The Investment Manager shall ensure that all funds borrowed in relation to the Trust are in compliance with the SEBI InvIT Regulations. Accordingly, the Investment Manager, has adopted the Borrowing Policy pursuant to the resolution of the InvIT Committee dated December 28, 2018. Under terms of the Borrowing Policy, the Investment Manager has resolved that:

1. The Trust may raise debt and make borrowings and deferred payments from time to time, including through issuance of debt securities and availing loans from banks and financial institutions in accordance with applicable law.

2. The Trust may issue debt securities in the manner specified by the SEBI, and in accordance with applicable law. Debt securities issued by the Trust shall be listed on recognized stock exchanges.

3. Subject to the SEBI InvIT Regulations and the Trust Documents, the aggregate consolidated borrowings and deferred payments of the Trust and the Project SPV, net of cash and cash equivalents shall not exceed 49.00% of the value of the Trust Assets.

4. If the aggregate consolidated borrowings and deferred payments of the Trust, and the Project SPV, net of cash and cash equivalents exceed 25% of the value of the Trust Assets, for any further borrowing:

   - credit rating shall be obtained from a credit rating agency registered with the SEBI; and

   - approval of unitholders of the Trust shall be obtained in the manner as specified in the SEBI InvIT Regulations.

5. If the conditions specified in 3 and 4 above are breached on account of market movements of the price of the underlying assets or securities, the Investment Manager shall inform the Trustee and ensure that the conditions are satisfied within six months of such breach.

6. If the value of the funds borrowed from related parties in a financial year, exceeds 5.00% of the total consolidated borrowings of the Trust and the Project SPV, approval from the Unitholders shall be obtained prior to entering into any such subsequent transaction with any related party in accordance with the SEBI InvIT Regulations.

INDUSTRY OVERVIEW

*Unless otherwise specified, all of the information contained in this section is derived from a report issued by FICCI, titled "India Gas Infrastructure: Strategies to accelerate to a Gas-Based Economy" dated October 4, 2017, prepared by Ceresta Business Consulting LLP ("**FICCI Report**"). Neither we, nor the Sponsor, Investment Manager, the Trustee, the Project Manager, the Lead Manager nor any other person connected with the Issue has independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

For further details, see "Risk Factors – We have relied on industry publications and other publicly available information, including the report "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017, prepared and issued by Federation of Indian Chambers of Commerce and Industry and certain other publically available information, which are based on certain bases, estimates and assumptions that are subjective in nature and may not be accurate" on page 94.

Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this section as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Issue and the Units.

The Natural Gas Market in India

Energy availability is key to economic growth and consequently high economic growth would lead to an increase in India's energy consumption. India's primary energy mix is set to alter due to the substitution of oil by natural gas. The share of natural gas in the energy mix is expected to increase to 20% in 2025 from 11% in 2010. Based on the plans for expansion of natural gas supply, which are supported by additional regasification liquefied natural gas ("**RLNG**") terminals, the nationwide transmission pipeline network and transnational pipelines which are expected to materialize in the next five to 10 years, it is expected that the share of natural gas in the primary energy mix would reach 20% by 2030. However, to achieve a 20% share in the primary energy mix, the natural gas market is required to attract and sustain investments in gas infrastructure which includes the cross country pipelines. *(Source: Petroleum and Natural Gas Regulatory Board report by industry group titled "Vision 2030-Natural Gas Infrastructure in India Report", available at http://www.pngrb.gov.in/Hindi-Website/pdf/vision-NGPV-2030-06092013.pdf "**PNGRB Report**").*

Historically, natural gas was significantly cheaper than alternate fuels like motor spirit, naphtha, diesel and low sulphur heavy stock ("**LSHS**") / furnace oil ("**FO**"). Although the price of natural gas is increasing (especially of imported gas), newer technology and larger plants have made it possible to ensure efficiency and economies of scale, enabling an increase in the usage of natural gas. As such, natural gas has become the preferred fuel for fertilizers, petrochemicals and, increasingly, the power generation sector. Further, planned investments in power, fertilizer, petrochemical and other areas including city gas distribution suggest a sustained increase in India's level of natural gas consumption. *(Source: PNGRB Report)*

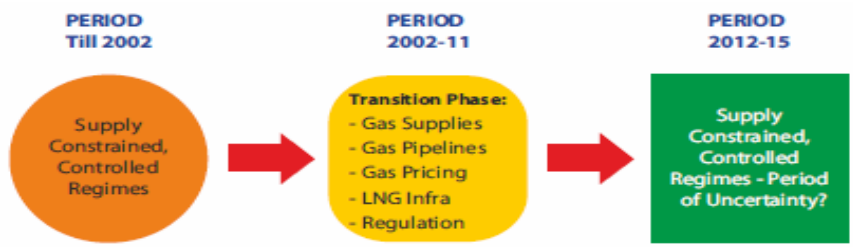
Indian Gas Market Scenario

Historical Overview

During the 2000 to 2004 period, India's gas market witnessed gas findings in the Krishna Godavari Basin ("**KG Basin**"), the setting up of the liquefied natural gas ("**LNG**") re-gasification terminal and the commencement of LNG supply, a successful operation of city gas distribution projects, which had a positive impact on the environment and plans to set up a regulator due to the emergence of the gas economy and related infrastructure development. During the 2004 to 2011 period, India witnessed the beginning of the gas era, with successful commencement and operation of the LNG terminal, expansion of the transmission pipeline network in the north-western corridor and the new network in the east-west corridor, setting up of the regulator, the Petroleum and Natural Gas Regulatory Board ("**PNGRB**"), and the authorization of new pipelines and geographical areas ("**GA**"s) for the city gas distribution ("**CGD**") network, an increase in gas production from the KG Basin and increased supply of gas to many end use sectors. During this period, the government announced a Gas Allocation

Policy prescribing customer-wise allocation for the gas being produced from the KG Basin. The following period, 2011 to 2015, witnessed the unprecedented decline of gas production from the KG Basin, from a high level of approximately 60 million metric standard cubic meter per day ("**MMSCMD**") to a low level of approximately 10 MMSCMD. The gas production forecasts from other finds in the KG Basin also failed to materialize. With declining gas production from the traditional fields of the Oil and Natural Gas Corporation Limited ("**ONGC**"), India witnessed a continuous decline period in gas production for five years and the government decided to not pursue any new gas based power projects, due to stranded power projects of approximately 14,000 megawatt ("**MW**"). The current government is trying to undo the uncertainty in the gas market by announcing policies to attract investments and increase production.

The following chart sets forth the trend in India's gas sector from 2000 to 2015:



(Source: FICCI Report)

India's gas sector, in a short period of time, moved from a supply constrained and controlled regime to a phase of emerging gas economy (from 2002 to 2011), before returning to a period of constrained supply and controlled regime. The government's current policies and strategies are being made in accordance with recent developments, and are expected to involve a multi-pronged strategy of increasing gas production from existing fields under production or exploration, policies to attract investments in fields and policy prescription and regulatory certainty, which is expected to bring about a conducive climate for growth.

Natural Gas Market: Review of Production and LNG Import Trends

The following table sets forth the natural gas production/consumption in India, from financial year 2009 to financial year 2017:

	Financial year						
	2009	**2010**	**2011**	**2012**	**2014**	**2016**	**2017**
Net Gas Production (BCM)	31.75	46.49	51.23	46.45	34.57	31.14	30.85
LNG Import (BCM)	10.54	11.82	12.89	15.41	17.73	21.31	24.69
Total Gas Consumption (BCM)	42.29	58.31	64.12	61.87	52.30	52.45	55.53
Total Gas Consumption (MMSCMD)	115.90	159.70	175.70	169.50	143.30	143.70	152.10

Note: Gas consumption includes internal consumption. *(Source: FICCI Report)*

As evident from the table above, the production of natural gas in India increased from 31.75 billion cubic meters ("**BCM**") in financial year 2009 to 51.23 BCM in financial year 2011. However, net gas production declined over the next four years, amounting to 30.85 BCM in financial year 2017. Overall, gas consumption witnessed an increase from 115.90 MMSCMD in financial year 2009 to 175.70 MMSCMD in financial year 2011 and declined thereafter to 143.70 MMSCMD in financial year 2016. In financial year 2017, gas consumption increased to 152.10 MMSCMD, primarily due to an increase in LNG consumption.

LNG imports increased from approximately 8 to 9 million metric tonne per annum ("**MMTPA**") during financial years 2008 to 2010 to approximately 13 to 14 MMTPA during financial years 2012 to 2015, and subsequently increased further to 19.10 MMTPA in financial year 2017, driven by spot purchases, the government's scheme for regasified liquefied natural gas ("**RLNG**") supply to the power sector and by the sustained downtrend in global LNG prices.

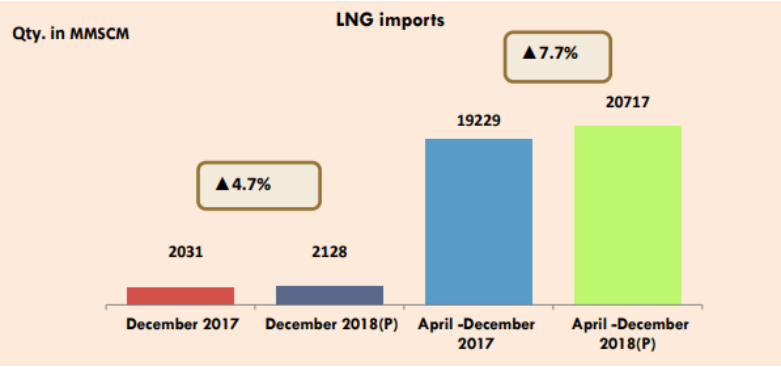
The following table sets forth the LNG import trend in India, from financial year 2009 to financial year 2017:

	Financial year						
	2009	**2010**	**2012**	**2014**	**2015**	**2016**	**2017**
Total LNG Imports (Long Term, Short Term/ Spot) in MMT	7.96	8.92	11.63	13.38	13.99	16.08	19.10
Total LNG Imports (Long Term, Short Term/ Spot) in MMSCMD	28.20	31.60	41.20	47.40	49.50	56.90	67.60

(Source: FICCI Report)

The share of LNG increased from 25% in financial year 2009 to 45% in financial year 2017. Overall, gas consumption was impacted by the decline in domestic production and the constantly higher prices of LNG prevalent in global markets till 2014. LNG's share in gas consumption decreased from 25% in financial year 2009 to approximately 20% to 21% during financial years 2009 to 2011, and subsequently increased to 25% in financial year 2012, mirroring the increase and decrease of domestic gas production and overall gas consumption in India. From financial year 2013 onwards, the considerable increase in the share of LNG in total gas consumption was driven by gas demand, declining global LNG prices and the government's scheme for reviving stranded gas based power projects through RLNG supply.

The following chart sets forth the current and projected trend of LNG imports:



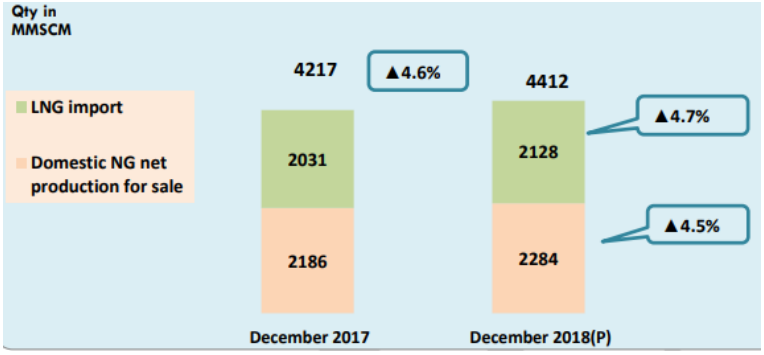
Note: LNG was procured during the month by Petronet LNG Ltd., GAIL (India) Ltd., Gujarat State Petroleum Corporation Ltd., Reliance Industries Limited, Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited and Torrent Power Limited. *(Source: Monthly Report on the Natural Gas Production, Availability and Consumption by the Petroleum Planning and Analysis Cell (Ministry of Petroleum and Natural Gas) as of December, 2018 available at https://www.ppac.gov.in/WriteReadData/Reports/201901250552110702121MonthlyGasReportDec2018.pdf, "**PPAC December 2018 Report**").*

India's gas sector, since late 2014, has been primarily supported by the announcement of the new gas pricing policy in India, the changing global market dynamics and the continuous decline in oil and LNG prices, the government's scheme to revive stranded gas based power projects and its push to increase domestic gas production and expand CGD.

Current Trends in the Production and Consumption of Natural Gas

Gross production in December 2018 was 2,867 million metric standard cubic meter ("**MMSCM**") (increase of 4.2% over the corresponding month of the previous year). Total import of RLNG during December 2018 was 2,128 MMSCM (increase of 4.7% over the corresponding month of the previous year). Natural gas available for sale during December 2018 was 4,412 MMSCM (increase of 4.6% over the corresponding month of the previous year). Total consumption during December 2018 was 4,559 MMSCM. Major sectors were the fertilizer (29%), power (22%), CGD (18%), refinery (12%), and petrochemicals (6%) sectors. RLNG accounted for 51% of total gas consumption. (*Source: PPAC December 2018 Report*)

The following chart sets forth the current and projected quantity of natural gas available for sale:



Note: Total may not tally due to rounding. (*Source: PPAC December 2018 Report*)

Gas Demand and Supply

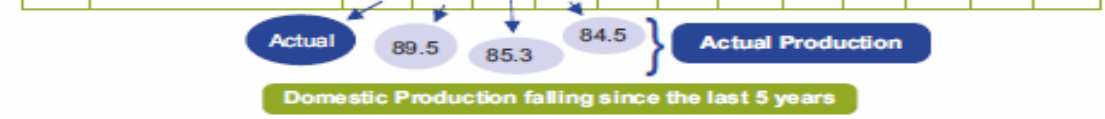
Natural Gas - Supply Side Scenario

In the past, various supply projections have consistently fallen short of their target due to:

- the declining production from the prospective KG Dhirubhai 6 ("**KG D6**") fields;
- the declining production from traditional producing fields; and
- a lack of supply caused by the announcement of new finds from the I KG Basin.

The following chart sets forth the 2013 forecasted trend of India's natural gas supply by industry sources for the following years till 2025 and what was actually produced during 2014 to 2017:

Sr.No.	Source	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
1	ONGC-Nominated Including Marginal fields	63	65	70	76	82	82	82	77	72	68	64	60
2	OIL nominated	7	8	8	8	8	8	8	8	8	8	8	8
3	ONGC KG-Basin/Mahanadi	-	-	2	6	13	15	15	15	15	15	15	15
4	RIL-KGD6/NEC/Others	14	15	19	24	30	45	45	45	55	58	58	58
5	GSPC KG Basin	-	-	2	4	8	8	8	8	8	8	8	8
6	PMT+Others+CBM	10	12	14	17	17	17	17	17	17	20	20	20
7	New Prospects (Under exploration)	-	-	-	-	-	2	7	7	11	18	25	25
	Total	94	100	115	135	158	177	182	177	186	195	198	194



(Source: FICCI Report)

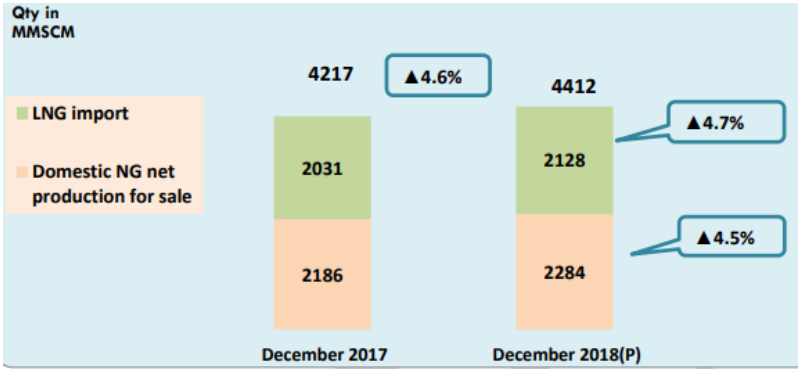
The 2013 forecasts expected additional supplies from small and marginal fields of ONGC, production from new finds from the KG Basin and revival of production from the KG D6 fields. Except for the production from small and marginal fields of ONGC, none of the other forecasts have materialized, however there has been a decline from the nominated fields of ONGC. Therefore, actual production has fallen short of the 2013 forecasts. Gas production has consistently declined during the last five years. The government has a strategy to increase domestic production of gas over the next five to ten years. The analysis of the '2013 production forecast' as compared to actual production emphasizes that forecasts need to be accompanied by a strategic roadmap and an implementable action plan to accomplish its targets. There have been revisions made to the supply forecast (to both the industry's forecast and the government's forecast) to reflect current production challenges.

The following table sets forth the historical and forecasted trend of India's natural gas supply:

Details	Financial Year		December			April to December		
	2017	2018	2018	2019 (Target)	2019 (Projected)	2018	2019 (Target)	2019 (Projected)
a) Gross Production	31,897	32,648	2,751	3,011	2,867	24,688	26,580	24,650
ONGC	22,088	23,429	2,001	2,247	2,197	17,651	19,434	18,416
Oil India Limited	2,937	2,881	237	262	233	2,197	2,388	2,061
Private/ Joint Ventures	6,872	6,338	514	502	437	4,839	4,758	4,173
b) Net Availability (excluding flare gas and loss)	30,848	31,731	2,673	-	2,795	24,008	-	24,048
c) LNG import	24,686	26,328	2,031	-	2,128	19,229	-	20,717
d) Total consumption including internal consumption (b+c)	55,534	58,059	4,705	-	4,923	43,236	-	44,766
e) Total consumption (in BCM)	55.5	58.1	4.7	-	4.9	43.2	-	44.8
f) Import dependency based on consumption (%), (c/d*100)	44.5	45.3	43.2	-	43.2	44.5	-	46.3

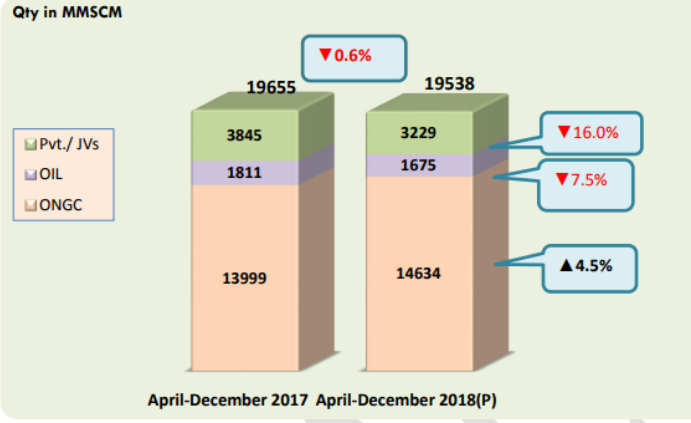
Note: Some sub-totals and totals may not add-up due to rounding off at individual levels. (*Source: Ready Reckoner Snapshot of India's Oil and Gas Data (December 2018) by the Petroleum Planning and Analysis Cell (Ministry of Petroleum and Natural Gas) as of January 28, 2019 available at https://www.ppac.gov.in/WriteReadData/Reports/201901280203246170673SnapshotofIndiasOilandGasData_December2018.pdf, "**PPAC Snapshot December 2018 Report**").*

The following chart sets forth the current and projected quantity of natural gas available for sale:



Note: Total may not tally due to rounding. (*Source: PPAC December 2018 Report*)

The following chart sets forth the current and projected gross production of domestic natural gas:



Note: Totals may not tally due to rounding. *(Source: PPAC December 2018 Report)*

The following table sets forth the domestic gas supply forecast, from financial year 2016 to financial year 2020:

Forecast (MMSCMD)	**Financial Year**				
	2016 (Actual)	**2017**	**2018**	**2019**	**2020**
Industry Forecast 1		100.3	96.6	99.3	111
Industry Forecast 2		102	114	131	158
Ministry of Petroleum and Natural Gas Plan		97.4	106.3	138.3	152
Gas Supply Forecast (Average)	**85.0**	**99.9**	**105.6**	**122.9**	**140.3**

(Source: FICCI Report)

In the near term as per the definite plan, gas supply is expected to increase by approximately 60% to 70% from the current levels. The government is expected to increase the share of natural gas in the energy mix from the current 6% - 7% to 15% in the next five years.

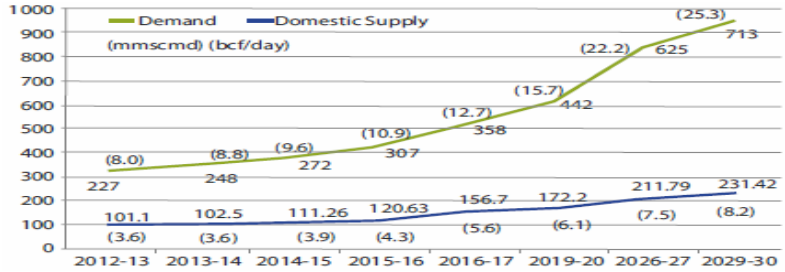
In order to accelerate towards a gas based economy, the concerns of declining domestic gas production need to be addressed. Specifically, on the supply side, the focus areas that need to be considered at a strategic level for increasing oil and gas production, from an overall energy security perspective, can be summarized as follows:

- Production enhancement and optimization should be taken up in existing producing fields to increase production in the near term on a regular basis.
- Development of existing discovered fields and discovering new resources in on-land, deep water and ultra-deep water areas.
- Development of strategies to develop and produce small, marginal and isolated fields which hold potential but have not been developed due to a lack of infrastructure and monetization challenges.
- Evolving a strategy and policy framework for the development of unconventional resources such as shale gas, coal bed methane and others.
- Strategic investments in oil and gas assets globally and bringing in equity oil and gas into India.

Natural Gas - Demand Side Scenario

While India's gas demand is higher than its total gas supply (domestic and imported), the various sectors of demand for gas have different demand dynamics and sensitivity to prices. According to the PNGRB Report, the supply and demand gap has been huge in the gas sector, in spite of the optimistic supply forecast made at that time.

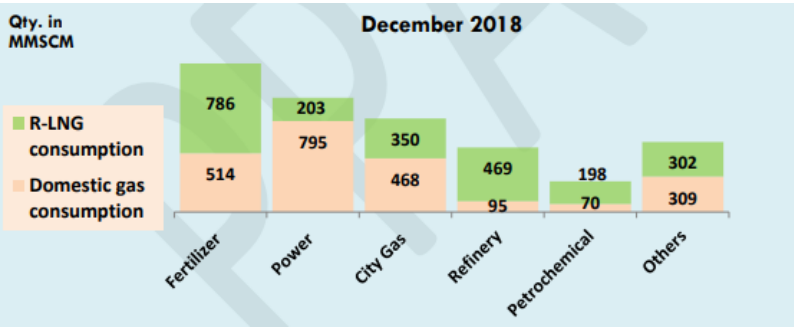
The following chart sets forth the natural gas supply and demand financial year 2030 forecast:



(Source: FICCI Report)

The demand figures represent the unconstrained demand across sectors.

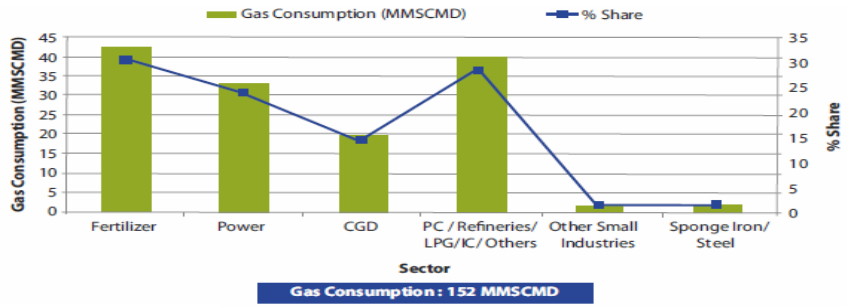
The following chart sets forth the sectoral consumption of natural gas:



(Source: PPAC December 2018 Report)

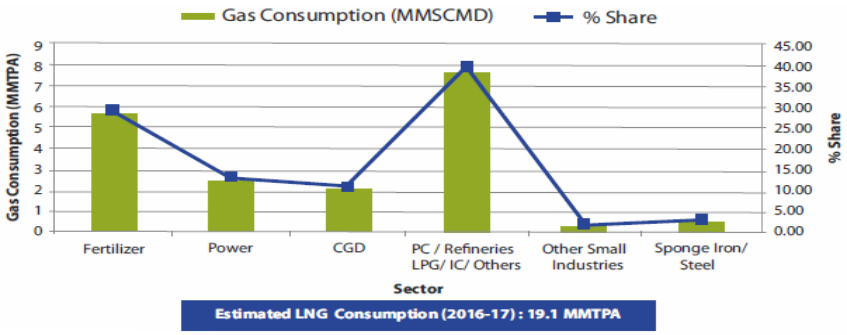
Total consumption during the month of December 2018 was 4,559 MMSCM.

The following chart sets forth the sector-wise consumption of domestic gas, financial year 2017:



(Source: FICCI Report)

The following chart sets forth the sector-wise consumption of LNG, financial year 2017:



(Source: FICCI Report)

The fertilizer and power sectors lead sectoral gas consumption, with a combined share of approximately 57%. Approximately four to five years ago, the two sectors had combined share of approximately 70%, led by the power sectors having an approximate 40% share. During the intervening period, the share of the power sector declined due to a decrease in production which caused a halt in the allocation of KG D6 gas to the sector. The fertilizer sector maintained its share due to the sector retaining its priority sector allocation. High priced LNG has never been an option for the power sector causing its share to decline along with the decline in domestic supply. Over 14,000 MW of new gas based power plants were stranded due to a lack of domestic gas supply. The introduction of a government reverse bidding subsidy scheme for supply of LNG to these stranded power plants to make them operational at 35% plant load factor ("**PLF**") revived some of these plants for two years.

The scheme was withdrawn in the financial year 2018 budget, and its impact remains to be seen. In the last few months of financial year 2018, LNG imports have already shown some decline. Effectively, the power sector is an effective non-consumer of gas, if domestic gas is not made available or there is no government scheme for supply of RLNG to the sector. Most of the existing fertilizer plants have been converted to gas and continue to get supply. In terms of future growth for gas demand, the sector has limited potential and any new LNG terminal operators do not view it as an anchor barring some scope for revival of a couple of plants.

To summarize, the declining domestic supply and the increasing imports of LNG have caused the overall share of the two traditionally anchor sectors power and fertilizer, to decline. During the last five years the CGD sector has increased from a 7% - 8% share (before 2010) to a 15% - 16% share currently, the growth was supported by an expanding network, favorable economic conditions, environmental friendliness and governmental support through policy interventions. With the government's renewed support to reach out to 10 million households in five years, the sector is gaining traction and is considered to be an important growth sector in the coming years.

The refinery, petrochemicals, steel and sponge iron sectors, among other industries, benefitted from the increase in LNG supply over the last few years. In terms of overall gas consumption, these sectors have an increased share of over 30%. In terms of LNG consumption, these sectors have an increased share of over 40%. The fertilizer and CGD sectors also benefitted from the increase in LNG consumption.

Sectoral gas demand is in the context of gas price. While unconstrained demand can be very high in India, the actual demand at different price points is more relevant from the perspective of an infrastructure developer.

The following table sets forth the affordability matrix for India's natural gas demand:

Delivered Cost Range (USD / MMBTU)	Consumption Sectors	Estimated Demand Composition Percentage
USD 10 to 14	Liquefied Petroleum Gas, Refinery - Feedstock, Petrochemicals, Diesel Back-up Power and Peak Power	40% to 45%
USD 7.5 to 10	Fertilizer, CGD, Industrial / Commercial	
USD 5.5 to 7.5	CGD - Transport / Domestic, Refinery Fuel, Industry Fuel	55% to 60%
Less than USD 5.5	Base Power	

(Source: FICCI Report)

The power sector is limiting its LNG usage due to the base power being highly sensitive to gas price. Any gas that priced over USD 5.5 / one million British thermal units ("**MMBTU**") makes it challenging for gas based power to compete with coal based power. With renewable power prices also decreasing in recent years, the competitiveness of gas based power faces a challenge and therefore, a specifically focused strategy on the power sector to make gas usage viable or acceptable is required. As per the affordability matrix, the effective demand is estimated to be in the range of 45% to 55% of the generally projected unconstrained demand.

The following table sets forth the domestic natural gas price and gas price ceiling (gross calorific value basis):

Period	**Domestic Natural Gas price in USD/ MMBTU**	**Gas price ceiling in USD/ MMBTU**
November 2014 - March 2015	5.05	-
April 2015 - September 2015	4.66	-
October 2015 - March 2016	3.82	-
April 2016 - September 2016	3.06	6.61
October 2016 - March 2017	2.50	5.30
April 2017 - September 2017	2.48	5.56
October 2017 - March 2018	2.89	6.30
April 2018 - September 2018	3.06	6.78
October 2018 - March 2019	3.36	7.67

(Source: PPAC Snapshot December 2018 Report)

Future of Gas Based Power Development: A Strategic Challenge

Gas based Power Generation

India has a gas base generation capacity of approximately 27,000 MW. Of the total capacity, only 9,845 MW is the operational capacity (being a serious cause for concern), which is currently receiving gas allocation and operating at an average PLF of less than 35%. There is a capacity of 14,305 MW that is stranded and non-operational due to the non-availability of gas.

The following table sets forth the current scenario of gas based power:

Current gas based power capacity grid connected including just commissioned / to be commissioned plants	27,123
Stranded gas based power capacity (MW) – non-operational	14,305
Existing operational gas based power plants (operating at less than 35% PLF)	9,845

(Source: FICCI Report)

In order to expand natural gas usage in the power sector, the following strategies are proposed:

Strategy 1: Reviving stranded gas based power capacity of 14,305 MW and reaching a PLF of 60% over a specified period of time.

Strategy 2: Increasing the PLF of existing gas based power stations from less than 35% to reach a PLF of 60% in the next three years.

Strategy 3: Replacing diesel based back up power and peak power demand in industrial/ commercial establishments with gas based power across major load centres, in a phased manner.

Strategy 4: Creating gas based capacities to support intermittency and black outs associated with solar generation capacities. All new and existing commercial solar photovoltaic capacities to be supported by an additional 30% of gas based generation.

Gas Infrastructure

Gas Transmission and Distribution Pipeline Infrastructure

The challenges facing India's natural gas sector, in its recent years, are the lower quantum and slow growth of domestic gas production, the underutilization of regasification and transmission pipeline infrastructure and the global oil and gas market dynamics. Although the gas industry in India has witnessed growth in terms of demand and infrastructure in the last decade, the growth has remained limited to few regions and the pipeline and distribution infrastructure has remained confined to a few states in the west- north belt and to Andhra Pradesh in southern India. Policies and strategies by the government coupled with efforts to integrate with major countries and the government's support towards infrastructure development and investment, has provided the energy sector with opportunities for growth.

India's Gas Transmission Infrastructure

India's gas transmission infrastructure has been growing since the completion of the first long term LNG deal in late 1990s and the supply of gas from new sources during the 2001 to 2010 period. Additional arterial pipeline network on the Hazira- Vijaipur - Jagdishpur corridor and the east-west corridor and the regional network in the Mumbai and Gujarat regions provided the necessary impetus to growth. The CGD infrastructure also grew along with these corridors and regions. The decline in domestic production and the challenges of using high priced LNG caused pipeline utilization to decrease.

The following table sets forth an overview of India's gas pipeline infrastructure:

Pipeline Owner	Length (Km)	Percentage Share
GAIL	11,077	68.60%
RGTIL	1,480	9.16%
GSPL	2,612	16.17%
Assam Gas Company Limited / Oil India Limited/ Duliajan Numaligarh Pipeline Limited	817	5.05%
Indian Oil Corporation Limited	140	0.87%
ONGC	24	0.15%
Total	**16,150**	**100.00%**

(Source: FICCI Report)

India's pipeline infrastructure space is led by the Gas Authority of India Limited ("**GAIL**"), with a 68.6% share, followed by the Reliance Gas Transportation Infrastructure Limited ("**RGTIL**") and Gujarat State Petroleum Corporation Limited ("**GSPL**"), with a combined share of approximately 25%. The three companies, garner a dominant share of approximately 94%. One of the major challenges faced by these companies is the utilization of the pipeline infrastructure due to gas supply constraint in the country. All three major players operate at a lower capacity utilization, with RGTIL at 21%, GAIL operating at 43% and GSPL at 59%. GSPL has had higher capacity utilization rates since it is a state network and was created much earlier under the Gujarat Gas Act. Given the locational advantage, the state had the easiest access to domestic and LNG sources. Most importantly, the state government played an important role in supporting the expansion of the network across the state.

The following table sets forth the capacity utilization for India's gas pipeline infrastructure, financial year 2017:

Transporter	Length (Km)	Design Capacity (MMSCMD)	Average Flow (MMSCMD)	Percentage Capacity Utilization (Financial Year 2017)
GAIL	11,077	242	104.0	43%
RGTIL	1,480	80	17.0	21%
GSPL	2,612	43	25.3	59%
Assam Gas Company Limited/ Oil India Limited/ Duliajan Numaligarh Pipeline Limited	817	3	2.3	77%
Indian Oil Corporation Limited	140	10	4.3	43%
ONGC	24	6	3.8	63%
Total	**16,150**	**384**	**156.7**	**41%**

(Source: FICCI Report)

In the transmission pipeline segment, one of major enablers of growth and capacity utilization, besides regular access to multiple sources of gas and demand centers across the network, is the government's policy and regulation. Regulations are expected to provide a fair and level playing field for operators while ensuring that the customers get a regular supply at reasonable prices. Consecutively, the regulation must facilitate the investment and expansion of the network by serious players, while keeping economic viability in view. When such growth enablers are stifled, it has a direct impact on pipeline capacity creation and utilization. This issue is brought out by the low capacity utilization of the existing pipeline network.

Furthermore, such status of the current network is expected to have a negative impact on upcoming pipelines. Though the government laid out a plan to double the pipeline network and the Indian pipeline companies had obtained authorization for a number of pipelines through the PNGRB, the progress of construction of these pipelines has been delayed. The Shadol - Phulpur pipeline has witnessed progress, however, all other pipelines have shown very little to no progress as on March 2017. The pipeline that has been progressing in its construction, in recent months, is the Jagdishpur - Haldia - Bokaro - Dhamra Pipeline ("**JHBDPL**").

Only 523 Km of construction has been completed, out of the planned 13,281 Km of pipeline network. Unless there is renewed governmental support and integrated planning to enable higher gas supply and pipeline capacity utilization, there are expected to be increasing challenges which are expected to affect the planned expansion.

The following table sets forth India's gas pipeline infrastructure under execution, March 2017:

Network / Region	Entity	Length in Kms	Design Capacity (MMSCMD)	Status of Pipeline Laid (Km)
Kochi - Koottanad - Bengaluru - Mangalore	GAIL	1,063	16	55
Dabhol-Bangalore Natural Gas Pipeline	GAIL	315	16	77
Surat - Paradip	GAIL		2,112	750
JHBDPL (Phase-1 755 Km), 7.44 MMSCMD capacity	GAIL	2,539	32	87

Mallavaram - Bhilwada	GSPL India Transco Ltd.	2,042	78	0
Mehsana - Bhatinda	GSPL India Transco Ltd.	2,052	77	0
Bhatinda - Srinagar	GSPL India Transco Ltd.	725	42	0
Kakinada -Vizag - Srikakulam	A P Gas Distribution Corporation	391	90	0
Shadol - Phulpur	Reliance Gas Pipelines Ltd.	312	4	304
Ennore - Nellore	Gas Transmission India Pvt. Ltd.	250	36	0
Ennore - Thiruvallur - Bengaluru - Puducherry - Nagapattinam -Madurai - Tuticorin	Indian Oil Corporation Limited	1,385	85	0
Jaigarh - Mangalore	H-Energy Private Limited	635	17	0
Total		**13,821**	**568**	**523**

(Source: FICCI Report)

India's Gas Distribution Infrastructure

The CGD sector has been growing over the last decade and in terms of percentage share in the gas portfolio, the CGD sector's share has increased from less than 5% before 2005 to an approximate 15% share in 2017. The sector has potential for major growth.

The following table sets forth an overview of the piped natural gas sector:

Number of States Covered	Number of Cities GAS covered	Number of Companies	Number of Connections		
			Domestic	Commercial	Industrial
14	61	21	35.86 million	21,990	6,670

(Source: FICCI Report)

The following table sets forth an overview of compressed natural gas consumption:

Number of States Covered	Number of Companies	Consumption ('000 MMT)		
		Financial year 2015	Financial year 2016	Financial year 2017
12	20	2,037	2,155	2,365

(Source: FICCI Report)

In terms of piped natural gas ("**PNG**"), though 61 GAs are covered in 14 states, 97.6% of the connections are confined to just five states, Delhi National Capital Region, Gujarat, Maharashtra, Uttar Pradesh and Haryana. In terms of the compressed natural gas ("**CNG**") sector, four states, Delhi National Capital Region, Gujarat, Maharashtra and Uttar Pradesh, have a combined share of 92% of total consumption, through 20 companies operating in 12 states.

Three issues pose a major challenge for growth and expansion of PNG and CNG in other states. One is the availability of gas, the second is development of infrastructure and the third is the demand for PNG and CNG in these states. In terms of developed cities, CNG and industrial/ commercial PNG consumers lead gas consumption.

To address the issue of pollution, the government has provided support to major cities. In Delhi and Mumbai, the Supreme Court order mandating CNG usage provided the necessary impetus. To promote CNG in other states, similar government mandates would be required, especially in metro, capital and other developed cities. This is also important for pollution control. An increase in the usage of CNG and PNG by the government can push up volumes and make it viable for CGD developers.

With the government's plans to reach 10 million households in five years and expand to more than 100 GAs, it is important that policy and appropriate regulatory structures are in place to enable growth in the sector.

Transnational Pipeline Infrastructure

The following table sets forth the major natural gas pipeline network as on January 1, 2019:

Nature of pipeline		**GAIL**	**Reliance**	**GSPL**	**ARN**	**IOCL**	**Total**
Natural Gas	**Length (KM)**	11,410	1,784	2,593	299	140	16,226
	Cap (MMSCMD)	230.0	84.0	43.0	3.0	10.0	368.5

Note: 1) ARN data excludes CGD pipeline network *(Source: PPAC Snapshot December 2018 Report)*

The following chart sets forth gas pipelines under execution/ construction as on January 1, 2019:

Network/ Region	**Entity**	**Length Sanctioned (KM)**	**Design Capacity (MMSCMD**	**Pipeline Size**
Kochi- Kottanad-Bengaluru- Mangalore	GAIL (India) Ltd	1,056	16	24"/18"/12"
Dabhol – Bengaluru	GAIL (India) Ltd	302	16	36"/30"/24"/18"
Jagdishpur- Haldia-Bokaro-Dhamra	GAIL (India) Ltd	2,539	16	30"/ 24"/18"/12"/8"/4"
Mallavaram- Bhopal - Bhilwara	GSPC India Transco Ltd	1,881	78.25	42"/36"/30"/24"/18"/12"
Mehsana – Bathinda	GSPC India Gasnet Ltd	2,052	77.1	36"/24"/18"/12"
Bathinda - Jammu - Srinagar	GSPC India Gasnet Ltd	725	42.4	24"/18"/16"/12"/8"/6"
Kakinada - Vizag - Srikakulam	AP Gas Distribution Co.	391	90	24"/18"/8"/4"
Ennore – Nellore	Gas Transmission India Pvt.	250	36	24"/18"
Ennore-Thiruvallur-Bengaluru-Puducherry-	Indian Oil Corporation Limited	1,385	84.7	28"/24"/16"/12" /10"

Nagapattinam-Madurai-Tuticorin				
Jaigarh-Mangalore	H-Energy Pvt. Ltd	635	17	24”
Total		**11,216**		

(Source: PPAC Snapshot December 2018 Report)

India has, in the past and currently, been evaluating a number of options of gas supply through transnational pipelines, such as the Turkmenistan - Afghanistan - Pakistan - India Pipeline (“**TAPI**”), the Iran - Pakistan - India Pipeline (“**IPI**”), the Iran - India Pipeline (with Oman Link) and the Russia - India Pipeline through Iran / Middle East.

For TAPI, though GSPA was signed four years ago, the commercial terms are not frozen. Of late, TAPI has been going through security concerns due to its passage through Pakistan. The IPI has been formally shelved by the government due to security considerations. The Russia - India Pipeline, pre-feasibility, presented technical and commercial challenges in terms of the higher price of gas; however, routing through the Middle East is currently being considered. The Iran - India Pipeline has been found to be the most technically and economically viable alternative. India has taken a stand on bilateral relations with Iran, that certain of its strategic investments in the upstream - Farzad B Block and port and logistics have to be honored by Iran along with the adherence to principles of peace in the region.

Given the challenges faced by the LNG terminal investors in tying up demand for LNG in India, the transnational pipelines are expected to face major challenges due to the investment involved and the price and market competition faced by them in the Indian gas markets.

LNG Re-Gasification Infrastructure

LNG supply has been on a growth trajectory. India's imports of LNG have been increasing since financial year 2011, from 35.32 MMSCMD (approximately 10.1 MMTPA) in financial year 2011 to 67.64 MMSCMD (approximately 19.32 MMTPA) in financial year 2017. LNG’s share has increased from 20%, to 44.5% during the same period. While the share had further increased in April 2017 to 47.06%, it decreased in May 2017, primarily due to the decline in LNG consumption by the power sector due to the withdrawal of subsidy scheme for the power sector during the financial year 2018 budget. Under this scheme, the power sector was consuming approximately 9 MMSCMD of LNG. There was an increase in LNG imports in the last two years (between financial year 2015 and financial year 2017) from 50.78 MMSCMD to 67.64 MMSCMD, an increase of 16.86 MMSCMD (4.8 MMTPA), with increased consumption of spot and short term LNG due to the global decline in LNG prices driven by power sector consumption.

The following table sets forth India’s regasification capacity forecast:

Terminal	Company	2015	2016	2017	2018	2019	2020
Dahej (Existing)	Petronet LNG Limited	12.5	15	15	15	15	20
Hazira (Existing)	Shell/Total	5	5	5	5	5	5
Dabhol (Existing)	Ratnagiri Gas and Power Private Limited	5	5	5	5	5	5
Kochi (Existing)	Petronet LNG Limited	5	5	5	5	5	5
Mundra	Gujarat State Petroleum Corporation/ Adani	0	0	0	5	5	10
Ennore	Indian Oil Corporation Limited	0	0	0	5	5	5
Digha	H-Energy Private Limited	0	0	0	0	0	4

Jaigarh	H-Energy Private Limited	0	0	0	0	0	4
Dhamra	Adani - IndianOil Corporation – GAIL	0	0	0	0	0	0
Pipavav	Swan Energy	0	0	0	3	3	5
Kakinada	GAIL/ Andhra Pradesh Gas Distribution Corporation / Shell	0	0	0	0	0	3.5
Total		**27.5**	**30**	**30**	**43**	**43**	**66.5**

(Source: FICCI Report)

If all the terminals materialize on schedule, it is expected that the regasification capacity in India will increase from the current 30 MMTPA to 66.5 MMTPA by 2020. Due to the market conditions of the gas market, many of the planned terminals are being unduly delayed. Four to five terminals are expected to materialize; however, demand and customer tie-ups are uncertain.

Policy Initiatives towards a Gas Economy

Challenges for Developing Gas Infrastructure in India

Demand challenges, the need for an assessment of demand and pricing regimes are some of the challenges affecting the development of gas infrastructure in India. The demand assessment should focus on the sectoral dynamics of each of the potential consumption sectors in order to enable the development of a strategy for the creation and utilization of infrastructure. The power sector has remained out of focus for gas supply for many years and the fertilizer sector provides minimum scope for growth. The other sectors, such as the CGD, refinery, petrochemicals and industries sectors, are the only potential demand sectors. Gas infrastructure development would need integrated planning to enable better utilization and economic viability. Due to the lack of an integrated approach, the development of the sector has remained unbalanced.

Under-utilization or non-utilization of the created pipeline and LNG infrastructure has also affected the development of gas infrastructure. Overall capacity utilization of the transmission pipeline in India is at 41%, with certain arterial pipelines, such as the Dabhol-Bangalore Natural Gas Pipeline and the east – west pipeline, remaining significantly under-utilized. LNG regasification terminals at Dabhol and Kochi are also facing gross underutilization.

Global market dynamics in the last three years have posed a number of market related challenges, such as the decline of premium in gas indexed contracts, such as oil indexed contracts, due to a decline in oil prices and due to the reluctance of end use customers in entering long term agreements. Slow development of infrastructure and uncertainty in the sector are causing customers to adopt more cautious strategies when entering contracts.

Many recently bid-out and awarded pipelines and CGD GAs have not progressed in spite of the PNGRB stipulated timelines, due to various market related challenges. However, developers have placed bids and won authorization, which has affected the credibility of the bidding and authorization process.

Due to the underutilization and viability issues with the pipeline and CGD infrastructure, developers are constrained and unwilling to commit and create new infrastructure. Three major challenges here are economic viability, customer tie-up of anchor demand and no visibility of assured gas supply. Gas supply, pricing and infrastructure are the primary drivers for the development process.

A lack of integrated energy planning is another major challenge. The gas sector plans are often delinked from the power and coal sector planning process. For example, the marketability of gas based power has always been a challenge in relation to coal based power. The government's plan to increase coal production to 1 billion MMT while simultaneously targeting the creation of 175 GW of renewable energy and increasing gas usage from 6% to 15% over the same period, may place each of these sectors against each other if no integrated planning is put in place.

Long term development of infrastructure is expected to require a strong regulatory structure. The regulatory body has to be a key enabler for growth, with clear responsibilities of oversight rather than that of a controller. The regulatory body has to be fully equipped and staffed with clear roles and responsibilities. For a majority of the last decade, India has faced regulator related challenges in all areas discussed above.

Gas markets are generally developed based on four major pillars, referred to as the ‘4 A's’: availability (commodity), accessibility (infrastructure), affordability (price and economics) and acceptability (minimal uncertainty). In India, the 4 A's have been a major constraint for many years and need to be addressed.

Long term development and targeted development have also been challenges affecting development. Regulations forecasted open access and unbundling over a period of time, however, this forecast has not materialized for years due to constrained gas sector development. Gas pricing had witnessed periods of uncertainty till 2014. Planned infrastructure development and moving towards market based pricing, which were in the government's agenda in the past, have also not progressed as forecasted.

Future growth options and strategies

The fundamental requirements for building a gas based economy are integrated planning, institutional strengthening, a stable regulatory structure and key policy initiatives to support investment and drive growth. These include, among others:

- Government policy to incentivize upstream players to increase production from existing, mature fields through strategies, such as the enhanced oil recovery strategy. In order to encourage investments in enhanced oil recovery and to enhance production, through financial incentives and tax breaks.

- A sectoral focused gas pricing strategy is required with the current trend of increasing LNG usage. Any strategy of gas supply for the power sector must look at the entire chain to enable the dispatchability of gas based power. Alternate strategies to reach out to larger sections of the gas industries and users through technologies such as LNG by road, liquefied-to-compressed natural gas and LNG as transportation fuel, among others, have been gaining global traction.

- Encouraging FSRU investments, given their faster implementation time, lower investment cost and flexibility.

- Making new upstream investments attractive through multiple and differential pricing methods, besides marketing and pricing freedom. The government has announced marketing freedom and market based pricing under the Hydrocarbon Exploration Licensing Policy.

- More structured planning to introduce renewable energy along with environmentally friendly natural gas. The usage of such power to be encouraged and where required, mandated through purchase obligations.

- A detailed study and phased approach to introduce gas based power to replace diesel as back-up power in various industrial and residential clusters. Greater penetration of the gas pipeline and distribution infrastructure, usage of efficient gas engines and distributed power technologies to be introduced in a planned manner.

- Strategies such as selective viability gap funding, suitable commercial intervention in the power sector and policy support to CGD development to continue.

BUSINESS

Unless otherwise stated or the context requires otherwise, references in this section to "we", "our" or "us" are to the Trust along with PIPL and include the Pipeline Business. However, for the purpose of the Audited Special Purpose Combined Ind-AS Financial Statements, references to "we", "us", and "our" refers to the Pipeline Business and PIPL on a combined basis.

Some of the information in the following section, specifically the information in relation to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements and Financial Projections" on page 23 for a discussion of risks and uncertainties related to those statements and also "Risk Factors" on page 76, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Audited Special Purpose Combined Ind-AS Financial Statements, included in this Preliminary Placement Memorandum on page 291. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Audited Special Purpose Combined Ind-AS Financial Statements and which may not have been subject to an audit or review of the Statutory Auditor. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. You should consult your own advisors and evaluate such information in the context of the Audited Special Purpose Combined Ind-AS Financial Statements and other information relating to our business and operations included in this Preliminary Placement Memorandum.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular the report titled "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017 issued by Federation of Indian Chambers of Commerce and Industry (prepared by Ceresta Business Consulting LLP) ("**FICCI Report**"). For details of risks in relation to FICCI Report and other publications, see "Risk Factors – We have relied on industry publications and other publicly available information, including the report "Report on India Gas Infrastructure-Strategies to accelerate to a Gas Based Economy" dated October 4, 2017, prepared and issued by Federation of Indian Chambers of Commerce and Industry and certain other publically available information, which are based on certain bases, estimates and assumptions that are subjective in nature and may not be accurate" on page 94. Unless otherwise indicated, all industry and other related information derived from FICCI Report and other publications included herein with respect to any particular year refers to such information for the relevant calendar year.*

Overview

We are a registered infrastructure investment trust under the SEBI InvIT Regulations, set up in order to invest in infrastructure projects, in accordance with the SEBI InvIT Regulations. The initial portfolio asset of the Trust is proposed to be a pipeline system used for the transport of natural gas, with the potential to induct new assets in due course. The pipeline is a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km including spur lines (together with compressor stations and operation centres, the "**Pipeline**") that stretches from Kakinada, Andhra Pradesh, in the east of India, to Bharuch, Gujarat, in the west of India, traversing adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat. The Trust proposes to acquire 100.00% of the issued equity interest in PIPL which owns and operates the Pipeline, pursuant to the Scheme of Arrangement, in the manner described in "***Formation Transactions in Relation to the Trust***" on page 41.

The Pipeline was put into commercial operation in April 2009, and prior to the effectiveness of the Scheme of Arrangement (as defined below), was owned and operated by East West Pipeline Limited ("**EWPL**"). EWPL designed, constructed and commissioned the Pipeline to respond to the opportunity presented by the discovery of natural gas reserves in the KG Basin. Construction on the Pipeline began in Financial Year 2007 and completed in Financial Year 2009. The Pipeline is constructed on a common carrier principle with a trunk pipeline diameter of 48 inches, according to the PNGRB. The capacity of the Pipeline, in accordance with an interim order passed by the APTEL on November 20, 2018, has been considered as 85 metric standard cubic meters per day ("**mmscmd**") for the purpose of tariff determination. For further details, see "– ***Description of Our Business – Description of the Pipeline***" and "***Legal and Other Information – Litigation involving the Pipeline Business –***

Regulatory Matters" on pages 185 and 254.

The Pipeline connects certain supply hubs and demand centres located in the eastern and western India which we believe acts as an important link in the development of India's national natural gas grid. It connects a number of domestic gas sources including the KG-D6 gas block and GSPC's natural gas fields on the east coast and the HLPL LNG terminal at Hazira, Gujarat, with existing markets in the eastern, western and northern regions of India, as well as to consumers along the route. The Pipeline can also transport gas from Dahej and Dhabol terminals by inter-connecting with the third-party pipelines of GAIL and GSPC. As of September 30, 2018, the Pipeline includes a network of 11 compressor stations and two operation centres, which incorporate modern telecommunication, emission control and operational systems for safe and efficient operations.

For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, average daily flow of natural gas through the Pipeline was 20 mmscmd, 17 mmscmd, 17 mmscmd and 19 mmscmd, respectively. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, our revenue from operations was ₹ 663.12 crore, ₹ 884.78 crore, ₹ 820.99 crore, and ₹ 1,050.03 crore, respectively. For details of our revenue from operations for each of the completed months subsequent to September 30, 2018, see "***Management Discussion and Analysis of The Financial Condition, Results of Operations and Cash Flows of The Initial Portfolio Asset of The Trust – Revenue from Operations for Completed Months Subsequent to September 30, 2018***" on page 241.

Overview of Parties to the Trust and other Key Parties and Structure of the Trust

The Sponsor of the Trust, Rapid Holdings 2 Pte. Ltd., is a wholly owned subsidiary of Rapid Holdings 1 Pte. Ltd ("**Rapid 1**"), a company incorporated in Singapore. Rapid 1 is held 70.58% by BIF III India Holdings (Bermuda) LP ("**Bermuda LP 1**"), a limited partnership incorporated in Bermuda and 29.42% by BIP BIF III AIV (Bermuda) LP ("**Bermuda LP 2**"), a limited partnership incorporated in Bermuda.

The Sponsor is an entity forming part of the Brookfield Group (i.e. the entities which are directly or indirectly controlled by Brookfield Asset Management, Inc.). Brookfield Asset Management Inc. ("**Brookfield**") is a global alternative asset manager, currently listed on the New York Stock Exchange and the Toronto Stock Exchange. All infrastructure related investments by Brookfield are made through BIP. The units of BIP are listed on the New York Stock Exchange and the Toronto Stock Exchange. Brookfield is a global asset manager which, together with its affiliates, owns and operates assets, with a focus on infrastructure, renewable power, property and other real assets. Brookfield had approximately US$ 285 billion of assets under management as of December 31, 2017. Brookfield's infrastructure vehicle, BIP, owns and operates one of the largest infrastructure portfolios in the world, with approximately US$ 76 billion of assets (including wind, hydro and solar assets) under management as of December 31, 2017. For further details, see "***Parties to the Trust – The Sponsor – Rapid Holdings 2 Pte. Ltd***." on page 111.

The Trustee of the Trust is Axis Trustee Services Limited and is a registered intermediary with SEBI. The Trustee is not an Associate of the Sponsor or the Investment Manager. For further details, see "***Parties to the Trust – The Trustee – Axis Trustee Services Limited***" on page 112.

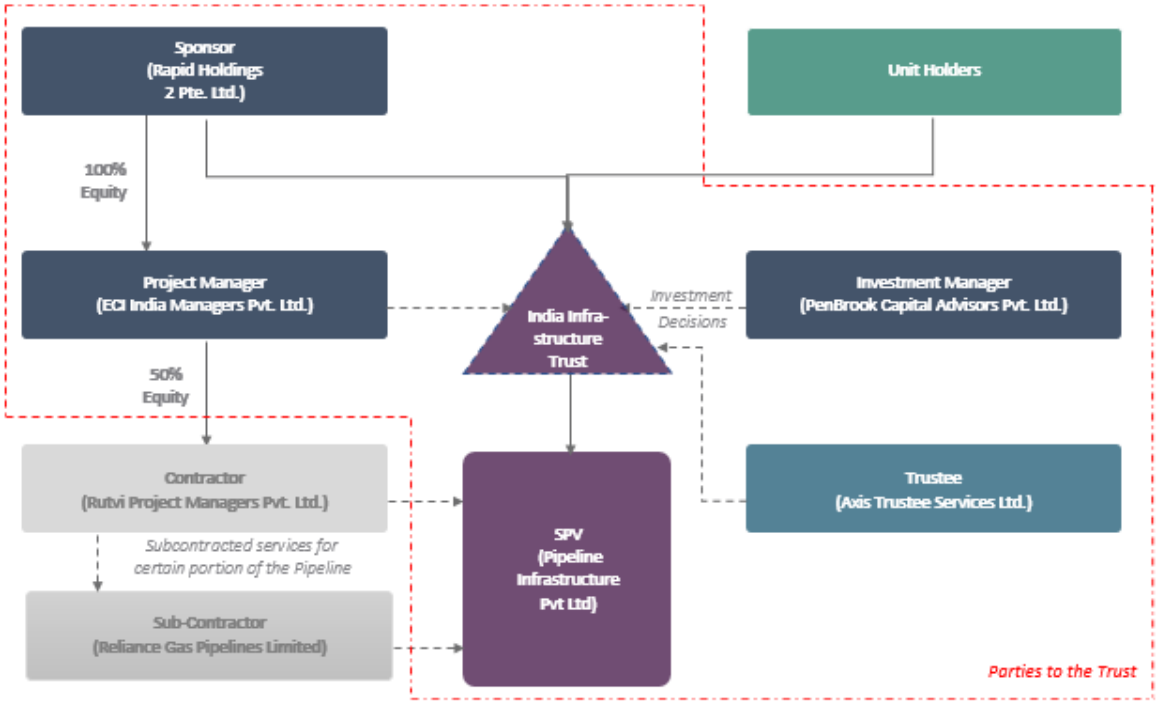
PenBrook Capital Advisors Private Limited ("**Investment Manager**" or "**PenBrook**") is the Investment Manager to the Trust. The Investment Manager was incorporated in 2011 as a joint venture between Brookfield Asset Management (Barbados) and Peninsula Land Limited ("**PLL**"), to pool investments from investors in India with the objective of making investments in portfolio companies in the real estate sector in India. The Investment Manager is the investment manager of two Category II alternative investment funds registered with the SEBI. For further details, see "***Parties to the Trust – The Investment Manager – PenBrook Capital Advisors Private Limited***" on page 121.

The Project Manager of the Trust is ECI India Managers Private Limited, a wholly-owned subsidiary of the Sponsor. The Project Manager shall (directly or through the appointment of appropriate agents) in accordance with the Project Management Agreement, the O&M Agreement and the O&M Sub-Contract Agreement undertake operations and management of the Pipeline and make arrangements for the appropriate maintenance of the Pipeline. For further details, see "***Parties to the Trust – the Project Manager – ECI India Managers Private Limited***" on page 135.

The Pipeline will be held by the Trust through Pipeline Infrastructure Private Limited ("**PIPL**"). For details of PIPL, see "***Formation Transactions in Relation to the Trust – Details of PIPL***", on page 45.

Rutvi Project Managers Private Limited (the "**Contractor**") shall perform certain specified services for the operation and maintenance of the Pipeline and in accordance with specified operating standards and specifications, in accordance with the O&M Agreement (as defined below), and Reliance Gas Pipelines Limited (the "**Sub-Contractor**") shall perform such services for a specified portion of the Pipeline, in accordance with the O&M Sub-Contract Agreement (as defined below).

The following structure illustrates the relationship among Parties to the Trust (being the Trust, the Trustee, the Sponsor, the Investment Manager and the Project Manager), the Contractor, the Sub-Contractor and the Unitholders as on the Listing Date:



Overview of the Transaction Agreements

PIPL, RIHPL, the Investment Manager and the Sponsor entered into a framework agreement, dated August 28, 2018 (the "**Framework Agreement**"), which records the understanding among the parties for, among others (1) transfer of the entire issued equity share capital of PIPL to the Trust; (2) subscription by the Trust to the PIPL NCDs; (3) transfer of the Pipeline Business from EWPL to PIPL pursuant to the Scheme of Arrangement for a net consideration of ₹ 6,500.00 million, payable through cash consideration of ₹ 6,000.00 million and issuance and allotment of 50,000,000 Redeemable Preference Shares to EWPL by PIPL (4) repayment of the unsecured liability of ₹ 164,000 million ("**Outstanding Payables**"), owed by EWPL in relation to the Pipeline Business, and transferred to PIPL pursuant to the Scheme of Arrangement. Accordingly, through the Scheme of Arrangement, the Pipeline Business has been demerged from EWPL to PIPL for an asset value of ₹ 170,500.00 million along with the Outstanding Payables, i.e. for net consideration of ₹ 6,500 million. For further details of the Framework Agreement see "***Formation Transactions in Relation to the Trust – the Framework Agreement***" on page 41.

For a detailed description of the transaction agreements, see "– ***Description of Our Business – Key Contracts***" and "***Formation Transactions in Relation to the Trust***" on pages 188 and 41, respectively.

In order to give effect to the transactions under the Framework Agreement, the parties have entered into the following agreements and documentation:

- the relevant benches of the NCLT have approved a Scheme of Arrangement among EWPL, PIPL and their respective shareholders and creditors, for the demerger of the Pipeline Business from EWPL to PIPL for a net consideration of ₹ 6,500 million, payable by PIPL through cash consideration of ₹ 6,000 million and the issuance and allotment of 50,000,000 Redeemable Preference Shares to EWPL. For

further details see "***Formation Transactions in Relation to the Trust – Scheme of Arrangement and Acquisition of the Pipeline by PIPL***" on page 44.

- PIPL, RIHPL, the Trust (acting through its Trustee) and the Investment Manager have entered into a share purchase agreement, dated February 11, 2019 (the "**Share Purchase Agreement**") for the purchase of 100% of the equity share capital of PIPL by the Trust from RIHPL, for a purchase consideration of ₹ 500 million. The parties to the Share Purchase Agreement have agreed to carry out certain post-completion actions. See, "***Risk Factors - We have received a conditional in-principle approval from the PNGRB in relation to the demerger of the Pipeline Business to PIPL and are yet to receive a final approval from the PNGRB. If we are unable to obtain the requisite approval from the PNGRB, on terms favorable to us, or at all, our business, results of operations, financial condition and cash flows may be adversely affected***" on page 76. For further details see "***Formation Transactions in Relation to the Trust – The Share Purchase Agreement***" on page 52.

- PIPL, Reliance Industrial Investments and Holdings Limited ("**RIIHL**") and the Trust have entered into a share subscription agreement dated February 11, 2019 (the "**Share Subscription Agreement**"). RIIHL (either by itself or through one or more members of the RIL group) has agreed to subscribe to 4,000 million compulsorily convertible preference shares of ₹ 10 each of PIPL aggregating to ₹ 40,000 million (the "**CCPS**") on the date when the PIPL NCDs are allotted to the Trust ("**Transfer Date**").

  The term of the CCPS shall be 20 years from the date of allotment and the CCPS shall carry the following rights: (i) dividend of 0.10% on the par value of the CCPS subject to availability of distributable profits with PIPL, (ii) a preferential right vis-à-vis equity shares with respect to payment of dividend, and (iii) voting rights, as available to holders of preferences shares under Section 47(2) of the Companies Act, provided that the CCPS Holder shall not have the right to vote on resolutions as prescribed under the second proviso to Section 47(2) of the Companies Act, even if the dividend has not been paid by PIPL for two years. Upon the expiry of 20 years from the date of allotment, every 254 CCPS shall be converted into one equity share which shall represent 24.00% of the then issued and paid up equity share capital of PIPL, subject to adjustments specified in the Share Subscription Agreement.

- PIPL, EWPL, Reliance, the Trust and the Investment Manager have entered into a shareholders' and options agreement dated February 11, 2019, as amended by the first amendment agreement dated March 9, 2019 (the "**PIPL SHA**") to set out their rights and obligations in relation to PIPL, including those of the Trust as the equity shareholder of PIPL and the holder of the PIPL NCDs, of holders of the Redeemable Preference Shares and of Reliance and the Trust in relation to the purchase and transfer of the equity shares of PIPL under certain circumstances and the manner of distribution of cash flows of PIPL, in compliance with applicable law.

  The PIPL SHA contains, among others, terms of the Redeemable Preference Shares and PIPL NCDs. The PIPL NCDs are to be issued to the Trust by PIPL for an issue size of ₹ 129,500 million and face value of ₹ 1,000 each, to be applied towards the repayment of the Outstanding Payables and discharge of consideration payable to EWPL pursuant to the Scheme of Arrangement. The PIPL NCDs have a tenor of 20 years and carry an interest rate which comprises of an annual rate of interest, an implicit rate of return embedded in the right to sweep certain cash-flows of PIPL for the first five years, an implicit rate of return embedded in the right to sweep certain cash-flows of PIPL for the balance fifteen years and an implicit rate of return linked to an upside share. For further details see "***Formation Transactions in Relation to the Trust – Subscription to PIPL NCDs by the Trust***" on page 58.

  Further, the PIPL SHA contains clauses which govern the Trust's right to require Reliance to purchase all the equity shares of PIPL, and Reliance's right to require the Trust to sell all the equity shares of PIPL, after a period of 20 years from the Completion Date or earlier under certain specified circumstances, at a price determined in accordance with the terms set out in PIPL SHA. For details of the cash flows and distribution, and other rights of the parties in respect of the PIPL NCDs see "***Formation Transactions in Relation to the Trust – Subscription to PIPL NCDs by the Trust***" on page 58.

PIPL and Reliance have agreed to enter into, in an agreed form and manner, the following agreement on the Completion Date pertaining to the Pipeline Business:

- PIPL and Reliance have agreed to enter into a pipeline usage agreement, the form of which has been agreed between the parties, on the Completion Date (the "**Pipeline Usage Agreement**"), which will set

out the terms for Reliance to reserve transportation, storage or other capacity in the Pipeline for a period of 20 years. Under the Pipeline Usage Agreement, PIPL will agree to reserve a capacity of up to a maximum of 33 mmscmd in the Pipeline for a period of 20 years, pursuant to which Reliance shall pay PIPL Contracted Capacity Payments determined for four blocks of five years each in the manner specified and calculated with reference to the Benchmark Rate, and subject to certain adjustments. The obligation of Reliance to pay the Contracted Capacity Payments will be conditional upon and adjusted in accordance with capacity charges collected directly by PIPL from Reliance or third party customers. The CCP to be paid by Reliance will only be adjusted by Reliance by transporting gas in the Pipeline by itself or through its nominees up to the amounts outstanding against CCP. Whenever Reliance or its nominees transport gas, the actual GTA Capacity Charges (defined under the Pipeline Usage Agreement) will be adjusted against the CCP amounts outstanding in the manner to be set out in the Pipeline Usage Agreement.

In order for PIPL to carry out the Pipeline Business, PIPL has entered into the following agreements, effective on the Completion Date:

- the Project Manager, the Trustee, the Investment Manager and PIPL have entered into a project management agreement dated February 22, 2019 ("**Project Management Agreement**"), which sets out the scope of services to be provided by the Project Manager in respect of the Pipeline as well as certain related matters, including in respect of any sub-contracting. For further details see "***Parties to the Trust – Key Terms of the Project Management Agreement***" on page 135.

- PIPL, the Contractor and the Project Manager have entered into an operations and maintenance agreement, dated February 11, 2019 ("**O&M Agreement**"), in order to set out the terms for delegation of obligations by the Project Manager to the Contractor, towards the operation and maintenance of the Pipeline. The Contractor has agreed to perform certain specified services for the operation and maintenance of the Pipeline and in accordance with specified operating standards and specifications, including health, safety, and environment standards. The O&M Agreement includes budget plans for the cost of operating and maintaining the Pipeline facilities, for a period of 20 years, as well a process of drawing up annual budgets and provides for the manner of dealing with amounts in excess of or less than actual amounts spent towards operation and maintenance of the Pipeline. For further details see "***Parties to the Trust – Key Terms of the O&M Agreement***" on page 141;

- PIPL, the Contractor and the Sub-Contractor have entered into an operations and maintenance sub-contract, dated February 11, 2019 ("**O&M Sub-Contract Agreement**"), in order to set out the terms for delegation of certain obligations by the Contractor to the Sub-Contractor for a certain portion of the Pipeline, i.e., from compressor station 8 to compressor station 10. For further details see "***Parties to the Trust – Key Terms of the O&M Sub-Contract Agreement***" on page 145;

- PIPL, the Contractor and RGPL have entered into an infrastructure sharing agreement dated February 11, 2019 ("**Infrastructure Agreement**") in order to set out the terms for permitting RGPL non-exclusive access to certain facilities of RGPL which are laid on the Pipeline's right of usage area and are co-located with the Pipeline facilities. For further details see "***Parties to the Trust – Key Terms of the Infrastructure Agreement***" on page 148; and

- PIPL, Reliance and the Contractor have entered into an shared services agreement, dated February 11, 2019 ("**Shared Services Agreement**"), in order to set out the terms for Reliance to provide PIPL and the Contractor with certain identified services in connection with the Pipeline Business, for a period of three years, in order to enable business continuity, seamless operations and an effective cost structure of the Pipeline Business, pursuant to the demerger of the Pipeline Business from EWPL to PIPL. For further details see "***Parties to the Trust – Key Terms of the Shared Services Agreement***" on page 147.

Our Strengths

Strategically important, revenue generating asset with a long estimated life

We believe that, the Pipeline is a strategically important pipeline forming 9.16% of the natural gas pipeline network in India as of October 2017, according to the FICCI Report. EWPL designed, constructed and commissioned the Pipeline to respond to the opportunity presented by the discovery of natural gas reserves in the KG Basin. The Pipeline connects certain supply hubs and demand centres located in the eastern and western India.

It connects gas sources in the KG Basin and the HLPL LNG terminal at Hazira, Gujarat, with existing markets in the eastern, western and northern regions of India, as well as to consumers along the route.

The Pipeline is a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km, including spur lines, with a capacity of 85 mmscmd (considered as the capacity for the purpose of tariff determination in accordance with an interim order passed by the APTEL on November 20, 2018). As of September 30, 2018, the Pipeline includes a network of 11 compressor stations and two operation centres that incorporate modern telecommunication, emission control and operational systems for safe and efficient operations. The Pipeline is constructed on a common carrier principle, with a trunk pipeline diameter of 48 inches, according to the PNGRB. The Pipeline was put into commercial operation in April 2009 by EWPL, which prior to the effectiveness of the Scheme of Arrangement, owned and operated the Pipeline Business. The PNGRB, in terms of the PNGRB Authorising Regulations, has considered an economic life of 25 years for the Pipeline commencing from April 1, 2009 and as on date approximately 16 years are remaining. Further, as per the PNGRB Authorising Regulations, the economic life of the Pipeline can be extended by 10 years on satisfactory compliance of the service obligations that the PNGRB Authorising Regulations prescribe and such other terms and conditions as the PNGRB may deem fit

For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, average daily flow of natural gas through the Pipeline was 20 mmscmd, 17 mmscmd, 17 mmscmd and 19 mmscmd, respectively. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, our revenue from operations was ₹ 663.12 crore, ₹ 884.78 crore, ₹ 820.99 crore, and ₹ 1,050.03 crore, respectively. For details of our revenue from operations for each of the completed months subsequent to September 30, 2018, see "***Management Discussion and Analysis of The Financial Condition, Results of Operations and Cash Flows of The Initial Portfolio Asset of The Trust – Revenue from Operations for Completed Months Subsequent to September 30, 2018***" on page 241.

Strategically located asset in a regulated industry

The Pipeline is strategically located to access gas sources in the KG-D6 gas block located in the KG Basin and the HLPL LNG terminal at Hazira and to supply markets in the west of India. The Pipeline is a cross-country, natural gas pipeline that stretches from Kakinada, Andhra Pradesh, in the east of India, to Bharuch, Gujarat, in the west of India, traversing through or adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat. We believe the Pipeline acts as a vital link in India's developing natural gas grid as it connects certain supply hubs and demand centres located in the eastern and western India. We believe that the Pipeline is well positioned for growth, given its ability to access future gas production from new explorations in the KG Basin and additional inter-connections with terminals on the east coast of India. We believe that it also has potential connectivity to other major gas pipeline networks in India.

Further, the gas pipeline industry in India is regulated, and the oversight of the industry comes primarily from the PNGRB. The Pipeline operations and business adhere to an established regulatory and statutory framework set out by the PNGRB Act, the PMP Act and the regulations issued thereunder, which includes, among other areas, authorization, access code, affiliate code of conduct, capacity determination, safety and technical standards, disaster management, integrity management, and tariff determination. The Government of India has also recently implemented the Hydrocarbon Exploration and Licensing Policy, which is intended to strengthen upstream oil and gas infrastructure and increase domestic natural gas production in order to reduce India's import dependency. We believe that the Pipeline's strategic domestic geographic position makes it well suited to benefit from such broader Indian energy industry trends, as well as the opportunities presented by a clear and consistent regulatory environment conducive to our business operations.

The regulatory framework in place requires the PNGRB to be guided by a number of relevant objectives pursuant to the PNGRB Authorisation Regulations prior to approving a new pipeline proposal. These include, among others, avoiding infructuous investment, securing equitable distribution and ensure adequate availability throughout the country and incentivizing rapid gas pipeline infrastructure. The PNGRB has the authority to accept or reject any application to lay a new pipeline. Accordingly, we believe that the regulatory barriers for establishing a pipeline on a route similar to the Pipeline route may be high.

Logistically and technically complex construction process

The construction of the Pipeline was logistically and technically complex, involving several river crossings where complex methods of pipe-laying were deployed. During the process of construction, the Pipeline successfully

acquired the Right of Use of a corridor of land spread over villages across several states in India. For further details, see **"– *Description of Our Business – Title to Properties and Right-to-Use***" on page 196. Permits were also successfully obtained for the crossing of the Pipeline over highways, railways, rivers and canals. We believe the logistically and technically complex construction process of the Pipeline presents the Pipeline with a distinct competitive advantage, as it creates a barrier to entry for competitors.

Capacity reservation arrangements promote stable and predictable cash flows

The Pipeline is a revenue-generating asset that operates with generally stable cash flows, subject to the supply and demand for natural gas in India. PIPL and Reliance have agreed to enter into the Pipeline Usage Agreement on the Completion Date, which will set out the terms for Reliance to reserve transportation, storage or other capacity in the Pipeline for a period of 20 years. Under the Pipeline Usage Agreement, Reliance will agree to pay to PIPL, during its term, Contracted Capacity Payments determined for four blocks of five years each, in the manner specified, towards annual contracted capacity to a maximum of 33 mmscmd, and calculated with reference to the Benchmark Rate, and subject to certain adjustments. The obligation of Reliance to pay the Contracted Capacity Payment will be adjusted in accordance with payments made for actual capacity contracted by Reliance or third party customers pursuant to gas transportation agreements, and capacity charges collected directly by PIPL from Reliance or such third party customers.

Further Reliance reserving capacity in the Pipeline provides certainty of cash flows to PIPL and PIPL will also be eligible for certain annual upside sharing, determined in accordance with the Pipeline Usage Agreement. We expect that this arrangement will provide us with a highly predictable cash flow stream throughout the 20 year term, regardless of whether Reliance utilizes natural gas capacity of the Pipeline equal to its annual booked capacity. Further, pursuant to the gas transportation agreements with existing customers the Pipeline Business had contracted quantity of 316.83 million mmbtu and 429.60 million mmbtu for the period between April 1, 2018 and November 30, 2018 and for the Financial Year 2018, respectively. We believe that these capacity contracts and other arrangements, together with our limited need for capital expenditures, promote stable and predictable cash flows for our business.

Well established and long-standing customer relationships

We have well established and long-standing relationships with our customers. Our customers are from industries such as the fertiliser, power, CGD, LPG and petrochemicals refining sectors and rely on our Pipeline for the transportation of gas to facilitate their operations, a majority of whom have been our customers for over five years. Some of our customers are situated on the GAIL and GSPC networks and gas is transported to them through interconnecting points between the Pipeline and other GAIL and GSPC networks. Among our customers, the Pipeline is of importance to Reliance, as it provides transportation of gas to its petrochemical and refining facilities. Customers such as GAIL and GSPC who are also aggregators, are able to transport gas using the Pipeline, which is strategically located, from east coast to western markets for either captive use or for sale to their consumers. We believe the Pipeline is critical for carrying gas from ONGC fields on the east coast of India to markets to in Western India. We seek to ensure high customer satisfaction levels through the operation of a regular feedback mechanism.

Support from our Sponsor

The Sponsor, Rapid Holdings 2 Pte. Ltd., is a wholly owned subsidiary of Rapid 1, a company incorporated in Singapore. The Sponsor is an entity forming part of the Brookfield Group (i.e. the entities which are directly or indirectly controlled by Brookfield Asset Management, Inc.). Brookfield is a global alternative asset manager, currently listed on the New York Stock Exchange and the Toronto Stock Exchange. All infrastructure related investments by Brookfield are made through BIP. The units of BIP are listed on the New York Stock Exchange and the Toronto Stock Exchange. Brookfield is a global asset manager which, together with its affiliates, owns and operates assets, with a focus on infrastructure, renewable power, property and other real assets. Brookfield had approximately US$ 285 billion of assets under management as of December 31, 2017. Brookfield's infrastructure vehicle, BIP, owns and operates one of the largest infrastructure portfolios in the world, with approximately US$ 76 billion of assets (including wind, hydro and solar assets) under management as of December 31, 2017. We believe that the experience with Brookfield will contribute to our growth and success, and assist in the operations and management of the Pipeline. For further details, see "***Parties to the Trust – Background and Past Experience of the Sponsor***" on page 111.

Skilled and experienced Investment Manager

The Investment Manager is the investment manager of two Category II alternative investment funds registered with the SEBI. The Investment Manager has over five years of experience in fund management. For further details, see "***Parties to the Trust – Background and Past Experience of the Investment Manager***" on page 121. We believe that the experience of the Investment Manager will contribute to our growth and success and will position the Pipeline to be operated and managed in an efficient manner. Further, the Investment Manager has appointed the Project Manager to (directly or indirectly) undertake operations and management of the Trust Assets, including the Pipeline. The Project Manager has delegated these responsibilities to the Contractor, pursuant to the O&M Agreement. See "***Formation Transactions in Relation to the Trust – Key terms of the O&M Agreement***" on page 141.

Our Business Strategies

Increase connectivity to new gas sources and downstream customers and pipelines

We intend to increase the connectivity of the Pipeline to new gas sources, and downstream customers and pipelines in order to increase the capacity utilization of the Pipeline. We intend to connect the Pipeline to additional gas sources such as ONGC's supply at KG-DWN 98/2 in east India, delivery of gas from GAIL's East Godavari Network in Andhra Pradesh at Oduru in the state of Andhra Pradesh and Petronet LNG Limited's liquefied natural gas terminal at Dahej, Gujarat for the transportation of regasified liquefied natural gas. We have also commenced development of connections to the Mallavaram-Bhopal-Bhilwara-Vijaipur Natural Gas Pipeline, in Andhra Pradesh for GSPL and connections with CGD entities in Maharashtra. We further intend to seek connectivity in Telangana for other small consumers. We intend to enter into connectivity arrangements with regard to these customers and sources. Further we expect to enter into agreements with newly commissioned pipelines in our vicinity for connectivity for sourcing gas from either eastern or western fields or LNG terminals. We believe that this increased connectivity will result in additional supply sources and demand for natural gas transportation through the Pipeline, allowing us to serve our existing and future customers in a more effective manner, while increasing the capacity utilization of the Pipeline.

Leverage PNGRB gas swapping system

Pursuant to the Access Code Regulations and Guidelines on Swapping of Natural Gas issued by the Ministry of Petroleum and Natural Gas, a gas swapping system enables transportation services to take delivery of gas at delivery points along the Pipeline and deliver an equivalent quantity of gas in energy terms at redelivery points. The PNGRB Access Code Regulations, stipulate that the accounting of gas is to be conducted in energy terms, such as British thermal units ("**BTU**s") and there is no requirement for the physical movement of gas from delivery (entry) point to redelivery (exit) point. This has simplified the swapping and transportation of natural gas for the Pipeline. Pursuant to the swapping system, natural gas received in west can be made available to customers in the east by swapping with gas received from the east, and vice versa. This arrangement allows us to avoid the need to lay two separate pipelines for east to west and west to east transportation. As such, the gas swapping system enables the Pipeline to maintain two-directional simultaneous flow (contractually). Under the PNGRB Authorising Regulations, the Pipeline is allowed to collect transportation charges at the stipulated tariffs, in a manner that the entire gas volume is deemed to have been transported through the Pipeline. Further, the use of the gas swapping mechanism ensures that the Pipeline is not required to reverse flow of natural gas in the Pipeline, allowing for operational efficiencies and avoid additional capital expenditure. We intend to further leverage the mechanism in order to grow our customer base and increase our revenues.

Our Investment Strategies

Organic growth through management of the Pipeline Business

Our principal investment strategy is to proactively manage the Pipeline Business to support growth. In particular, the Investment Manager will seek to maintain and improve PIPL's profits by, among other initiatives, conducting proper due diligence, formulating and adopting policies and procedures and structuring investments to address tax or regulatory considerations to ensure that such initiatives benefit the Pipeline. The Project Manager, either directly or through the Contractor or Sub-Contractor, will assist the Investment Manager by carrying out the operations, management and maintenance of the Pipeline in accordance with regulatory requirements and contractual obligations. The Investment Manager intends to focus on increasing the margins of PIPL by strengthening internal processes and systems so as to improve utilization of resources and reduce costs in

managing the Pipeline Business. As part of our operations and maintenance systems and processes, the Investment Manager intends to work closely with the Project Manager to promote best practices, to minimize supply interruptions or structural defects and to monitor performance.

Acquisition of infrastructure projects

The Investment Manager may seek to expand our portfolio by identifying and selectively acquiring additional infrastructure projects that meet our investment criteria, subject to the terms of the InvIT Documents and Transaction Documents. The Investment Manager intends to capitalize on opportunities to acquire infrastructure projects in India that provide attractive cash flows and yields. While evaluating acquisition opportunities, the Investment Manager intends to focus on, among other things, the following investment criteria in order to make asset selections:

- *Yield thresholds.* The Investment Manager will seek to acquire assets with yields that are estimated to be above our cost of capital so as to maintain or enhance returns to the Unitholders;
- *Growth potential*. The Investment Manager will seek to acquire assets with potential for revenue growth;
- *Residual life or operational period*. The Investment Manager will actively seek projects with residual life and operational period of such sufficient duration to meet the investment objectives of the Trust to generate stable returns and ensure long-term growth;
- *Geographic diversity*. The Investment Manager will seek projects in a variety of geographical locations in India to mitigate concentration risk and to take advantage of regional growth; and
- *Other*. In addition, the Investment Manager will also take into account factors such as the financial status of projects under evaluation, the impact of acquisitions on our expected distributions, and the requirements under the SEBI InvIT Regulations with respect to the proportion of completed and revenue generating projects and under-construction projects.

Our Risk and Capital Management Strategies

Institute and maintain prudent capital management policies

We believe that on account of the revenues generated by the Pipeline, the predictability of cash flows, the contractual agreements governing its operations and the low risk profile of our asset, we are well positioned to maintain our balance sheet over the longer term with investment grade credit rating metrics and maintain appropriate levels of debt relative to equity.

Optimization of capital structure

The Investment Manager will seek to employ appropriate financing policies and diversify its sources of financing with the objective of minimizing our overall cost of capital. The Investment Manager will operate within the SEBI InvIT Regulations for borrowing, as may, from time to time, be prescribed. If it is in the interests of the Unitholders, the Investment Manager may also pursue growth opportunities that require raising additional capital through the issuance of new Units.

DESCRIPTION OF OUR BUSINESS

Description of the Pipeline

The Pipeline is a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km, including spur lines, that stretches from Kakinada, Andhra Pradesh to Bharuch, Gujarat, traversing through or adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat in India. The Pipeline connects certain supply hubs and demand centres in eastern and western India and we believe that the Pipeline acts as a vital link in India's national natural gas grid. It connects the KG Basin at the KG-D6 gas block and the HLPL LNG terminal at Hazira, Gujarat, with existing markets in the western and northern regions of India, as well as to consumers along the route.

The Pipeline is constructed on a common carrier principle with a trunk pipeline diameter of 48 inches, according to the PNGRB. The diameter of the Pipeline's interconnects and spur lines is 20 inches to 30 inches. The Pipeline was put into commercial operation in April 2009. The PNGRB, in terms of the PNGRB Authorising Regulations, has considered an economic life of 25 years for the Pipeline commencing from April 1, 2009 and as on date approximately 16 years are remaining. Further, as per the PNGRB Authorising Regulations, the economic life of

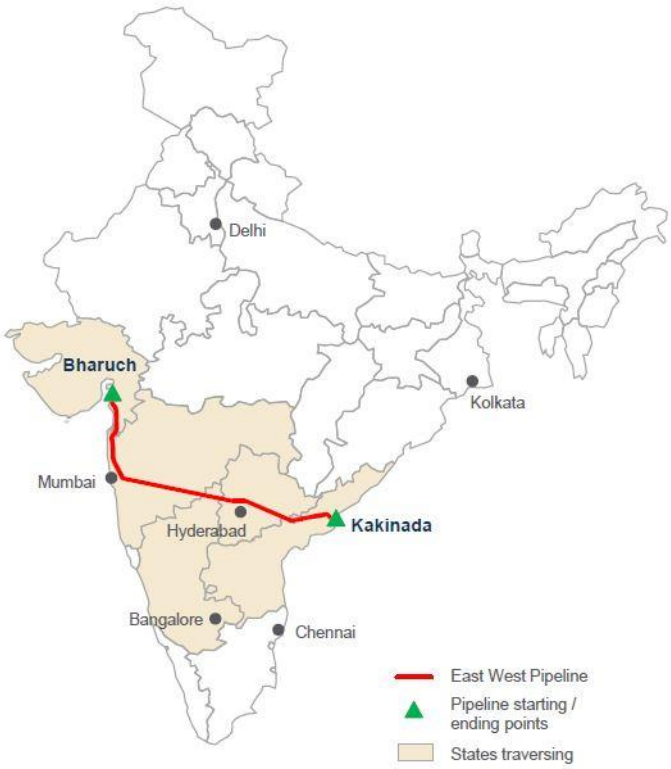
the Pipeline can be extended by 10 years on satisfactory compliance of the service obligations that the PNGRB Authorising Regulations prescribe and such other terms and conditions as the PNGRB may deem fit.

As of September 30, 2018, the Pipeline includes 11 compressor stations with modern features for low emission control and operational efficiency. As of September 30, 2018, the Pipeline also includes a network of two operation centres, 24 remote main line valves, 13 manual main line valves, 10 metering and regulating stations, 105 km spurs, 1,334 test lead points and eight tap off points. The Pipeline incorporates modern telecommunication, emission control and operational features for safe and efficient operations. The Pipeline's operation centres, located at Navi Mumbai, Maharashtra and Kakinada, Andhra Pradesh are both entirely capable to control pipeline flow. We shift the command of the Pipeline operation centres at frequent intervals, with one pipeline operation centre in command at any given time while the other pipeline operation centre is on active standby.

Construction on the Pipeline began in Financial Year 2007 and completed in Financial Year 2009. The construction of the Pipeline involved pipeline engineering, construction and commissioning stakeholders as well as a supply of equipment from companies from around the world. The Pipeline was put into commercial operation in April 2009.

The PNGRB, in 2014 and 2016, declared the capacity of the Pipeline as 85 mmscmd for the Financial Year 2011 and 95 mmscmd for the Financial Year 2012, respectively. EWPL had filed appeals before the APTEL for setting aside the declaration orders of PNGRB in relation to the capacity of the Pipeline and for seeking a direction to be issued to PNGRB to declare the capacity of the Pipeline for Financial Years 2011 and 2012, and for the subsequent periods i.e. Financial Years 2013, 2014, 2015 and 2016, taking into account the change in parameters, within a reasonable time. During the pendency of such appeals, the APTEL has passed an interim order on November 20, 2018 directing PNGRB to use 85 mmscmd as capacity of the Pipeline for tariff determination of the Pipeline for the Financial Years 2010 to 2018. For further details, see "***Legal and Other Information – Litigation involving the Pipeline Business – Regulatory Matters***" on page 254.

The map below depicts the geographical spread of the Pipeline as of September 30, 2018:



Certain illustrative pictures of the Pipeline are presented below:

Aerial view of compressor station – CS 3

M&R-22 at Hazira

Pig Launcher and Receiver – CS5

Key Operational Parameters of the Pipeline

The table below sets out the key operational parameters of the Pipeline for the periods indicated:

	Six months ended September 30, 2018	**Financial Year 2018**	**Financial Year 2017**	**Financial Year 2016**
Average daily flow of natural gas in the period (mmscmd)	20	17	17	19
Average capacity utilization over the period*	23.53%	20.00%	20.00%	22.35%

** computed based on capacity of 85 mmscmd.*

Key Customers

Through the Pipeline, as of September 30, 2018, we supplied gas to 20 customers in the fertilizer, power, city gas distribution, petrochemicals and refining sectors. See "***Risk Factors – Risks Related to Our Business and Industry – Our gas transportation business derives a significant portion of its revenue from a few customers and relies on customers in certain industry sectors, and the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our services could adversely affect our business, results of operations, financial condition and cash flows***" on page 88.

Key Contracts

Framework Agreement

PIPL, RIHPL, the Investment Manager and the Sponsor entered into the Framework Agreement, which records the understanding among the parties for, among others, (1) transfer of the entire issued equity share capital of PIPL to the Trust; (2) subscription by the Trust to the PIPL NCDs; and (3) demerger of the Pipeline Business from EWPL to PIPL pursuant to the Scheme of Arrangement in consideration for subscription by EWPL of 50,000,000 Redeemable Preference Shares to be issued by PIPL, and payment of cash consideration of ₹ 6,000 million to EWPL. Through the Scheme of Arrangement, the Pipeline Business has been transferred from EWPL to PIPL for an asset value of ₹ 170,500.00 million along with the Outstanding Payables for net consideration of ₹ 6,500 million.

The obligation of the parties to the Framework Agreement to complete the transactions contemplated therein are subject to the completion of certain conditions precedent. See "***Formation Transactions in Relation to the Trust – the Framework Agreement***" on page 41.

The completion under the Framework Agreement, contemplates the parties to the Framework Agreement carrying out certain actions, which include, among others, filing of the NCLT approvals for the Scheme of Arrangement with the relevant Registrar of Companies; completing the transfer of the entire equity share capital of PIPL to the Trust; PIPL and Reliance executing the Pipeline Usage Agreement; the Trust and EWPL subscribing to the PIPL NCDs and Redeemable Preference Shares, respectively; and payment of cash consideration to EWPL by PIPL. See "***Risk Factors – The demerger and transfer of the Pipeline Business from EWPL to the PIPL, pursuant to the Scheme of Arrangement may result in an initial disruption of the operations of the Pipeline Business***" on page 78. For a detailed description of the terms of the Framework Agreement and the related formation transactions, see "***Formation Transactions in Relation to the Trust – the Framework Agreement***" on page 41.

In order to give effect to the transactions contemplated under the Framework Agreement, the parties have entered into the following agreements and documentation:

Share Purchase Agreement

PIPL, RIHPL, the Trust and the Investment Manager have entered into the Share Purchase Agreement for the purchase of 100% of the equity share capital of PIPL by the Trust from RIHPL, for a purchase consideration of ₹ 500 million. The transfer of the equity shares of PIPL shall occur on the Completion Date, subject to the fulfilment of the conditions precedent as included in the Framework Agreement.

On or after the Completion Date, the parties to the Share Purchase Agreement have agreed to carry out certain post-completion actions, which include, among others, (a) PIPL making necessary filings under applicable laws, and (b) PIPL, within 15 days from the Completion Date, notifying certain identified authorities or counter-parties regarding the consummation of the transactions under the Share Purchase Agreement. While the PNGRB issued its in-principle approval dated September 27, 2018, it additionally required PIPL to request the PNGRB for change of authorisation of the Pipeline in its favour after the transfer of the Pipeline. For details of the in-principle approval of the PNGRB and the conditions listed therein see "***Regulatory Approvals – Approvals in relation to the transfer of the Pipeline Business***" on page 249. The parties to the Share Purchase Agreement have also agreed to provide the Trust with certain rights in the event of certain adverse directives from the PNGRB in relation to the PNGRB Authorisation. See "***Risk Factors - We have received a conditional in-principle approval from the PNGRB in relation to the demerger of the Pipeline Business to PIPL and are yet to receive a final approval from the PNGRB. If we are unable to obtain the requisite approval from the PNGRB, on terms favorable to us, or at all, our business, results of operations, financial condition and cash flows may be adversely affected***" on page 76.

For a detailed description of the terms of the Share Purchase Agreement, see "***Formation Transactions in Relation to the Trust – The Share Purchase Agreement***" on page 52.

Scheme of Arrangement

The Ahmedabad bench of the NCLT has approved the Scheme of Arrangement among EWPL, PIPL and their respective shareholders and creditors, for the demerger of the Pipeline Business from EWPL to PIPL on November 12, 2018 and the Mumbai bench of the NCLT approved the Scheme of Arrangement on December 21, 2018. Accordingly, pursuant to the Scheme of Arrangement the Pipeline Business was demerged from EWPL to PIPL with effect from the Appointed Date.

The Scheme of Arrangement provides for the demerger of the Pipeline Business for a net consideration of ₹ 6,500 million, payable by PIPL through cash consideration of ₹ 6,000 million and issuance and allotment of 50,000,000 Preference Shares to EWPL, amounting to ₹ 500 million. For the assets belonging to the Pipeline Business that require execution of separate documents to effect the transfer, the parties will execute the necessary documents, as and when required, with effect from the Appointed Date.

See "***Risk Factors – The demerger and transfer of the Pipeline Business from EWPL to PIPL, pursuant to the Scheme of Arrangement may result in an initial disruption of the operations of the Pipeline Business***" on page 78. The Scheme of Arrangement stipulates that statutory licenses, permissions, approvals or consents, employees and contracts, deeds, bonds, agreements and other instruments relating to the Pipeline Business shall stand transferred to and vested in from EWPL to PIPL, upon the Scheme of Arrangement becoming effective.

For a detailed description of the terms of the Scheme of Arrangement, see "***Formation Transactions in Relation to the Trust – Scheme of Arrangement and Acquisition of the Pipeline by PIPL***" on page 44.

Share Subscription Agreement

PIPL, RIIHL and the Trust have entered into the Share Subscription Agreement. RIIHL has agreed to subscribe to 4,000 million compulsorily convertible preference shares of ₹ 10 each of PIPL aggregating to ₹ 40,000 million, on the date when the PIPL NCDs are allotted to the Trust ("**Transfer Date**") either by itself or through one or more members of the RIL group.

The term of the CCPS shall be 20 years from the date of allotment and the CCPS shall carry the following rights: (i) dividend of 0.10% on the par value of the CCPS subject to availability of distributable profits with PIPL, (ii) a preferential right vis-à-vis equity shares with respect to payment of dividend, and (iii) voting rights, as available to holders of preferences shares under Section 47(2) of the Companies Act, provided that the CCPS Holder shall not have the right to vote on resolutions as prescribed under the second proviso to Section 47(2) of the Companies Act, even if the dividend has not been paid by PIPL for two years. Upon the expiry of 20 years from the date of allotment, every 254 CCPS shall be converted into one equity share which shall represent 24.00% of the then issued and paid up equity share capital of PIPL, subject to adjustments specified in the Share Subscription Agreement.

PIPL SHA

PIPL, EWPL, Reliance, the Trust and the Investment Manager have entered into the PIPL SHA to set out their rights and obligations in relation to PIPL, which would come into effect on the Completion Date. The rights and obligations under the PIPL SHA include those of the Trust as the equity shareholder of PIPL and the holder of the PIPL NCDs, of the holders of the Preference Shares and of Reliance and the Trust in relation to the purchase and transfer of the equity shares of PIPL under certain circumstances.

The PIPL SHA contains, among others, clauses governing, transfer of the equity shares and the Preference Shares of PIPL by their respective holders, the manner of meeting of the board of directors of PIPL and certain corporate governance matters, certain shareholder consent matters, and manner of dispute resolution between the parties thereto. The parties to the PIPL SHA have agreed that the cash flows of PIPL shall be distributed in the manner stipulated, such that distributions would be made to the holders of the PIPL NCDs, followed by the equity shareholders from the cash available to PIPL at the discretion of the Trust.

Certain key terms of the PIPL SHA are discussed below. For a detailed description of the terms of the PIPL SHA, see "***Formation Transactions in relation to the Trust – The PIPL SHA***" on page 47.

Terms of the PIPL NCDs

The PIPL SHA sets out the terms of issuance of the PIPL NCDs. The PIPL NCDs are to be issued to the Trust by PIPL for an issue size of ₹ 129,500 million and face value of ₹ 1,000 each, to be applied towards the repayment of the Outstanding Payables.

The PIPL NCDs have a tenor of 20 years from the deemed date of allotment, and carry an interest rate set for every five years, and which comprises of an annual rate of interest, an implicit rate of return embedded in the right to sweep certain cash-flows of PIPL for the first five years, an implicit rate of return embedded in the right to sweep certain cash-flows of PIPL for the balance fifteen years and an implicit rate of return linked to an upside share. The PIPL NCDs shall be secured by way of *inter alia* an exclusive first charge on the assets of the Pipeline Business and the assignment of the Pipeline Usage Agreement. See "***Risk Factors – Certain actions of the Trust require prior approval of the Trust Lenders, and we cannot assure you that the Trust Lenders will approve such actions in a timely manner or at all***" on page 77. For further details on the terms of the PIPL NCDs and the manner of repayment of the equated yearly instalments to the Trust, see "***Formation Transactions in relation to the Trust – Subscription to PIPL NCDs by the Trust***" on page 58.

Terms of the Redeemable Preference Shares

The PIPL SHA also sets out the terms of the Redeemable Preference Shares to be issued to EWPL by PIPL. The Redeemable Preference Shares are to be issued for an aggregate consideration of ₹ 500 million with a face value of ₹ 10 each and are participating, redeemable but non-convertible preference shares. Each Redeemable Preference Share will be redeemed at par and 10.00 % of the Redeemable Preference Shares shall be redeemed per year from the twenty first year onwards, on a proportionate basis. The Redeemable Preference Shares shall have voting rights, as available to all holders of preferences shares of PIPL under Section 47(2) of the Companies Act, on matters directly affecting the Redeemable Preference Shares, winding up of PIPL and reduction or repayment of the share capital of PIPL, provided that the Redeemable Preference Shares holder shall not have the right to vote on resolutions as prescribed under the second proviso to Section 47(2) of the Companies Act, even if the dividend has not been paid by PIPL for two years. However, the Redeemable Preference Shares carry a preferential right vis-à-vis the equity shares of PIPL with respect to the payment of dividend and repayment of capital. The Redeemable Preference Shares will carry a dividend of 0.10%. The holders of the Redeemable Preference Shares shall also have a right to all the surplus assets of PIPL on its winding up or liquidation or otherwise, once certain specified payments have been made.

Rights on Events of Default

The PIPL SHA sets out the rights and obligations of parties in the event of default on their respective obligations, including a default by the Trust resulting in, among others, Reliance having a right to redeem or acquire the PIPL NCDs for a specified amount; a default by Reliance resulting in, among others, the rights but not the obligations in relation to the Preference Shares falling away, and the Trust having the right to receive certain specified payments and redeem or transfer the PIPL NCDs, in the manner stipulated in the PIPL SHA.

Options for Transfer of Equity Shares of PIPL

On and from the earliest of, the expiry of twenty years from the Completion Date; the final redemption, repayment or extinguishment of all the PIPL NCDs under the circumstances specified; the receipt of specified payments by the Trust upon the occurrence of an event of default by Reliance; or receipt of payments by the Trust in relation to the PNGRB Authorisation Failure in accordance with the Share Purchase Agreement; the Trust has the right but not the obligation to require Reliance to purchase all the equity shares of PIPL and Reliance has the right but not the obligation to require the Trust to sell all the equity shares of PIPL, at a price determined in accordance with the terms set out in PIPL SHA.

In order for PIPL to carry out the Pipeline Business, PIPL will enter into the following agreement, effective on the Completion Date:

Pipeline Usage Agreement

PIPL and Reliance have agreed to enter into the Pipeline Usage Agreement on the Completion Date, the form of which has been agreed between the parties, which will set out the terms for PIPL to reserve transportation, storage or other capacity in the Pipeline for a period of 20 years for Reliance.

Under the Pipeline Usage Agreement, Reliance shall, during the term of the Pipeline Usage Agreement, pay PIPL the Contracted Capacity Payments, determined for four blocks of five years each, in the manner specified and calculated with reference to the Benchmark Rate, and subject to certain adjustments, towards reservation of capacity of up to a maximum of 33 mmscmd in the Pipeline for a period of 20 years. The obligation of Reliance to pay the Contracted Capacity Payment will be conditional upon and adjusted in accordance with actual capacity contracted by Reliance or third party customers pursuant to gas transportation agreements, and capacity charges collected directly by PIPL from Reliance or such third party customers. Accordingly, Reliance will agree to pay an adjusted Contracted Capacity Payment, for Financial Years in which capacity charges collected directly by PIPL are lower than the Contracted Capacity Payment for such Financial Year. See "***Risk Factors – Our business may be adversely affected by Reliance's non-performance of its obligations under the Pipeline Usage Agreement.***" on page 86. The CCP to be paid by Reliance will only be adjusted by Reliance by transporting gas in the Pipeline by itself or through its nominees up to the amounts outstanding against CCP. Whenever Reliance or its nominees transport gas, the actual GTA Capacity Charges (defined under the Pipeline Usage Agreement) will be adjusted against the CCP amounts outstanding in the manner to be set out in the Pipeline Usage Agreement.

Further PIPL and Reliance will agree to a manner of sharing upside of cash flows in accordance with a formula specified in the Pipeline Usage Agreement. In consideration of Reliance reserving the capacity in the Pipeline and thereby providing certainty of cash flows, PIPL will agree to pay to Reliance certain upside cash flows, subject to deduction of taxes and subject to adjustment for the PIPL NCD coupon, the upside amount due to PIPL and specified Trust receipts. Reliance shall be entitled to the RIL Upside Share for Financial Years when the actual capacity payments received by PIPL pursuant to gas transportation agreements are higher than the Contracted Capacity Payments payable during the Financial Year. Accordingly, PIPL shall be required to pay to Reliance cash generated by the Pipeline Business, above certain amounts retainable by PIPL, calculated in accordance with the Pipeline Usage Agreement. PIPL shall also be eligible for certain annual upside sharing, determined in accordance with the Pipeline Usage Agreement. See "***Risk Factors – PIPL and Reliance have not executed definitive documentation with respect to the Pipeline Usage Agreement. The form of the Pipeline Usage Agreement agreed between PIPL and Reliance provides that it may be terminated prior to the expiry of its term. If this occurs, our business, financial condition and results of operations may be adversely affected and PIPL may be unable carry out the Pipeline Business effectively***" and "***Risk Factors – The mechanism for dealing with cash flows of PIPL shall be governed by the Pipeline Usage Agreement and any distribution or payment of amounts by PIPL to the Trust (or its affiliates) which in contravention of the Pipeline Usage Agreement shall trigger an event of default under the PIPL SHA.***" each on page 87.

PIPL shall be obliged to operate and maintain the Pipeline as required in accordance with applicable laws and regulations, the gas transportation agreements and standard industry procedures, and shall be required to allow representatives of Reliance complete access to the Pipeline.

For a detailed description of the terms of the Pipeline Usage Agreement, as agreed to be executed among the parties thereto, see "***Formation Transactions in Relation to the Trust – The Pipeline Usage Agreement***" on page 55.

In order for PIPL to carry out the Pipeline Business, PIPL has entered into the following agreements, effective on the Completion Date:

Project Management Agreement

The Project Manager, the Trustee, the Investment Manager and PIPL have entered into the Project Management Agreement, which sets out the scope of services to be provided by the Project Manager in respect of the Pipeline as well as certain related matters, including in respect of any sub-contracting. For further details see "***Parties to the Trust – Key Terms of the Project Management Agreement***" on page 135.

O&M Agreement

PIPL, the Contractor and the Project Manager have entered into the O&M Agreement, in order to set out the terms for delegation of obligations by the Project Manager to the Contractor, towards the operation and maintenance of the Pipeline and its related facilities. The Contractor has agreed to perform certain specified services for the operation and maintenance of the Pipeline and in accordance with specified operating standards and specifications, including health, safety, and environment standards. In order to enable the Contractor to provide such services, PIPL shall provide access to the Pipeline facilities to the Contractor on 'as is where is' basis, and the Contractor shall be responsible for carrying out any work to ensure the Pipeline complies with specified operating standards and specifications. See "***Risk Factors – PIPL has entered into agreements with third parties for receiving operation and management services and any failure on their part to perform their obligations could adversely affect our reputation, business, results of operations and cash flows***" on page 91.

The O&M Agreement includes budget plans for the cost of operating and maintaining the Pipeline facilities, over certain categories, for a period of 20 years from the Completion Date, as well a process of drawing up annual budgets and provides for the manner of dealing with amounts in excess of or less than actual amounts spent towards operation and maintenance of the Pipeline. Certain expenses are to be incurred directly by PIPL, while others are to be incurred by the Contractor and then reimbursed by PIPL. The Contractor is entitled to a fee calculated as a specified percentage of the expenses actually incurred by it for each Financial Year. In the event the actual budget and business plan prepared for any Financial Year exceeds the budget plan as included in the O&M Agreement, or the actual costs and expenses incurred exceed such budget and business plan, the Contractor is obliged to subscribe to optionally fully convertible debentures carrying interest of 0.001% per annum, issued by PIPL, and convertible into equity shares of PIPL at the option of PIPL, for an amount calculated in accordance with and in the manner set out the O&M Agreement. See "***Risk Factors – The O&M Agreement includes budget plans for the cost of operating and maintaining the Pipeline facilities for a period of 20 years from the Completion Date. In the event the cost of operating and maintaining the Pipeline facilities exceeds such budgets or estimates, our results of operations and cash flows may be adversely affected.***" on page 91.

The Contractor is entitled to engage a sub-contractor to provide the services under the O&M Agreement, subject to approval by PIPL. For a detailed description of the terms of the O&M Agreement, see "***Formation Transactions in Relation to the Trust – Key terms of the O&M Agreement***" on page 141.

O&M Sub-Contract Agreement

PIPL, the Contractor and the Sub-Contractor have entered into the O&M Sub-Contract Agreement, in order to set out the terms for delegation of certain obligations by the Contractor to the Sub-Contractor for a certain portion of the Pipeline, i.e., from compressor station 8 to compressor station 10 ("**Specified Portion**"), in accordance with the O&M Agreement. The Sub-Contractor has agreed to perform certain identified services for the operation and maintenance of the relevant portions of the Pipeline and in accordance with specified operating standards and specifications, including health, safety, and environment standards. The service fee payable by the Contractor to the Sub-Contractor as consideration for the identified services is equal to the actual expenditure incurred by the Sub-Contractor plus 10.00% of such amount exclusive of taxes (with an annual escalation of 4.50% to the relevant expenditure amount for subsequent financial years). For a detailed description of the terms of the O&M Sub-Contract Agreement, see "***Formation Transactions in Relation to the Trust – Key terms of the O&M Sub-Contract Agreement***" on page 145.

Infrastructure Agreement

PIPL, the Contractor and RGPL have entered into the Infrastructure Agreement in order to set out the terms for permitting RGPL non-exclusive access to certain facilities of RGPL which are laid on the Pipeline's right of usage

area and are co-located with the Pipeline facilities. The Infrastructure Agreement permits RGPL to access, use, inspect, maintain and operate the co-located assets, and undertake any other activity reasonably required for safe operation of such assets. RGPL has agreed to pay an access fee, the amount of which is to be agreed among the parties at a later date, and to share half the costs incurred by PIPL in relation to the area on which the co-located assets are situated. For a detailed description of the terms of the Infrastructure Agreement, see "***Parties to the Trust – Other Agreements – Infrastructure Agreement***" on page 148.

Shared Services Agreement

PIPL, Reliance and the Contractor have entered into the Shared Services Agreement, in order to set out the terms for Reliance to provide PIPL and the Contractor with certain identified services in connection with the Pipeline Business, for a period of three years. The services are to be provided by Reliance in order to enable business continuity, seamless operations and an effective cost structure of the Pipeline Business, pursuant to the demerger of the Pipeline Business from EWPL to PIPL. Reliance is entitled to receive an annual fixed service charge exclusive of any taxes, payable in the ratio of 25:75 by the Contractor and PIPL, respectively. For a detailed description of the terms of the Shared Services Agreement, see "***Parties to the Trust – Other Agreements – Shared Services Agreement***" on page 147.

Gas Transportation Agreements

As of September 30, 2018, we maintain 37 gas transportation agreements ("**GTA**") with 20 customers. We also enter into framework GTAs which govern the broad understanding with our customers which are thereafter supplemented by gas sale term sheets entered into with them from time to time. Pursuant to the gas transportation agreements with existing customers the Pipeline Business had contracted quantity of 316.83 million mmbtu, 429.60 million mmbtu, 397.17 million mmbtu and 397.34 million mmbtu, for the period between April 1, 2018 and November 30, 2018 and for the Financial Years 2018, 2017 and 2016, respectively. Our GTAs and framework GTAs are based on terms mutually agreed with our customers and tariff rates in INR/mmbtu, as approved by PNGRB. We use a ship-or-pay monthly arrangement at a level of 90% of maximum delivery quantity in our framework GTAs. Our payment terms include use of fortnightly invoicing, with payments made within four days of invoice and disputed amounts to be paid in full, pending dispute settlement. In terms of payment security, the shipper is to provide a letter of credit to cover payments for two fortnights. In certain cases, deferred delivery services are also provided wherein a customer can request for temporary storage space in the Pipeline for a service charge.

Our planned maintenance terms include a total of 10 days annually for each shipper and transporter. Each party to a GTA is indemnified by the other party against third party claims, except in the case of wilful misconduct, and neither party is liable for any consequential loss. Our liability is generally capped at 50% of annual transportation charges pursuant to the GTA.

Tariff Rates

Tariff determination system of the PNGRB

We operate in an established regulatory and statutory regime governed by the PNGRB. The PNGRB has established rules that determine, among other things, tariffs for the transportation of natural gas. The PNGRB determines tariffs for all the pipelines in the country (as applicable) based on a discounted cash flow method that allows the operators up to 12.00% post tax Return on Capital Employed, through a public consultation process. The methodology provides for tariff reviews at five year intervals and the revised tariff is applied prospectively. The PNGRB calculates a Levelized Tariff for the remaining life of the asset based on its estimates of operational expenditures, capital expenditures and other relevant factors.

In the determination of tariffs, the Pipeline is divided into five zones of up to 300 km each, based on the distance between entry point and exit point in a given gas transportation contract. Following the determination of a Levelized Tariff, the same is then apportioned into the five zones and zonal volumes are estimated for the future period. Zonal volumes for future and set zonal tariffs are estimated to arrive at the same PV of zonal revenues as that of the Levelized Tariff, i.e. tariffs for zones is set such that the present value of zonal revenues is equal to that of the Levelized Tariff revenues. The same tariff applies to all customers for a particular zone. No tariff adjustment is allowed on account of variation in zonal volumes. The PNGRB is in process of determining the final tariff, from the current provisional tariff of ₹ 52.23/MMBtu. In October 2018 EWPL submitted a proposal to the PNGRB for tariff revision effective from April 1, 2019 and requested the PNGRB to expedite the tariff determination.

Consequently, while the High Court of Delhi passed an order dated December 14, 2018 directing the PNGRB to declare the final tariff for the Pipeline within three months of the order passed by APTEL on November 20, 2018 in the capacity dispute, the PNGRB is yet to determine the final tariff for the Pipeline. See "***Risk Factors – Government intervention in the pricing decisions of the Pipeline may adversely affect its business***." on page 93.

Pursuant to the Tariff Regulations, the current tariff that we charge to our customers, as approved by the PNGRB on June 9, 2010, is as follows:

Zones	**Tariff (₹/mmbtu) on GCV Basis**
Zone 1	15.00
Zone 2	42.00
Zone 3	53.69
Zone 4	58.75
Zone 5	60.94

Operations and Maintenance

The components of the Pipeline require regular monitoring, maintenance and repair. We use modern supervisory control and data acquisition ("**SCADA**") system and an optical fibre based captive telecommunication system in order to provide safe and efficient operations and for monitoring and access control of the Pipeline. This and other specialized planning, optimization and scheduling tools allows adjustments in the operation of the Pipeline. We endeavour that our business and operations are compliant with statutory and regulatory codes, regulations and terms and conditions as applicable.

We hold a comprehensive long term contract with the original equipment manufacturer for remote monitoring and diagnostics, maintenance and repairs of the compressors. Our compressors receive regular inspection and maintenance consistent with industry standards. We seek to ensure that the equipment and services provided by all our suppliers and contractors meet their intended purpose.

We manage the integrity of the Pipeline using a pipeline integrity index that is calculated monthly using inspection data. We believe that such assessments ensure the fitness of the Pipeline.

In addition, we maintain an operating code that ensures gas quality that is compliant with PNGRB regulations as well as terms such as measurement, nomination by shipper, confirmations, the publishing of a schedule, allocations, curtailment, pressure and flow and electronic arrangements.

Environmental, Health and Safety Protection

We adhere to central, state and local statutory requirements concerning health, safety and the environment in the jurisdictions in which we operate. The principal environmental regulations applicable to industries in India are the Water (Prevention and Control of Pollution) Act, 1974 as amended, the Forest (Conservation Act), 1980 as amended, the Air (Prevention and Control of Pollution) Act, 1981 as amended, the Environment (Protection) Act, 1986 as amended and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 as amended. Environmental regulations require a company to file an Environment Impact Assessment with the State Pollution Control Board ("**PCB**") and the Ministry of Environment and Forests ("**MoEF**") before undertaking a project entailing the construction, development or modification of any system or structure. Compliance with applicable environmental regulations is monitored by the PCB located in each state as well as by the MoEF. No industrial or productive facility may operate without a valid authorization from the local PCB. PCBs and MoEF routinely inspect industrial and productive facilities to monitor compliance with applicable environmental standards and regulation, including the provisions of various environment acts. Violations of relevant environmental regulations are punishable by monetary fines and imprisonment for company officers and

controlling persons.

The Pipeline requires operating permits that are subject to renewal and modification and, in some circumstances, cancellation. For instance, as of the date of this Preliminary Placement Memorandum, applications for renewal of license to work a factory under the Factories Act, 1948 before the respective state factories' departments/chief inspector (being the relevant authorities under applicable state factories' rules) have been made for compressor stations 6, 8 and 10 of the Pipeline and the final consent to operate is pending. For details see "***Regulatory Approvals – Material business approvals in relation to the Pipeline***" on page 249.

We integrate our safety and environment performance into our overall business plan and strategy. Our safety management framework includes a policy with defined organizational structures, roles and responsibilities, guidelines, audits, training, monitoring and an established review mechanism. Included in this framework we capture hazards and risks relating to operating performance, personnel safety, process safety and environment. As part of our standard operating practice, we develop and implement procedures for safe, compliant and reliable operation. We also have in place an incident management system where incidents related to people and assets can be reported and investigated so that corrective actions can be implemented and learnings can be shared to avoid reoccurrence.

In order to comply with relevant regulations, we implement a preventative health care policy through pre-employment and periodic medical examinations of all employees, including contractors' employees. Each of our compressor stations has trained first aid responders and first aid kits. We have identified hospitals in the vicinity of compressor stations for all of our employers and contractor's workers, if medical help is required. We maintain a safety management system that is monitored on a regular basis. We have an Emergency Response and Disaster Management Plan in place with dedicated emergency response vehicles equipped with essential equipment that can be deployed in an emergency. Over the six months ended September 30, 2018 and Financial Years 2018, 2017 and 2016, the Pipeline has not experienced any fatalities. Over the six months ended September 30, 2018 and Financial Years 2018 and 2017, the Pipeline has had a lost work case frequency rate of 0.00, and in the Financial Year 2016 the lost work case frequency rate was 0.34.

Our field staff and contractor's workers are trained in emergency response procedures and evaluated through regular mock drills. The Pipeline operations centre acts as a nodal point for emergency notification, communication and coordination. We take proactive measures, and maintain emission mapping of compressors, to minimize air pollution. Additionally, our compressor stations have a rainwater harvesting facility for ground water re-charge. We are certified for ISO-9001:2015 and ISO-14001:2015 as well as BS OSHAS-18001:2007. For additional information regarding regulations and laws in respect of the Pipeline, see "*Regulations and Policies".*

For environmental, health and safety recognition, the Pipeline has received several awards. Recent awards include:

- the Safe Organisation of the Year Award by OSH Association India for 2015;
- the Oil Industry Safety Award for 'Best Overall Safety Performance amongst Cross Country Pipeline' by Ministry of Petroleum and Natural Gas for 2010-11 and 2012-2013;
- 5-Star Certification by British Safety Council for Five Star Environmental Audit in 2013, 2014 and 2017;
- Sword of Honour by British Safety Council for 2011 and 2013; and
- Globe of Honour by British Safety Council for 2013.

Insurance

We have in place a mega risk insurance policy which covers, among others, business interruption, property damage, inland marine transit within India, third-party liability and machinery breakdown for the Pipeline. We believe our policies are in accordance with customary industry practices. In addition, under the Public Liability Insurance Act, 1991, we are required to maintain insurance policies so as to enable compensating third party injuries (comprising death or injury to any person other than a workman) and damage to property which has resulted from an accident. Further, the Trustee has confirmed that the Pipeline Business has been adequately insured.

Competition

Key industry players for transportation of gas are GAIL, EWPL and GSPC, in terms of their percentage share of the total length of the gas pipeline infrastructure, according to the FICCI Report. The current gas pipeline infrastructure in the country is provided in the table below:

Pipeline Owner	Length (Km)	Percentage Share
GAIL	11,077	68.60%
RGTIL	1,480	9.16%
GSPC	2,612	16.17%
Assam Gas Company Limited / Oil India Limited/ Duliajan Numaligarh Pipeline Limited	817	5.05%
Indian Oil Corporation Limited	140	0.87%
ONGC	24	0.15%
Total	**16,150**	**100.00%**

Source: FICCI Report

Employees

As of September 30, 2018, the Pipeline Business had 138 full-time employees, in addition to personnel utilised on a contractual basis. We provide regular training to our employees, including with the assistance of external consultants. We monitor our employees' skill levels and provide targeted training programs to improve their skills. Competency is regularly assessed for safety and operational risk critical roles. We maintain a defined and performance based reward mechanism which we believe help us to ensure job accountability. Our employees also receive various benefits including medical insurance for certain employees, group term life coverage, group term accident cover, annual leave and provident fund. As of September 30, 2018 there are no unions formed among our employees.

Title to Properties and Right-to-Use

The principal place of business of the Trust is situated at Unit 804, 8th Floor, A Wing, One BKC, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India, on leased premises. The registered office of PIPL is located at Maker Maxity, 4th North Avenue, 2nd Floor, Kala Nagar, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India, on leased premises.

The Pipeline Business relies on interests in a number of properties in India for its operations. The Ministry of Petroleum and Natural Gas, Government of India (the "**MoPNG**") issued a notification on October 13, 2004 pursuant to the provisions of the Petroleum and Minerals Pipeline (Acquisition of Right of User in Land) Act, 1962 ("**PMP Act**") declaring its intention to acquire the right of user over the land under which the Pipeline was to be laid detailing the parcels of land across the states through which the Pipeline would pass. This was followed by state-wise notifications between 2005 and 2008 in the states of Gujarat, Maharashtra, Karnataka and Andhra Pradesh (at the time Telangana was not a separate state) and pursuant to Sections 6(1) and 6(4) of the PMP Act, the MoPNG declared the acquisition of land required to lay the Pipeline and that this right of user over the land to lay the Pipeline vested with EWPL. Further, the Pipeline Business has ownership interest in over 400 acres of land and leasehold interest in 1.73 acres of land pursuant to various sale deeds and lease deed, respectively, on which the installations of our 11 compressor stations, 37 main line valves, 10 metering and regulating stations, as well as the spurs, test lead points, tap stations and control centres are situated. See "***Risk Factors – Land title in India can be uncertain and we may not be able to identify or correct defects or irregularities in title to the land which is owned, leased or intended to be acquired.***" and "***Legal and Other Information – Litigation involving the Pipeline Business – Civil Matters – Disputes in connection with the right of user granted to EWPL under the PMP Act***" on pages 91 and 254, respectively.

INFORMATION CONCERNING THE UNITS

Unit holding of the Trust

(in million)

Particulars	Number of Units
Units issued and outstanding prior to this Issue	564*
Units issued and outstanding after this Issue	664**

**The first allotment of Units is proposed to be made to the Sponsor after the Bid/ Issue Closing Time and prior to the Allotment of Units pursuant to the Issue.*

***Assuming full subscription, the Units issued and outstanding immediately after the Issue also includes Units proposed to be issued to the Sponsor pursuant to the Sponsor Subscription. Under-subscription in the Issue, if any, would be met from the Sponsor Subscription, up to the amount set out in the Commitment Letter, at the discretion of Investment Manager in consultation with the Lead Manager and the Stock Exchange, in accordance with applicable law, including the minimum offer requirement under Regulation 14(1A)(c) of the SEBI InvIT Regulations.*

Unitholders holding more than 5.00% of the Units

S. No.	Name of Unit Holders	Pre-Issue*		Post-Issue**	
		Number of Units (in million)	Percentage of holding (%)	Number of Units (in million)	Percentage of holding (%)
1.	Rapid Holdings 2 Pte. Ltd.	564	100.00	564	84.94

**The first allotment of Units is proposed to be made to the Sponsor after the Bid/ Issue Closing Time and prior to the Allotment of Units pursuant to the Issue.*

***Assuming full subscription, the Units issued and outstanding immediately after the Issue also includes Units proposed to be issued to the Sponsor pursuant to the Sponsor Subscription. Under-subscription in the Issue, if any, would be met from the Sponsor Subscription, up to the amount set out in the Commitment Letter, at the discretion of Investment Manager in consultation with the Lead Manager and the Stock Exchange, in accordance with applicable law, including the minimum offer requirement under Regulation 14(1A)(c) of the SEBI InvIT Regulations.*

Unitholding of the Sponsor, Investment Manager, Project Manager and Trustee

The Trustee, the Investment Manager and the Project Manager do not hold any Units and shall not acquire any Units in this Issue.

The Sponsor proposes to subscribe for 564 million Units for a cash consideration of ₹ 56,400 million prior to the Allotment and shall hold 564 million Units after the completion of the Issue.

Unitholding of the directors of the Investment Manager

As on the date of this Preliminary Placement Memorandum, none of the directors of the Investment Manager hold any Units or propose to subscribe for any Units in this Issue.

Sponsor's lock-in

The Sponsor shall hold 15.00% of Units on a post-Issue basis, aggregating to 99,600,000 Units, which shall be locked-in for a period of three years from the date of listing of the Units, in accordance with the SEBI InvIT Regulations. Further, unitholding of the Sponsor, exceeding 15.00% on a post-Issue basis, if any, shall be locked-in for a period of not less than one year from the date of listing of the Units, in accordance with the SEBI InvIT Regulations. Additionally, in accordance with the Trust NCD Documents, the Sponsor has agreed to hold at least 51.00% of the total Units. For further details see "***Financial Indebtedness and Deferred Payments- Brief Description of the Trust NCD Terms***" on page 202.

USE OF PROCEEDS

The Transaction

Pursuant to the Transaction, the Trust proposes to raise an aggregate amount of up to ₹ 130,100 million by way of (i) the Issue; (ii) the Sponsor Subscription; and (iii) the Trust NCD Offering.

The funds raised by the Trust pursuant to the Transaction are proposed to be utilized by the Trust for (i) subscription of the PIPL NCDs; (ii) for purchasing 100.00% of the issued and paid-up equity share capital of PIPL from RIHPL and (iii) for payment of certain Transaction related expenses proposed to be borne by the Trust.

The section below provides details of the (i) use of Issue Proceeds, use of Sponsor Subscription Amount and use of amounts raised through the Trust NCD Offering ("**Use of Proceeds by the Trust**") and (ii) details of use of the subscription amount raised by PIPL pursuant to the PIPL NCDs ("**Use of Proceeds by the Project SPV**").

(i) Use of Proceeds by the Trust

The details of the total amounts raised by the Trust pursuant to the Transaction are set forth in the following table:

Particulars	Amount (*In ₹ million)*
Issue Proceeds	10,000.00
Proceeds from the Sponsor Subscription (less certain expenses in relation to the Transaction ("**Net Sponsor Subscription Amount**"))	56,300.00
Trust NCD Offering Proceeds	63,700.00
Aggregate Net Transaction Value	**130,000.00**

(i) Use of Issue Proceeds

The Issue comprises of an issue of up to 100 million Units through private placement, aggregating up to ₹ 10,000.00 million ("**Issue Proceeds**").

Utilization of Issue Proceeds

The Issue Proceeds are proposed to be utilised in accordance with the details provided in the following table:

(In ₹ million)

S. No.	Particulars	Amount
(i)	Investment in PIPL by way of subscription to the PIPL NCDs	10,000.00

*For details of utilization of Issue Proceeds by PIPL, see "**Use of Proceeds – Use of Proceeds by PIPL**" on page 199.*

The Investment Manager believes that investments in PIPL by utilizing the proceeds and the subsequent repayment/prepayment of the loans of PIPL will: (i) help reduce outstanding indebtedness of the Trust, on a consolidated basis; and (ii) assist the InvIT in maintaining a favourable consolidated debt-equity ratio.

The fund requirements mentioned above and the proposed deployment are based on the estimates of the Investment Manager and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of the business of the Trust and PIPL, and the Investment Manager may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment and interest/exchange rate fluctuations.

Issue Expenses

All expenses in relation to the Issue will be borne in accordance with the terms of the Share Purchase Agreement. For details see, "***Formation Transactions in relation to the Trust – The Share Purchase Agreement – Fees and expenses***" on page 54. Any expenses borne by the Sponsor on behalf of the Trust for administrative convenience will be reimbursed by the Trust to the Sponsor from the net distributable cash flows received from PIPL post-listing.

(ii) Sponsor Subscription

The Sponsor will subscribe for 564 million Units of the Trust for a cash consideration of ₹ 56,400 million and the Trust will allot such Units to the Sponsor prior to the Allotment ("**Sponsor Subscription**").

Utilization of Sponsor Subscription

The Sponsor Subscription is proposed to be utilised in accordance with the details provided in the following table:

(in ₹ million)

S. No.	Particulars	Amount*
I.	Purchasing the entire issued and paid-up share capital of PIPL and thereby also acquiring the Pipeline Business, prior to Allotment	500.00
II.	Investment in PIPL by way of subscription to PIPL NCDs*	55,800.00
III.	Payment of certain transaction related expenses	100.00
	Net Sponsor Subscription Amount	56,400.00

*For details of utilization of Sponsor Subscription by PIPL, see "**Use of Proceeds – Use of Proceeds by PIPL**" on page 199.*

**Subject to applicable law, the proceeds from Sponsor Subscription may be utilized for payment of the consideration pursuant to the terms of the Transaction Documents, including payment of cash consideration pursuant to the Scheme of Arrangement*

(iii) Trust NCD Offering

The Trust proposes to raise funds by way of borrowing for an amount of up to ₹ 63,700.00 million pursuant to the Trust NCD Offering.

Utilization of the Trust NCD Offering Proceeds

The Trust NCD Offering Proceeds are proposed to be utilised in accordance with the details provided in the following table:

(In ₹ million)

S. No.	Particulars	Amount*
(i)	Investment in PIPL by way of subscription to the PIPL NCDs	63,700.00

*****For details of utilization of the Trust NCD Offering Proceeds by PIPL, see "**Use of Proceeds – Use of Proceeds by PIPL**" on page 199.*

(ii) Use of proceeds by PIPL

The details of the sources of funds raised by PIPL through issuance of PIPL NCDs are set forth in the following table:

(In ₹ million)

Particulars	Amount
Issue Proceeds	10,000.00
Proceeds from the Sponsor Subscription	55,800.00
Trust NCD Offering Proceeds	63,700.00
PIPL NCD Subscription Amount	**129,500.00**

Detailed utilization of the PIPL NCD Subscription Amount:

From the amounts raised by the Trust (as described above), the Trust proposes to subscribe to the PIPL NCDs aggregating to an amount of ₹ 129,500.00 million ("**PIPL NCD Subscription Amount**"). PIPL proposes to utilize the PIPL NCD Subscription Amount in the following manner.

(i) Repayment/Prepayment of unsecured debt

Pursuant to the Scheme of Arrangement, the Pipeline Business has been transferred from EWPL to PIPL with effect from the Appointed Date. For further details on the Scheme of Arrangement, see "***Formation Transactions in Relation to the Trust – Scheme of Arrangement and Acquisition of the Pipeline by PIPL***" on page 44. The Trust proposes to acquire the control of PIPL by acquiring 100.00% of the issued and paid-up equity share capital of PIPL from RIHPL as per the terms and conditions of the Share Purchase Agreement. For details of the Scheme of Arrangement and the demerger of the Pipeline Business from EWPL to PIPL, and the key terms of the Share Purchase Agreement, see, "***Formation Transactions in Relation to the Trust – the Framework Agreement***" and "***Formation Transactions in Relation to the Trust – Share Purchase Agreement***" on page 41 and 52, respectively.

The Scheme of Arrangement provides that all the assets and liabilities of EWPL in relation to the Pipeline Business stand transferred to PIPL with effect from the Appointed Date. Accordingly, the liabilities of EWPL which were transferred to PIPL were ₹ 164,000.00 million, which comprises an unsecured loan of ₹ 164,000.00 million granted to EWPL by SPTL. For further details see "***Financial Indebtedness and Deferred Payments***" on page 201.

PIPL proposes to utilize the PIPL NCD Subscription Amount for part-repayment/prepayment of the unsecured loan in relation to the Pipeline Business which was transferred to PIPL pursuant to the Scheme of Arrangement. For further details see "***Financial Indebtedness and Deferred Payments***" on page 201

FINANCIAL INDEBTEDNESS AND DEFERRED PAYMENTS

*The following is a summary of the proposed and existing indebtedness of the Trust and the Project SPV, together with a brief description of certain material covenants of the relevant financing agreements. The tables below present the (a) the capital structure of the Trust (including any borrowing or deferred payments) on a consolidated basis as of this Preliminary Placement Memorandum, as adjusted taking into account the formation transactions, including the Transactions and the utilisation of the respective proceeds raised from the Transaction, as described in "**Use of Proceeds**" on page 198; and (b) the capital structure of the Project SPV (including any borrowing or deferred payment) on a standalone basis as of February 28, 2019, as adjusted taking into account the formation transactions, including the Transaction and the utilisation of the respective proceeds raised from Transaction, as described in "**Use of Proceeds**" on page 198. For additional details, investors should also refer to the sections entitled "**Use of Proceeds**" and "**Audited Special Purpose Combined Ind-AS Financial Statements**" on pages 198 and 291, respectively.*

I. Consolidated capital structure of the Trust (including any borrowings or deferred payments) (i) prior to the Issue and (ii) as adjusted for the Transaction

(₹ in million)

Particulars	Prior to the Issue as at February 28, 2019	Adjusted for the Transaction
Total Debt		
Unsecured Loan	164,000.00	Nil
Trust NCDs	Nil	63,700.00
Shareholders'/Unitholders' funds		
Unit capital	Nil	66,400.00
Equity share capital	500.00	Nil
Other Equity (retained earnings and other comprehensive income as at September 30, 2018)	(3,491.00)	Nil
Preference Share capital	Nil	500.00
Compulsorily Convertible Preference shares	Nil	40,000.00

II. Standalone capital structure of PIPL (including any borrowings or deferred payments) (i) prior to the Issue and (ii) as adjusted for the Transaction

(₹ in million)

Particulars	Pre Issue as at February 28, 2019	As adjusted for the Transaction
Total Debt		
Unsecured Loan*	164,000.00	Nil
Secured, redeemable, non-convertible debentures (face value of ₹ 1,000.00 each)	Nil	129,500.00
Shareholders' funds		
Equity Share capital	500.00	500.00
Preference Share Capital	Nil	500.00
Other Equity (Retained Earnings and Other Comprehensive Income- as at September 30, 2018)	(3,491.00)	(3,491.00)
Compulsorily Convertible Preference Shares (CCPS)	Nil	40,000.00

**Refers to unsecured loan from SPTL*

PIPL does not have any outstanding indebtedness prior to the transfer of the Pipeline Business pursuant to the Scheme of Arrangement and therefore no lender consents are required.

Pursuant to the Scheme of Arrangement, the Pipeline Business has been demerged to PIPL comprising an asset value of ₹ 170,500.00 million and liabilities of ₹ 164,000.00 million, on a going concern basis on the Appointed Date. For further details on the Scheme of Arrangement, see "***Formation Transactions in Relation to the Trust – Scheme of Arrangement and Acquisition of the Pipeline by PIPL***" on page 44.

The liabilities of EWPL which were transferred to PIPL pursuant to the Scheme of Arrangement were ₹ 164,000.00 million, which consists of the unsecured loan granted by SPTL to EWPL. PIPL is not required to pay interest on the unsecured loan until the date on which completion occurs in accordance with the Framework Agreement. Further, PIPL has the option to prepay the entire unsecured loan by giving one day's notice to SPTL.

Pursuant to the Transaction, PIPL proposes to utilize an aggregate amount of ₹ 129,500.00 million for part-repayment/prepayment of the SPTL Loan. For details of utilization of the PIPL NCD Subscription Amount by PIPL, see "***Use of Proceeds – Use of Proceeds by PIPL***" on page 199. Further, PIPL proposes to issue the PIPL NCDs to the Trust in accordance with the NCD Terms. For details see "***Formation Transactions – Subscription to PIPL NCDs by the Trust***" on page 58.

Brief Description of the Trust NCD Terms

The Trust proposes to issue up to 63,700 listed, secured, redeemable, non-convertible debentures of face value ₹ 1,000,000.00 each ("**Trust NCDs**") for an aggregate principal amount of up to ₹ 63,700.00 million. A brief description of the key terms of the Trust NCD Documents are as follows:

S. No.	Item	Particulars
1.	Coupon	9.60% annualized (the "**Coupon Rate**"). In the event the PIPL Funding (and issue and allotment of the PIPL Funding NCDs) is not completed on or before April 30, 2019, other than due to the holders of the Trust NCDs not paying the PIPL Funding subscription amount to PIPL, after PIPL having issued the offer letter and disbursement request to them post complying with all conditions whatsoever for the PIPL Funding (specified under the agreed form of the PIPL Funding debenture trust deed, the PIPL Funding term sheet and applicable laws), the Coupon Rate shall automatically stand increased to a rate of 10.00% annualized from May 1, 2019 until the final redemption of the Trust NCDs.
2.	Tenor	The Trust NCDs have a tenor of five years from the deemed date of allotment of the Trust NCDs.
3.	Default interest rates	The Trust NCDs carry a default interest rate per annum of 2.00% over and above the Coupon Rate in case of any payment default on unpaid amounts which are due and payable to the holders of Trust NCDs. Further, in the event of a failure by the Trust to comply with any other obligations under the Trust NCD Documents, the default interest rate per annum is 1.00% over and above the Coupon Rate on the outstanding amounts from the date of non-compliance until its rectification or waiver.
4.	Subordination	Any financial indebtedness owed by the Trust to the Sponsor will be subordinate to the rights of the holders of the Trust NCDs such that any repayment of financial indebtedness (including any principal and/or interest) to the Sponsor will not be exercised until all amounts outstanding or payable under the Trust NCDs are paid in full to the satisfaction of the Debenture Trustee.
5.	Other rights of holders of the Trust NCDs	• Consent of the holders of the Trust NCDs is required prior to alteration of the terms of the PIPL NCDs. • Consent of 75.00% of the holders of the Trust NCDs is required for removing and replacing the Investment Manager, unless the Investment Manager is an affiliate of the Sponsor. • The holders of the Trust NCDs have the right to exercise the Enforcement Option in case of an Enforcement Event (as defined in the PIPL SHA);

S. No.	Item	Particulars
		• The prior consent of the holders of the Trust NCDs/Debenture Trustee is required for the Trust to incur any financial indebtedness (other than the Trust NCDs). There will be no deemed approval. • Any partial sale of the assets of the Pipeline Business for an amount exceeding ₹ 1,500.00 million in a Financial Year, requires the consent of the majority of the holders of the Trust NCDs to be obtained for the sale price. Any full or partial sale of any of the assets of the Pipeline Business for an amount exceeding ₹ 1,500.00 million in a Financial Year, are subject to first entering into necessary mechanisms for receipt of the sale proceeds, to be agreed by the Debenture Trustee.
6.	Use of proceeds of the Trust NCDs	The proceeds from issuance of the Trust NCDs will be utilized by Trust to part finance the subscription consideration for the PIPL NCDs. The Trust is not permitted to: • use the proceeds towards acquiring equity shares of PIPL, or • towards the obligations of PIPL to fulfil the consideration provided for in the Scheme of Arrangement.
7.	Listing	BSE Limited
8.	Conditions precedent	1. The Trust is required to obtain approvals for issuance, allotment and listing of the Trust NCDs (whether certified copies of documents, resolutions, advice, certificates or otherwise). 2. Executed copies (in the form agreed with the Debenture Trustee) of each Transaction Document (other than the Pipeline Usage Agreement) and the PIPL SHA, and the agreed form of the amendment to be carried out to the PIPL SHA solely for the purposes of carrying out the PIPL Funding (as approved by the Debenture Trustee acting on the instructions of all the proposed holders of Trust NCDs identified by the Trust for the offer and allotment of the Trust NCDs). 3. The PIPL NCD Documents being in a form and manner satisfactory to the holders of the Trust NCDs/ the Debenture Trustee. 4. Satisfactory insurance (including but not limited to a total loss policy, business interruption risk policy and material damage policy) having been availed by PIPL on the assets relating to the Pipeline Business (with adequacy of insurance to be certified by an independent insurance advisor to the satisfaction of the Debenture Trustee). 5. Satisfactory legal opinion of the legal counsel of the Debenture Trustee on the documentation for issuance of the PIPL NCDs and the Trust NCDs having been obtained. 6. Letter from Ernst & Young that cash available with PIPL by way of Contracted Capacity Payments received from Reliance can be utilized by PIPL to make interest payments on the PIPL NCDs and to repay the principal amount of the PIPL NCDs. 7. Execution of the relevant Trust NCD Documents pertaining to the Trust NCDs. 8. Formalities related to issuance of Trust NCDs including rating, listing, electronic book building, debenture trustee consent letter, etc. having been complied with. 9. The Trust issuing a certificate from the Investment Manager, certifying *inter alia* that: a. no material adverse effect event is existing; b. the proceeds of the Trust NCDs shall be applied only in accordance with the purpose as specified under the Trust NCD Documents;

S. No.	Item	Particulars
		c. all representations and warranties made by the Trust are true and correct in all respects on the date of the certificate; d. it is in compliance with all applicable laws, including without limitation, applicable tax laws; e. no default exists as of the date no earlier than the date of the certificate; f. the borrowings of the Trust (including by way of the Trust NCDs) and the security to be created over the secured assets set out in the Trust NCD Documents are: i. within the existing limits approved under the terms of issuance and the constitutional documents of the Trust; ii. would not cause, or result in any breach of any agreement that the Trust is a party to, or oblige it to create any security in favour of any person (other than in the manner stipulated in the Trust NCD Documents); iii. will not be in violation of any applicable law. 10. Other conditions as may be mutually agreed between the Trust and the Debenture Trustee. 11. Obtaining all regulatory and statutory approvals and corporate authorisations, if any, for the acquisition of the Pipeline Business, including the PNGRB approvals (and copies thereto being provided to the Debenture Trustee). 12. Evidence that all security currently existing over the assets of the Pipeline Business (at EWPL or PIPL, as the case may be) have been released and copies of necessary charge satisfaction filings in that regard being provided to the Debenture Trustee. 13. Creation and perfection of all security specified as conditions precedent for the Trust NCDs and the PIPL NCDs. 14. Copy of the agreed form conditions precedent satisfaction certificate to be issued from PIPL to the Trust, confirming that all conditions precedent to the PIPL NCDs have been complied with. Satisfaction of conditions precedent to the PIPL NCDs will be conditions precedent to the Trust NCDs as well, and any waivers thereto shall be provided by the Trust only with consent of the Debenture Trustee. 15. Conditions precedent compliance certificate from the Debenture Trustee's legal counsel with respect to the issuance of the Trust NCDs. 16. Copy of valuation report with respect to the acquisition of the Pipeline Business. 17. An independent chartered accountant certificate confirming that there are no proceedings pending or notices issued to the Trust under the Income Tax Act, 1961. 18. Application to the income tax authority under Section 281 of the Income Tax Act, 1961 for issuance of a no-objection in relation to all security to be provided in respect of the Trust NCDs and the PIPL NCDs and certificate from an independent chartered accountant, in a form and manner satisfactory to the Debenture Trustee, certifying that there are no tax dues pending against the Trust or PIPL. 19. A reliance letter from the Trust's legal counsel in favour of the Debenture Trustee for placing reliance on the legal due diligence report prepared by the legal counsel of the Trust. 20. The Trust providing a certificate issued by an independent chartered account, confirming that the borrowing by way of the Trust NCDs and securing the Trust NCDs under the Trust NCD Documents would not

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		cause any borrowing limit or security creation limit binding on the Trust to be exceeded. 21. The Trust shall provide a certificate issued by the Investment Manager, confirming that the assets to be mortgaged/charged/pledged as security for the Trust NCDs, are the absolute property of the Trust and/or any other party to the Trust NCD Documents, as the case may be, and are free from any encumbrance. 22. Insurance for the Pipeline Business to be endorsed/assigned in favour of Debenture Trustee with standard bank clause (such that the contract has the holders of the Trust NCDs (or as the case may be, the Debenture Trustee, or their nominee) as first loss payees). 23. Evidence that the acquisition of the Pipeline Business has been completed by the Trust. 24. Acceptance and execution of binding term sheet (after satisfactory credit assessments and receipt of requisite internal approvals by the proposed holders of the Trust NCDs) in respect of the PIPL Funding. 25. The PIPL Funding DTD, escrow or account agreement to be in agreed form (and to be executed only upon the PIPL Funding term sheet becoming binding).
9.	Project Manager undertakings	The Project Manager has undertaken that it: (i) shall on and from the date falling 30 days after the deemed date of allotment for the PIPL NCDs, ensure that it has 50.00% shareholding and voting rights in the Contractor and it shall thereafter maintain at least 50.00% shareholding and voting rights in the Contractor until the redemption of the Trust NCDs; and (ii) it shall not, and shall ensure that the Contractor does not, file any voluntary winding up or insolvency petition in respect of the Contractor.
10.	Sponsor undertakings	The Sponsor has undertaken that: (i) it shall ensure that the Project Manager remains a wholly owned subsidiary of the Sponsor; (ii) PIPL would be the legal and beneficial owner of any amounts to be received by it, including under the Gas Transportation Agreements, as a result of higher tariff approved by PNGRB pursuant to any petitions in respect of the Pipeline currently pending; (iii) it shall be the sole legal and beneficial owner of the Units held by it which (together with its affiliates) constitute 51.00% of the total Units.
11.	PIPL undertaking	PIPL has undertaken that: (i) it shall not file any petition/application for voluntary winding up; (ii) no amendments shall be made in the Pipeline Usage Agreement, the PIPL SHA, the PM Joint Venture Agreement, the Shared Services Agreement or the O&M Agreement without prior consent of the Debenture Trustee provided that the consent requirement shall not be applicable for any amendment, which does not result in and is not likely to have an adverse effect on

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		the payment obligations of PIPL under the PIPL NCDs, or on the rights of the Trust to receive any amounts in relation to the PIPL NCDs; (iii) Issuance of any further securities by PIPL (other than CCPS to be issued to RIIHL on the date of subscription of the PIPL NCDs and the Redeemable Preference Shares to be issued to EWPL) (including any shares or optionally convertible debentures to the Contractor) or the option to convert any optionally convertible debentures issued to the Contractor by PIPL into equity shares of PIPL shall be exercised by PIPL with the prior written consent of the Debenture Trustee in case such shares: (a) have voting or economic rights; (b) have veto rights; (c) lead to any equity dilution in respect of the class of the equity shares of PIPL held by the Trust in PIPL (i.e. the Trust is required to remain a 100.00% shareholder in PIPL of the equity voting capital at all points of time). (iv) Further, (a) such optionally convertible debentures shall always remain subservient to the PIPL NCDs; (b) such optionally convertible debentures shall automatically convert into a subordinated class of equity of PIPL (without voting rights) upon initiation of any proceedings under the Insolvency and Bankruptcy Code 2016 against PIPL; and (c) one of the big four accounting firms as well as the Trust shall be required to confirm that such optionally convertible debentures shall not be treated as debt in PIPL's books of accounts for calculation of the 49.00% limit applicable on the Trust under the SEBI InvIT Regulations; (v) PIPL shall not dispose of or encumber the assets which are to form part of the security for the PIPL NCDs (specifically the Pipeline together with the underlying land or leasehold rights in such land, as the case may be, and assignment of the Pipeline Usage Agreement and the O&M Agreement) in any manner whatsoever until the creation and perfection of the security for the PIPL NCDs other than the creation of security on the assets of PIPL in favour of the holders of the Trust NCDs as security for the PIPL Funding, and until such creation and perfection of the security, the permitted asset disposal by PIPL of up to ₹ 1,500.00 million in a Financial Year shall not apply.
12.	Investment Manager undertaking	The Investment Manager has undertaken that: (i) it shall not apply for delisting of the Units during the subsistence of the Trust NCDs; and (ii) it shall furnish to the Debenture Trustee a firm commitment letter for refinancing the outstanding under the Trust NCDs, 30 days before the scheduled redemption of the Trust NCDs.
13.	Restrictive covenants	(i) The Trust is entitled to make payments and distributions to the Unitholders out of funds available for distribution, provided that it has retained the amount equivalent to the interest payable on the Trust NCDs for the relevant quarter in the escrow account of the Trust and provided that it complies with the following conditions: (b) the Trust has made all payments which are due and payable by it

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		under the Trust NCD Documents to which it is a party (i.e. the Trust cannot make any such payments for so long any payment default is subsisting by the Trust or by PIPL in respect of their respective obligations is continuing and subsisting); (c) PIPL has made all payments which are due and payable by PIPL in respect of the PIPL NCDs and PIPL NCD Documents to which it is a party; (d) no other events of default or any specified events of default have occurred in terms of the Trust NCD Documents or PIPL NCD Documents, which have not been cured; (e) the payments to Unitholders are permitted under applicable law (i.e. the Trust is required to ensure that it is permitted to do so under applicable law prior to making any payments or distributions in respect of its Unit); (f) the debt service reserve amount is maintained in the debt service reserve account as per the terms of the Trust NCD Documents; (g) the Trust is in compliance with the financial covenants specified in the Trust NCD Documents, provided that in the event of breach of the financial covenants if the Trust provides to the Debenture Trustee, a certificate from an independent chartered accountant confirming that such breach has been cured, then such breach shall be deemed to be cured from the date of issue of such certificate; and (h) the Trust has supplied the Debenture Trustee a certificate signed by an independent chartered accountant certifying compliance as per periods specified in the Trust NCD DTD. (ii) The Trust has undertaken to: (a) not to, and to ensure that PIPL does not, file any voluntary insolvency or winding up petition under any applicable law; (b) ensure that there is no assignment of the rights and obligations of Reliance to any entity in the Reliance Group (as defined in the PIPL SHA) or a third party under the Pipeline Usage Agreement, the O&M Agreement, the Shared Services Agreement and the PM Joint Venture Agreement (to which it is a party) (to the extent that Reliance requires consent of the Trust or PIPL in that regard) without the prior consent of the Debenture Trustee (acting on resolution of super majority of holders of the Trust NCDs, as specified in the Trust NCD DTD) and to ensure that the rating of the Trust NCDs is maintained at AAA by CRISIL and CARE; (c) issue an enforcement notice to Reliance in the manner as specified in the PIPL SHA not later than 120 days from the date of occurrence of an enforcement event (as defined under the PIPL SHA), and ensure that the Debenture Trustee shall have the right to issue such notice prior to the expiry of the abovementioned timeline; Other covenants of the Trust: • Ensure that PIPL does not breach the indebtedness limits/restrictions in the PIPL NCD DTD; • Ensure that the aggregate amount of indebtedness at the Trust does not exceed ₹ 63,700.00 million (excluding any bank guarantees towards maintenance of the debt service reserve account) during the tenor of the Trust NCDs; • Ensure that PIPL will not dispose of assets, other than any moveable assets in the ordinary course of business not exceeding an amount of ₹

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		1,500 million for any financial year where the proceeds are proposed to be used for replacement of the disposed assets; • In respect of the PIPL NCDs and the underlying transaction documents in respect of the PIPL NCD Documents as required by the holders of the Trust NCDs, the Trust is required to ensure that: (a) No amendments are made to the PIPL NCD Documents; (b) No merger, amalgamations or reorganization of PIPL is undertaken; (c) No further acquisition by PIPL is undertaken; (d) No further capital expenditure is to be funded by PIPL except (i) in the nature of normal capital expenditure required for functioning of the Pipeline (and that no additional pipeline or other asset will be added by PIPL), (ii) capital expenditure funded by PIPL out of the cash received from any third party in the ordinary course of business for the capital expenditure which has no recourse on PIPL; (e) PIPL obtains comprehensive insurance policies being a total loss policy covering the value of the fixed assets of the Pipeline and a comprehensive business interruption loss policy to meet the servicing of the PIPL NCDs and to ensure that all such insurances remain in full force and effect (and in the event PIPL fails to do so, to itself renew/obtain the requisite insurance policies and create a reserve 30 days prior to expiry of the policy if required); • To not undertake any merger, amalgamations or reorganization of the Trust; • To not acquire any additional assets or companies without the consent of the Debenture Trustee.
14.	Financial covenants	The Trust is required to comply with financial covenants to be tested on a semi-annual basis on March 31 and September 30 of every financial year. The covenants comprise (a) maintaining a minimum interest service coverage ratio (as defined in the Trust NCD DTD) of 2.0x, and (b) ensuring that the maximum percentage ratio of aggregate financial indebtedness/borrowing and deferred payments of the Trust net of cash and cash equivalents is 49.00% (or a percentage which is prescribed by applicable law). If the Trust intends to raise any additional financial indebtedness, it must obtain the prior written consent of the holders of the Trust NCDs.
15.	Security	The security for the Trust NCDs consists of a first *pari passu* charge on the following: (i) Pledge over such number of the PIPL NCDs held by the Trust so as to provide a security cover of 1.5x of the outstanding Trust NCDs, provided that the pledge will be released by the Debenture Trustee only in the event that such release is required to effect an Accelerated Purchase, as defined in the PIPL SHA. In addition, the Trust is required to ensure that in respect of the PIPL NCDs which are not pledged upfront, that it will remain the sole legal and beneficial owner of such PIPL NCDs and will not encumber, sell, transfer, redeem or otherwise dispose off such PIPL NCDs. (ii) A first ranking charge by way of hypothecation over the rights, title, interests, benefits, claims and demands, present and future of the Trust in, to, or in respect of the bank accounts of the Trust (including the debt service reserve account and any account established by the Trust for receipt of proceeds/receivables from or in relation to the

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		PIPL NCDs, including under the PIPL SHA) and all the amounts lying therein from time to time, together with the credit balance of such accounts (excluding any account created by the trust for access to the whole sale debt segment of the BSE), and excluding *inter alia* any proceeds received from the Sponsor and other Unitholders as consideration for subscription of Units; and (iii) Pledge of 100.00% of the equity shares of PIPL held by the Trust in in compliance with the requirements of the Banking Regulation Act, 1949 as may be applicable.
16.	Pledge Enforcement	It has been agreed that any enforcement or invocation of the security over any of the shares and NCDs of PIPL, pursuant to the provisions of the relevant Trust NCD Documents, shall be in compliance with the provisions of any applicable law, including without limitation, the SEBI InvIT Regulations and upon enforcement and invocation of the security over any or all of the shares and NCDs of PIPL, the Debenture Trustee shall have no right to directly or indirectly, to transfer whole or any part of the shares or NCDs of PIPL or any beneficial interest to any third party. It has also been agreed that upon enforcement and invocation of the security over any or all of the PIPL shares, pursuant to the provisions of the relevant Trust NCD Documents, the Debenture Trustee shall in its capacity as an equity shareholder of PIPL, not take any action in respect of the PIPL shares, which would breach the terms of the PIPL SHA.
17.	Waterfall	The Trust has agreed to deposit the following sums in an escrow account: (i) The following receivables and other specified amounts to be received by the Trust: (a) proceeds received by the Trust upon repayment of principal or interest of the PIPL NCDs by PIPL, or any proceeds realized by the Trust pursuant to enforcement of the PIPL NCDs or in relation to the PIPL NCDs (including pursuant to the PIPL SHA); (b) any distributions received by the Trust from PIPL towards the shares or other securities held by the Trust in PIPL; (c) all insurance proceeds, received by the Trust from PIPL; (d) or any monies received by the Trust from indemnity claims under the PIPL SHA or other Transaction Documents; and/or (ii) any other monies received by the Trust from any person or source whatsoever. The Trust shall apply all monies deposited into and lying to the credit of the abovementioned escrow account in the following order of priority : (i) payment of any statutory dues (including taxes); (ii) payment of operational expenses of the Trust except payment of fees to the Investment Manager in accordance with the terms of the Investment Management Agreement; (iii) payment of interest on the Trust NCDs; (iv) payment of mandatory redemption amount or scheduled redemption amount (as the case maybe), or any other amounts due and payable

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		by the Trust to the holders of the Trust NCDs in accordance with the Trust NCD Documents (as may be applicable); (v) maintenance of the debt service reserve amount (being an amount equivalent to interest payable for up to one quarter for the Trust NCDs); (vi) payment of fees to the Investment Manager in accordance with the terms of the Investment Management Agreement; and (vii) the balance amount shall be utilised for distribution to the Unitholders of the Trust, provided that all the conditions of the Trust NCD DTD for payments to Unitholders have been complied with by the Trust and there is no default by PIPL in respect of the PIPL NCDs or breach of any other restricted payment condition. *Provided* that distributions to the Unitholders as expressly permitted under the Trust NCD Documents may be carried out by the Trust, only if the conditions described above in restrictive covenants have been complied with.
18.	Mandatory Prepayment	The Trust is required to immediately prepay the Trust NCDs (subject to cure periods provided in the Trust NCD Documents) in the event that: (i) A change in law occurs due to which the issuance of the Trust NCDs and the related transactions as proposed become void or illegal; (ii) The Trust ceases to hold 100.00% of the paid up equity share capital of PIPL, unless the holding of the Trust is reduced in accordance with the terms of the PIPL SHA; (iii) The Investment Manager ceases to be an affiliate (as such term is defined in the Trust NCD DTD) of the Sponsor; (iv) The Sponsor ceases to hold the majority of the Units of the Trust; (v) Disposal of the assets pertaining to the in excess of ₹ 1,500.00 million for any Financial Year (such excess amount to be mandatorily prepaid only in the event such amount as per the SEBI InvIT Regulations is available for distribution to the Trust); (vi) Delisting of the Units of the Trust; (vii) Occurrence of any force majeure event; (viii) Withdrawal of the long term rating of the Trust; (ix) Any event which results in a mandatory prepayment under the PIPL NCDs (including events specified under the PIPL SHA). In the event of a mandatory redemption, the Trust would be liable to pay amounts comprising (a) the outstanding nominal value of the Trust NCDs proposed to be redeemed, (b) accrued but unpaid interest payable towards the Coupon Rate, including any additional interest, if any, until (and including) the

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		proposed date of redemption of the Trust NCDs, and (c) all other amounts due and payable on the Trust NCDs in accordance with the Trust NCD Documents.
19.	Voluntary redemption	At any time prior to April 30, 2019, the Trust has the right in its sole discretion to redeem all (and not less than all) of the Trust NCDs, which right expires on April 30, 2019 and cannot be exercised thereafter ("**Voluntary Redemption**"). Upon exercise of the Voluntary Redemption, the Trust will immediately redeem all (and not less than all) the outstanding Trust NCDs at Fair Market Value (as defined below). Fair Market Value will be the price at which the Trust NCDs last traded (between the then existing holders of the Trust NCDs) in the previous seven days before the date of redemption of the Trust NCDs (the "**Fair Market Value**"). Where no trading has taken place during such period, the Fair Market Value shall be the face value of the Trust NCDs (along with any other accrued and outstanding amounts).

Brief description of the terms of the PIPL NCDs

The Trust proposes to subscribe, on a private placement basis, to 129,500,000 secured, unlisted, redeemable, non-convertible debentures of ₹ 1,000.00 each aggregating to ₹ 129,500.00 million ("**PIPL NCDs**"). The final terms PIPL NCD DTD have been annexed in the agreed form to the Trust NCD DTD and the Trustee (on behalf of the Trust) and the Investment Manager propose to enter into the PIPL NCD DTD and other definitive documents with PIPL on or after the Completion Date. The key terms of the PIPL NCD DTD are as follows:

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1.	Tenor	The PIPL NCDs have a tenor of 20 (twenty) years from deemed date of allotment of the NCDs which is defined to mean any date between March 18, 2019 and March 29, 2019 or a later date as may be mutually agreed between PIPL and the lead arrangers/the holders of the Trust NCDs ("**Tenor**").
2.	Use of proceeds of the PIPL NCDs	The proceeds from issuance of the PIPL NCDs ("**PIPL NCD Proceeds**") are proposed to be utilized towards partly repaying liabilities of PIPL aggregating to ₹ 164,000.00 million. However, the proceeds of the Trust NCDs cannot be utilized for acquiring any equity shares of PIPL by the Trust or for payment of the consideration pursuant to the Scheme of Arrangement and issuance of Redeemable Preference Shares to EWPL. For further details see "***Use of Proceeds***" on page 198.
3.	Security	The security for the PIPL NCDs is proposed to be (i) first charge on all the assets of PIPL; , (ii) assignment of the Pipeline Usage Agreement and the O&M Agreement; (iii) a first ranking exclusive charge on all bank accounts of PIPL other than certain excluded bank accounts and a first ranking exclusive charge on all receivables of PIPL including but not limited to receivables from the Gas Transportation Agreements and the insurance policies obtained by PIPL but excluding the following identified receivables: (a) amounts lying in the O&M surplus account (which are cumulative balances from the budgeted operations and maintenance expenses for any year, not utilised in that year), and (b) amounts available and to be used for payment to the holders of the Redeemable Preference Shares of PIPL, in each case, payable in accordance with the waterfall described below and in accordance with the PIPL NCD DTD and the terms of the related agreement for operation of such account; (iv) account of PIPL to be opened with the designated bank account for receiving all payment,

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		including, but not limited to, payments made pursuant to the Gas Transportation Agreements and Pipeline Usage Agreement; and (v) first ranking mortgage on the Pipeline and related land. However, in the event the PIPL Funding is availed by PIPL, the charge on the assets of PIPL to be created under the Trust NCD DTD and other relevant documents shall be automatically converted to a second charge subservient to the first ranking charge to be created in favour of the lenders of the PIPL Funding. In the event there is PIPL Funding, all rights of the Trust as the holder of PIPL NCDs will, at all times, be subordinated to the lenders of the PIPL Funding.
4.	Waterfall	PIPL will be required to deposit all receivables including but not limited to following receivables into a current account: (i) all proceeds under the Pipeline Usage Agreement, the Gas Transportation Agreements and the PIPL SHA; (ii) any insurance proceeds, (except proceeds from insurance policies where any Trust NCD holders or the Trust has been designated as a 'loss payee'); (iii) reimbursement of any operating or capital expenditure incurred by PIPL in excess of the agreed amounts and received from RIL or any other entity; and (iv) any other proceeds, including but not limited to the receivables on account of termination of the Pipeline Usage Agreement. PIPL will be required to apply all amounts deposited into and lying to the credit of the above current account in the following order of priority: (a) payment of any statutory dues including taxes; (b) payment of operational and maintenance expenses up to amounts specified in the budget (in accordance with the O&M Agreement); (c) payment of interest in respect of the PIPL Funding (if availed); (d) mandatory prepayment or scheduled repayment of the PIPL Funding, as may be applicable (if availed); (e) payment of interest on the PIPL NCDs; (f) mandatory prepayment or scheduled repayment of the PIPL NCDs, as may be applicable; (g) any other payment that the Trust is entitled to, which may be in the form of an advance from PIPL; (h) payment under the Pipeline Usage Agreement (including upside sharing in accordance with the Pipeline Usage Agreement); and (i) payment to the holder of Redeemable Preference Shares of PIPL and the holder of the CCPS. Upon occurrence of any of the following, the Debenture Trustee will be entitled to control and operate the above account of PIPL: • the cashflow waterfall is breached or deviated from, for any reason whatsoever; • in the event any amount to be paid from the account of PIPL in

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		accordance with the PIPL NCD Documents are not being paid when due for any reason whatsoever (including as a result of the failure of PIPL to issue instructions in that regard); or • filing of any proceedings for insolvency or liquidation of PIPL under the Insolvency and Bankruptcy Code 2016.
5.	Interest rate	• For the purpose of calculation of the interest rate, the tenor is divided in four blocks of five years each, in the following manner: (i) First block of five years: refers to the block of five years commencing from the deemed date of allotment of the PIPL NCD DTD ("**First Block**"); (ii) Second block of five years: refers to the block of five years commencing from the date of end of the First Block ("**Second Block**"); (iii) Third block of five years: refers to the block of five years commencing from the date of end of the Second Block ("**Third Block**"); and (iv) Fourth block of five years: refers to the block of five years commencing from the date of end of the Third Block ("**Fourth Block**"). • The interest rate applicable to the PIPL NCDs comprises of four components, namely, (a) the annual interest rate; (b) an implicit rate of return embedded in the right to sweep cash flows of PIPL for the First Block ("**First Block Implicit Return**"); (c) an implicit rate of return embedded in the right to sweep cash flows of PIPL for the Second, Third and Fourth Block; ("**Remaining Block Implicit Return**") and (d) implicit rate of return linked to the Upside Share ("**Upside Share Implicit Return**"). (a) *Annual interest rate:* The annual interest rate is linked to a benchmark rate which is to be calculated on the basis of the mechanism provided under the PIPL NCD DTD for each block of five years. However, the annual interest is subject to a minimum of 9.50% and a maximum of 10.50%. (b) *First Block Implicit Return:* During the First Block, an implicit rate of return embedded in the right to sweep calculated in accordance with the mechanism provided under the PIPL NCD DTD. (c) *Remaining Block Implicit Return:* During the remaining three blocks including the Second Block, the Third Block and the Fourth Block, implicit rate of return embedded in the right to sweep calculated in accordance with the mechanism provided under the PIPL NCD DTD. (d) *Upside Share Implicit Return:* the implicit rate of interest embedded in the right to the upside share determined and drawn by the Trust in accordance with the Pipeline Usage Agreement. The amounts as per the interest rates set out above will be paid out every year until the end of the tenor in accordance with and as provided for in the PIPL NCD DTD.
6.	Mandatory Prepayment	PIPL would be required to immediately prepay the PIPL NCDs in the event of:

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		(i) Disposal of the assets pertaining to the Pipeline Business by PIPL (save and except pursuant to a sale of assets of PIPL as required under the PIPL SHA and any sale made in the ordinary course of business for an amount not exceeding ₹ 1,500.00 million in any financial year where the proceeds are being used for replacement of the disposed assets); (ii) receipt of ESH NCD Redemption Amount (as defined in the PIPL SHA) by PIPL from Reliance, upon occurrence of an ESH Event of Default (as defined in the PIPL SHA); (iii) receipt of the Enforcement Amount (as defined in the PIPL SHA) by PIPL from Reliance in accordance with the PIPL SHA, upon the occurrence of an Enforcement Event (as defined in the PIPL SHA); (iv) receipt of the Enforcement Amount by PIPL from the relevant third party pursuant to an 'enforcement sale', in accordance with the PIPL SHA, upon the occurrence of an Enforcement Event; (v) the occurrence of any PIPL Redemption Event (as defined under clause 4.4 of the PIPL SHA) by PIPL; (vi) occurrence of Full Indemnity Payout by PIPL as described in the PIPL SHA; (vii) Receipt of the PNGRB Specified Amount (as defined in the Share Purchase Agreement) by PIPL upon occurrence of a PNGRB Authorisation Failure (as defined in the Share Purchase Agreement); In the event any of the above is a mandatory prepayment event under the PIPL Funding, the PIPL Funding is required to be mandatorily prepaid prior to the redemption of the PIPL NCDs.
7.	Subordination	In the event there is PIPL Funding, all rights of the Trust as the holder of PIPL NCDs will, at all times, be subordinated to the lenders of the PIPL Funding.
8.	Put Option Event	On the occurrence of a Reliance Event of Default, the Trust has a right, exercisable at its option: (a) subject to conditions prescribed in Clause 5.3.3 of the PIPL SHA, to require Reliance to purchase all (and not less than all) of the - non-convertible debentures issued pursuant to the PIPL Funding (the "**PIPL Funding NCDs**"), by payment of the an amount equivalent to all outstanding (principal and interest) due in respect of the PIPL Funding NCDs (the **Mandatory Redemption Amount**") to the holders of the PIPL Funding NCDs; and - PIPL NCDs, by payment of an amount equal to (i) the Enforcement Amount (as defined in the PIPL SHA) *less* (ii) the Mandatory Redemption Amount. (b) the Trust also has the option to require Reliance to fund PIPL to ensure that PIPL meets its obligations pertaining to the PIPL NCDs and the PIPL Funding NCDs; or

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		(c) subject to conditions prescribed in Clause 5.3.4 of the PIPL SHA, to sell and transfer the PIPL NCDs/ the PIPL Funding NCDs to any third party.
9.	Default interest	2.00% per annum.
10.	Transferability	The PIPL NCDs will be non-transferable except to any lender of the Trust in whose favour a pledge has been (or will be) created as security for the payment obligations of the Trust, and if required pursuant to a Put Option Event (as described above).
11.	Restrictive covenants	• PIPL will not declare, pay or make any payment or distribution of any kind in respect of any of its share capital (including the Preference Shares issued by it) or any other securities issued (other than the PIPL NCDs) or carry out any distribution of or reduction of capital or buy-back of such securities (such payments, the "**Restricted Payments**") to any person if: (i) PIPL does not pay, when due, any amount payable to the Trust or the PIPL Funding lenders in relation to the PIPL NCDs or in relation to the PIPL Funding which become due; (ii) an event of default has occurred and is continuing in relation to the PIPL NCDs or the PIPL Funding; or (iii) the Restricted Payments are not permitted under applicable law. PIPL will supply to the Debenture Trustee prior to making any Restricted Payments, a certificate signed by an independent chartered accountant, certifying compliance with (i) above for the immediately preceding date on which any amount becomes due and payable by PIPL pursuant to the PIPL NCD Documents. • PIPL will not without the prior written consent of the Debenture Trustee enter into any transaction (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any asset owned by PIPL, except for sale of any movable asset in the ordinary course of business and where the proceeds are used by PIPL to replace the asset with a similar or a better asset, for an amount not exceeding ₹ 1,500.00 million or its equivalent in any other currency or currencies, in any given Financial Year. Provided that all proceeds received in excess of ₹ 1,500.00 million or its equivalent in any other currency or currencies by PIPL will be utilised for mandatory redemption of the PIPL NCDs in full, in accordance with the PIPL NCD DTD. • PIPL shall undertake to the Debenture Trustee that, save and except the encumbrance to be created on its assets as security for the PIPL Funding, it shall not dispose of or create any encumbrance over the assets to be subject to the Pipeline security in any manner whatsoever, during this period (for clarity, the permitted disposal of up to ₹ 1,500 million in a financial year shall not apply until such time as the Pipeline Security is created and perfected). • PIPL shall incur financial indebtedness (excluding any liabilities transferred to PIPL pursuant to the Scheme of Arrangement), only up to ₹ 134,500.00 million and only in the following manner: • up to ₹ 129,500.00 million by way of issuance of the PIPL NCDs; and

S. No.	Item	Particulars
		• up to ₹ 5,000.00 million in the following manner: • the non-fund based liabilities of PIPL, (as specified in the PIPL NCD DTD), not exceeding ₹ 1,000.00 million; and • an additional tranche of the existing PIPL NCDs, issued on the same terms and conditions and rank junior to the existing PIPL NCDs, subject to the following conditions: (a) such additional tranche shall be subscribed by the Trust only and cannot be transferred to any third party; and (b) the Trust shall subscribe to such additional tranche of the PIPL NCDs only from the proceeds of issuance of fresh units. • Provided that, notwithstanding anything to the contrary, PIPL shall be permitted to avail the PIPL Funding on the condition that the proceeds of the PIPL Funding shall only be utilised to redeem the PIPL NCDs in part, at par value.
12.	Events of default	The occurrence of the following would constitute an event of default: • Failure to meet payment obligations including coupon, principal repayment when due; and • Cancellation or non-renewal of any approvals from the PNGRB.

Brief description of the terms of the PIPL Funding

ICICI Bank Limited and Axis Bank Limited ("**Co-Arrangers**") have executed term sheets for issue of secured, listed, redeemable, non-convertible debentures of PIPL having a face value of ₹ 1.00 million each (in dematerialised mode) (the "**PIPL Funding NCDs**") on a private placement basis, for an aggregate debt of ₹ 63,700.00 million (or such other amount as may be set out in the financing documents to be executed by PIPL with such lenders/debenture trustee in this respect, being equal to the fair market value calculated with reference to the Trust NCDs) ("**PIPL Funding**"). However, the terms of the PIPL Funding are subject to (i) the internal approvals (including the credit committee) of the Co-Arrangers and (ii) entering into definitive documents, which may contain customary provisions relating to representations and warranties of the parties, conditions precedent and subsequent, events of default, consequences of event of default, termination, transfer restrictions and dispute resolution, which is proposed to be executed on or after the Completion Date. The key terms of the PIPL Funding are as follows:

S. No.	Item	Particulars
1.	**Use of Proceeds**	PIPL will utilize the proceeds of the PIPL Funding, to repay/redeem, in part, the PIPL NCDs (which redemption will be at par). The Trust will utilise these proceeds for redeeming the entire outstanding Trust NCDs at fair market value.
2.	**Tenor**	The PIPL Funding NCDs will have a tenor of 5 years less the period for which the Trust NCDs are held by the holders of the Trust NCDs.

3.	**Security**	The PIPL Funding shall be secured by, among other things, the security interests as set out below, to be created for the benefit of the holders of the PIPL Funding NCDs: • Assignment of the Pipeline Usage Agreement and the O&M Agreement by way of a first ranking charge; • First ranking charge on all identified moveable assets/receivables of PIPL, by way of a first ranking charge; • First ranking mortgage on the Pipeline/the Pipeline land situated at identified locations by way of a first ranking charge. Pledge as is available currently to the holders of the Trust NCDs (which includes PIPL equity shares and the PIPL NCDs). Details of the security in favour of the holders of the PIPL Funding NCDs and the timelines for creation of such security will be set out in the definitive documents.
4.	**Bank Account Mechanism**	The bank account of PIPL ("**PIPL Escrow Account**") shall be operated by PIPL as per the waterfall mechanism (*as described below*) prior to occurrence of any event of default (as defined in the definitive documents). After occurrence of certain events specified in the definitive documents, the security trustee (acting on instructions of the debenture trustee of the holders of PIPL NCDs in line with the waterfall) shall control and operate the PIPL Escrow Account in accordance with the waterfall (*as described below*).
5.	**Waterfall**	Other than the proceeds of the PIPL Funding received by PIPL, all cash flows of PIPL including all proceeds received by PIPL under the Pipeline Usage Agreement or PIPL SHA in respect of PIPL shall only be deposited into the PIPL Escrow Account and shall be used in the following order of priority (unless otherwise contemplated in the terms herein or agreed by the holders of the PIPL Funding NCDs at the time of documentation): (a) payment of any statutory dues, including taxes; (b) payment of operations and maintenance expenses up to amounts specified in the budget; (c) payment of interest on the PIPL Funding; (d) mandatory prepayment or scheduled repayment of the PIPL Funding, as may be applicable; (e) payment of interest on the PIPL NCDs; (f) mandatory prepayment or scheduled repayment of the PIPL NCDs, as may be applicable; (g) any other payment that the Trust is entitled to, which might be in the form of an advance from PIPL; (h) payment under the Pipeline Usage Agreement (including the Upside Sharing as under the Pipeline Usage Agreement); and (i) payment to the holder of the Redeemable Preference Shares and holder of the CCPS.
6.	**Default Interest**	2.00% per annum over and above the interest rate, in case of any payment default (only on the defaulted amounts), to accrue from the date of the payment default, till the date on which such default has been cured. For any other breach, the default rate shall be 1% p.a. over and above the interest rate (on the outstanding amounts), from the date of such breach till the date on which such default has been cured.

7.	**Governing Law**	The term sheet describing the terms of the PIPL Funding NCDs and the PIPL Funding documents will be governed by and construed in accordance with the laws of India and the parties submit to the non-exclusive jurisdiction of courts in New Delhi/Mumbai.

Borrowing Policy

The Investment Manager shall ensure that all funds borrowed in relation to the Trust are in compliance with the SEBI InvIT Regulations. For details of the borrowing policy see "***Corporate Governance – Borrowing Policy***" on page 159.

VALUATION

BDO Valuation Advisory LLP has provided their opinion on the enterprise value of the InvIT Asset by way of their Valuation Report dated March 8, 2019 (see '***Annexure A***' on page 353).

DISTRIBUTION

*Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trust, the Trustee, the Sponsor, the Investment Manager, the Lead Manager or any other person. Bidders are cautioned not to place undue reliance on these forward-looking statements that are stated only as at the date of this Preliminary Placement Memorandum. For details in relation to such forward-looking statements, see "**Forward-Looking Statements**" on page 23.*

The net distributable cash flows of the Trust (the "**Distributable Income**") are based on the cash flows generated from the Pipeline Business undertaken by the Project SPV. For details of the business and operations of the Pipeline, see "***Business***" on page 177]. Cash flows receivable by the Trust may be in the form of dividend, interest income or principal repayment/prepayment received from the Project SPV in relation to any debt provided by the Trust to the Project SPV, or a combination of both.

In terms of the SEBI InvIT Regulations, not less than 90.00% of the net distributable cash flows of the Project SPV, shall be distributed to the Trust in proportion to its holding in the Project SPV, subject to applicable provisions in the Companies Act, 2013 and not less than 90.00% of the Distributable Income shall be distributed to the Unitholders.

The Trust shall distribute the available Distributable Income at least once every three months. For details on the risks relating to distribution, see "***Risk Factors – We may not be able to make distributions to Unitholders or the level of distributions may fall***" on page 83.

The net distributable cash flows at the Project SPV level shall be governed by, subject to Applicable Law, determined in terms of, and in no case exceed the amounts so determined under terms of the Transaction Documents entered by the Project SPV and the Trust in pursuance of the formation transactions including, but not limited to, the Pipeline Usage Agreement, the PIPL SHA, the O&M Agreement, the Infrastructure Agreement, the O&M Sub-Contract Agreement, the PIPL NCD DTD, the Trust NCD DTD and the PIPL Funding NCDs if issued. For further details see "***Formation Transactions in relation to the Trust***", "***Parties to the Trust***" and "***Financial Indebtedness and Deferred Payments***" on pages 41, 111 and 201, respectively.

The net distributable cash flows at the Trust level shall be governed by, among other things, the terms of the Transaction Documents and the Trust Documents. For further details see "***Formation Transactions in relation to the Trust***", "***Parties to the Trust***" and "***Financial Indebtedness and Deferred Payments***" on pages 41, 111 and 201, respectively.

Distribution Policy

Method of calculation of net distributable cash flows

The net distributable cash flows of the Trust and the Project SPV shall be calculated in accordance with the SEBI InvIT Regulations, any circular, notification or guidance issued thereunder and the Transaction Documents. Presently, the Trust and the Project SPV propose to calculate the net distributable cash flows in the manner provided below:

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

Description
Profit /(loss) after tax as per Statement of profit and loss (standalone) (A)
Adjustments:-
Add: Depreciation, impairment and amortisation as per statement of profit and loss. In case of impairment reversal, same needs to be deducted from profit and loss.

Add: Interest and Additional Interest (as defined in the NCD terms) debited to Statement of profit and loss in respect of loans obtained / debentures issued to Trust (net of any reduction or interest chargeable by Project SPV to the Trust).
Add / (Less): Dividend or other amounts distributed to the Trust to the extent debited to statement of profit and loss. In case of reversal of distribution same needs to be deducted.
Add / (Less): Increase / decrease in net working capital deployed in the ordinary course of business.
Add / (Less): Loss/gain on sale of infrastructure assets
Add / (Less): Amount funded by/refunded to the Contractor as per terms of the O&M Agreement
Less: Amount determined as O&M Surplus as per the O&M Agreement and retained in PIPL
Add / (Less): Expenditure Component Sweep as defined in the NCD Terms
Add / (Less): Increase/decrease in Free Usage Entitlement Amount
Less:- Accrued dividend, if any, payable to holders of Preference Shares to the extent not debited to statement of profit and loss account
Less:- RIL Upside Share calculated in terms of the Pipeline Usage Agreement, to the extent not debited to statement of profit and loss account.
Add: Proceeds from sale of infrastructure assets adjusted for the following: -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)(a) of the SEBI InvIT Regulations
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently net of any profit / (loss) recognised in statement of profit and loss
Less: Capital expenditure, if any
Add / (Less): Any other item of non-cash expense / non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager, including but not limited to (a) Any decrease/increase in carrying amount of an asset or a liability recognised in statement of profit and loss and expenditure on measurement of the asset or the liability at fair value (b) Interest cost as per effective interest rate method (difference between accrued and actual paid) (c) Deferred tax (d) Lease rent recognised on straight line basis
Less: Amount reserved for expenditure / payments in the intervening period till next proposed distribution, if deemed necessary by the Investment Manager, invested in permitted investments including but not limited to (a) Amount reserved for major maintenance which has not been provided in statement of profit and loss (b) Amount retained /reserved for specified purposes including working capital requirements
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc./ cash set aside to comply with borrowing requirements under agreements including DSRA.
Add: Proceeds from external debt (principal) / redeemable preference shares / debentures, etc.
Add/ (Less): Amounts added or retained to make the distributable cash flows in accordance with the Transaction Documents
Total Adjustments (B)
Net Distributable Cash Flows (C)=(A+B)

For the avoidance of doubt, it is clarified that no item identified in Table I above shall be counted more than once in the event that such item qualifies in more than one of the line items identified in Table I above.

II. ***Calculation of net distributable cash flows at the Trust level on a combined basis:***

Description
Cash flows received from Portfolio Assets in the form of interest
Cash flows received from Portfolio Assets in the form of dividend

Any other income accruing at the Trust level and not captured above, including but not limited to interest/return on surplus cash invested by the Trust
Cash flows/ Proceeds from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by the Trust
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law
Proceeds from the sale of assets of the Portfolio Assets not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently
Total cash flow at the InvIT level (A)
Less: re-imbursement of expenses in relation to the Transaction undertaken by the Sponsor on behalf of the Trust and payment of arranger fee
Less: Income tax (if applicable) at the standalone Trust level and payment of other statutory dues
Less: Any payment of fees and expense incurred at the Trust level, including but not limited to the fees of the Investment Manager, Trustee, Project Manager, Auditor, Valuer, Credit Rating Agency, the Debenture Trustee
Less: Repayment of external debt (including interest and mandatory redemption), in accordance with the Trust NCD Documents, at the Trust level and at the level of any of the underlying portfolio assets/special purpose vehicles (excluding refinancing)
Less: Net cash set aside to comply with DSRA requirement under the term Trust NCD Documents
Less: Costs/retentions associated with sale of assets of the Portfolio Assets
(a) Related debts settled or due to be settled from sale proceeds of Portfolio Assets (b) Transaction costs paid on sale of the assets of the Portfolio Assets; and (c) Capital gains taxes on sale of assets/shares in Portfolio Assets/other investments
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the SEBI InvIT Regulations
Less: Amount invested in any of the Trust Assets for service of debt or interest
Less: Reserve for debentures/ loans/ capex expenditure in the intervening period till next proposed distribution if deemed necessary by the Investment Manager invested in permitted investments
Total cash outflows/retention at the Trust level (B)
Net Distributable Cash Flows (C) = (A+B)

For the avoidance of doubt, it is clarified that no item identified in Table II above shall be counted more than once in the event that such item qualifies in more than one of the line items identified in Table II above.

The Distributable Income shall be distributed by the Trustee no later than 15 days from the date of declaration of the Distributable Income by the Investment Manager, in accordance with the SEBI InvIT Regulations. In terms of the SEBI InvIT Regulations, if the distribution is not made within 15 days from the date of declaration of the Distributable Income, the Investment Manager shall be liable to pay interest to the Unitholders at the rate of 15.00% per annum until the distribution is made. Such interest shall not be recovered by the Investment Manager in the form of any fee payable to the Investment Manager by the Trust for administrative costs or any other form payable to the Investment Manager by the Trust. The distribution by PIPL to the Trust shall also be *inter alia* in accordance with the NCD Terms, subject to applicable law. For details of the NCD Terms, see "***Formation Transactions – Subscription to PIPL NCDs by the Trust***" on page 58.

This distribution shall be made *pro rata* to the Unitholding of each Unitholder, in Indian rupees and in accordance with the Trust Documents and applicable law. Distribution may also be made by way of return of capital, redemption of the fully paid-up Units and/or otherwise in accordance with the provisions of the Trust Documents and applicable law.

In-specie Distribution

Subject to the provisions of applicable law, Transaction Documents and consent of the Unitholders as per the Trust Deed, the Investment Manager, may anytime during the life of the Trust make in-specie distributions of the assets of the Trust on such terms and conditions as set out in and subject to the Trust Documents.

Deduction of Taxes

The Trustee may in consultation with the Investment Manager and in accordance with the Trust Deed, make any deduction of taxes, cess, fees, charges, assessments, registration fees and duties that may be required to be deducted or withheld under Applicable Law before making any payment of Distributable Income to any Unitholder, or in connection with any documents executed in that regard.

Distribution on Dissolution

In the event of dissolution or winding up of the Trust, all of the Trust Assets or the proceeds therefrom shall be distributed or used to pay the debts, liabilities and obligations of the Trust in accordance with the order of preference set out under the Trust Deed, Transaction Documents and applicable law. The proceeds which will be realised by the Trust will be governed by Transaction Documents.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE INITIAL PORTFOLIO ASSET OF THE TRUST

You should read the following discussion in conjunction with our Audited Special Purpose Combined Ind-AS Financial Statements as of and for the six months ended September 30, 2018 and as of and for the Financial Years 2018, 2017 and 2016, including the schedules and notes thereto and report thereon included on page 291 of this Preliminary Placement Memorandum. The Audited Special Purpose Combined Ind-AS Financial Statements are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act 2013, to the extent applicable, and other relevant provisions including disclosures required as per SEBI (Infrastructure Investment Trusts) Regulations, 2014.

Unless otherwise stated or the context requires otherwise, references in this section to "we", "our" or "us" (including in the context of any financial information) are to the Trust along with PIPL and are deemed to include the Pipeline Business prior to the consummation of the Transaction.

*This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current views with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under "**Forward-Looking Statements**" and "**Risk Factors**" on pages 23 and 76, respectively of this Preliminary Placement Memorandum.*

Overview

We are a registered infrastructure investment trust under the SEBI InvIT Regulations, set up in order to invest in infrastructure projects, in accordance with the SEBI InvIT Regulations. The initial portfolio asset of the Trust is proposed to be a pipeline system used for the transport of natural gas, with the potential to induct new assets in due course. The pipeline is a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km including spur lines (together with compressor stations and operation centres, the "**Pipeline**") that stretches from Kakinada, Andhra Pradesh, in the east of India, to Bharuch, Gujarat, in the west of India, traversing adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat. The Trust proposes to acquire 100.00% of the issued equity interest in PIPL which owns and operates the Pipeline, pursuant to the Scheme of Arrangement, in the manner described in "***Formation Transactions in Relation to the Trust***" on page 41.

The Pipeline was put into commercial operation in April 2009, and prior to the effectiveness of the Scheme of Arrangement (as defined below), was owned and operated by East West Pipeline Limited ("**EWPL**"). EWPL designed, constructed and commissioned the Pipeline to respond to the opportunity presented by the discovery of natural gas reserves in the KG Basin. Construction on the Pipeline began in Financial Year 2007 and completed in Financial Year 2009. The Pipeline is constructed on a common carrier principle with a trunk pipeline diameter of 48 inches, according to the PNGRB. The capacity of the Pipeline, in accordance with an interim order passed by the APTEL on November 20, 2018, is 85 metric standard cubic meters per day ("**mmscmd**"). For further details, see "***Business – Description of Our Business – Description of the Pipeline***" and "***Legal and Other Information***" on pages 185 and 252.

The Pipeline connects certain supply hubs and demand centres located in the eastern and western India which we believe acts as an important link in the development of India's national natural gas grid. It connects a number of domestic gas sources including the KG-D6 gas block and GSPC's natural gas fields on the east coast and the HLPL LNG terminal at Hazira, Gujarat, with existing markets in the eastern, western and northern regions of India, as well as to consumers along the route. The Pipeline can also transport gas from Dahej and Dhabol terminals by inter-connecting with the third-party pipelines of GAIL and GSPC. As of September 30, 2018, the Pipeline includes a network of 11 compressor stations and two operation centres, which incorporate modern telecommunication, emission control and operational systems for safe and efficient operations.

Factors affecting Results of Operations

Our results of operations and financial condition may be affected by a number of significant factors, including the following:

Changes in Gas Production and Transportation Volumes

Our Revenue from operations comprise income from transportation of gas through our Pipeline; and other operating income comprising income from deferred delivery services relating to storage of gas in our Pipeline and income received in relation to hook-up facilities provided by us. Gas production and corresponding transportation volumes through our Pipeline are directly or indirectly affected by a number of factors, many of which are outside of our control, including: (i) the price of gas in India; (ii) the availability and cost of alternative means of power; (iii) agricultural demand and the subsequent demand for fertilizers; and (iv) the level of commercial, industrial and residential development in areas served by our Pipeline. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, average daily flow of natural gas through the Pipeline was 20 mmscmd, 17 mmscmd, 17 mmscmd and 19 mmscmd, respectively. For the six months ended September 30, 2018, and Financial Years 2018, 2017 and 2016, we derived revenue from operations of ₹ 663.12 crore, ₹ 884.78 crore, ₹ 820.99 crore, and ₹ 1,050.03 crore, respectively. Our capacity utilization, computed based on capacity of 85 mmscmd for the Pipeline, has been 23.53%, 20.00%, 20.00% and 22.35%, for the six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016, respectively. For details of our revenue from operations for each of the completed months subsequent to September 30, 2018, see **"– *Revenue from Operations for Completed Months Subsequent to September 30, 2018***" on page 241.

Changes in the gas production and transportation volumes through our Pipeline compared to the projected gas production and transportation volumes may impact the revenue generated from transportation of gas. See "***Risk Factors – A decline in gas production and transportation volumes would adversely affect our business prospects, financial condition and results of operations and our ability to make distributions to Unitholders***" on page 90.

Further, in the event end users procure natural gas from any supplier of natural gas other than our Pipeline's connected sources, or if there is a discovery of alternate supply sources, including renewable alternatives, in closer proximity to the regions where our Pipeline's customers operate, particularly in the west or north of India, our revenues from the Pipeline Business could be affected, which could impact our Pipeline's business, results of operations and financial condition. See "***Risk Factors – Continued development of new gas supply sources in the west or north of India could impact the Pipeline customer's, demand for the Pipeline***" on page 90.

Reliance on Certain Customers

Our gas transportation business is dependent on a limited number of customers for a significant portion of its revenues. For the six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016, our top three customers contributed 67%, 56%, 51% and 52% of our revenues (excluding revenues from transmission charges through third party pipelines and hook-up charges received for new connections) from our Pipeline, respectively. Further, customers from the fertilizer, refinery and petrochemicals and LPG manufacturing industries contributed 87%, 90%, 91% and 89% of the Pipeline revenues (excluding revenues from transmission charges through third party pipelines and hook-up charges received for new connections), for the six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016, respectively. Changes in the business of our customers result in a corresponding change in their requirement for our services and the revenues we derive from these customers. See "***Risk Factors – Our gas transportation business derives a significant portion of its revenue from a few customers and relies on customers in certain industry sectors, and the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our services could adversely affect our business, results of operations, financial condition and cash flows***" on page 88.

As part of the transaction, PIPL and RIL propose to enter into the Pipeline Usage Agreement in order to set out the terms for RIL to reserve capacity in the Pipeline for a period of 20 years, pursuant to which , RIL shall, during the term of the agreement pay PIPL Contracted Capacity Payments determined in the manner specified and PIPL, in consideration of RIL reserving capacity and thereby providing certainty of cash flows, will pay to RIL certain upside revenue, subject to deduction of taxes, in accordance with the Pipeline Usage Agreement. The revenues received and retained by PIPL will be governed, in part, by the terms and covenants entered into pursuant to this agreement, and may not be reflective of the historical Audited Special Purpose Combined Ind-AS Financial Statements. For details on the Pipeline Usage Agreement, see "***Business - Description of our Business – Key Contracts - Pipeline Usage Agreement***" on page 191. In the event RIL defaults on, or breaches, its obligations under the Pipeline Usage Agreement, our business, financial condition and results of operations may be impacted. See "***Risk Factors – Our business may be adversely affected by RIL's non-performance of its obligations under the Pipeline Usage Agreement***" on page 86.

Tariff Rates for the Transportation of Gas in Our Pipeline

We operate in an established regulatory and statutory regime governed by the PNGRB. The PNGRB has established rules that determine, among other things, tariffs for the transportation of natural gas. The PNGRB determines tariffs for all the pipelines in the country (as applicable) based on a discounted cash flow method that allows the operators up to 12% post tax Return on Capital Employed, through a public consultation process. The methodology provides for tariff reviews at 5 year intervals and the revised tariff is applied prospectively. In the event there is a significant change in Government policy, our Pipeline's financial condition and results of operations may be impacted. The PNGRB is in process of determining the final tariff, from the current provisional tariff of ₹ 52.23/mmbtu. For details on the tariff rates currently applicable to the Pipeline Business, see "***Business – Description of Our Business – Business – Description of our Business – Key Contracts - Tariff determination system of the PNGRB***". See "***Risk Factors – Government intervention in the pricing decisions of the Pipeline may adversely affect its business***" on page 93.

Operational and Maintenance Costs

We incurred operational and maintenance expenses pursuant to contracts entered into directly with sub-contractors and long term contract with the original equipment manufacturer for remote monitoring and diagnostics, maintenance and repairs of our compressors and other equipment. For the six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016, our operation and maintenance expenses were ₹ 317.11 crore, ₹ 299.66 crore, ₹ 111.30 crore and ₹ 162.49 crore, respectively. The operation and maintenance of our Pipeline depends on the skill of these contractors, as well as contingencies affecting them, including labor shortages and industrial action such as strikes and lockouts. In the event a contractor fails to perform its obligations satisfactorily or within the prescribed time periods or budgets, or terminates its arrangement with us, our reputation, business, results of operations and cash flows may be impacted.

Upon completion of the Transaction, we will incur operational and maintenance expenses in accordance with O&M Agreement and O&M Sub-Contract Agreement entered into by PIPL. For details, see "***Business - Description of our Business – Key Contracts - O&M Agreement***" and "***Business - Description of our Business – Key Contracts– O&M and Sub-Contract***" each on page 192. See "***Risk Factors – PIPL has entered into agreements with third parties for receiving operation and management services and any failure on their part to perform their obligations could adversely affect our reputation, business, results of operations and cash flows***" on page 91.

Cost of Financing

Our total outstanding indebtedness, on a combined basis, was ₹ 16,400 crore as of September 30, 2018. Net finance costs represented 0.52%, (0.04)%, 32.33% and 74.38% of our total income for the six months ended September 30, 2018 and the Financial Years 2018, 2017 and 2016, respectively. Further, after the Issue, and following the Transaction, and the resultant Trust NCD Offering, there will be certain changes to our cost structure, level of indebtedness and operations, including repayment of unsecured liability of ₹ 16,400 crore. Our finance costs after the Issue, the Transaction and the resultant issuance of Trust NCDs may differ in certain significant respects from our finance costs as indicated in the Audited Special Purpose Combined Ind-AS Financial Statements.

Significant Accounting Policies

Basis of Accounting and Preparation of Financial Statements

Our Audited Special Purpose Combined Ind-AS Financial Statements are special purpose financial statements and have been prepared by the Sponsor and the Investment Manager to meet the requirements of the InvIT regulations for inclusion in this Preliminary Placement Memorandum prepared by the Investment Manager and are not prepared in accordance with the requirements of Schedule III notified under the Companies Act, 2013.

PIPL has acquired the Pipeline Business with effect from July 1, 2018, in accordance with the Scheme of Arrangement. Under the requirements of the InvIT Regulations, since the Trust is newly set up in November 2018 and has been in existence for a period lesser than three completed Financial Years and the historical financial statements of the Trust are not available for the entire portion of the reporting period of three years, i.e., March 31, 2016, March 31 2017 and March 31 2018, and the period ending September 30, 2018, the Audited Special Purpose Combined Ind-AS Financial Statements have been prepared and disclosed for the periods when such historical combined financial statements could not have been available based on an assumption that the carved out business of EWPL were part of PIPL and of the Trust for such period when the Trust and PIPL were not in

existence. Hence the financial statements may not be representative of the position which may prevail after PIPL is transferred to the Trust.

Our Audited Special Purpose Combined Ind-AS Financial Statements are prepared on the historical cost basis using uniform policies as explained below for like transactions except for following assets and liabilities which have been measured at fair value amount:

- certain financial assets and liabilities; and
- defined benefit plans - plan assets.

Our Audited Special Purpose Combined Ind-AS Financial Statements comprise of combined balance sheets as at March 31, 2016, 2017 and 2018 and September 30, 2018 and combined statement of profit and loss, combined statement of cash flows and combined statement of changes in equity for the year / period ended March 31, 2016, 2017 and 2018 and September 30, 2018, combined statement of net assets at fair value as at September 30, 2018 and the combined statement of total return at fair value for the year ended March 31, 2018 and six months ended September 30, 2018, a summary of significant accounting policies, notes and other explanatory information.

Basis of combination and carve out

The Audited Special Purpose Combined Ind-AS Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The procedure for preparing Audited Special Purpose Combined Ind-AS Financial Statements are stated below:

a) The financial statements were combined by combining/adding like items of assets, liabilities, equity, income, expenses and cash flows.

b) Since the Trust was registered only in November 2018 the Audited Special Purpose Combined Ind-AS Financial Statements do not include any standalone financials numbers of the Trust.

c) Since PIPL was incorporated on April 20, 2018 and Appointed Date of Scheme of Arrangement was July 1, 2018, the Audited Special Purpose Combined Ind-AS Financial Statements of September 30, 2018 are prepared by combining the carved out financials of EWPL as at June 30, 2018 and the financial statement of PIPL as at and for the period ending September 30, 2018 at book values. The combined financials for the years ended March 31 2016, 2017, 2018 and for the three months ended June 30, 2018, consist of the carve out financials of EWPL.

d) In the carve-out financials of EWPL the difference between the assets and liabilities have been reflected under "Balances with Remaining Group" as part of Other Equity.

e) The current tax and deferred tax balances have been determined taking in to consideration the tax benefits that will be available to the Trust. The carved out business of EWPL transferred to PIPL does not include transfer of the tax assets and tax liabilities. In terms of Scheme of Arrangement the liability towards income tax till Appointed Date i.e. July 1, 2018 will not be transferred by EWPL to PIPL. Hence any such current tax or deferred tax assets/liabilities reflected in this carved out financial of EWPL will not be considered for transfer under the Scheme of Arrangement.

Property, Plant and Equipment

Property, plant and equipment are stated at cost net of recoverable less accumulated depreciation, amortization and impairment loss, if any. Such cost includes purchase price and any cost directly attributable to bringing the assets to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the property, plant and equipment are capitalized.

Line pack gas has been considered as part of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation on property, plant and equipment is provided on straight line method over the useful life as per Schedule II to the Companies Act, 2013 / technically evaluated life. Loose tools are depreciated over a period of three years; leasehold land is amortized over the period of lease; and line pack gas is not depreciated. In respect of additions or extensions forming an integral part of existing assets, including incremental cost arising on account

of translation of foreign currency liabilities for acquisition of property, plant and equipment, depreciation is provided over the residual life of the respective assets. Freehold land is not depreciated

The estimated useful lives, residual values, depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation. The cost includes purchase price (net of recoverable taxes, trade discount and rebates) and any cost directly attributable to bringing the assets to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalised. Computer software is amortised over a period of 5 years on straight line method. Intangible assets including rights under Pipeline Usage Agreement acquired pursuant to transfer of Pipeline Business from East West Pipeline Limited are amortized over a period of twenty years, being the useful life.

Borrowing Costs

Borrowing costs, that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

Inventories

Items of inventories are measured at lower of cost or net realisable value after providing for obsolescence, if any. Net realisable value represents the estimated selling price for inventory less all estimated cost completion and costs necessary to make the sale. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including incidental expenses net of recoverable taxes incurred in bringing them to their respective present location and condition. Cost of stores and spares, trading and other items are determined on weighted average basis.

Cash and cash equivalents

Cash and cash equivalents includes cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

Impairment of Non-Financial Assets - property, plant and equipment and intangible assets

We assess at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. The impairment loss recognised in prior accounting periods is reversed if there has been an increase in the recoverable value due to a change in the estimate.

Leases

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Leased Assets: Assets held under finance leases are initially recognised as our assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Employee Benefits

Employee benefits include contributions to provident fund, gratuity fund, compensated absences and pension.

Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Trust pays specified contributions to a separate entity. The Trust makes specified monthly contributions towards provident fund, superannuation fund and pension scheme. The Trust's contribution is recognised as an expense in the Profit and Loss Statement during the period in which the employee renders the related service.

Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Other Comprehensive Income.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Income from transportation of gas is recognised on completion of delivery in respect of the quantity of gas delivered to customers. In respect of quantity of gas received from customers under deferred delivery basis, income for the quantity of gas retained in the pipeline is recognised by way of deferred delivery charges for the period of holding the gas in the pipeline at a mutually agreed rate. Income is accounted net of service tax / GST.
The amount received upfront in lump-sum under Agreement from Customers is recognised on a pro-rata basis over the period of the relevant Agreement. Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. Dividend is recognised when the right to receive is established.

Current and non-current classification

Assets and liabilities are presented in the Balance Sheet based on current and non-current classification. Non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Act notified by MCA. An asset is classified as current when it is

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when it is

a) expected to be settled in normal operating cycle,
b) held primarily for the purpose of trading,
c) due to be settled within twelve months after the reporting period, or
d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

Off-setting financial Instrument

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable rights to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

Financial instruments

Financial Assets

Initial Recognition and Measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

Subsequent Measurement

Financial assets carried at amortised cost ("**AC**"): A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income ("**FVTOCI**"): A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss ("**FVTPL**"): A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' ("**ECL"**) model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to: the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). For trade receivables the Trust applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Trust uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed. For other assets, the Trust uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial instruments

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Trust's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Depreciation and Useful Lives of Property Plant and Equipment

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Our management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Trust's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

Revenue and Expenses

Our revenue and expenditure is reported in the following manner:

Revenue

Total Income. Total income comprises revenue from operations and other income.

Revenue from Operations. Revenue from operations comprise (i) 'income from transportation of gas' through our Pipeline; and (ii) other operating income comprising 'income from deferred delivery services' relating to storage of gas in our Pipeline and 'other operating income – others' relating to income received in relation to hook-up facilities provided by us.

Other Income. Other income comprises interest income from fixed deposits, interest income from others includes amortised amount in respect of financial liabilities, profit on sale of property, plant and equipment and other non-operating income primarily relating to profit earned on sale of surplus inventory.

Expenses

Employee Benefits Expense. Employee benefits expense comprises salaries, wages and bonus, contribution to provident fund and other funds and staff welfare expenses.

Finance Costs. Finance costs comprise interest expenses and other borrowing costs on the indebtedness incurred by us.

Depreciation and Amortization Expense. Depreciation and amortization expenses comprise depreciation on tangible assets relating to the Pipeline and amortization of certain intangible assets.

Other Expenses. Other expenses primarily comprise transmission charges, operation and maintenance expenses and administration expenses incurred in relation to the Pipeline Business.

Our Results of Operations

The following table sets out select financial data from our Audited Special Purpose Combined Ind-AS Financial Statements of profit and loss for the periods indicated, the components of which are also expressed as a percentage of total revenue for such periods:

	Six months ended September 30, 2018		**Financial Year**					
			2018		**2017**		**2016**	
	(₹ in crores)	**(% of Total Income)**	**(₹ in crores)**	**(% of Total Income)**	**(₹ in crores)**	**(% of Total Income)**	**(₹ in crores)**	**(% of Total Income)**
INCOME								
Revenue from Operations	663.12	99.29	884.78	98.96	820.99	98.17	1,050.03	98.68
Other Income	4.77	0.71	9.29	1.04	15.28	1.83	14.05	1.32
Total Income	**667.89**	**100.00**	**894.07**	**100.00**	**836.27**	**100.00**	**1,064.08**	**100.00**
EXPENSES								
Employee Benefits Expense	13.25	1.98	24.20	2.71	22.94	2.74	48.80	4.59
Finance Costs	3.45	0.52	(0.36)	(0.04)	270.36	32.33	791.50	74.38
Depreciation and Amortization Expense	529.83	79.33	840.28	93.98	840.70	100.53	843.51	79.27
Other Expenses	333.61	49.95	335.82	37.56	164.21	19.64	241.58	22.70
Total Expenses	**880.14**	**131.78**	**1,199.94**	**134.21**	**1,298.21**	**155.24**	**1,925.39**	**180.94**
Profit/ (Loss) Before Tax	**(212.25)**	**(31.78)**	**(305.87)**	**(34.21)**	**(461.94)**	**(55.24)**	**(861.31)**	**(80.94)**
Tax Expense	206.00	30.84	-	-	-	-	-	-
Profit / (Loss) for the Period / Year	**(418.25)**	**(62.62)**	**(305.87)**	**(34.21)**	**(461.94)**	**(55.24)**	**(861.31)**	**(80.94)**
Other Comprehensive Income/ (Loss) for the Period/ Year	(0.28)	(0.04)	(0.80)	(0.09)	3.65	0.44	(0.45)	(0.04)

Total Comprehensive Income / (Loss) for the Period/ Year	**(418.53)**	**(62.66)**	**(306.67)**	**(34.30)**	**(458.29)**	**(54.80)**	**(861.76)**	**(80.99)**

Six Months Ended September 30, 2018

Total Income. Our total income was ₹ 667.89 crore for the six months ended September 30, 2018.

Revenue from operations. Our revenue from operations was ₹ 663.12 crore for the six months ended September 30, 2018, comprising (i) income from transportation of gas through our Pipeline of ₹ 597.98 crore, average daily flow of natural gas through the Pipeline was 20 mmscmd during this period; and (ii) other operating income, comprising deferred delivery services of ₹ 45.83 crore for gas stored by us, and other operating income – others of ₹ 19.31 crore for charges collected in relation to hook-up facilities provided by us, for the six months ended September 30, 2018.

Other income. Our other income was ₹ 4.77 crore for the six months ended September 30, 2018, comprising (i) interest income from fixed deposits of ₹ 2.13 crore, (ii) interest income from others of ₹ 1.40 crore which included amortised amount in respect of financial liabilities, and (iii) other non-operating income of ₹ 1.24 crore primarily relating to profit earned on sale of surplus inventory.

Total Expenses. Our total expenses were ₹ 880.14 crore for the six months ended September 30, 2018, comprising employee benefits expense, finance costs, depreciation and amortization expenses and other expenses.

Employee benefits expense. Employee benefits expense was ₹ 13.25 crore for the six months ended September 30, 2018, comprising salaries, wages and bonus of ₹ 11.38 crore, staff welfare expenses of ₹ 1.30 crore and contribution to provident fund and other funds of ₹ 0.57 crore.

Finance costs. Net finance costs were ₹ 3.45 crore for the six months ended September 30, 2018, comprising interest expenses of ₹ 3.45 crore which was primarily attributable to amortised amount in respect of financial liabilities.

Depreciation and amortization expense. Our depreciation and amortization expense was ₹ 529.83 crore for the six months ended September 30, 2018 in relation to depreciation recognized on our fixed assets.

Other expenses: Our other expenses were ₹ 333.61 crore for the six months ended September 30, 2018, comprising (i) operation and maintenance expenses of ₹ 317.11 crore, which was primarily attributable to transmission charges of ₹ 257.74 crore and electricity, power and fuel expenses of ₹ 37.93 crore and (ii) administration expenses of ₹ 16.50 crore, which was primarily attributable to general expenses of ₹ 4.06 crore, security expenses of ₹ 3.95 crore and insurance expenses of ₹ 2.95 crore.

Loss before tax. Our loss before tax was ₹ 212.25 crore for the six months ended September 30, 2018.

Loss for the period. Our loss for the period was ₹ 418.25 crore for the six months ended September 30, 2018.

Total comprehensive loss for the period. Our total comprehensive loss for the period was ₹ 418.53 crore for the six months ended September 30, 2018.

Financial Year 2018 Compared to Financial Year 2017

Total Income. Our total income increased by 6.91% to ₹ 894.07 crore for the Financial Year 2018 from ₹ 836.27 crore for the Financial Year 2017, due to an increase in revenue from operations, which was partially offset by a decrease in other income.

Revenue from Operations: Our revenue from operations increased by 7.77% to ₹ 884.78 crore for the Financial Year 2018 from ₹ 820.99 crore for the Financial Year 2017.

Our income from transportation of gas increased by 2.96% to ₹ 821.71 crore for the Financial Year 2018 from ₹ 798.07 crore for the Financial Year 2017 primarily due to gas transportation undertaken under a contract with Gujarat State Petronet Limited, which commenced on September 30, 2016. For both the Financial Years 2018 and 2017, average daily flow of natural gas through the Pipeline was 17 mmscmd.

Our other operating income increased for the Financial Year 2018 from the Financial Year 2017, as a result of an increase in deferred delivery services to ₹ 49.80 crore for Financial Year 2018 from ₹ 19.65 crore for Financial Year 2017, which was primarily due to increased storage of gas in our Pipeline for our customers during the Financial Year 2018; and an increase in other operating income - others to ₹ 13.27 crore for Financial Year 2018 from ₹ 3.27 crore for Financial Year 2017, which was primarily due to an increase in hook-up charges collected by us.

Other Income: Our other income decreased by 39.20% to ₹ 9.29 crore for the Financial Year 2018 from ₹ 15.28 crore for the Financial Year 2017 primarily as a result of a decrease in other non-operating income by 44.33% to ₹ 3.34 crore for Financial Year 2018 from ₹ 6.00 crore for Financial Year 2017, which was primarily due to a reduction in profit earned on sale of surplus inventory during the Financial Year 2018.

Total Expenses. Our total expenses decreased by 7.57% to ₹ 1,199.94 crore for the Financial Year 2018 from ₹ 1,298.21 crore for the Financial Year 2017, primarily attributable to a decrease in finance costs, which was partially offset by an increase in other expenses.

Employee Benefits Expense: Employee benefits expense increased by 5.49% to ₹ 24.20 crore for the Financial Year 2018 from ₹ 22.94 crore for the Financial Year 2017, primarily due to impact of actuarial valuation of retirement benefits

Finance costs: Net finance costs decreased to ₹ (0.36) crore for the Financial Year 2018 from ₹ 270.36 crore for the Financial Year 2017, due to a decrease in interest expenses to ₹ (0.41) crore for the Financial Year 2018 from ₹ 260.29 crore for the Financial Year 2017 due to repayment of certain term loans availed from banks and financial institutions and a corresponding decrease in our cost of indebtedness, and a decrease in other borrowing costs to ₹ 0.05 crore for the Financial Year 2018 from ₹ 10.07 crore for the Financial Year 2017 due to expenses incurred during the Financial Year 2017 towards prepayments and retirement of our term loans.

Depreciation and amortization expense: Our depreciation and amortization expense decreased to ₹ 840.28 for Financial Year 2018 from ₹ 840.70 crore for Financial Year 2017 in relation to depreciation recognized on our fixed assets.

Other expenses: Our other expenses increased to ₹ 335.82 crore for the Financial Year 2018 from ₹ 164.21 crore for the Financial Year 2017, as a result of an increase in operation and maintenance expenses to ₹ 299.66 crore for the Financial Year 2018 from ₹ 111.30 crore for the Financial Year 2017, which was primarily attributable to:

- transmission charges of ₹ 179.79 crore incurred in the Financial Year 2018 pursuant to a sub-contract arrangement with Gujarat State Petronet Limited, which are passed on to our customers as part of the gas transmission charges collected pursuant to our gas transmission agreements. For details, see "***Business – Description of our Business - Key Contracts– Gas Transportation Agreements***" on page 193;

- an increase in repairs of machinery to ₹ 34.97 crore for the Financial Year 2018 from ₹ 28.63 crore for the Financial Year 2017; and

- an increase in electricity, power and fuel expenses to ₹ 66.06 crore for the Financial Year 2018 from ₹ 62.86 crore for the Financial Year 2017,

which was partially offset by a decrease in administration expenses to ₹ 36.16 crore for the Financial Year 2018 from ₹ 52.91 crore for the Financial Year 2017, which was primarily attributable to:

- a decrease in contracted and others services to ₹ 2.37 crore for the Financial Year 2018 from ₹ 14.74 crore for the Financial Year 2017 relating to certain contracts for manpower services which were not renewed during the year; and

- a decrease in professional fees to ₹ 2.68 crore for the Financial Year 2018 from ₹ 5.41 crore for the Financial Year 2017.

Loss before tax. Our loss before tax decreased to ₹ 305.87 crore for the Financial Year 2018 from ₹ 461.94 crore for the Financial Year 2017.

Loss for the year. Our loss for the year was ₹ 305.87 crore for the Financial Year 2018 as compared to ₹ 461.94 crore for the Financial Year 2017.

Total comprehensive loss for the year. Our total comprehensive loss for the year was ₹ 306.67 crore for the Financial Year 2018 as compared to ₹ 458.29 crore for the Financial Year 2017.

Financial Year 2017 Compared to Financial Year 2016

Total Income. Our total income decreased by 21.41% to ₹ 836.27 crore for the Financial Year 2017 from ₹ 1,064.08 crore for the Financial Year 2016, primarily attributable to a decrease in revenue from operations, which was partially offset by an increase in other income.

Revenue from Operations: Our revenue from operations decreased by 21.81% to ₹ 820.99 crore for the Financial Year 2017 from ₹ 1,050.03 crore for the Financial Year 2016.

Our in income from the transportation of gas decreased by 20.90% to ₹ 798.07 crore for the Financial Year 2017 from ₹ 1,008.96 crore for the Financial Year 2016, which was primarily due to a decrease in the supply of gas through our Pipeline. Average daily flow of natural gas through the Pipeline was 17 mmscmd of natural gas in the Financial Year 2017 as compared to 19 mmscmd in the Financial Year 2016; and

Our other operating income of deferred delivery services decreased by 48.01% to ₹ 19.65 crore for the Financial Year 2017 from ₹ 37.80 crore for the Financial Year 2016, which was primarily due to a decrease in the storage of gas in our Pipeline. Higher deferred delivery services provided in the Financial Year 2016 were primarily due to a temporary shutdown in one of our customer's facilities, which resulted in increased storage of gas in our Pipeline.

Other Income: Our other income increased by 8.78% to ₹ 15.28 crore for the Financial Year 2017 from ₹ 14.05 crore for the Financial Year 2016, primarily as a result of an increase in profit on sale of property, plant and equipment to ₹ 1.98 crore for the Financial Year 2017 from ₹ 0.14 crore for the Financial Year 2016, which was primarily due to sale of certain unutilized fixed assets, which was partially offset by a decrease in other non-operating income by 13.13% to ₹6.00 crore for the Financial Year 2017 from ₹ 6.90 crore for the Financial Year 2016, which was primarily due to a decrease in profit earned on sale of surplus inventory.

Total Expenses. Our total expenses decreased by 32.57% to ₹ 1,298.21 crore for the Financial Year 2017 from ₹ 1,925.39 crore for the Financial Year 2016, attributable to a decrease in employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

Employee Benefits Expense: Employee benefits expense decreased by 52.99% to ₹ 22.94 crore for the Financial Year 2017 from ₹ 48.80 crore for the Financial Year 2016, due to a decrease in salaries, wages and bonus to ₹ 18.47 crore for the Financial Year 2017 from ₹ 41.90 crore for the Financial Year 2016, a decrease in staff welfare expenses to ₹ 2.85 crore for the Financial Year 2017 from ₹ 4.16 crore for the Financial Year 2016 and a decrease in contribution to provident fund and other funds to ₹ 1.62 crore for the Financial Year 2017 from ₹ 2.74 crore for the Financial Year 2016, due to a decrease in our number of employees.

Finance costs: Net finance costs decreased by 65.84% to ₹ 270.36 crore for the Financial Year 2017 from ₹ 791.50 crore for the Financial Year 2016, due to a decrease in interest expenses to ₹ 260.29 crore for the Financial Year 2017 from ₹ 790.45 crore for the Financial Year 2016 primarily due to prepayment and retirement of our term loans. There was an increase in other borrowing costs to ₹ 10.07 crore for the Financial Year 2017 from ₹ 1.05 crore for the Financial Year 2016 primarily due to expenses incurred towards prepayment and retirement of our term loans.

Depreciation and amortization expense: Our depreciation and amortization expense decreased to ₹ 840.70 crore for the Financial Year 2017 from ₹ 843.51 crore for the Financial Year 2016, in relation to depreciation recognized on our fixed assets.

Other expenses: Our other expenses decreased by 32.03% to ₹ 164.21 crore for the Financial Year 2017 from ₹ 241.58 crore for the Financial Year 2016, as a result of a decrease in operation and maintenance expenses to ₹ 111.30 crore for the Financial Year 2017 from ₹ 162.49 crore for the Financial Year 2016 and a decrease in administration expenses to ₹ 52.91 crore for the Financial Year 2017 from ₹ 79.09 crore for the Financial Year 2016.

The decrease in operation and maintenance expenses was attributable to:

- a decrease in electricity, power and fuel expenses to ₹ 62.86 crore for the Financial Year 2017 from ₹ 87.02 crore for the Financial Year 2016 primarily due to lower volume of gas transported through our Pipeline;

- a decrease in repairs of machinery to ₹ 28.63 crore for the Financial Year 2017 from ₹ 45.34 crore for the Financial Year 2016; and

- a decrease in stores and spare expenses to ₹ 13.33 crore for the Financial Year 2017 from ₹ 22.31 crore for the Financial Year 2016,

The decrease in administration expenses was attributable to:

- a decrease in contracted and other services to ₹ 14.74 crore for the Financial Year 2017 from ₹ 31.75 crore for the Financial Year 2016;

- a decrease in travelling and conveyance to ₹ 5.82 crore for the Financial Year 2017 from ₹ 10.56 crore for the Financial Year 2016;

- a decrease in rates and taxes to ₹ 0.27 crore for the Financial Year 2017 from ₹ 2.97 crore for the Financial Year 2016; and

Loss before tax. Our loss before tax decreased to ₹ 461.94 crore for the Financial Year 2017 from ₹ 861.31 crore for the Financial Year 2016.

Loss for the year. Our loss for the year was ₹ 461.94 crore for the Financial Year 2017 as compared to ₹ 861.31 crore for the Financial Year 2016.

Total comprehensive loss for the year. Our total comprehensive loss for the year was ₹ 458.29 crore for the Financial Year 2017 as compared to ₹ 861.76 crore for the Financial Year 2016.

Financial Condition, Liquidity and Capital Resources

Cash Flows

The following table summarizes financial data from our Audited Special Purpose Combined Ind-AS Financial Statements of cash flow for the periods indicated:

Particulars	**Six months ended September 30, 2018**	**Financial Year**		
		2018	**2017**	**2016**
Net cash generated from operating activities	310.04	529.09	659.38	842.15
Net cash (used in) investing activities	(170.57)	(3.83)	(13.69)	(12.74)
Net cash generated from/ (used in) financing activities	3,572.76	92.47	(12.72)	2,678.24
Net increase/(decrease) in cash and cash equivalents	**3,712.23**	**617.73**	**632.97**	**3,507.65**
Balances with Remaining Group/Acquired pursuant to Scheme of Arrangement	**(3,716.30)**	**(614.51)**	**(698.56)**	**(3,453.02)**

Operating Activities

Net cash generated from operating activities was ₹ 310.04 crore for the six months ended September 30, 2018. While our operating profit before working capital changes was ₹ 317.51 crore for the six months ended September 30, 2018, we had a net loss before tax of ₹ 212.25 crore, primarily due to depreciation and amortization expense of ₹ 529.83 crore. Further, our operating profit before working capital changes was impacted by changes in

working capital primarily consisting of trade and other receivables of ₹ (16.58) crore, trade and other payables of ₹ (2.92) crore and inventories ₹ 12.03 crore.

Net cash generated from operating activities was ₹ 529.09 crore for the Financial Year 2018. While our operating profit before working capital changes was ₹ 528.10 crore for the Financial Year 2018, we had a net loss before tax of ₹ 305.87 crore, primarily due to depreciation and amortization expense of ₹ 840.28 crore. Further, our operating profit before working capital changes was impacted by changes in working capital primarily consisting of trade and other receivables of ₹ (21.66) crore, trade and other payables of ₹ 14.66 crore and inventories ₹ 7.99 crore.

Net cash generated from operating activities was ₹ 659.38 crore for the Financial Year 2017. While our operating profit before working capital changes was ₹ 639.85 crore for the Financial Year 2017, we had a net loss before tax of ₹ 461.94 crore, primarily due to depreciation and amortization expense of ₹ 840.70 crore and finance costs of ₹ 270.36 crore. Further, our operating profit before working capital changes was impacted by changes in working capital primarily consisting of trade and other receivables of ₹ 9.23 crore, trade and other payables of ₹ 4.44 crore and inventories of ₹ 5.86 crore.

Net cash generated from operating activities was ₹ 842.15 crore for the Financial Year 2016. While our operating profit before working capital changes was ₹ 766.56 crore for the Financial Year 2016, we had a net loss before tax of ₹ 861.31 crore, primarily due to depreciation and amortization expense of ₹ 843.51 crore and finance costs of ₹ 791.50 crore. Further, our operating profit before working capital changes was impacted by changes in working capital primarily consisting of trade and other receivables of ₹ 23.43 crore trade and other payables of ₹ (17.86) crore and inventories of ₹ 70.02 crore.

Investing Activities

Net cash used in investing activities was ₹ (170.57) crore for the six months ended September 30, 2018, primarily towards net current assets acquired of ₹ 169.80 crore relating to acquisition of Pipeline Business by PIPL from EWPL, purchase of property, plant and equipment of ₹ 1.04 crore, and partially offset by interest received of ₹ 2.45 crore.

Net cash used in investing activities was ₹ 3.83 crore for the Financial Year 2018, primarily towards purchase of property, plant and equipment of ₹ 4.37 crore, deposits placed with banks of ₹ 4.25 crore, and partially offset by interest received of ₹ 4.33 crore.

Net cash used in investing activities was ₹ 13.69 crore for the Financial Year 2017, primarily towards purchase of property, plant and equipment of ₹ 19.49 crore, partially offset by proceeds from sale of property, plant and equipment of ₹ 6.18 crore.

Net cash used in investing activities was ₹ 12.74 crore for the Financial Year 2016, primarily towards purchase of property, plant and equipment of ₹ 9.80 crore, deposits placed with banks of ₹ 8.26 crore, and partially offset by interest received of ₹ 4.34 crore.

Financing Activities

Net cash generated from financing activities was ₹ 3,572.76 crore for the six months ended September 30, 2018, primarily towards proceeds from short term borrowings of ₹ 3,573.55 crore, partially offset by interest paid of ₹ 2.04 crore.

Net cash used in financing activities was ₹ 92.47 crore for the Financial Year 2018, primarily towards proceeds from short term borrowings of ₹ 99.45 crore, partially offset by interest paid of ₹ 6.98 crore.

Net cash used in financing activities was ₹ (12.72) crore for the Financial Year 2017, primarily towards repayment of long term borrowings of ₹ 4,120.81 crore and repayment of short term borrowings of ₹ 4,000.00 crore, partially offset by proceeds from issue of preference shares of ₹ 8,000.00 crore.

Net cash used in financing activities was ₹ 2,678.24 crore for the Financial Year 2016, primarily towards repayment of long-term borrowings of ₹ 4,611.27 crore, partially offset by proceeds from long-term borrowings of ₹ 7,694.15 crore.

Indebtedness

As of September 30, 2018, we had total outstanding borrowings of ₹ 16,400 crore. After the Issue, and following the Transaction, and the resultant Trust NCD Offering, there will be certain changes to our cost structure, level of indebtedness and operations, including repayment of unsecured liability of ₹ 16,400 crore. See **"– *Factors Affecting our Results of Operations – Cost of Financing***" on page 226.

Capital and Other Commitments

As of September 30, 2018, our estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for was ₹ 4.71 crore.

Capital Expenditures

For the six months ended September 30, 2018, we added fixed assets of property, plant and equipment and intangible assets, of ₹ 1,850 crore which relate to recognition of intangible assets by PIPL upon acquisition of Pipeline Business from EWPL. For the Financial Year 2018, we added fixed assets of property, plant and equipment and intangible assets of ₹ 0.77 crore, primarily for freehold land, office equipment and plant and machinery. For the Financial Year 2017, we added fixed assets of property, plant and equipment and intangible assets of ₹ 19.14 crore, primarily for plant and equipment, buildings, office equipment and software. For the Financial Year 2016, we added fixed assets of property, plant and equipment and intangible assets of ₹ 6.37 crore, primarily for software, plant and equipment, buildings and vehicles.

A mid-life overhaul and full-life overhaul of gas turbines, compressors, fuel management systems, gas engine generators and upgradation and replacement of various plant and machinery components shall be required due to obsolescence and deterioration. Accordingly, the Investment Manager has estimated to incur a yearly capital expenditure of ₹ 200 crores from the Financial Years 2030 to 2038, for the up-keep of the Pipeline. See "*Valuation Report*" on page 353.

Upon completion of the Transaction, we will incur operational and maintenance expenses, including budgeted capital expenses, in accordance with O&M Agreement and O&M Sub-Contract Agreement entered into by PIPL. For details, see "***Business - Description of our Business – Key Contracts - O&M Agreement***" and "***Business - Description of our Business – Key Contracts - Operations and Sub-Contract***" each on page 192.

Sufficiency of Working Capital

The Investment Manager has confirmed that the Trust has the ability to meets its working capital requirements for at least 12 months from the date of listing of the Units.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Known Trends or Uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "***Factors Affecting Results of Operations***" and the uncertainties described in "***Risk Factors***" on pages 224 and 76, respectively. To our knowledge, except as disclosed in this Preliminary Placement Memorandum, there are no known factors which we expect to have an adverse effect on our income.

Future Relationship between Cost and Revenue

Other than as described in "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 76, 177 and 224, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

Related Party Transactions

There have been various transactions with related parties such as Sikka Ports & Terminals Limited, EWPL Holdings Private Limited and RIL, including for the purposes of loan obtained, deposit received for proposing

candidature of directors, transportation charges, sale of materials, sale of assets and purchase of fuel. We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Such related party transactions may potentially involve conflicts of interest. For details on our related party transactions, see "***Related Party Transactions***" on page 242.

Competitive Conditions

We expect to continue to compete with existing and potential competitors. See "***Business***", "***Industry Overview***" and "***Risk Factors***" on pages 177, 161 and 76, respectively for further information on our industry and competition.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily trade receivables) and from our financing activities. Our gas transportation business is dependent on a limited number of customers for a significant portion of its revenues. Changes in the business of our customers may result in delays or defaults in payments to be made to us.

Interest Rate Risk

We are exposed to cash flow interest rate risk from borrowings at variable rate. We typically seek to refinance our fixed rate loans to achieve an optimum interest rate profile when the interest rate goes down. However, this does not protect us entirely from the risk of paying rates in excess of current market rates nor eliminates entirely the cash flow risk associated with variability in interest payments.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in raising funds to meet commitments that are settled by delivering cash. Liquidity risk may result from an inability to sell an asset quickly at close to its fair value. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial liabilities with sales and demand for our services.

Seasonality of Business

Our cash flows may be affected by seasonal factors, which may adversely affect gas transmission volumes for example, on account of excessive rainfall during the monsoon season in India. While the Pipeline is designed to operate in all seasons and normal climatic variations as experienced, any abnormal or excessive rains and flooding may also restrict our ability to carry on activities related to our operation and maintenance of the Pipeline Business. This may result in delays in periodic maintenance and reduce productivity, thereby adversely affecting our business, financial condition and results of operations.

New Products or Business Segments

Other than as disclosed in this section and in "***Business***" on page 177, there are no new products or business segments that have or are expected to have a significant impact on our business prospects, results of operations or financial condition.

Significant Developments Subsequent to September 30, 2018

Except as disclosed above, and in this Preliminary Placement Memorandum, including the completion of the Transaction and the related reorganization of the Pipeline Business, to our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Preliminary Placement Memorandum which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Revenue from Operations for Completed Months Subsequent to September 30, 2018

We had revenue from operations of ₹ 108.95 crores, ₹ 116.80 crores, ₹ 183.44 crores, ₹ 111.54 crores and ₹ 98.61 crores for the months of October 2018, November 2018, December 2018, January 2019 and February 2019, respectively.

Quality of income

The majority of our income on a combined basis is from the receipt of gas transportation charges from our customers pursuant to gas transportation agreements. This is based on actual receipts by PIPL. For further information please see the sections titled "***Factors Affecting Results of Operations***", "***Critical Accounting Policies***", as well as the discussions on our results of operations as set out in this section.

RELATED PARTY TRANSACTIONS

In terms of Regulation 2(1)(zv) of the SEBI InvIT Regulations, related party shall be as defined as under the Companies Act, 2013 or under the applicable accounting standards and shall also include: (i) Parties to the Trust; and (ii) promoters, directors, and partners of the Parties to the Trust. Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being Ind-AS 24 on "*Related Party Disclosures*" ("**Related Parties**") in relation to related party transactions. The Parties to the Trust, may, from time to time, enter into related party transactions, in accordance with applicable law.

Procedure for dealing with Related Party Transactions

All related party transactions shall be dealt with in the manner and as per the procedures to be established by the InvIT Committee of the Investment Manager. For details see "***Corporate Governance***" on page 154.

Disclosure and Reporting

(i) The Investment Manager shall submit to the Trustee, quarterly reports on the activities of the Trust, including the status of compliance with the requirements specified under the SEBI InvIT Regulations in relation to Related Party transactions, within such time as may be prescribed in the SEBI InvIT Regulations and applicable law.

(ii) Related Party transactions shall be disclosed to the Stock Exchange and the Unitholders periodically, in accordance with the SEBI InvIT Regulations and the agreement to be entered into with the Stock Exchange in relation to the listing of the Units. The Investment Manager shall adequately disclose the details of any fees or commissions received or to be received by such Related Party(ies) to the Stock Exchange.

(iii) In terms of the SEBI InvIT Regulations, the annual report to be submitted by the Investment Manager to all Unitholders, electronically or by physical copies, and to the Stock Exchange within three months from the end of the financial year, shall contain, inter alia, details of all related party transactions, including acquisitions or disposal of any projects, directly or through the Project SPV during the year, the value of which exceeded 5.00% of value of the assets of the Trust.

Related Party Transactions

Present and On-going Related Party Transactions

Related Party Transactions of the Trust in relation to the setting up of the Trust

A number of present and on-going transactions with certain Related Parties have been, or will be, entered into in relation to the setting up of the Trust. The Trustee and the Investment Manager confirm that the following related party transactions have been, or shall be, entered into, on an arm's length basis in accordance with the relevant accounting standards, in the best interest of the Unitholders:

(A) Sponsor Subscription

Pursuant to the Commitment Letter, the Sponsor has agreed to subscribe to Units of the Trust and accordingly the Sponsor will contribute an amount of ₹ 56,400 million (the "**Sponsor Subscription**") towards subscription of 564 million Units, prior to allotment of Units to the Unitholders pursuant to the Issue, subject to certain conditions specified therein.

(B) Trust Deed

For a brief description of the Trust Deed, see "***Parties to the Trust – Key Terms of the Trust Deed***", on page 113.

(C) Investment Management Agreement

For a brief description of the Investment Management Agreement, see "***Parties to the Trust – Key Terms of the Investment Management Agreement***", on page 121.

(D) Project Management Agreement

For a brief description of the Project Management Agreement, see "***Parties to the Trust – Key Terms of the Project Management Agreement***", on page 135.

(E) O&M Agreement

For a brief description of the O&M Agreement, see "***Parties to the Trust – Key Terms of the O&M Agreement***", on page 141.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws currently in force in India, which are applicable to the Initial Portfolio Asset. The information detailed in this section has been obtained from publications available in the public domain. The description below may not be exhaustive, and is only intended to provide general information to Bidders, and is neither designed as, nor intended to substitute, professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

*For information regarding regulatory approvals obtained by EWPL in relation to the Pipeline Business, see "**Regulatory Approvals**" on page 249.*

Regulatory Framework

The primary central legislations governing the establishment of pipelines for transport and sale of petroleum and natural gas are the Petroleum and Natural Gas Regulatory Board Act, 2006 (the "**PNGRB Act**") and the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 (the "**PMP Act**"), as amended from time to time.

I. PNGRB Act

The PNGRB Act provides for the establishment of the Petroleum and Natural Gas Regulatory Board (the "**PNGRB**") to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas (excluding the production of crude oil and natural gas) so as to protect the interest of consumers and entities engaged in specified activities and to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and to promote competitive markets.

The key functions of PNGRB are to protect the interests of consumers by fostering fair trade and competition amongst entities, authorise entities to lay, build, operate or expand a common carrier or a contract carrier and city or local distribution network, register entities to market notified petroleum, petroleum products and natural gas and establish storage facilities for the same, establish and operate LNG terminals, regulate access to common carrier or contract carrier and city or local gas distribution network, transportation rates for contract or common carrier by regulations, ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of India, secure equitable distribution for petroleum and petroleum products, monitor prices and lay down technical standards and specifications including safety standards in activities relating to the same.

The PNGRB Act provides that no entity shall market any notified petroleum, petroleum products or natural gas, establish storage facilities for the same, establish or operate a liquefied natural gas ("**LNG**") terminal or lay, build, operate or expand any pipeline as a common contract carrier or city or local natural gas distribution network without obtaining prior registration or authorisations from the PNGRB, as applicable. Further, the PNGRB may declare an existing pipeline for transportation of petroleum, petroleum products and natural gas or an existing city or local gas distribution network as common or contract carrier after giving wide publicity of its intention and inviting objections and suggestions from entities likely to be affected by such decisions.

The entity laying, building, operating or expanding a pipeline for transportation of petroleum, petroleum products and LNG has the right of first use for its own requirement and the remaining capacity is to be used among the entities as may be determined by the PNGRB having regard to the needs of fair competition in marketing and availability of petroleum and petroleum products and natural gas throughout the country. The PNGRB also has powers to specify the terms and conditions for determining the transportation tariff for pipelines based on guiding principles like rewarding efficiency in performance, safeguard consumer interest at the same time recovery of cost of transportation in a reasonable manner, benchmarking against reference tariff calculated based on cost of service, internal rate of return and net present value. The contravention of the directions of the PNGRB is punishable with fine and/or imprisonment for a specified period. The PNGRB has investigative powers and powers to decide disputes as well. The PNGRB Act provides for appeal to APTEL (and subsequently to the Supreme Court) in case an entity is aggrieved with an order of PNGRB.

II. PMP Act

The PMP Act provides the framework governing the acquisition of right of user ("**RoU**") in land for laying pipelines for the transportation of petroleum and minerals and other matters connected therewith. Under the PMP Act, the central government, after complying with the prescribed process, has the right to declare (by notification in the official gazette), the acquisition of the RoU in an identified portion of land for the laying of pipelines. The right of acquisition of the user may be subject to such conditions as may be deemed fit by the central government in public interest. Additionally, the central government may, on terms and conditions that it deems fit, direct by an order in writing that such RoU vests in the corporation proposing to lay the pipeline or with the state government instead of vesting in the central government. The PMP Act also provides for rigorous penalties on anyone who may wilfully obstruct the laying of pipelines or destroys/ displaces the pipelines laid under the PMP Act.

III. PNGRB Regulations

A. PNGRB (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 (the "PNGRB Authorising Regulations")

The PNGRB Authorising Regulations require an entity, which proposes to lay, build, operate or expand a natural gas pipeline; or which proposes or is directed by the PNGRB to convert a dedicated pipeline for supply of natural gas to a specific consumer into a natural gas pipeline, to obtain prior authorisation from the PNGRB. Such entity shall submit an expression of interest to the PNGRB in the form of a prescribed application, along with an application fee as specified under the *PNGRB (Levy of Fee and Other Charges) Regulations, 2007*. PNGRB may also *suo-motu* form a view regarding the development of a natural gas pipeline in a specific area, region or route and may *suo-motu* initiate a proposal inviting entities to participate in the process of selection of an entity for laying, building, operating or expanding natural gas pipeline along any route. PNGRB shall compare all financial bids meeting the minimum eligibility criteria, as per the bidding criteria in the PNGRB Authorising Regulations. Additionally, an entity seeking the approval of the PNGRB to lay a dedicated pipeline is required to submit its technical details at least 30 days in advance and is required to furnish any additional information sought by the PNGRB.

The PNGRB Authorising Regulations also prescribe that a pipeline should have an economic life of 25 years and provide for extension of the economic life of pipelines beyond the 25 year period for ten years at a time, at the discretion of the PNGRB. Additionally, pursuant to the PNGRB Authorising Regulations, each entity laying or operating a pipeline is required to procure a bank guarantee in favour of PNGRB to secure its obligations under the PNGRB Authorising Regulations.

Additionally, the grant of an authorisation under the PNGRB Authorising Regulations shall not be renunciated by way of sale, assignment, transfer or surrender to any person or entity during the period of three years from the date of its issue but an entity intending to renunciate the authorization in favour of another entity after the end of the three years period shall submit a proposal to the PNGRB at least thirty days in advance and shall also provide all information as may be requested for by the PNGRB. PNGRB after satisfying itself that the proposal will not adversely affect the existing or proposed activities of laying, building, operating or expansion of the natural gas pipeline shall either accept the proposal in full or with such modifications as it may deem fit and in a case where the entity is permitted by the Board to take over the activities of laying, building, operating or expanding the natural gas pipeline such entity shall abide by the existing or modified terms and conditions of the authorization including compliance with the service obligations, provided that the PNGRB reserves the right to reject the proposal in public interest and in such a case the Board shall provide in writing the reasons for such rejection.

B. PNGRB (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008 ("Access Code Regulations")

The Access Code Regulations provide for the manner in which the available capacity of a natural gas pipeline (as authorised under the PNGRB Authorizing Regulations) shall be available for use on common carrier and/or contract carrier basis and shall be allocated. The Access Code Regulations mandate that the contracted capacity between the entity/consumer who intends to utilize the capacity in the pipeline for transmission of gas (the "**Shipper**") and the entity which is authorised by the PNGRB or authorised by the central government for laying, building operating or expanding a natural gas pipeline (the "**Transporter**"), shall be for gas quantity not exceeding the own firmed up capacity and aggregated volume contracted by the Transporter for a period of more than a year. Additionally, an excess 33.00% capacity shall be for use as a common carrier, on an open-access and non-discriminatory basis. In the event that any portion of the 33% excess capacity is available ("**Spare Capacity**")

due to an absence in demand from any Shipper, the Access Code Regulations permit transporters to enter into contracts having a term of one year or more, with respect to such Spare Capacity ("**Spare Capacity Contracts**"). However, if the Transporter receives a request from another shipper to utilise the Spare Capacity for a period of less than a year, then the Transporter is required to accommodate by pro-rating the same, from existing entities using the Spare Capacity set out in the Spare Capacity Contract, not exceeding 10.00% of the total common carrier capacity. The Access Code stipulate monthly updating of the available capacity on entities website.

C. PNGRB (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010 (the "Capacity Regulations")

The Capacity Regulations cover the procedure, parameters (both constant and variable) and frequency of declaration of pipeline capacity in mmscmd for natural gas pipeline or in MMTPA for petroleum and petroleum products pipeline. The capacity of the petroleum, petroleum products and natural gas pipeline so determined shall be used for determining the tariff for petroleum, petroleum products and natural gas pipeline as per the methodology or formulae defined under relevant regulations and shall be used for providing access to available capacity on non-discriminatory basis under the Access Code Regulations. The Capacity Regulations prescribe the methodology for calculation of the pipeline capacity. The PNGRB after being satisfied with the data submitted by an entity regarding capacity of the pipeline shall decide to either reject such determined capacity or approve it (with or without modifications).

Under these regulations, the capacity of a pipeline shall be determined on the first working day of April every year or whenever (a) there is a major change in the injected quantity or off taken quantity of petroleum, petroleum products and natural gas, (b) contract carrier quantity period expires, (c) there is a change of plus or minus 10.00% in gas composition or product quality or in other operating parameters from the operating conditions of the pipeline system within its defined parameters, (d) there is addition or deletion of entry or exit point, (e) there is addition or deletion of facilities, for example, compressor or pumping station, loop lines or any other facility. The entity is required to submit the details of the so re-determined capacity of the pipeline to the Board in line with the provisions of the Capacity Regulations for the purpose of declaration of capacity.

D. PNGRB (Technical Standards and Specifications including Safety Standards for Natural Gas Pipelines) Regulations, 2009 (the "Technical Standards Regulations")

The Technical Standards Regulations cover standards and specifications pertaining to design, materials and equipment, welding, fabrication, installation, testing, commissioning, operation and maintenance and corrosion control of common carrier or contract carrier natural gas pipelines, including safety requirements for natural gas pipelines. The standards specified thereunder are intended to ensure uniform application of design principles and to guide in selection and application of material and components, equipment and systems and uniform operation and maintenance of the natural gas pipeline system and primarily focus on safety aspects of the employees and public and other facilities associated with natural gas pipelines. The PNGRB is empowered by Regulation 7 of the Technical Standards Regulations to monitor compliance with these regulations, either directly or indirectly, through an accredited third party as per separate regulations on third party conformity assessment. In the event of any deviation or default under the Technical Standard Regulations, the concerned entity shall be given time limit for rectification of such deviation and/or default and in case of non-compliance, such entity shall be liable for termination of operation or termination of authorisation apart from any penal provisions under the PNGRB Act.

E. PNGRB (Development of Model GTA) Guidelines 2012 (the "GTA Guidelines")

The GTA Guidelines were issued by the PNGRB in 2012 with the objective of creating a basic framework such that various provisions of the gas transportation agreements ("**GTAs**"), executed between transporters and shippers of natural gas, adhered to the principles of uniformity and equity for promoting fair play. The GTA Guidelines were struck down as bad in law by the Delhi High Court in 2014. The validity of the GTA Guidelines is now pending review before the Supreme Court and their applicability until then has been stayed.

F. PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations 2008 (the "Tariff Regulations")

The Tariff Regulations apply to an entity authorised by the central government under Regulations 17, 18 and 19 of the PNGRB Authorising Regulations and provide for the natural gas pipeline tariff computation in respect of such pipelines. The Tariff Regulations prescribe that a pipeline owner is required to charge the zonal tariff based on the contractual path i.e. distance between contractual entry and exit points' location in which services are

provided to the customer (each zone would be of a length of 300 km). The Tariff Regulations stipulate initial tariff computation on provisional basis which will be finalized and is subject to subsequent review after every five year period. The tariff shall be determined using a discounted cash flow methodology considering a post-tax return on capital employed of 12.00%.

G. PNGRB (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating, or Expanding Natural Gas Pipeline) Regulations, 2008 (the "Affiliate Code")

The Affiliate Code sets out the manner of interaction and engagement between an entity (which proposes to lay, build, operate or expand a natural gas pipeline or is laying, building, operating or expanding a natural gas pipeline and is authorised to do so by the PNGRB Authorising Regulations, or which is authorised by the central government for laying, building, operating or expanding natural gas pipeline, or which is either authorised or is directed by the PNGRB for conversion of a dedicated pipeline into a common carrier or contract carries under applicable laws) and its affiliate for the purpose of transportation and marketing of natural gas based on the principle of "at an arm's length". The objective of the Affiliate Code is to ensure protection of interests of consumers and other entities against the actions of an entity while dealing with its affiliate by ensuring, amongst other things, a fair and competitive natural gas market, that no preferential access is allowed by the entity to itself or its affiliate, prevention of cross subsidisation of costs, fair and competitive natural gas market and prevention of any other non-regulated activity. The Affiliate Code requires legal, financial and accounting separation between the (regulated) activity of natural gas transportation and the (non-regulated) activity of marketing of natural gas and also regulates all transactions carried on between an entity and its affiliates. The term "affiliate" has been defined under the Affiliate Code to mean an associated person who meets one or more of the following criteria below: (a) who participates directly or indirectly or through one or more intermediaries in the management or control or capital of the other person; (b) who holds, directly or indirectly, shares carrying not less than 26 per cent of the voting power in the other person; (c) who appoints more than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of the other person; or (d) who guarantees not less than 10 per cent of the total borrowings of the other person.

H. PNGRB (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010 ("ERDMP Regulations")

The scope of ERDMP Regulations covers identification of emergencies, the mitigation measures to reduce and eliminate the risk or disaster, the preparedness required to develop plans for actions when disaster or emergencies occur and are applicable to, *inter alia*, hydrocarbons processing, installation, commercial petroleum and gas storage facilities, pipelines such as of natural gas. The ERDMP Regulations lay down the emergency response and disaster management plan required to be implemented with respect to pipelines carrying petroleum products. The ERDMP Regulations also provide the responses that mobilize the necessary emergency services including responders like fire service, police service, medical service and the post disaster recovery with aim to restore the affected area to its original conditions. The PNGRB is empowered by regulation 8 of the ERDMP Regulations to monitor compliance with ERDMP, technical standards and specifications, either directly or indirectly, through accredited third parties. In the event of any deviation from the recommended standards, the entities would be liable to the penal provisions under the applicable technical standards and specifications.

IV. Other Laws and Regulations

A. Environmental Laws

Some of the principal environmental rules and regulations which seek to regulate and protect the environment in India are the Water (Prevention and Control of Pollution) Act, 1974 (the "**Water Pollution Act**"), the Air (Prevention and Control of Pollution) Act, 1981 (the "**Air Pollution Act**"), the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 (the "**Hazardous Waste Rules**") (together, the "**Pollution Control Regulations**") and the Environment Protection Act, 1986 (the "**EP Act**").

Pursuant to the Pollution Control Regulations, an entity is required to procure two types of licenses for operating a compressor station i.e. a consent to establish ("**CTE**") and a consent to operate ("**CTO**"). Additionally, the environmental regulations require a company to file an Environment Impact Assessment ("**EIA**") with the State Pollution Control Board ("**PCB**") and the Ministry of Environment and Forests, Government of India ("**MoEF**") before undertaking a prescribed project or activity. If the PCB approves the project, the matter is referred to the

MoEF for its final determination. When granting clearance, conditions can be imposed and the approving authorities can direct variations to the proposed project.

The PCBs located across the States monitor compliance with applicable environmental regulations. PCBs routinely inspect industrial and productive facilities, to monitor compliance with applicable environmental standards and regulations. As per the EIA Notification dated September 14, 2006 issued by the MoEF, entities engaged in pipeline services, are categorised as 'Category A' entities and have to obtain an environmental clearance from the competent authority before commencing the construction of the pipeline.

In addition, we may be subject to certain other legislations such as the Coastal Regulation Zone Notification, 2011 which regulates the activities of an entity in the coastal area and the Forest (Conservation) Act, 1980 read with the Forest (Conservation) Rules, 2003, under which an entity requires prior approval for use of forest land for non-forest purpose.

B. Public Liability Insurance Act, 1991

The Public Liability Insurance Act, 1991 (the "**Public Liability Act**"), requires the owner or controller of hazardous substances to maintain insurance policies so as to enable compensating third party injuries (comprising death or injury to any person other than a workman) and damage to property which has resulted from an accident. A list of 'hazardous substances' covered by the legislation has been enumerated by the government of India by way of a notification. Claims from affected third parties are permitted to be brought under the Public Liability Insurance Act at any time within five years of the accident. The insurance policy is required to be for an amount in excess of the paid-up capital subject to an upper limit of ₹ 500.00 million. In addition, the rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies (which is payable to the insurer).

C. The Electricity Act, 2003 ("Electricity Act")

The Electricity Act read with the Indian Electricity Rules, 1956 and other such rules, as applicable from time to time, requires an entity to obtain prior approvals from the relevant state electricity inspectors *inter alia* in relation to the energisation of an electrical equipment, sanction of additional load, connectivity requirements, etc.

D. The Factories Act, 1948 ("Factories Act")

Compressor stations (defined as "installations on the pipeline having compressor units to boost gas pressure" under the *PNGRB (Technical Standards and Specifications including Safety Standards for Natural Gas Pipelines) Regulations, 2009*, are deemed to fall within the definition of 'factories' under the Factories Act and thus, require licenses under the Factories Act for operation.

E. Certain other laws and regulations that may be applicable to the Initial Portfolio Asset include the following:

(a) Apprentices Act, 1961;
(b) Contract Labour (Regulation and Abolition) Act, 1970;
(c) Employees' Compensation Act, 1923;
(d) Employees' State Insurance Act, 1948;
(e) Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
(f) Equal Remuneration Act, 1976;
(g) Indian Telegraph Act, 1885;
(h) Industrial Disputes Act, 1947
(i) Labour Welfare Fund Act of the respective States, wherever applicable;
(j) Minimum Wages Act 1948;
(k) Maternity Benefit Act, 1961;
(l) Payment of Wages Act, 1936;
(m) Payment of Bonus Act, 1965;
(n) Payment of Gratuity Act, 1972;
(o) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
(p) Shops and Commercial Establishments Acts, where applicable.

REGULATORY APPROVALS

*Set out below are the material consents, licenses, permissions, registrations and approvals required by the Trust or PIPL, as the case may be, from the Government, various governmental agencies and other statutory and/or regulatory authorities for carrying out their present businesses, including for the operation of the Pipeline Business by PIPL and in relation to the Trust, as applicable. Unless otherwise stated, the approvals listed below are valid as of the date of this Preliminary Placement Memorandum. Further, except as disclosed below, no further material consents, licenses, permissions, registrations and approvals are required for carrying on the present business and operations. In the event that any of the approvals and licenses that are required for the Pipeline and the Pipeline Business expire in the ordinary course of business, PIPL will apply for such renewal from time to time. For details in connection with the regulatory and legal framework within which we operate, please refer to "**Regulations and Policies**" on page 244.*

A. Approvals in relation to the Issue

1. In-principle listing approval from BSE dated March 11, 2019.

B. Approvals in relation to the Trust

1. Certificate of registration dated on January 23, 2019 having registration number IN/InvIT/18-19/0008 issued by the SEBI under Regulation 3 of the SEBI InvIT Regulations, for registration of the Trust as an infrastructure investment trust.

C. Approvals in relation to the transfer of the Pipeline Business

2. The Ahmedabad bench of the NCLT has approved the Scheme of Arrangement by its order dated November 12, 2018 and the Mumbai bench of the NCLT approved the Scheme of Arrangement by its order dated December 21, 2018.

3. In-principle approval of the PNGRB dated September 27, 2018, for renunciation of the authorisation granted to EWPL for the Pipeline, in favour of PIPL. The in-principle approval is subject to the following conditions:

   (i) That the renunciation would not adversely affect the existing or proposed activities of laying, building, operating or expanding the Pipeline and its associated facilities;
   (ii) That PIPL would abide by existing or modified terms and conditions of the authorisation, including compliance with the service obligations for the activities of laying, building, operating or expanding the Pipeline;
   (iii) That the sale of assets to PIPL (by EWPL) should not result in change in the value of assets which consequently results in adverse tariff for existing customers of the Pipeline and that the gross fixed assets shall be equal to their actual historical cost of acquisition (including the cost of a subsequent replacement or improvement or modification) or that which is normatively assessed by the PNGRB (whichever is lesser) and required in the Pipeline's economic life based on principles to create and sustain an efficient infrastructure; and
   (iv) That PIPL would have to request PNGRB for change of authorisation of the Pipeline in its favour after the transfer of assets. Additionally, PNGRB after satisfying itself, may accept this proposal in full or with modifications, as it may deem fit.

4. PIPL has made a request to PNGRB by its letter dated January 11, 2019 to formally change the authorisation of the Pipeline in favour of PIPL and has also confirmed to the PNGRB that it will ensure compliance with conditions (i), (ii) and (iii) mentioned above under point number 3.

5. Approval of the Competition Commission of India dated September 11, 2018, in relation to the acquisition of the entire equity shareholding of PIPL by the Trust.

D. Material business approvals in relation to the Pipeline

Various approvals, licenses and registrations under several central or state-level acts, rules and regulations are required to undertake the Pipeline Business in India. These licenses differ on the basis of the location as well as the nature of operations carried out at such locations. Some of these may expire in the ordinary course of business

and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

An indicative list of the material approvals required for the undertaking the Pipeline Business is provided below:

Approvals in relation to laying, building and operating the Pipeline:

1. Authorisation by the Ministry of Petroleum and Natural Gas, Government of India approving the expression of interest for allocation of capacity in a pipeline.

2. Right of user over the land for laying the pipeline under section 6 of the PMP Act granted by the Ministry of Petroleum and Natural Gas, Government of India.

3. Approval for laying and commissioning of the Pipeline, granted by the Government of India, Ministry of Commerce and Industry, Petroleum and Explosives Safety Organisation.

4. Environmental clearance from the MoEF, Government of India under the Environment Impact Assessment Rules, 2006 for laying of the Pipeline from Kakinada to Hyderabad and from Hyderabad to Ahmedabad.

5. Approval of the MoEF, Government of India under section 2 of the Forest (Conservation) Act, 1980 for diversion of forest land for laying the Pipeline.

6. No objection certificate for laying the Pipeline for transporting natural gas through the Coastal Regulation Zone ("**CRZ**") under the provisions of the CRZ Notification, 2011 (earlier, 1991).

7. Final terms and conditions for acceptance of central government authorization to lay, build, operate or expand the east west natural gas pipeline network as common carrier pipeline network issued by the PNGRB under regulation 17(1) of the PNGRB Authorising Regulations.

In relation to building and operating compressor stations and other related installations of the Pipeline:

1. Consent to establish and consent to operate, under the Water Pollution Act, Air Pollution Act and Hazardous Waste Rules (as may be applicable), issued by the relevant state pollution control boards for the compressor stations of the Pipeline.

2. Certificates of registrations of establishments for engaging contract labour under section 7 of the Contract Labour Regulation Act, 1971 issued by the assistant labour commissioners of the relevant states for the compressor stations of the Pipeline.

3. License to work a factory issued by the state factories department for the compressor stations of the Pipeline.

4. Building plan approvals and structure stability certificates issued under the applicable state factories' rules by the relevant state director/chief inspector of factories for compressor stations of the Pipeline.

5. Fire no-objection certificates ("**NOC**") issued by the relevant state fire services departments for compressor stations of the Pipeline, as applicable. However, no such Fire NOC is applicable for compressor stations 3, 4, 9 and 10 of the Pipeline.

6. Licenses from the Department of Telecommunications, Ministry of Communication and Information Technology under the Indian Telegraph Act, 1885.

7. Registrations and authorisations from the relevant state electrical inspectors under the Electricity Act 2003 read with the Indian Electricity Rules, 1956 for generator sets, energisation of electrical installations and sanction of additional voltage load in relation to compressor stations, mainline block valves, metering & regulating stations and tap-off stations of the Pipeline.

8. No objection certificate for withdrawal of ground water, as applicable in the relevant states, issued by the Central Ground Water Authority, Ministry of Water Resources, River Development and Ganga Rejuvenation, Government of India and/or the Commissioner of the State Rural Development Department,

as the case may be, for compressor stations of the Pipeline.

E. Approvals applied for, but not yet received:

As on the date of this Preliminary Placement Memorandum, applications have been made for the following approvals:

1. ***Renewal of consent to operate for compressor stations 1, 2, 3 and 4***: Applications for renewal of the consent to operate under the Water Pollution Act, Air Pollution Act and Hazardous Waste Rules (as may be applicable) have been made for compressor stations 1, 2, 3 and 4 on March 6, 2019, March 6, 2019, February 27, 2019 and February 27, 2019, respectively, before the respective state pollution control boards.

2. ***Renewal of license to work a factory for compressor stations 6, 8 and 10***: Applications for renewal of the license to work a factory under the Factories Act, 1948 have been made for compressor stations 6, 8 and 10 on October 29, 2018, November 2, 2018 and October 22, 2018, respectively, to the respective state factories' departments/chief inspector (being the relevant authorities under applicable state factories' rules).

3. ***Renewal of wireless station licenses for all the compressor stations***: Applications for renewal of the wireless planning and coordination ("**WPC**") licenses under the Indian Telegraph Act, 1885 have been made for all the compressor stations on December 13, 2018 to the Assistant Wireless Advisor, Department of Telecommunications (WPC Wing), Ministry of Communications and Information Technology, Government of India.

4. ***No-objection certificate for withdrawal of ground water***: Applications for permission to withdraw and use ground water for compressor stations 1, 2, 3, 4, 6, 7, 8 and 9 have been made on January 16, 2018, January 16, 2018, January 23, 2018, January 23, 2018, April 30, 2018, June 6, 2017, March 31, 2017 and March 30, 2017, respectively, to the Central Ground Water Authority, Ministry of Water Resources, River Development and Ganga Rejuvenation, Government of India and/or to the Commissioner of the State Rural Development Department, as applicable.

F. Approvals for which applications are yet to be made:

As on the date of this Preliminary Placement Memorandum, there are no approvals required to be obtained by the Trust or for the Pipeline Business, for which applications are yet to be made, except for the approvals that PIPL may be required to obtain in accordance with the post-completion actions contemplated under the Share Purchase Agreement, or in the ordinary course of business for approvals that may expire from time to time. For more details, see "***Formation Transactions – The Share Purchase Agreement***" on page 52.

LEGAL AND OTHER INFORMATION

Except as stated in this section, there are no material litigation or actions by regulatory authorities, in each case against the Trust, the Sponsor, the Investment Manager, the Project Manager, or any of their respective Associates and, the Trustee that are currently pending. Further, except as stated below, there are no material litigation or actions by regulatory authorities, in each case, involving the Project SPV or the Pipeline Business, that are currently pending.

For the purpose of this section, details of all regulatory actions and criminal matters that are currently pending against the Trust, the Sponsor, the Investment Manager, the Project Manager and their respective Associates, and the Trustee have been disclosed. Further, details of all regulatory actions and criminal matters that are currently involving the Project SPV and the Pipeline Business have also been disclosed. Further, any litigation that is currently pending involving an amount equivalent to, or more than, the amount as disclosed below, in respect of the Trust, the Sponsor, the Investment Manager, the Project Manager, each of their respective Associates, the Trustee, the Project SPV and the Pipeline Business has been disclosed.

Pipeline Business

The total income of the Pipeline Business based on the Audited Special Purpose Carved-out Ind-AS Financial Statements as of March 31, 2018 was ₹ 8,940.65 million. Accordingly, all outstanding civil litigation (i) involving an amount equivalent to or exceeding ₹ 44.70 million (being 0.50% of the total income of the Pipeline Business provided as per the Audited Special Purpose Carved-out Ind-AS Financial Statements as of March 31, 2018), and (ii) wherein the amount involved is not ascertainable but otherwise considered material, have been disclosed.

PIPL

Pursuant to the Scheme of Arrangement the Pipeline Business has demerged into PIPL with effect from the Appointed Date, therefore, the materiality threshold applicable to the Pipeline Business (as provided above) has also been applied to PIPL.

Sponsor and the Project Manager

The consolidated total income of the Sponsor based on the audited consolidated financial statements of the Sponsor for the period from January 1, 2018 to December 31, 2018 was US$ 35,589.00. Accordingly, all outstanding civil litigation against the Sponsor and the Project Manager which (i) involve an amount equivalent to or exceeding US$ 1,779.45 (being 5.00% of the consolidated total income of the Sponsor for the period from January 1, 2018 to December 31, 2018), and (ii) wherein the amount is not ascertainable but are otherwise considered material, have been disclosed.

Associates of the Sponsor and the Project Manager

*The disclosures with respect to material litigations relating to the Associates of the Sponsor and Associates of the Project Manager have been made on the basis of the public disclosures made by BAM and BIP under which all entities, which control, directly or indirectly, the Sponsor and the Project Manager get consolidated for financial and regulatory reporting purposes. BAM and BIP are currently listed on the New York Stock Exchange ("**NYSE**") and the Toronto Stock Exchange ("**TSE**"). In accordance with applicable securities law and stock exchange rules, BAM and BIP are required to disclose material litigations through applicable securities filings. The threshold for identifying material litigations in such disclosures is based on periodically reviewed thresholds applied by the independent auditors of BAM and BIP in expressing their opinion on the financial statements and is generally linked to various financial metrics of BAM and BIP, including total equity. Further, all pending regulatory proceedings where all entities, which control, directly or indirectly, the Sponsor and the Project Manager, are named defendants have been considered for disclosures in this Preliminary Placement Memorandum. Further, there is no outstanding litigation and regulatory action against any of the entities controlled, directly or indirectly, by the Project Manager or the Sponsor, as on the date of this Preliminary Placement Memorandum.*

Investment Manager

The total consolidated income of the Investment Manager for the Financial Year 2018 was ₹ 85.89 million as per the audited consolidated financial statements of the Investment Manager. Accordingly, all outstanding civil litigation against the Investment Manager which (i) involve an amount equivalent to or exceeding ₹ 4.29 million

(being 5.00 % of the total consolidated income as per the audited consolidated financial statements for the Financial Year 2018), and (ii) wherein the amount is not ascertainable but are considered material, have been disclosed.

Associates of the Investment Manager

*Disclosures with respect to material litigations relating to Associates of the Investment Manager which form part of the Brookfield Group, have been made on the basis of public disclosures made by BAM, under which all entities, (i) which control, directly or indirectly, shareholders of the Investment Manager, and (ii) the shareholders of the Investment Manager (who form part of the Brookfield Group), get consolidated for financial and regulatory reporting purposes. BAM is currently listed on the NYSE and the TSE. See "***– Associates of the Sponsor and the Project Manager***" above. All pending regulatory proceedings where all entities who are the shareholders of the Investment Manager, or which control, directly or indirectly, the shareholders of the Investment Manager, in case forming part of the Brookfield Group, are named defendants have been considered for disclosures in this Preliminary Placement Memorandum. Disclosures with respect to material litigations against the Associates of the Investment Manager (other than pertaining to entities forming part of the Brookfield Group) have been made on the basis of the materiality threshold equivalent to or exceeding ₹ 357.40 million (being 5.00 % of the total consolidated income as per the audited consolidated financial statements for the Financial Year 2018 of Peninsula Land Limited, which is the flagship entity in the Peninsula Group and all regulatory proceedings against such Associates have been disclosed. Further, there is no outstanding litigation and regulatory action against any of the entities controlled, directly or indirectly, by the Investment Manager, as on date of this Preliminary Placement Memorandum.*

Trustee

All outstanding civil litigation against the Trustee which involve an amount equivalent to or exceeding ₹ 10.10 million (being 5.00% of the profit after tax for the Financial Year 2018 based on the audited standalone financial statements of the Trustee for Financial Year 2018), have been considered material and have been disclosed in this section.

I. Litigation against the Trust

There are no litigations or actions by regulatory authorities or criminal matters pending against the Trust as on the date of this Preliminary Placement Memorandum.

II. Litigation against Associates of the Trust

The details of material litigation and regulatory action against the Sponsor, the Investment Manager, the Project Manager, and the Trustee, have been individually disclosed below, as applicable.

III. Litigation involving PIPL

Except as disclosed below, there are no pending material litigations or actions by regulatory authorities or criminal matters involving PIPL as on the date of this Preliminary Placement Memorandum. Pursuant to the Scheme of Arrangement, all suits, actions and legal proceedings of whatsoever nature by or against EWPL instituted or pending on and/or arising after the Appointed Date, and pertaining or relating to the Pipeline Business shall be continued, prosecuted and enforced by or against PIPL, as effectually and in the same manner and to the same extent as would or might have been continued, prosecuted and enforced by or against EWPL. However, as of the date of this Preliminary Placement Document, the process of including PIPL as a party to litigation involving the Pipeline Business (as described below) has not been completed.

Regulatory Matters

PIPL has filed a review petition on January 11, 2019 before the PNGRB seeking review of the order passed by the PNGRB dated December 10, 2018 (the "**Order**"), pursuant to which PNGRB determined the levelized tariff for the high pressure Gujarat gas grid ("**HP Gas Grid**") of Gujarat State Petronet Limited ("**GSP Limited**") and the Dahej-Uran-Panvel-Dhabol Natural Gas Pipeline Network ("**DUPL-DPPL**") of GAIL under the provisions of the Tariff Regulations, making it applicable retrospectively with effect from April 1, 2018. Pursuant to the demerger of the Pipeline Business, PIPL provides end to end gas

transportation services to its customers, including the Reliance's facilities in Jamnagar through the Pipeline and GSP Limited's HP Gas Grid pursuant to a gas transportation agreement entered into with GSP Limited (the "**GTA**"). PIPL has sought review of the Order seeking (i) modification of the Order to make it effective prospectively from April 1, 2019 as opposed to the Order currently making the tariff applicable retrospectively from April 1, 2018, and (ii) modification of the zonal levelized tariff considering the point of origin for GSP Limited's HP Gas Grid as Mora as opposed to the Order currently fixing the tariff on the bases of Eklara as the point of origin. PIPL has also sought an interim relief for a stay on the Order. The matter is currently pending.

IV. Litigation involving the Pipeline Business

The Pipeline was previously owned and operated by EWPL and therefore all material litigations, regulatory actions and criminal matters involving EWPL, which are in relation to the Pipeline Business, as on the date of this Preliminary Placement Memorandum have been disclosed.

Regulatory Matters

PNGRB by way of a declaration dated July 10, 2014 declared the capacity of the Pipeline at 85 mmscmd for the Financial Year 2011 and 95 mmscmd for the Financial Year 2012 ("**Order I**"). EWPL filed an appeal dated August 8, 2014 against Order I before the Appellate Tribunal for Electricity ("**APTEL**") under Section 33 of PNGRB Act assailing Order I. APTEL passed an order on July 8, 2016 setting aside Order I *inter alia* on the ground that there was a breach of principles of natural justice and remanded the matter back to PNGRB. Subsequently, PNGRB vide its order dated December 30, 2016 declared the capacity of the Pipeline for Financial Years 2011 and 2012 to be 85 mmscmd and 95 mmscmd, respectively ("**Order II**"). Subsequently, EWPL has filed an appeal before the APTEL (appeal no. 39 of 2017) (the "**Appeal**") for setting aside Order II, directing PNGRB to declare the capacity for Financial Years 2011 and 2012, and for the subsequent periods i.e. Financial Years 2013, 2014, 2015 and 2016, taking into account the change in parameters, within a reasonable time. The matter is currently pending before APTEL. Meanwhile, EWPL filed an interim application for relief to APTEL (the "**Application**") seeking for appropriate directions to be issued to the PNGRB to consider the capacity of the Pipeline (by way of an interim measure) at the capacity approved by the PNGRB by its letter of acceptance dated March 19, 2013 for the purpose of tariff determination, pending adjudication and final disposal of the Appeal. On November 20, 2018, APTEL passed an interim order in the Application and directed the PNGRB to use 85 mmscmd for tariff determination of the Pipeline from Financial Year 2010 to Financial Year 2018. The matter is currently pending.

Civil matters

(i) ***Disputes in connection with the right of user granted to EWPL under the PMP Act***

The right of use in respect of the Pipeline was granted to RGTIL (former name of EWPL) under section 6 of the PMP Act through various notifications issued by the government of India. The implementation of the right of user under the PMP Act was enforced through the competent authorities authorised by the central government to perform functions under the PMP Act. In certain instances land owners disputed the compensation amounts determined to be paid to them under section 10(2) of the PMP Act, some of which are outstanding as of the date of this Preliminary Placement Memorandum and are considered material, as follows:

(a) Ramchandra Jaggnath Sabale ("**Claimant**") filed a miscellaneous application against RGTIL (former name of EWPL) before the District Judge, Pune. The application was made under the PMP Act for enhancement of compensation to a total claim of ₹ 52.10 million. The court by its order dated April 27, 2016 dismissed the application filed by the Claimant directing him to pay the court fees on the amount of compensation claimed. The matter is currently pending.

(b) Savitaben Patel and others filed an application before the Principal District Judge Court, Navsari in Navsari against the deputy collector and competent authority under the PMP Act, and RGTIL (former name of EWPL) demanding additional compensation, amounting to ₹ 70.00 million which was dismissed for default on August 18, 2018. Savitaben Patel has also filed an application for restoration and the matter is currently pending.

(c) Kamuben filed an application (before the Principal District Judge Court, Navsari against the competent authority under the PMP Act and RGTIL (former name of EWPL) demanding additional compensation amounting to ₹ 510.00 million. The matter is currently pending.

(d) Manharlal Shivlal Panchal and others filed a land acquisition reference before the court of the Senior Civil Judge, Bharuch, against RGTIL (former name of EWPL) and the district collector claiming excess compensation to the tune of ₹ 107.45 million. The matter is currently pending.

(e) Thakorbhai Khandubhai and others ("**Claimants**") filed an application before the Principal District Judge Court, Navsari against RGTIL (former name of EWPL) demanding additional compensation, amounting to a total claim of ₹ 910.00 million. It was dismissed for default on August 18, 2018. However, the Claimants have filed an application for restoration and the matter is currently pending.

(ii) ***Royalty Related***

EWPL has received demand notices from the revenue authorities (under the provisions of the Maharashtra Land Revenue Code, 1966 and the rules framed thereunder) in Maharashtra levying royalty (together with penalty and other charges) of ₹ 415.60 million on the grounds that EWPL for the purpose of laying the Pipeline, had conducted an excavation of earth which is treated as mining of minor minerals under the Maharashtra Land Revenue Code, 1966. EWPL has already paid a penalty of approximately ₹ 132.06 million under duress. EWPL filed a writ petition challenging the levy of royalty before the High Court of Bombay ("**High Court**") in 2009 on the grounds that the operation of laying the gas pipeline does not qualify as mining of minor minerals and that the levy is in contravention of Article 265 of the Constitution of India. The High Court by its order dated February 9, 2009 directed the revenue authorities to restrain from taking any coercive steps against EWPL. The matter is currently pending.

V. Litigation against the Sponsor

There are no material litigations and regulatory actions pending against the Sponsor as on the date of this Preliminary Placement Memorandum.

VI. Litigation against the Investment Manager

Ansal Hi-Tech Townships Limited ("**AHTL**") filed a civil suit before the Bombay High Court against the Investment Manager and others (collectively referred to as "**Defendants**") seeking *inter alia*, (i) damages amounting to ₹ 2,000.00 million (along with interest) and (ii) a declaration that AHTL had not defaulted on any payments due to be made to the Defendants in terms of a debenture subscription agreement dated June 18, 2014 ("**DSA**") and a debenture trust deed dated June 18, 2014 ("**DTD**"). The primary ground on which AHTL has sought the relief is that though the Defendants had assured AHTL that they would invest ₹ 3,000.00 million in AHTL in terms of the DSA, the Investment Manager only subscribed to one tranche of debentures (by investing ₹ 2,000.00 million and did not subscribe to the second tranche of ₹ 1,000.00 million). The matter is currently pending.

VII. Litigation against the Associates of the Investment Manager

A. Peninsula Land Limited ("PLL")

Criminal Matters

(i) Ashok Towers CHS Ltd. and others have filed criminal complaints under section 13 of the Maharashtra Ownership Flat Act, 1963 against PLL before the 29th Court of Metropolitan Magistrate, Bhoiwada, Mumbai in relation to project 'Ashok Tower A, B & C Ltd.' and project 'Ashok Tower D CHS Ltd.', alleging deficiencies in service on grounds of no conveyance in favor of the concerned society, defect in title certificate, failure in handing over of accounts, unauthorized construction and defects in construction, amongst other grounds. The matters are currently pending.

(ii) Kailash Agarwal (who had purchased a flat in Ashok Gardens) as a partner of K.K. Enterprises and Rajesh Yaggopal Singh Chaddha (who had also purchased a flat in Ashok Gardens) along with his brothers, have each filed criminal complaints under sections 3, 4, 5, 7, 10, 11, 13 of the Maharashtra Ownership Flat Act, 1963 against the builders/promoters of the project 'Ashok Gardens' (including PLL) before the Metropolitan Magistrate Mazgaon (Sewri) (Cr. No. 15), on the grounds of failure to hand over accounts for sums taken, failure to give inspection of approved plans and less carpet area, failure to give undivided interest in common area, failure to utilise ₹ 5,000.00 to give pipe gas connection, failure to take steps for formation of society and for carrying out change in plans without consent of the purchasers, amongst other grounds. The Magistrate directed all the directors on the board of the owner/developer companies to remain present in court to execute bail bond by way of order dated October 25, 2013. This order was stayed by the Mumbai City Civil and Sessions Court on August 12, 2015 in appeal and the matters were stayed by the Bombay High Court by order dated March 7, 2017. The matters are currently pending.

(iii) A criminal writ petition has been filed by Rajesh Yaggopal Singh Chaddha before the Bombay High Court against the order of stay issued by the City Civil and Sessions Court under Criminal Revision Application No. 1248 of 2013 staying the order of issuance of process passed by the Metropolitan Court on August 7, 2013. The Bombay High Court has stayed the proceedings in this matter vide order dated March 7, 2018.

Tax Matters

From time to time, PLL is involved in disputes with income tax authorities in India with respect to assessment orders which are pending at various stages of adjudication. PLL is currently disputing assessments for 14 assessment years, being 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16, where the total aggregate amount involved (to the extent ascertainable) is approximately ₹ 2,356.31 million. These matters are currently pending before the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal.

B. Litigation involving promoters of PLL

One of the promoters of PLL, Urvi Piramal, is involved in one direct tax matter involving an amount of ₹ 1.23 million.

VIII. Litigation against the Project Manager

There are no material litigation and regulatory actions currently pending against the Project Manager as on the date of this Preliminary Placement Memorandum.

IX. Litigation against the Associates of the Sponsor and the Project Manager

There are no material litigations and no regulatory actions currently pending against any of the Associates of the Sponsor and the Project Manager as on the date of this Preliminary Placement Memorandum.

X. Litigation against the Trustee

SEBI issued a show cause notice to the Trustee dated September 6, 2018 under rule 4(1) of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 in connection with certain alleged non-compliances including, among others, the failure to monitor timely payment of interest/principal to be made by a company to a debenture holder and the failure to provide confirmation with respect to payment of principal/interest on non-convertible debentures to the debenture holder. The matter is currently pending.

SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchange and has not been prepared or independently verified by the Parties to the Trust, or the Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE, together, hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-back of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Units

The SEBI InvIT Regulations provide for listing and delisting of units of infrastructure investment trusts on the Stock Exchange.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

SELLING AND TRANSFER RESTRICTIONS

The distribution of this Preliminary Placement Memorandum or any material related to the Issue and the offering, sale or delivery of the Units is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Memorandum or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Placement Memorandum may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit a public offering of the Units to occur, or the possession, circulation or distribution of this Preliminary Placement Memorandum or any other material relating to the Trust or the Units in any jurisdiction where action for such purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Memorandum nor any offering materials or advertisements in connection with the Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Republic of India

This Preliminary Placement Memorandum may not be distributed directly or indirectly in India or to residents of India and any Units may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible Investors and is not an offer to the public. This Preliminary Placement Memorandum is neither a public issue nor a prospectus under the Companies Act, 2013 or an advertisement and should not be circulated to any person other than to whom this Issue is made. This Preliminary Placement Memorandum has not been and will not be registered as a prospectus with any Registrar of Companies in India.

No action has been taken or will be taken by the Trust, the Investment Manager, the Sponsor or the Lead Manager that would permit a public offering of the Units to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Memorandum or any other material relating to the Trust or the Units in any jurisdiction where action for such purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and none of this Preliminary Placement Memorandum, any offering materials and any advertisements in connection with the offering of the Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI InvIT Regulations. Each purchaser of the Units in this Issue will be deemed to have made acknowledgments and agreements as described under "***Notice to Investors***" on page 1, "***Representations by Investors***" on page 4 and these Selling and Transfer Restrictions.

Cayman Islands

No offer or invitation to subscribe for Units may be made to the public in the Cayman Islands.

Dubai International Financial Centre ("DIFC")

This Preliminary Placement Memorandum relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This Preliminary Placement Memorandum is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Memorandum. The securities to which this Preliminary Placement Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Memorandum you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Preliminary Placement Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of Units may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Underwriters; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Units shall require the Trust or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Units or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the Trust and the Lead Manager that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

In the case of any Units being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Units acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Units to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer of Units to the public" in relation to any Units in any Relevant Member State means the communication in any form and by means of sufficient information on the terms of the offer and the Units to be offered so as to enable an investor to decide to purchase Units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Hong Kong

The Units have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Units has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Mauritius

The Units may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Memorandum nor any offering material or information contained herein relating to the offer of Units may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Memorandum does not constitute an offer to sell Units to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

Singapore

This Preliminary Placement Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Units may not be circulated or distributed, nor may the Units be

offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Units are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
(b) where no consideration is or will be given for the transfer;
(c) where the transfer is by operation of law;
(d) as specified in Section 276(7) of the SFA; or
(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

The Units may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Memorandum does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Units or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Memorandum nor any other offering or marketing material relating to the offering, the Trust or the Units have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Units will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Units has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Units.

United Arab Emirates

The Units have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Preliminary Placement Memorandum does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Preliminary Placement Memorandum has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

United Kingdom

This Preliminary Placement Memorandum may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This Preliminary Placement Memorandum is directed

only at relevant persons. Other persons should not act on this Preliminary Placement Memorandum or any of its contents. This Preliminary Placement Memorandum is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Units have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Units are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Until 40 days after the commencement of the Issue, an offer or sale of the Units within the United States by a dealer (whether or not participating in the Issue) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Transfer Restrictions

Purchasers are deemed to have represented, agreed and acknowledged as below with respect to purchase and sale of Units.

United States

The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Each purchaser of the Units outside the United States pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of this Preliminary Placement Memorandum and such other information as it deems necessary to make an informed investment decision and that:

the purchaser acknowledges that the Units have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

(a) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Units, was located outside the United States at the time the buy order for the Units was originated and continues to be located outside the United States and has not purchased the Units for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Units or any economic interest therein to any person in the United States;
(b) the purchaser is not an affiliate (as defined in Rule 405 of the Securities Act) of the Trust or a person acting on behalf of such affiliate; and it is not in the business of buying and selling securities;
(c) the purchaser is aware of the restrictions on the offer and sale of the Units pursuant to Regulation S described in this Preliminary Placement Memorandum;
(d) the Units have not been offered to it by means of any directed selling efforts as defined in Regulation S; and
(e) the purchaser acknowledges that the Trust, the Trustee, the Sponsor, the Investment Manager and the Lead Manager and their respective affiliates (as defined in Rule 405 of the U.S. Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Units are no longer accurate, it will promptly notify the Trust, and if it is acquiring any of the Units as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Until 40 days after the commencement of the Issue, an offer or sale of the Units within the United States by a dealer (whether or not participating in the Issue) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

RIGHTS OF UNITHOLDERS

The rights and interests of Unitholders are included in this Preliminary Placement Memorandum and the SEBI InvIT Regulations. Under the Trust Deed and the Investment Management Agreement, these rights and interests are safeguarded by the Trustee and the Investment Manager, respectively. Any rights and interests of Unitholders as specified in this Preliminary Placement Memorandum would be deemed to be amended to the extent of any amendment to the SEBI InvIT Regulations.

Beneficial Interest

Each Unit represents an undivided beneficial interest in the Trust. A Unitholder has no equitable or proprietary interest in the Trust Assets and is not entitled to transfer of the Trust Assets (or any part thereof) or any interest in the Trust Assets (or any part thereof). A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Ranking

No Unitholder of the Trust shall enjoy superior voting or any other rights over another Unitholder. Further, the Units shall not have multiple classes, except any subordinate Units that may be issued only to the Sponsor and its Associates, where such subordinate units carry only inferior voting or any other rights compared to other Units in the future in accordance with Regulation 4(2)(h) of the SEBI InvIT Regulations.

Redressal of grievances

The Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager.

Distribution

The Unitholders shall have the right to receive distribution in accordance with the SEBI InvIT Regulations and in the manner set forth in this Preliminary Placement Memorandum. For details, see "***Distribution***" on page 220.

Meeting of Unitholders

Meetings of Unitholders will be conducted in accordance with the SEBI InvIT Regulations.

Passing of resolutions

1. With respect to any matter requiring approval of the Unitholders:

   (i) a resolution shall be considered as passed when the votes cast by Unitholders, so entitled and voting, in favour of the resolution exceed a certain percentage as specified in the SEBI InvIT Regulations, of votes cast against;

   (ii) the voting may be done by postal ballot or electronic mode;

   (iii) a notice of not less than 21 days shall be provided to the Unitholders;

   (iv) voting by any Unitholder (including, the Sponsor in its capacity as a Unitholder), who is a related party in such transaction, as well as associates of such Unitholder(s) shall not be considered on the specific issue;

   (v) the Investment Manager shall be responsible for all the activities pertaining to conducting of meeting of the Unitholder, subject to oversight by the Trustee.

   However, for issues pertaining to the Investment Manager, including a change in Investment Manager, removal of Investment Manager or change in control of Investment Manager; the Trustee shall convene and handle all activities pertaining to conduct of the meetings. Additionally, for issues pertaining to the Trustee, including change in Trustee, the Trustee shall not be involved in any manner in the conduct of the meeting.

2. For the Trust:

(i) an annual meeting of all Unitholders shall be held not less than once a year within 120 days from the end of each financial year and the time between two meetings shall not exceed 15 months;

(ii) with respect to the annual meeting of Unitholders,

(a) any information that is required to be disclosed to the Unitholders and any issue that, in the ordinary course of business, may require approval of the Unitholders may be taken up in the meeting including:

- latest annual accounts and performance of the Trust;
- approval of auditors and fee of such auditors, as may be required;
- latest valuation reports;
- appointment of valuer, as may be required; and
- any other issue;

(b) for any issue taken up in such meetings which require approval from the Unitholders other than as specified in Regulation 22(6) of the SEBI InvIT Regulations, votes cast in favour of the resolution shall be more than the votes cast against the resolution.

3. In case of the following, approval from the Unitholders shall be required where the votes cast in favour of the resolution shall be more than the votes cast against the resolution:

(i) any approval from the Unitholders required in terms of Regulation 18 (Investment conditions and dividend policy), Regulation 19 (Related party transactions) and Regulation 21 (Valuation of assets) of the SEBI InvIT Regulations;
(ii) any transaction, other than any borrowing, the value of which is equal to or greater than 25.00% of the Trust Assets;
(iii) any borrowing in excess of specified limit as required under Regulation 20(2) of the SEBI InvIT Regulations;
(iv) any issue of Units after initial public offer by the Trust, in whatever form, other than any issue of Units which may be considered by SEBI, under Regulation 22(5) of the SEBI InvIT Regulations;
(v) increasing period for compliance with investment conditions to one year in accordance with Regulation 18(5)(c) of the SEBI InvIT Regulations;
(vi) any issue, in the ordinary course of business, which in the opinion of the Sponsor or the Trustee or the Investment Manager, is material and requires approval of the Unitholders, if any;
(vii) any issue for which SEBI or the designated stock exchanges requires approval.

4. In case of the following, approval from the Unitholders shall be required where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution:

(i) any change in the Investment Manager, including removal of the Investment Manager or change in control of the Investment Manager;
(ii) any material change in investment strategy or any change in the management fee of the Trust;
(iii) the Sponsor or Investment Manager proposing to seek delisting of units of the Trust;
(iv) any issue, not in the ordinary course of business, which in the opinion of the Sponsor or Investment Manager or Trustee requires approval of the Unitholders, provided that if such approval is not obtained, an exit option shall be provided to the Unitholders to the extend and in the manner specified by SEBI;
(v) any issue for which SEBI or the designated stock exchanges require approval;
(vi) any issue taken up on request of the Unitholders including –
    a. removal of the Investment Manager and appointment of another investment manager

to the Trust;

b. removal of the Auditor and appointment of another auditor to the Trust;
c. removal of the Valuer and appointment of another valuer to the Trust;
d. delisting of the Trust, if the Unitholders have sufficient reason to believe that such delisting would act in the interest of the Unitholders;
e. any issue which the Unitholders have sufficient reason to believe that is detrimental to the interest of the Unitholders;
f. change in the Trustee if the Unitholders have sufficient reason to believe that acts of such Trustee are detrimental to the interest of the Unitholders.

5. With respect to the rights of the Unitholders under clauses 4(vi) above:

(i) not less than 25.00% of the Unitholders by value, other than any party related to the transactions and its associates, shall apply, in writing, to the Trustee for the purpose;
(ii) on receipt of such application, the Trustee shall require, with the Investment Manager to place the issue for voting in the manner as specified in the SEBI InvIT Regulations;
(iii) with respect to clause 4(vi)(f) above, not less than 60.00% of the Unitholders by value shall apply, in writing, to the Trustee for the purpose.

Information rights

The Investment Manager, on behalf of the Trust, shall also submit such information to the Stock Exchange and Unitholders, on a periodical basis as may be required under the SEBI InvIT Regulations and applicable law, including the listing agreement to be entered into with the Stock Exchange. The Investment Manager (on behalf of the Trust) shall disclose to the Stock Exchange, Unitholders and SEBI, all such information and in such manner as specified under the SEBI InvIT Regulations and such other requirements as may be specified by SEBI.

ISSUE STRUCTURE

Initial offer through a private placement of up to 100 million Units for cash at price of ₹ 100.00 per Unit, aggregating up to ₹ 10,000.00 million by the Trust. In accordance with Regulation 14(1A)(c) of the SEBI InvIT Regulations, this Issue shall constitute at least 10.00% of the total outstanding Units on a post-Issue basis. The Issue Size is in excess of ₹ 2,500 million.

Particulars	Details
Number of Units available for Allotment/allocation	Up to 100 million Units*
Basis of Allotment/ Allocation	Discretionary
Minimum Bid	Such number of Units that the Bid Amount is not less than ₹ 260.00 million, and in multiples of 200,000 Units thereafter(1)
Maximum Bid	Such number of Units (in multiples of 200,000 Units) not exceeding the size of this Issue, subject to applicable limits(1)
Mode of Allotment	Compulsorily in dematerialised form
Bid Lot	A minimum of 2,600,000 Units, and in multiples of 200,000 Units thereafter
Allotment Lot	A minimum of 2,600,000 Units, and in multiples of 200,000 Units thereafter
Trading Lot(2)	Upon listing, such number of Units, the value of which is, or exceeds, ₹ 20.00 million
Arrangements for Disposal of Odd Lots	The Stock Exchange will provide for an odd lot window to facilitate the trading of odd lots of Units that may be created from time to time on account of various events, including instances such as declaration of NAV and any distributions in respect of the Units
Who can apply	(i) Institutional Investors; and (ii) Bodies Corporate
Terms of Payment	Entire Bid Amount shall be payable in the Unit Cash Escrow Account at the time of submission of the Application Form(1)

(1) In case of joint Bids, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only the first Bidder would be required in the Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Bidders are advised to consult their own advisors with respect to any restrictions or limitations that may be applicable to them, including any restrictions or limitations in relation to their ability to invest in the Units. By making a Bid, the Bidder will be deemed to have represented to the Investment Manager, the Trustee and the Lead Manager that it is eligible to participate in the Issue and be Allotted Units under applicable law.

(2) The trading lot post-listing of the Units may be modified in accordance with the SEBI InvIT Regulations and other applicable law.

** Under-subscription in the Issue, if any, would be met from the Sponsor Subscription, up to the amount set out in the Commitment Letter, at the discretion of Investment Manager in consultation with the Lead Manager and the Stock Exchange, in accordance with applicable law, including the minimum offer requirement under Regulation 14(1A)(c) of the SEBI InvIT Regulations.*

*The Trust also proposes to raise funds pursuant to the Transaction by way of the Sponsor Subscription and the Trust NCD Offering for an Aggregate Transaction Value of ₹ 130,100 million. See "**Use of Proceeds**" on page 198.*

Indicative Timelines for the Transaction

Indicative Sponsor Subscription Timeline

Event	Indicative Date*
Subscription Amount received from the Sponsor	March 18, 2019
Allotment of Units to the Sponsor for the Subscription Amount	March 18, 2019
Utilisation of a portion of Sponsor Subscription Amount for acquisition of 100% equity shares of PIPL by the Trust from RIHPL	March 18, 2019
Credit of Units to the Sponsor's demat account for the Subscription Amount	On or about March 19, 2019

Indicative Issue Timeline

Event	Indicative Date*
Bid/Issue Opening Date	March 18, 2019

Event	Indicative Date*
Bidders to submit completed Application Forms, and make payment of Bid Amount into the Unit Cash Escrow Account	During the Bid/Offer Period
Bid/Issue Closing Date	March 18, 2019
Dispatch of CANs to successful Bidders	March 18, 2019
Closing Date	March 18, 2019
Designated Date	On or about March 19, 2019
Initiation of refunds, if any, in excess of the amount which was required to be paid by such Bidder pursuant to the Units Allocated to such Bidder	March 18, 2019
Initiation of refunds, if any, in the event of any failure to obtain final listing and trading approvals within seven Working Days from Bid/Issue Closing Date	On or about March 28, 2019
Receipt of Listing and Trading Approval from the Stock Exchange	On or about March 20, 2019
Transfer of Issue Proceeds from the Unit Cash Escrow Account to relevant Trust account	On or about March 20, 2019
Listing Date	On or about March 21, 2019

Indicative Trust NCD Offering Timeline

Event	Indicative Date*
Trust NCD Offering opening date	March 20, 2019
Trust NCD Offering closing date	March 20, 2019
Pay-in date for the Trust NCD Offering Proceeds	March 22, 2019
Allotment of Trust NCDs to successful subscribers	March 22, 2019
Transfer of funds to the relevant Trust account	March 22, 2019
Receipt of Listing and Trading Approval from the Stock Exchange for Trust NCDs	On or about March 22, 2019
Listing date of Trust NCDs	On or about March 25, 2019

The subscription to PIPL NCDs using the funds raised by the Trust from Sponsor Subscription, Issue Proceeds and Trust NCD Offering Proceeds is proposed to be done post allotment of the Trust NCDs to the successful subscribers of the Trust NCDs. See "***Issue Information – Allocation – Transaction Completion Process***" on page 274 and for details of use of proceeds see "***Use of Proceeds***" on page 198.

*The above timetable for the Transaction is indicative, is subject to receipt of necessary approvals and clearances, and does not constitute any obligation or liability on the Trust, the Investment Manager, the Sponsor, the Trustee or the Lead Manager. The Trustee and the Investment Manager (on behalf of the Trust) reserve the right to amend, modify and revise the indicative timelines. Such change will be appropriately communicated to the Eligible Investors in accordance with applicable law.

ISSUE INFORMATION

Below is a summary, intended to provide a general outline of the procedures for the Bidding, application, payment, Allocation and Allotment of the Units to be offered pursuant to the Issue.

Eligible Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them under applicable law to which they are subject, and are required to consult their respective advisors in this regard. Eligible Investors that apply in this Issue will be required to confirm, and will be deemed to have represented to the Trustee, the Investment Manager, the Sponsor and the Lead Manager and their respective directors, officers, agents, affiliates and representatives, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Units and also deemed to have provided all such representaions and warranties as specified in the Application Form and this Preliminary Placement Memorandum. The Trustee, the Investment Manager, the Sponsor and the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Units.

Authority for the Issue

The Trust is making this Issue in accordance with Regulation 14(2) of the SEBI InvIT Regulations. The Issue was authorised and approved by the board of directors of the Investment Manager acting through the InvIT Committee on February 14, 2019.

The Issue is being made in accordance with Regulation 14(1A)(c) of the SEBI InvIT Regulations for at least 10.00% of the total outstanding Units on a post-Issue basis.

The Trust has received the in-principle approval of the BSE for the listing of the Units on the BSE, pursuant to the letter dated March 11, 2019. The Investment Manager has filed a copy of this Preliminary Placement Memorandum, and will file a copy of the Placement Memorandum, with SEBI and the BSE.

The Units have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable law of such jurisdiction. The Units shall not be offered or sold where such offer or sale would require registration, qualification or listing.

Eligible Investors should note that Allotment to successful Bidders will only be in the dematerialized form. Application Forms which do not have the details of the Bidders' demat accounts including DP ID, PAN and Client ID will be treated as incomplete and rejected. Bidders will not have the option of receiving Allotment in physical form. On Allotment, the Units will be traded only on the dematerialized segment of the Stock Exchange.

Issue Procedure

1. The Lead Manager, in consultation with the Investment Manager, shall electronically circulate serially numbered copies of this Preliminary Placement Memorandum and the Application Form to Eligible Investors. The Application Form will be specifically addressed to each Eligible Investor. The list of Eligible Investors to whom the serially numbered copies of the Preliminary Placement Memorandum and the Application Form will be circulated, shall be determined by the Investment Manager, in consultation with the Lead Manager.

2. **Unless a serially numbered Preliminary Placement Memorandum along with an Application Form is addressed to a particular Eligible Investor, no invitation to subscribe shall be deemed to have been made to such Eligible Investor.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and such person shall not be eligible to participate in the Issue.

3. Bidders may submit a filled in Application Form to the Lead Manager, only during the Bid/Issue Period and no later than the Bid/Issue Closing Time.

4. Bidders will be required *inter alia*, to indicate the following in the Application Form:

    a. a representation that it is outside the United States acquiring the Units in an offshore transaction under Regulation S or and that it has agreed to certain other representations set forth in the

Application Form and serially numbered Preliminary Placement Memorandum;

b. name of the Bidder to whom the Units are to be Allotted;

c. number of Units Bid for;

d. the details of the Bid Amount deposited by the Bidder into the Unit Cash Escrow Account;

e. details of the demat accounts to which the Units should be credited;

f. a representation that such person is an "Institutional Investor" or a "Body Corporate" in terms of the SEBI InvIT Regulations;

g. the details of Bidder's bank account along with fund transfer details, in case of any refund; and

h. **providing a confirmation that you agree, confirm and acknowledge that (i) the Trust is proposing to issue Trust NCDs pursuant to the Trust NCD Offering immediately upon the listing of the Units on the Stock Exchange in accordance with applicable law, including the SEBI InvIT Regulations and the SEBI Circular on Issuance of Debt Securities; (ii) the receipt of the serially numbered Application Form along with the serially numbered Preliminary Placement Memorandum constitutes sufficient notice for you to take an informed decision in respect of the Trust NCD Offering, as required under the SEBI InvIT Regulations; (iii) by applying for Units in the Issue, you grant your affirmative consent to the Trust for undertaking the borrowing through the Trust NCD Offering in the manner described in this Preliminary Placement Memorandum, including the issuance and allotment of the Trust NCDs and use of proceeds thereof; and (iv) the Trust and the Investment Manager shall not be required to undertake any further actions, including providing additional notices, for a stipulated period or otherwise, holding unitholders' meetings or otherwise seek further approvals from the Unitholders, through a resolution or otherwise, to undertake the Trust NCD Offering in the manner contemplated in the Preliminary Placement Memorandum;**

i. any other information which may be relevant to the Bid.

The Bids made by asset management companies or custodians of Mutual Funds, if permitted under applicable law, shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Units that can be held by them under applicable law.

5. Each Bidder shall be required to make payment of the entire Bid Amount for the Units at the Issue Price, only through electronic transfer to the Unit Cash Escrow Account during the Bid/Issue Period, along with the filled in Application Form.

6. No payment shall be made by Bidders in cash. Please note that any payment of Bid Amount for Units shall be made from the bank account of the relevant Bidder applying for Units, and the Lead Manager, on behalf of the Investment Manager, shall keep a record of the bank account from where such Bid Amounts have been received. The Bid Amount payable on Units to be held by joint holders shall be paid from the bank account of the person whose name appears first in the filled in Application Form. Pending commercial Allotment, all Bid Amounts received from Bidders shall be kept by in a separate bank account with a scheduled bank i.e. the Unit Cash Escrow Account.

7. Once a duly completed and filled in Application Form is submitted by a Bidder on the basis of disclosures in this Preliminary Placement Memorandum, such Application Form constitutes an irrevocable offer and cannot be revised or withdrawn, subject to terms contained therein and this Preliminary Placement Memorandum.

8. Upon receipt of the filled in Application Form and the receipt of Bid Amount in the Unit Cash Escrow Account, the Investment Manager shall, after Bid/Issue Closing Time being 2:00 pm IST on the Bid/Issue

Closing Date, determine the number of the Units to be Allocated pursuant to the Issue, in consultation with the Lead Manager.

9. Upon determination of the Bidders to whom Allocation shall be made, the Lead Manager, on behalf of the Investment Manager, will send the CANs, along with serially numbered Placement Memorandum, to the Bidders who have been Allocated Units. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract in respect of the number of Units Allocated to the Bidder. **Please note that the Allocation and Allotment will be at the absolute discretion of the Investment Manager, and will be based on the recommendation of the Lead Manager**.

10. Simultaneous with the dispatch of the CAN, the Lead Manager will instruct the Escrow Collection Bank to refund any amount (which represents the portion of Bid Amount paid by any Bidder in excess of the amount which was required to be paid by such Bidder pursuant to the Units Allocated to such Bidder) to the Bidders.

11. The Investment Manager shall Allot Units as per the details in the CAN sent to successful Bidders. The Investment Manager may inform the Stock Exchange the details of the Allotment, as may be applicable or required.

12. Upon credit of the Units Allotted pursuant to the Issue into the demat accounts of the respective Allottees, the Investment Manager shall make applications for the listing and trading approvals from the Stock Exchange.

13. Allottees are advised to instruct their respective Depository Participant to accept the Units that may be Allotted to them pursuant to the Issue into their respective demat accounts.

14. The Units that have been credited to the demat accounts of the Bidders shall be eligible for trading on the Stock Exchange only upon the receipt of final listing and trading approvals from the Stock Exchange. Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchange or the Investment Manager.

15. The Bid Amount will be transferred to the relevant Trust account from the Unit Cash Escrow Account only after receipt of the final listing and trading approvals for the Units from the Stock Exchange and will be utilised to subscribe to PIPL NCDs after the completion of the Trust NCD Offering as described in the section title "***Use of Proceeds***" on page 198.

Who can Bid?

Each Bidder should check if it is eligible to Bid under applicable law. Furthermore, certain categories of Bidders may not be permitted to Bid in the Issue or hold Units in excess of the limits specified under applicable law.

Only Institutional Investors and Bodies Corporate are eligible to participate in this Issue.

An Institutional Investor is defined in Regulation 2(1)(ya) of the SEBI InvIT Regulations.

A Body Corporate is defined in Section 2(11) of the Companies Act, 2013 to include a company incorporated outside India, but does not include (i) a co-operative society registered under any law relating to co-operative societies; and (ii) any other body corporate (not being a company as defined in the Companies Act, 2013) which the central government may, by notification, specify in this regard.

Bodies Corporate incorporated outside India are permitted to participate in the Issue subject to compliance with Schedule 8 of the FEMA Regulations.

The Trustee, the Valuer and the employees of the Valuer who were involved in the valuation of the Trust are not permitted to Bid in this Issue.

Bids by FPIs

Foreign Portfolio Investors (other than Category III Foreign Portfolio Investors) are permitted to participate in the Issue subject to compliance with Schedule 8 of FEMA Regulations. In case of Bids by FPIs the payment should be paid as inward remittance from abroad through banking channels or out of funds held in NRE or FCNR(B) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, along

with documentary evidence in support of the remittance. In case of Bids made by FPIs, a verified true copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached along with the filled in Application Form, failing which the Investment Manager, in consultation with the Lead Manager, reserves the right to reject the Bid.

Bids by SEBI registered VCFs and AIFs

The SEBI VCF Regulations prescribe, amongst others, the investment restrictions on VCFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Further, VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations. Additionally, VCFs and AIFs are subject to certain investment restrictions, including with respect to the percentage of investible funds held in each investee entity. Allotments made in respect of Bids by VCFs and AIFs in this Issue shall be subject to the rules and regulations that are applicable to each of them respectively.

Bids by Banking Companies

Bids may be made by banks as permitted by the RBI and is subject to conditions specified in the Prudential Guidelines – Banks' investment in units of REITs and InvITs dated April 18, 2017. In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the filled in Application Form. Failing this, any such Bid is liable to be rejected.

Bids by Provident Funds/Pension Funds

On March 2, 2015, the Ministry of Finance issued a notification allowing investments by non-government provident funds, pension funds, superannuation funds and gratuity funds up to 5.00% in infrastructure investment trusts, as specified. On May 29, 2015, the Ministry of Labour and Employment issued a notification allowing investments by provident funds up to 5.00% in infrastructure investment trusts, as specified. However, such investments by provident funds, pension funds, superannuation funds and gratuity funds will be subject to, amongst others, the sponsor entity of the InvIT having a minimum of AA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered with SEBI. In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250.00 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the filled in Application Form. Failing this, any such Bid is liable to be rejected.

Bids by NPS Schemes

The Pension Fund Regulatory and Development Authority ("**PFRDA**") issued circulars dated June 3, 2015 and September 2, 2015, respectively, allowing investments by national pension fund schemes ("**NPS Schemes**") up to 5.00% in infrastructure investment trusts, as specified. However, in accordance with the circular dated May 4, 2017 (effective from May 8, 2017) issued by PFRDA, such investments by NPS Schemes will be subject to, amongst others, such securities having a minimum of AA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered with SEBI. In case of Bids made by NPS Schemes, subject to applicable laws, with minimum corpus of ₹ 250.00 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the filled in Application Form. Failing this, any such Bid is liable to be rejected.

Bids by Mutual Funds

Bids may be made by mutual funds under all its schemes, existing and future, subject to the investment conditions and other restrictions prescribed under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (including, the circular on mutual funds dated February 28, 2017 and any other circulars, notifications and guidelines issued thereunder).

Bids by Insurance Companies

Bids may be made by insurance companies as permitted by the IRDAI in terms of the Master Circular – Investments, 2016 and the circular issued by the IRDAI entitled, Investment in Units of Real Estate Investment Trusts (REIT) & Infrastructure Investment Trusts (InvIT), dated March 14, 2017.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by Institutional Investors or bodies corporate, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the filled in Application Form. Failing this, any such Bid is liable to be rejected.

The Investment Manager, in consultation with the Lead Manager, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the filled in Application Form.

Allotments, if any, made to FVCIs, VCFs and AIFs in the Issue are subject to the respective rules and regulations that are applicable to each of them.

The Parties to the Trust and the Lead Manager are not liable for any amendment or modification or change to applicable law or regulations, which may occur after the date of this Preliminary Placement Memorandum. Eligible Investors are advised to make their independent investigations and satisfy themselves that they are eligible to apply in this Issue. Eligible Investors are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Units that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Memorandum.

Note: *Affiliates or associates of the Lead Manager who are Eligible Investors may participate in the Issue in compliance with applicable law.*

Maximum and Minimum Bid Size

(i) Each Bidder is required to Bid for a Minimum Bid Size of ₹ 260.00 million and in multiples of 200,000 Units thereafter.

(ii) No Bidder shall Bid for that number of Units which exceeds the Issue size.

Application Process

Application Form

Bidders shall only use the Application Forms provided by the Investment Manager, for the purpose of making a Bid in terms of this Preliminary Placement Memorandum.

By making a Bid for the Units through Application Forms, Bidders will be deemed to have made the following representations and warranties, respectively:

1. The Bidder confirms that it is an Institutional Investor in terms of Regulation 2(1)(ya) of the SEBI InvIT Regulations or a Body Corporate in terms of Regulation 2(1)(d) of the SEBI InvIT Regulations, and is eligible to participate in the Issue;

2. The Bidder has deposited the Bid Amount in the Unit Cash Escrow Account;

3. Subject to the terms of the Application Form and this Preliminary Placement Memorandum, the Bidder has no right to withdraw its Bid once such Bid is submitted to the Lead Manager;

4. The Bidder agrees, confirms and acknowledges that (i) the Trust is proposing to issue Trust NCDs pursuant to the Trust NCD Offering immediately upon the listing of the Units on the Stock Exchange in accordance with applicable law, including the SEBI InvIT Regulations and the SEBI Circular on Issuance of Debt Securities; (ii) the receipt of the serially numbered Application Form along with the serially numbered Preliminary Placement Memorandum constitutes sufficient notice for the Bidder to take an informed decision in respect of the Trust NCD Offering, as required under the SEBI InvIT Regulations; (iii) by applying for Units in the Issue, the Bidders grant their affirmative consent to the Trust for undertaking the

borrowing through the Trust NCD Offering in the manner described in this Preliminary Placement Memorandum, including the issuance and allotment of the Trust NCDs and use of proceeds thereof; and (iv) the Trust and the Investment Manager shall not be required to undertake any further actions, including providing additional notices, for a stipulated period or otherwise, holding unitholders' meetings or otherwise seek further approvals from the Unitholders, through a resolution or otherwise, to undertake the Trust NCD Offering in the manner contemplated in the Preliminary Placement Memorandum;

5. The Bidder confirms that it is eligible to apply for, and hold, any Units that may be Allotted to the Bidder pursuant to the Issue. The Bidder further confirms that any such Allotment of Units to, and the holding of Units by, the Bidder does not, and shall not, exceed the level permissible as per any law applicable to the Bidder; and

6. The Bidder confirms that it is outside the United States and it is purchasing the Units in an offshore transaction in reliance on Regulation S under the U.S. Securities Act.

ELIGIBLE INVESTORS MUST PROVIDE THEIR DEMAT ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND BANK ACCOUNT DETAILS IN THE APPLICATION FORM. ELIGIBLE INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEMAT ACCOUNT IS HELD.

Demographic Details such as address and bank account details will be obtained from the Depositories as per the demat account details given above.

Instructions for completing the Application Form

Bidders may note that Application Forms not filled completely or correctly as per instructions provided in this Preliminary Placement Memorandum and the Application Form are liable to be rejected. The Bids should adhere to the following:

(i) Bids must be made only in the prescribed Application Form;

(ii) Application Form must be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein and in the Application Form. Incomplete Application Forms are liable to be rejected. Bidders must provide details of valid and active DP ID, Client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended shall not be considered for Allotment. Bidders should note that the Lead Manager, Registrar and the Investment Manager will not be liable for errors in data entry due to incomplete or illegible Application Forms; and

(iii) Bidders are required to sign the Application Form. Bidders should ensure that the thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India, are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Bidder, the number of the Units applied for and the Bid Amount deposited in the Unit Cash Escrow Account, and include details of the bank account from which payment of the Bid Amount was made. The filled in Application Form shall be submitted to the Lead Manager through electronic form and physical delivery should be made at the following address:

7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Tel: +91 22 6630 3030 Fax: +91 22 66303330 Email: indiainfra.invit@jmfl.com Website: www.jmfl.com Investor Grievance E-mail: grievance.ibd@jmfl.com Contact person: Prachee Dhuri SEBI Registration No: INM000010361

The Lead Manager shall not be required to provide any written acknowledgement of the filled in Application Form.

PAN

Each Eligible Investor must mention its Permanent Account Number ("PAN") allotted under the IT Act. Each Eligible Investor is required to be submit a copy of its PAN card along with the filled in Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Eligible Investors should not submit the general index registrar number ("**GIR**") instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account for Payment of Bid Amount

The Investment Manager has opened the Unit Cash Escrow Account with ICICI Bank Limited, acting as the Escrow Collection Bank in terms of the arrangement among the Trust, the Investment Manager, the Lead Manager and the Escrow Collection Bank. Bidders are required to deposit the entire Bid Amount during the Bid/Issue Period together with the filled in Application Form, in favour of "***INDIA INFRASTRUCTURE TRUST – UNITS CASH ESCROW AC***".

If the payment of the Bid Amount is not made favouring the Unit Cash Escrow Account within the Bid/Issue Period, the filled in Application Form of the Bidder is liable to be rejected.

The Trustee and the Investment Manager shall utilize the amount deposited in the Unit Cash Escrow Account only for the purposes of: (i) adjustment against Allotment; or (ii) refund of application monies in case of any failure to Allot Units in the Issue, until the units are listed, or (iii) minimum subscription is not received by the Trust in accordance with Regulation 14(1A)(c) of the SEBI InvIT Regulations.

Payment Instructions

The payment of Bid Amount shall be made by the Bidders in the name of the Unit Cash Escrow Account as per the payment instructions provided in this Preliminary Placement Memorandum and the Application Form.

Payments are to be made only through electronic fund transfer. Payments through cheques or cash or any mode other than electronic mode shall be rejected.

Allocation

Transaction Completion Process

(i) Prior to the Allotment the Sponsor will subscribe for 564 million Units ("**Sponsor Units**") for an aggregate consideration of ₹ 56,400 million ("**Sponsor Subscription Amount**") in accordance with the Commitment Letter ("**Sponsor Subscription**"). The Trust and the Investment Manager will allot the Sponsor Units to the Sponsor upon the receipt of the Sponsor Subscription Amount.

(ii) In accordance with Regulation 14(1) of the SEBI InvIT Regulations, the Trust proposes to utilise a portion of the Sponsor Subscription Amount for purchasing the entire issued and paid-up share capital of PIPL and thereby, also acquire the Pipeline Business, prior to the Allotment. The Trust proposes to utilise such remaining portion of the Sponsor Subscription Amount to subscribe to the PIPL NCDs, which shall be done along with the funds received from the Issue and Trust NCD Offering.

(iii) Further, upon the listing of the Units on the Stock Exchange, the Trust also proposes to issue the Trust NCDs for an aggregate amount of ₹ 63,700.00 million, which shall be listed on the BSE. The Trust proposes to utilize the funds raised from Trust NCDs for the subscription of PIPL NCDs, which shall be done along with the amounts raised pursuant to the Issue and Sponsor Subscription.

(iv) The Trust will subscribe to PIPL NCDs after the completion of all of the following:
    a. receipt of the entire Sponsor Subscription Amount by the Trust;
    b. listing and trading of the Units on the Stock Exchange;
    c. allotment of Trust NCDs to the successful subscribers of Trust NCDs.

PIPL will utilize the proceeds from the PIPL NCDs in accordance with the Transaction Documents. For further details, see, "***Use of Proceeds – Use of proceeds by PIPL***" on page 199.

Build-up of the book

The Bidders shall submit their Bids for the Units within the Bid/Issue Period. The Lead Manager shall provide a schedule of Bids received which shall indicate the Bid Amount received in respect of each Bid (based on a schedule to be provided by the Escrow Collection Bank to the Registrar), to the Lead Manager.

Method of Allocation

The Investment Manager shall determine the Allocation in consultation with the Lead Manager on a discretionary basis. After finalization of the Allocation, the Investment Manager will update this Preliminary Placement Memorandum with the necessary details and file the Placement Memorandum with SEBI and the Stock Exchange, and dispatch the CAN, together with a serially numbered Placement Memorandum to each successful Bidder.

THE DECISION OF THE INVESTMENT MANAGER, IN CONSULTATION WITH THE LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF THE UNITS IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE INVESTMENT MANAGER, IN CONSULTATION WITH THE LEAD MANAGER, AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND DEPOSITED THE BID AMOUNT. NEITHER THE INVESTMENT MANAGER NOR THE LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY SUCH NON-ALLOCATION.

Confirmation of Allocation Note or CAN

Based on the filled in Application Forms and Bid Amounts received from Bidders, the Investment Manager, in consultation with the Lead Manager, in their sole and absolute discretion, will decide the Bidders to whom the serially numbered CANs shall be sent, pursuant to which the details of Units Allocated to them shall be notified to such Bidders. Additionally, the CAN will include details of the probable designated date, being the date of credit of the Units to the respective Bidder's demat account ("**Designated Date**").

Bidders, who have been Allocated Units, would also be sent a serially numbered Placement Memorandum either in electronic form or by physical delivery along with the serially numbered CAN. The dispatch of the serially numbered Placement Memorandum and the CAN to Bidders shall be deemed a valid, binding and irrevocable contract in respect of the number of Units Allocated to each successful Bidder.

Bidders are advised to instruct their Depository Participant to accept the Units that may be Allotted to them pursuant to the Issue.

Bidders' Demat Account and Bank Account Details

Bidders should note that on the basis of Bidders' PAN, DP ID and Client ID provided by them in the Application Form, the Registrar will obtain from the Depository, the Demographic Details including the Bidders' address details (including the nine-digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf (the "**Demographic Details**"), from the Depository. For the purpose of refund, if any, only the bank account details as mentioned in the filled-in Application Form, will be considered. It is mandatory to provide the bank account details in the space provided in the Application Form and filled in Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in credit of refunds to Bidders at the their sole risk and none of the Lead Manager, the Registrar, the Escrow Collection Bank, the Investment Manager, the Sponsor or the Trustee will have any responsibility or undertake any liability for this. Accordingly, Bidders should carefully fill in their demat account details in the Application Form.

By signing the Application Form, the Bidder is deemed to have authorized the Depositories to provide to the Registrar, on request, the required Demographic Details as available in their records.

Closing Date and Allotment of the Units

The Trustee and the Investment Manager will endeavour to complete the Allotment of Units by the Closing Date.

In accordance with the SEBI InvIT Regulations, the Units will be issued and Allotment shall be made only in dematerialised form to the Allottees. The Trust and the Registrar have entered into:

- Tri-partite agreement dated February 13, 2019 with NSDL; and
- Tri-partite agreement dated February 13, 2019 with CDSL.

The Trustee and/or the Investment Manager, at their discretion, reserve the right to cancel the Issue at any time prior to the issuance of CAN, without assigning any reason whatsoever.

Following the Allotment of the Units, the Investment Manager will apply for final listing and trading approval from the Stock Exchange.

Other Instructions

Right to Reject Applications

The Investment Manager, in consultation with the Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of the Investment Manager and the Lead Manager in relation to the rejection of Bids shall be final and binding.

Units in Dematerialised form with NSDL or CDSL

The Allotment of the Units shall be only in dematerialised form (i.e. not in physical certificates but represented by the statement issued through the electronic mode).

A Bidder applying for the Units to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of such Bidder.

Units in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange has electronic connectivity with NSDL and CDSL. The trading of the Units would be in dematerialised form only for all Unitholders in the demat segment of the Stock Exchange. For details in respect of the minimum trading lot, see "***Issue Structure***" on page 266.

The Trustee, the Investment Manager, the Sponsor or the Lead Manager, will not be responsible or liable for the delay in the credit of the Units to be issued pursuant to the Issue due to errors in the filled in Application Form, delay in payment of Bid Amount or otherwise on part of the Bidders.

STATEMENT OF TAX BENEFITS

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TAXATION

To
Axis Trustee Services Limited
(as trustee of India
Infrastructure Trust)
Axis House, Bombay Dyeing Mills Compound,
Pandhurang Budhkar Marg, Worli,
Mumbai, Maharashtra- 400025

and

Penbrook Capital Advisors Private Limited
Peninsula Spenta, Mathuradas Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai, Maharashtra- 400013

Dear Sirs,

Sub: Statement of possible tax benefits available to India Infrastructure Trust (the "Trust") and its unitholders

The enclosed Annexure states the possible tax benefits available to India Infrastructure Trust (the "Trust") and its unitholders under the Income-tax Act, 1961 (the "Act") presently in force in India. We have stamped and initialled the said Statement for identification only. Several of these benefits are dependent on the Trust or its unitholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Trust or its unitholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Trust or its unitholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Penbrook Capital Advisors Private Limited (the "Investment Manager"). We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

Our confirmation is based on the information, explanations and representations obtained from the Investment Manager and on the basis of our understanding of the business activities and operations of the Trust.

We do not express an opinion or provide any assurance as to whether:

- The Trust or its unitholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits, where applicable have been/would be met with; and
- The revenue authorities/courts will concur with the views expressed herein.

This statement is intended solely for information and for inclusion in the Offer Document in connection with the proposed Issue of the Trust and should not be circulated, copied, used/referred to for any other purpose, without our prior written consent.

Please note that the tax rates provided in this statement are excluding applicable surcharge and education cess.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Reg. No. 117366W/W-100018)

Anjum A. Qazi
Partner
(Membership No.104968)

Mumbai, February 16, 2019

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO INDIA INFRASTRUCTURE TRUST AND ITS UNITHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

- **UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')**

o **TAX BENEFITS AVAILABLE TO INDIA INFRASTRUCTURE TRUST ('TRUST') UNDER THE ACT**

The following benefits are available to the Trust after fulfilling conditions as per the applicable provisions of the Act and the guidelines prescribed by the Securities and Exchange Board of India ('SEBI') (including the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended) ('SEBI Regulations').

- **Tax benefit in the hands of the Trust in respect of interest and dividend income received from the Special Purpose Vehicle(s) ('SPVs'):**

Interest received or receivable by the Trust from the Project SPVs should be exempt from tax, subject to satisfaction of conditions given in section 10(23FC) of the Act.

Dividend received or receivable by the Trust from the Project SPVs/ specified domestic companies shall be exempt from tax under section 10(23FC) of the Act.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1961 ('the Rules').

Further, as per section 115-O(7) of the Act, no tax on distributed profits shall be chargeable in respect of any amount declared, distributed or paid by the specified domestic company by way of dividends (whether interim or otherwise) to a business trust out of its current income on or after the specified date.

The above benefit shall not apply in respect of any amount declared, distributed or paid, at any time, by the specified domestic company by way of dividends (whether interim or otherwise) out of its accumulated profits and current profits up to the specified date.

"Specified domestic company" means a domestic company in which a business trust has become the holder of whole of the nominal value of equity share capital of the company (excluding the equity share capital required to be held mandatorily by any other person in accordance with any law for the time being in force or any directions of Government or any regulatory authority, or equity share capital held by any Government or Government body).

"Specified date" means the date of acquisition by the business trust of such holding.

- **Benefits in the hands of the Trust in respect of income other than the income distributed by the SPVs:**

- **Section 10(34) of the Act: Income by way of dividend referred to under section 115-O of the Act**

Dividend received by the Trust referred to under section 115-O from domestic companies on investments is exempt from tax under section 10(34) of the Act.

However, as per the amendment made by the Finance Act, 2017, such dividend income of the Trust shall be liable to tax @ 10.00% (plus applicable surcharge and cess) under the provisions of section 115BBDA of the Act, where such dividend income exceeds ₹ 10 lakhs, declared, distributed or paid by a domestic company or companies.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rule.

Section 94(7) of the Act provides that losses arising from the sale/ transfer of securities or units purchased within a period of three months prior to the record date and sold/ transferred within three (for shares)/nine (for units) months after such date, will be disallowed to the extent dividend income on such shares is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

- **Section 10(35) of the Act – Income from specified units**

The following incomes are exempt under section 10(35) of the Act, in the hands of the Trust (except income arising on transfer of units mentioned therein):

I. Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;
II. Income received in respect of units from the Administrator of the specified undertaking as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
III. Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

Section 94(7) of the Act provides that losses arising from the sale/ transfer of securities or units purchased within a period of three months prior to the record date and sold/ transferred within three (for shares)/nine (for units) months after such date, will be disallowed to the extent dividend income on such shares is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

- **Section 10(34A) of the Act - Income from buy back of shares**

The provisions of section 115QA mandate domestic companies to pay an additional tax at the rate of 20.00% (plus applicable surcharge and cess) of the distributed income on buy-back of shares (not being shares listed on a recognized stock exchange). Distributed income means the consideration paid by the company on buy-back of shares as reduced by the amount which was received by the company for issue of such shares, determined as per the rules prescribed. Further, income arising from buy-back of unlisted shares shall not be taxable as per section 10(34A) of the Act in the hands of the Trust.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

- **Section 115UA(2) read with section 111A, section 112 and section 112A of the Act – Taxability of business income, capital gains and income from other sources in the hands of the Trust**

In terms of section 115UA(2) of the Act, the total income of the Trust shall be chargeable to tax at the maximum marginal rates in force except for the income chargeable to tax on transfer of Short Term Capital assets under section 111A and Long Terms Capital assets under section 112 and section 112A of the Act and income referred in para 1.1 above.

If the period of holding of a security (other than a unit) listed on a recognized stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. With respect to shares of a company not being listed on a recognized stock exchange or immovable property, being land, building, or both, the determinative period of holding shall be more than 24 months for it to be regarded as long term capital asset. With respect to other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust, the determinative period of holding is more than 36 months for it to be regarded as long term capital asset.

As per the provisions of section 111A of the Act, any income arising from transfer of short term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a eligible business trust, transacted through a recognized stock exchange and subject to STT, will be taxable at a concessional rate of 15.00% (plus applicable surcharge and cess if any).

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of long term capital assets shall be chargeable to tax in the hands of the Trust at the rate of 20.00% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long term capital gains on transfer of listed securities (other than units) or Zero Coupon Bonds shall be at the rate of 10.00% (plus applicable surcharge and cess) without indexation benefit.

Further, as per section 112A, with effect from FY 2018-19, gains exceeding one lakh rupees arising on the transfer of long term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, transacted through a recognized stock exchange and subject to STT, shall be chargeable to tax in the hands of the Trust at the rate of 10.00% (plus applicable surcharge and cess) without indexation benefit.

Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds, debentures, listed equity shares in a company or units of equity oriented funds or units of a business trust referred to in section 112A of the Act.

In accordance with, and subject to the conditions, including the limit of investment of ₹ 50 lakhs, capital gains arising on transfer of a long term capital asset, being land or building or both, shall be exempt from capital gains under section 54EC if the gains are invested within 6 months from the date of transfer in purchase of specified bonds (redeemable after five years and issued on or after 1 April 2018) issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL) or any other bond notified by the Central Government, if permitted to be invested by an Investment trust as per the extant governing regulations. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

In accordance with, and subject to the conditions, including the limit of investment of ₹ 50 lakhs, capital gains arising on transfer of a long term capital asset shall be exempt from capital gains tax under section 54EE if the gains are invested within 6 months from the date of transfer in the purchase of long- term specified assets if permitted to be invested by an Investment trust as per the extant governing regulations. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Also, as per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

TAX BENEFITS AVAILABLE TO UNIT-HOLDERS OF THE TRUST

- **Special Benefits available to the Unit-Holders of the Trust:**

Following tax benefit is specifically available to the unitholders of the Trust subject to the fulfilment of the conditions specified in the Act and SEBI Regulations:

- **Section 10(23FD) of the Act - Tax exemption in respect of income distributed by the Trust:**

As per the provisions of section 115UA(1) of the Act, the income distributed by the Trust shall be deemed to be of the same nature and in the same proportion in the hands of the Unit-holder as if such income was received by or accrued to the Trust.

As per the provisions of section 10(23FD), any income referred to in section 115UA(1) of the Act and distributed by the Trust (except for that proportion of interest income referred in section 10(23FC) of the Act and taxable under section 115UA(3) of the Act) shall not be included in the total income of the unit- holders.

The Trust shall not be subject to levy of dividend distribution tax on the amount of income distributed to its unit holders.

Section 115BBDA provides that where the total income of a specified assessee (as defined under section 115BBDA), resident in India, includes any income exceeding ₹ 10 lakhs by way of dividend declared, distributed or paid by a domestic company or companies, such assessee shall be liable to additional tax @ 10.00% (plus applicable surcharge and cess if any) on such dividend. Currently, the law is not clear and there is ambiguity on whether the resident investors receiving income representing dividend from the Trust is likely to be considered as 'dividend declared, distributed or paid by a domestic company' referred to in section 115BBDA. The ambiguity exists even though the Act confers a pass through status in favour of investor.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

- **General Benefits available to all Unit-Holders of the Trust:**

For resident Unit-holder:

- Income arising on transfer of units of the Trust through a recognized stock exchange, on which STT is paid, shall be chargeable to tax in the hands of the unit holders at a rate of 10.00% without indexation benefit (plus applicable surcharge and education cess) under section 112A of the Act if the said units are long-term capital assets. The determinative period of holding for such units to qualify as long term capital asset is more than 36 months. Income arising on transfer of units of the Trust that are long term capital assets, which is not through a recognized stock exchange and not subject to STT, shall be chargeable to tax at 20.00%, with indexation benefit (plus applicable surcharge and education cess) under section 112 of the Act.

- Short-term capital gains arising on transfer of the units of the Trust will be chargeable to tax at the rate of 15.00% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act provided such transaction is subject to STT and through a recognized stock exchange. In case of a Unit-holder being an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act. Short term capital gains on transfer of units of the Trust, not transacted through a

recognized stock exchange and not subject to STT shall be taxable at the maximum marginal rate of tax for respective unit holders.

- As per clause (hc) of explanation 1 to section 2(42A) the period of holding for the units shall include the period for which the shares were held by the promoter in the SPV. Also, as per clause (iie)/(fc) to explanation 1 to section 115JB any notional gain/loss on transfer of shares of SPV in exchange of units allotted shall not be considered while computing book profits for levy of Minimum Alternate Tax. As per clause (k)/(iif) of explanation 1 to section 115JB any gain/loss on transfer of such units shall be considered while computing the book profit for levy of Minimum Alternate Tax.

- Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Also, as per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

- Where the gains arising on the transfer of the units of the Trust are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act. The characterization of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

For non-resident Unit-Holder

- Income arising on transfer of units of the Trust, shall be chargeable to tax in the hands of the unit holders at a rate of 10.00% without indexation benefit (plus applicable surcharge and education cess) under section 112A of the Act if the said units are long-term capital assets and transfer is through a recognized stock exchange and subject to STT. These assets turn long term if they are held for more than 36 months. Income arising on transfer of units of the Trust that are long term capital assets, which is not through a recognized stock exchange and not subject to STT, shall be chargeable to tax at 20.00%, with indexation benefit (plus applicable surcharge and education cess) under section 112 of the Act.

- Short-term capital gains arising on transfer of the units of the Trust will be chargeable to tax at the rate of 15.00% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT. Short term capital gains on transfer of units of the Trust, not transacted through a recognized stock exchange and not subject to STT shall be taxable at the maximum marginal rate of tax for respective unit holders.

- Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Also, as per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

- Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

- Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

- As per explanation 4 to section 115JB(2), the provisions of section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

For unit-holders who are Foreign Portfolio Investors ('FPIs')/ Foreign Institutional Investors ('FIIs'):

- Where the gains arising on the transfer of units of the Trust are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

- As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

- Income arising on transfer of units of the Trust, shall be chargeable to tax in the hands of the unit holders at a rate of 10.00% without indexation benefit (plus applicable surcharge and education cess) if the said units are long-term capital assets and transfer is through a recognized stock exchange and subject to STT. These assets turn long term if they are held for more than 36 months.

- Short-term capital gains arising on transfer of the units of the Trust will be chargeable to tax at the rate of 15.00% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT. Short term capital gains on transfer of units of the Trust, not transacted through a recognized stock exchange and not subject to STT shall be taxable at 30.00% (plus applicable surcharge and cess).

- Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Also, as per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

- As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of units to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

- Pursuant to Central Board of Direct Tax press release dated 24 September 2015, the Government has clarified the inapplicability of Minimum Alternate Tax provisions to FIIs/FPIs.

For unit-holders who are Mutual Funds:

- Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial

institution, or a Mutual Fund authorized by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

- The Trust is not required to withhold tax on interest payment to Mutual Fund set up under section 10(23D) of the Act.

For Venture Capital Companies/ Funds:

For VCF/VCC registered prior to 21 May 2012

- Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

- As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

For VCF/VCC registered post 21 May 2012

- VCF/VCC registered post 21 May 2012 shall be classified as a Category 1 Alternate Investment Fund which shall be governed by the SEBI (AIF) Regulations 2012. For such funds benefit of section 10(23FB) and section 115U shall not be applicable and shall be governed section 115UB read with section 10(23FBA) and 10(23FBB) which states that business income earned by such fund shall be taxable in the hands of the Fund and exempt in the hands of the unit holders, and other income earned viz. capital gains, income from other sources shall be exempt in the hands of the fund and taxable in the hands of unit holder.

- **UNDER THE WEALTH TAX ACT, 1957**

The Wealth Tax Act, 1957 has now been abolished from FY 2015-16 and is not applicable from AY 2016-17 onwards.

- **TAX DEDUCTION AT SOURCE**

Section 194LBA – Certain income from units of the Trust:

Where any distributed income referred in section 115UA, is in the nature referred to in sub clause (a) of clause (23FC) of section 10 i.e. interest payable by the Trust to its unit holder being a resident, shall at the time of credit of such payment deduct tax at the rate of 10.00%. No tax is required to be deducted on dividend income distributed by the Trust to the unit holders.

In case payment referred to above is made to a non-resident unit holder, then the same shall be subjected to the tax deduction at the rate of 5.00% (plus applicable surcharge and education cess). Additionally, in view of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

Applicability of other provisions

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under

the tax laws or under the Double Tax Avoidance Agreement (DTAA), whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.
Pursuant to amendment in section 206AA vide notification 53/2016 dated 24 June 2016 introducing Rule 37B, requirement of quoting permanent account number (PAN) in case of certain specified income is eliminated by maintaining specified documents as mentioned in the said notification.

Notes:

- The income-tax rates specified in this note are as applicable for the financial year 2018-19, and are exclusive of surcharge and education cess, if any. Rate of surcharge and cess are provided below:

Surcharge:

Domestic companies:

If the net income does not exceed INR 10 million – Nil
If the net income exceeds INR 10 million but does not exceed INR 100 million - 7 per cent If the net income exceeds INR 100 million - 12 per cent
Foreign companies:

If the net income does not exceed INR 10 million - Nil
If the net income exceeds INR 10 million but does not exceed INR 100 million - 2 per cent
If the net income exceeds INR 100 million - 5 per cent

For individuals, surcharge at the rate of 15.00% and for other assessees surcharge at the rate of 12.00% shall be applicable if the total income exceeds INR 10 million. Surcharge on dividend distribution tax shall be at the rate of 12.00%.
Further, the Finance Act, 2017 has introduced surcharge of 10.00% in case of individuals, HUF, AOP, BOI having total income between INR 5 million and INR 10 million.

Education cess:

In all cases, education cess will be levied at the rate of 4 per cent of income-tax and surcharge.

- The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares and units.

- The stated benefits will be available only to the sole/ first named holder in case the units are held by joint holders.

- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

- This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We

shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

- This statement of possible direct tax benefits enumerated above is as per the Act as amended by the Finance Act, 2018. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the Trust and its unit holders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

- The information provided above sets out the possible tax benefits available to the unit holders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares and units, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares and units particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

For and on behalf of the Board of Directors of
PenBrook Capital Advisors Private Limited
Investment Manager of India Infrastructure Trust

Sridhar Rengan
Director
Place: Mumbai
Date: February 14, 2019

LEGAL MATTERS

Each of Shardul Amarchand Mangaldas & Co, Khaitan & Co and Sidley Austin LLP, do not make, or purport to make, any statement in this Preliminary Placement Memorandum and is not aware of any statement in this Preliminary Placement Memorandum which purports to be based on a statement made by each of them, and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Preliminary Placement Memorandum.

INDEPENDENT ACCOUNTANTS

The Special Purpose Combined Ind-AS Financial Statements have been prepared in accordance with the requirements of the SEBI InvIT Regulations, the accounting principles generally accepted in India, including Ind-AS. The Special Purpose Combined Ind-AS Financial Statements included in this Preliminary Placement Memorandum have been audited by Deloitte Haskins & Sells LLP, the statutory auditors of the Trust, as stated in their audit report dated February 16, 2019, included in this Preliminary Placement Memorandum.

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INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE COMBINED IND AS FINANCIAL STATEMENTS

India Infrastructure Trust (the "Trust")
acting through Axis Trustee Services Limited, as the trustee (the "Trustee")
Unit 804, One BKC, Bandra Kurla Complex,
Bandra East – Mumbai – 400 051
Maharashtra, India

The Board of Directors
PenBrook Capital Advisors Private Limited (the "Investment Manager") in its capacity as an Investment Manager of India Infrastructure Trust
Unit 804, One BKC, Bandra Kurla Complex,
Bandra East – Mumbai – 400 051
Maharashtra, India

The Board of Directors
Rapid Holdings 2 Pte. Ltd. (the "Sponsor") in its capacity as the Sponsor of the Trust
16 Collyer Quay, #19-00
Income at Raffles, Singapore 049318

Report on the Audit of the Special Purpose Combined Ind AS Financial Statements

Opinion

We have audited the accompanying special purpose combined Ind AS financial statements of pipeline business (the "Pipeline Business"), being a carved-out of East West Pipeline Limited (the "Company") and Pipeline Infrastructure Private Limited (the "Project SPV") (collectively, the "Trust Group") as described in note A of the special purpose combined Ind AS financial statements, which comprise the Combined Balance Sheets as at September 30, 2018, March 31, 2018, 2017 and 2016, the Combined Statement of Profit and Loss (including other comprehensive loss), the Combined Statement of Changes in Equity and the Combined Statement of Cash Flows for the six month period ended September 30, 2018 and for the years ended March 31, 2018, 2017 and 2016, and notes to the special purpose combined Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (collectively, the "Special Purpose Combined Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Combined Ind AS Financial Statements give a true and fair view in accordance with the basis set out in note B.1 to the Special Purpose Combined Ind AS Financial Statements of the state of affairs of the Trust Group as at September 30, 2018, March 31, 2018, 2017 and 2016, and its loss (including other comprehensive loss), changes in equity and its cash flows for the six month period ended September 30, 2018 and for the years March 31, 2018, 2017 and 2016.

Basis for Opinion

We conducted our audit of the Special Purpose Combined Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) and other pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Combined Ind AS Financial Statements section of our report. We are independent of the Trust Group in accordance with the Code of Ethics issued by the ICAI together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made thereunder, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a reasonable basis for our opinion on the Special Purpose Combined Ind AS Financial Statements.

Emphasis of Matters

Basis of Accounting and Restriction on Distribution and Use

We draw attention to note B.1 to the Special Purpose Combined Ind AS Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Combined Ind AS Financial Statements have been prepared by the Investment Manager to meet the requirements of SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder (the "InvIT Regulations") and for inclusion in the preliminary placement memorandum and the placement memorandum (collectively, the "Placement Documents") prepared by the Investment Manager in connection with the proposed private placement of units of the Trust. As a result, the Special Purpose Combined Ind AS Financial Statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Special Purpose Combined Ind AS Financial Statements

The Board of Directors of the Investment Manager are responsible for the preparation and presentation of these Special Purpose Combined Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Trust Group in accordance with the basis stated in Note B.1 to the Special Purpose Combined Ind AS Financial Statements for the purpose set out in "Emphasis of Matter- Basis of Accounting and Restriction on Distribution and Use" paragraph above.

The respective Board of Directors of the companies included in the Trust Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Trust Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Combined Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Special Purpose Combined Ind AS Financial Statements by the Directors of the Investment Manager, as aforesaid.

In preparing the Special Purpose Combined Ind AS Financial Statements, Directors of the Investment Manager are responsible for assessing the Trust Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Investment Manager and the trustee of the Trust are also responsible for overseeing the Trust Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Combined Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Combined Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs and other pronouncements issued by ICAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Combined Ind AS Financial Statements.

As part of an audit in accordance with SAs and other pronouncements issued by ICAI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Combined Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Trust Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Combined Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Combined Ind AS Financial Statements, including the disclosures, and whether the Special Purpose Combined Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the InvIT Regulations, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
b) The Combined Balance Sheets, Combined Statements of Profit and Loss (including Other Comprehensive Loss), Combined Cash Flow Statements and Combined Statements of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Special Purpose Combined Ind AS Financial Statements;

c) In our opinion, the aforesaid Special Purpose Combined Ind AS Financial Statements comply with the basis of preparation as stated in note B.1 to the Special Purpose Combined Ind AS Financial Statements; and

d) In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Combined Ind AS Financial Statements give the disclosures, in accordance with the InvIT Regulations, in respect of the net assets at fair value as at September 30, 2018 and the total returns at fair value for the six month period ended September 30, 2018 and for the year ended March 31, 2018.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Reg. No. 117366W/W-100018)

Anjum A. Qazi

Partner

(Membership No.104968)

Mumbai, February 16, 2019

INDIA INFRASTRUCTURE TRUST

Special Purpose Combined Balance Sheet

(Rs. in crore)

	Notes	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	1	14,901.50	11,039.54	11,878.83	12,704.04
Capital Work-in-Progress	1	0.57	0.36	-	7.85
Intangible Assets	1	1,828.05	1.49	2.09	2.63
Financial Assets					
Loans & Advances	2	1.45	1.46	1.40	1.41
Other Non- Current Assets	3	-	-	0.41	0.41
Total Non-Current Assets		**16,731.57**	**11,042.85**	**11,882.73**	**12,716.34**
Current Assets					
Inventories	4	190.21	202.24	210.24	216.10
Financial Assets					
(i) Investments	5	0.32	-	-	-
(ii) Trade Receivables	6	61.28	55.31	36.16	47.76
(iii) Cash and Cash Equivalents	7	0.47	4.54	1.32	66.91
(iv) Other Bank Balances	8	68.43	66.57	62.31	56.55
(v) Other Financial Assets	9	2.92	4.42	2.23	7.01
Other Current Assets	10	30.81	18.95	18.93	12.15
Total Current Assets		**354.44**	**352.03**	**331.19**	**406.48**
Total Assets		**17,086.01**	**11,394.88**	**12,213.92**	**13,122.82**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	11	0.05	-	-	-
Other Equity	12	(347.65)	6,387.19	7,308.38	4,681.49
Total Equity		**(347.60)**	**6,387.19**	**7,308.38**	**4,681.49**
Liabilities					
Non-Current Liabilities					
Financial Liabilities					
Borrowings	13	-	-	-	8,119.84
Other Financial Liabilities	14	2.70	8.10	44.02	52.63
Deferred Tax Liabilities (Net)	15	206.00	-	-	-
Other Non-Current Liabilities	16	73.70	74.38	82.08	82.34
Total Non-Current Liabilities		**282.40**	**82.48**	**126.10**	**8,254.81**
Current Liabilities					
Financial Liabilities					
Borrowings	17	16,400.00	4,826.70	4,727.25	-
Trade Payables	18	59.62	57.35	24.89	22.40
Other Financial Liabilities	19	650.93	0.83	4.48	151.16
Other Current Liabilities	20	39.55	39.15	21.55	9.47
Provisions	21	1.11	1.18	1.27	3.49
Total Current Liabilities		**17,151.21**	**4,925.21**	**4,779.44**	**186.52**
Total Liabilities		**17,433.61**	**5,007.69**	**4,905.54**	**8,441.33**
Total Equity and Liabilities		**17,086.01**	**11,394.88**	**12,213.92**	**13,122.82**

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

INDIA INFRASTRUCTURE TRUST

Special Purpose Combined Balance Sheet (Contd.)

As per our report of even date

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board

Anjum A. Qazi
Partner

Sridhar Rengan
Director

Dated: 14th February, 2019

Place: Mumbai
Dated: 16th February, 2019

INDIA INFRASTRUCTURE TRUST
Special Purpose Combined Statement of Profit and Loss

(Rs. in crore)

	Notes	Half year ended 30th Sept. 2018	31st March, 2018	For the year ended 31st March, 2017	31st March, 2016
INCOME					
Revenue from Operations	**22**	663.12	884.78	820.99	1,050.03
Other Income	**23**	4.77	9.29	15.28	14.05
Total Income		**667.89**	**894.07**	**836.27**	**1,064.08**
EXPENSES					
Employee Benefits Expense	**24**	13.25	24.20	22.94	48.80
Finance Costs	**25**	3.45	(0.36)	270.36	791.50
Depreciation and Amortisation Expense	**1**	529.83	840.28	840.70	843.51
Other Expenses	**26**	333.61	335.82	164.21	241.58
Total Expenses		**880.14**	**1,199.94**	**1,298.21**	**1,925.39**
Profit / (Loss) Before Tax		**(212.25)**	**(305.87)**	**(461.94)**	**(861.31)**
Tax Expenses					
Current Tax		-	-	-	-
Deferred Tax - Charge		206.00	-	-	-
Profit / (Loss) for the period/year		**(418.25)**	**(305.87)**	**(461.94)**	**(861.31)**
Other Comprehensive Income					
Items that will not be reclassified to profit and loss					
(Re-measurement of defined benefit liability)		(0.28)	(0.80)	3.65	(0.45)
Total Comprehensive Income for the period/year		**(418.53)**	**(306.67)**	**(458.29)**	**(861.76)**
Earnings per Unit	**32**				

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

INDIA INFRASTRUCTURE TRUST

Special Purpose Combined Statement of Profit and Loss (Contd.)

As per our report of even date

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board

Anjum A. Qazi
Partner

Sridhar Rengan
Director

Dated: 14th February, 2019

Place: Mumbai
Dated: 16th February, 2019

INDIA INFRASTRUCTURE TRUST
Statement of Changes in Equity

(Rs. in crore)

A. EQUITY SHARE CAPITAL

	Balance at the beginning of the year/period	Changes in equity share capital	Balance at the end of the year/period
For the year ended 31st March, 2016	-	-	-
For the year ended 31st March, 2017	-	-	-
For the year ended 31st March, 2018	-	-	-
For the period ended 30th September, 2018	-	0.05	0.05

B. OTHER EQUITY

	Share Application Money pending Allotment	Equity component of financial instrument	Balance attributable to Owners: Retained Earnings	Balance attributable to Owners: Other Comprehensive Income [OCI] - Remeasurement of defined benefit liability	Balances with Remaining Group*	Total
Balance as at 1st April, 2015	-	2,981.98	(529.36)			2,452.62
Amount adjusted to the Financial Instrument during the year		2,130.91				2,130.91
Total Comprehensive Income for the year		-	(861.31)	(0.45)		(861.76)
Balance as at 31st March, 2016	**-**	**5,112.89**	**(1,390.67)**	**(0.45)**	**959.72**	**4,681.49**
Balance as at 1st April, 2016	-	5,112.89	(1,390.67)	(0.45)		3,721.77
Amount adjusted to the Financial Instrument during the year on modification		(4,216.27)				(4,216.27)
Balance deemed equity transferred to retained earnings		-	-			-
9% Optionally Convertible Preference Shares Issued during the Year (Refer Note 12.1)		8,000.00	-			8,000.00
Total Comprehensive Income for the year		-	(461.94)	3.65		(458.29)
Balance as at 31st March, 2017	**-**	**8,896.62**	**(1,852.61)**	**3.20**	**261.17**	**7,308.38**
Balance as at 1st April, 2017	-	8,896.62	(1,852.61)	3.20		7,047.21
Total Comprehensive Income for the year		-	(305.87)	(0.80)		(306.67)
Balance as at 31st March, 2018	**-**	**8,896.62**	**(2,158.48)**	**2.40**	**(353.35)**	**6,387.19**
Balance as at 1st April, 2018	-	8,896.62	(2,158.48)	2.40		6,740.54
9% Optionally Convertible Preference Shares cancelled during the period under a scheme of arrangement and converted to short term loan / Adjustment pursuant to Scheme of Arrangement (Refer note 33)		(8,896.62)	2,227.91	(2.40)		(6,671.11)
Additions / (Deletions)	1.45					1.45
Total Comprehensive Income for the period			(418.25)	(0.28)		(418.53)
Balance as at 30th September, 2018	**1.45**	**-**	**(348.82)**	**(0.28)**	**-**	**(347.65)**

* Refer note B.1 of Significant Accounting Policies

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

INDIA INFRASTRUCTURE TRUST

Statement of Changes in Equity (Contd.)

As per our report of even date

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board

Anjum A. Qazi
Partner

Sridhar Rengan
Director

Dated: 14th February, 2019

Place: Mumbai
Dated: 16th February, 2019

INDIA INFRASTRUCTURE TRUST
Cash Flow Statement

(Rs. in crore)

	Half year ended 30th Sept. 2018	For the year ended 31st March, 2018	31st March, 2017	31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax as per Statement of Profit and Loss	(212.25)	(305.87)	(461.94)	(861.31)
Adjusted for:				
Depreciation and Amortisation Expense	529.83	840.28	840.70	843.51
(Profit) on sale of Property, Plant and Equipment (Net)	-	(0.09)	(1.98)	(0.13)
Interest Income	(3.52)	(5.86)	(7.29)	(7.01)
Finance Costs	3.45	(0.36)	270.36	791.50
Total	529.76	833.97	1,101.79	1,627.87
Operating profit / (loss) before working capital changes	**317.51**	**528.10**	**639.85**	**766.56**
Trade and Other Receivables	(16.58)	(21.66)	9.23	23.43
Inventories	12.03	7.99	5.86	70.02
Trade and Other Payables	(2.92)	14.66	4.44	(17.86)
Total changes in working capital	(7.47)	0.99	19.53	75.59
Cash Generated from / (used in) Operations	**310.04**	**529.09**	**659.38**	**842.15**
Taxes Paid (Net)	-	-	-	-
Net Cash Flow from / (used in) Operating Activities	**310.04**	**529.09**	**659.38**	**842.15**
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(1.04)	(4.37)	(19.49)	(9.80)
Proceeds from Sale of Property, Plant and Equipment	-	0.46	6.18	0.98
Deposits placed with Banks	(1.86)	(4.25)	(5.77)	(8.26)
Purchase of Current Investments (net)	(0.32)	-	-	-
Net Current Assets Acquired (Refer note 33)	(169.80)	-	-	-
Interest received	2.45	4.33	5.39	4.34
Net Cash Flow from / (used in) Investing Activities	**(170.57)**	**(3.83)**	**(13.69)**	**(12.74)**
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Preference Shares	-	-	8,000.00	-
Proceeds from Issue of Equity Shares	0.05	-	-	-
Proceeds from Share application money	1.45	-	-	-
Proceeds from Long Term Borrowings	-	-	-	7,694.15
Proceeds from Short Term Borrowings	3,573.55	99.45	406.29	-
Repayment of Short Term Borrowings	(0.25)	-	(4,000.00)	-
Repayment of Long Term Borrowings	-	-	(4,120.81)	(4,611.27)
Interest paid	(2.04)	(6.98)	(298.20)	(404.64)
Net Cash Flow from / (used in) Financing Activities	**3,572.76**	**92.47**	**(12.72)**	**2,678.24**
Net Increase / (Decrease) in Cash and Cash Equivalents	**3,712.23**	**617.73**	**632.97**	**3,507.65**
Balances with Remaining Group/Adjustment Pursuant to Scheme of arrangement (Refer note B.1 of Significant Accounting Policies and note 33)	(3,716.30)	(614.51)	(698.56)	(3,453.02)
Opening Balance of Cash and Cash Equivalents	**4.54**	**1.32**	**66.91**	**12.28**
Closing Balance of Cash and Cash Equivalents (Refer note 7)	**0.47**	**4.54**	**1.32**	**66.91**

INDIA INFRASTRUCTURE TRUST
Cash Flow Statement

Change in Liability arising from Financing Activities

	1st April, 2018	Cash flow	Non Cash Changes		30th Sept, 2018
			Fair Value Adjustment	Other Changes	
Borrowing - Non current	-	-	-	-	-
Borrowing - Current	4,826.70	3,573.30	-	8000*	16,400.00

* 9% Optionally Convertible Preference Shares cancelled during the period under a scheme of arrangement and converted to short term loan

	1st April, 2017	Cash flow	Non Cash Changes		31st March, 2018
			Fair Value Adjustment	Other Changes	
Borrowing - Non current	-	-	-	-	-
Borrowing - Current	4,727.25	99.45	-	-	4,826.70

	1st April, 2016	Cash flow	Non Cash Changes		31st March, 2017
			Fair Value Adjustment	Other Changes	
Borrowing - Non current	8,225.50	(4,120.81)	(4,104.69)	-	-
Borrowing - Current	-	(3,593.71)	8,320.96	-	4,727.25

	1st April, 2015	Cash flow	Non Cash Changes		31st March, 2016
			Fair Value Adjustment	Other Changes	
Borrowing - Non current	9,358.89	3,082.88	(4,216.27)	-	8,225.50
Borrowing - Current	-	-	-	-	-

INDIA INFRASTRUCTURE TRUST

Cash Flow Statement (Contd.)

As per our report of even date

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

For and on behalf of the Board

Anjum A. Qazi
Partner

Sridhar Rengan
Director

Dated: 14th February, 2019

Place: Mumbai
Dated: 16th February, 2019

Notes forming part of Special Purpose Combined Financial Statements

A. Introduction

Rapid Holdings 2 Pte. Ltd. (the "Sponsor"), a company registered in Singapore, has set up India Infrastructure Trust (the "Trust") on 22nd November 2018, as a contributory irrevocable trust under the provisions of the Indian Trusts Act, 1882. The Trust was registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder (the "SEBI InvIT Regulations") on 23rd January 2019, having registration number IN/InvIT/18-19/0008. The Trust has been settled for an initial sum of ₹ 10,000.

Axis Trustee Services Limited is the Trustee for the Trust (the "Trustee"). Investment Manager of the Trust is PenBrook Capital Advisors Private Limited (the "Investment Manager").

The investment objectives of the Trust are to carry on the activities of an infrastructure investment trust, as permissible under the SEBI InvIT Regulations. As per the Framework agreement dated August 28, 2018 entered into between PIPL, Reliance Industries Holding Private Limited ("RIHPL"), the Investment Manager and the Sponsor, the Trust proposes to acquire the Pipeline Business (defined below) (the "Initial Portfolio Asset"), in the first instance (through acquisition of 100.00% equity share capital of Pipeline Infrastructure Private Limited ("PIPL" or "Project SPV") and subsequently raising funds to make investments in accordance with the SEBI InvIT Regulations and the Trust Deed.

The Trust's Initial Portfolio Asset is currently held by PIPL. PIPL is incorporated in India having its registered office at 2nd, 4th North Avenue, Maker Maxity, Kala Nagar, Bandra Kurla Complex, Mumbai, Maharashtra, 400051 and the Trust is expected to acquire 100% of equity shares of PIPL from Reliance Industries Holding Private Limited and repay the outstanding borrowings of PIPL post acquisition. PIPL is engaged in the business of operating the cross-country pipeline for transportation of natural gas. PIPL owns and operates the 1,480 km (together with compressor stations and operation centres) pipeline from Kakinada in Andhra Pradesh to Bharuch in Gujarat popularly called as East West Pipeline (the "Pipeline Business").

The Pipeline Business has been transferred from East West Pipeline Limited ("EWPL") pursuant to Scheme of Arrangement between PIPL and EWPL as a going concern from the Appointed Date i.e July 1, 2018 (as defined in the Scheme of Arrangement). The Scheme of Arrangement was sanctioned by Benches of Hon'ble National Company Law Tribunal at Mumbai and Ahmedabad vide their orders dated December 21, 2018 and November 12, 2018 respectively. As per the Scheme of Arrangement PIPL shall account for the acquired assets at their fair value of Rs 17,050 crores, assumed liabilities of Rs 16,400 crores and discharge the net consideration by payment of a sum of Rs 600 crores and issue and allotment of 5,00,00,000 Preference Shares of the PIPL having a face value of Rs 10 each.

B. Significant Accounting Policies

B.1 Purpose and Basis of Accounting and Preparation of Special Purpose Combined Ind AS Financial Statements

The special purpose combined Ind AS financial statements of the Trust comprising of PIPL and Pipeline Business (collectively, the "Trust Group") comprise the Combined Balance Sheets as at September 30, 2018, March 31, 2018, 2017 and 2016, the Combined Statement of Profit and Loss (including other comprehensive loss), the Combined Statement of Changes in Equity and the Combined Statement of Cash Flows for the six month period ended September 30, 2018 and for the years ended March 31, 2018, 2017 and 2016, and notes to the special purpose combined Ind AS financial statements, including a summary of significant accounting policies and other explanatory information ("Special Purpose Combined Ind AS Financial Statements").

These Special Purpose Combined Ind AS Financial Statements of the Trust Group were approved by the Investment Manager in its meeting held on February 14, 2019.

The Special Purpose Combined Ind AS Financial Statements are special purpose financial statements and have been prepared by the Investment Manager to meet the requirements of the SEBI InvIT regulations for inclusion in the Preliminary Placement Memorandum (PPM) and Placement Memorandum (PM) prepared by the Investment Manager in connection with the proposed Issue. As a result, the Special Purpose Combined Ind AS Financial Statements may not be suitable for any other purpose.

In accordance with the requirements of the SEBI InvIT Regulations, since the Trust is newly set up on November 22, 2018 and has been in existence for a period lesser than three completed financial years and the historical financial statements of the Trust are not available for the entire portion of the reporting period of three years i.e. March 31, 2018, 2017 and 2016, and the six month period ended September 30, 2018, the Special Purpose Combined Ind AS Financial Statements have been prepared and disclosed for the periods when such historical combined financial statements were not available. PIPL, which was incorporated on April 20, 2018 has acquired the Pipeline Business from EWPL pursuant to a Scheme of Arrangement with effect from the Appointed Date. Hence, as required by the SEBI InvIT regulations, the Special Purpose Combined Ind AS Financial Statements are prepared based on an assumption that the carve-out Pipeline Business were part of PIPL and of the Trust for the reporting periods when the Trust and PIPL were not in existence. However, the financial statements may not be representative of the position which may prevail after the PIPL is transferred to the Trust.

The Special Purpose Combined Ind AS Financial Statements are presented in Indian Rupees Crore, except when otherwise indicated.

Statement of Compliance:

The Special Purpose Combined Ind AS Financial Statements are prepared based on the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 prescribed under section 133 of the Companies Act, 2013 ("the Act") as applicable ("Ind AS") and as per the accounting treatment prescribed in the scheme of arrangement approved by NCLT for acquisition of Pipeline Business as mentioned above and the Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India (the "Guidance Note") and other relevant provisions relating to disclosures required as per SEBI InvIT Regulations.

Notes forming part of Special Purpose Combined Financial Statements

The Special Purpose Combined Ind AS Financial Statements are prepared on the historical cost basis using uniform policies as explained below for like transactions and other events in similar circumstances, except for following assets and liabilities which have been measured at fair value:

i) Defined benefit plans - plan assets
ii) Financial instruments

Basis of combination and carve out:
The Special Purpose Combined Ind AS Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The procedures for preparing Special Purpose Combined Ind AS Financial Statements of the Trust Group are stated below:
a) The Special Purpose Combined Ind AS Financial Statements were combined by combining/adding like items of assets, liabilities, equity, income, expenses and cash flows for the year ended March 31, 2016, March 31, 2017, March 31, 2018 and for the six month period ended September 30, 2018.
b) Since the Trust was registered only on November 22, 2018, the Special Purpose Combined Ind AS Financial Statements do not include any standalone financial information of the Trust.
c) As the Pipeline Business was carried out by EWPL till June 30, 2018, the financial statements of EWPL for the year ended March 31, 2016, March 31, 2017, March 31, 2018 and June 30, 2018 were carved out for items of assets, liabilities, income, expenditure and other information as are transferred to PIPL in terms of the Scheme of Arrangement and as determined by the management of EWPL.
d) Since the Trust is committed to acquire PIPL as per the Framework agreement the acquisition of the pipeline business by PIPL from EWPL has been accounted by PIPL using the acquisition method, at the fair values of the assets and liabilities as on July 1, 2018 as per the NCLT approved Scheme of Arrangement. The fair values have been assigned to the individual assets and liabilities basis a purchase price allocation performed by an independent valuer.
e) Since PIPL was incorporated on April 20, 2018, the combined financial statements of September 30, 2018 have been prepared by combining the audited special purpose carved out Ind AS Statement of Profit and Loss and Statement of cash flows of EWPL pertaining to the Pipeline Business for the three month period ended June 30, 2018 and the audited special purpose Ind AS financial statements of PIPL as at and for the period from April 20, 2018 to September 30, 2018. The Special Purpose Combined Ind AS Financial Statements as at and for the years ended March 31, 2018, 2017 and 2016 consists of only the audited special purpose carved out Ind AS financial statements of EWPL pertaining to the Pipeline Business.
f) In the audited special purpose carved out Ind AS financial statements of Pipeline Business, the difference between the assets and liabilities has been presented under the line item Balances with Remaining Group under Other Equity in Note 12 of notes forming part of Special Purpose Combined Ind AS Financial Statements.
g) The carved out Pipeline Business transferred to PIPL does not include transfer of the tax assets and tax liabilities. Hence no impact of deferred tax assets and liabilities have been given in the financial statements for the years ended March 31, 2018, 2017 and 2016 since the tax benefits available to PIPL will be different from the tax benefits available to EWPL.

B.2 Summary of Significant Accounting Policies

a Property, plant and equipment:

i) Property, plant and equipment are stated at cost net of recoverable less accumulated depreciation, amortisation and impairment loss, if any. Such cost includes purchase price and any cost directly Attributable to bringing the assets to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the property, plant and equipment are capitalised.

ii) Line pack gas has been considered as part of Property, plant and equipment.

iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow the entity and the cost can be measured reliably.

iv) Depreciation on Property, plant and equipment is provided on straight line method over the useful life as per Schedule II to the Companies Act, 2013 / technically evaluated life of years. Loose tools are depreciated over a period of three years; Leasehold land is amortised over the period of lease; Line pack gas is not depreciated.
In respect of additions or extensions forming an integral part of existing assets, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of property, plant and equipment, depreciation is provided over the residual life of the respective assets. Freehold land is not depreciated.

v) The estimated useful lives, residual values, depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

vi) An item of property, plant and equipment is derecognised upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

b Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation. The cost includes purchase price (net of recoverable taxes, trade discount and rebates) and any cost directly attributable to bringing the assets to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalised.

Computer software is amortised over a period of 5 years on straight line method.

Self-generated intangible assets including rights under Pipeline Usage Agreement, acquired from EWPL pursuant to scheme of arrangement, are amortized over a period of twenty years, being the useful life.

c Borrowing Costs

Borrowing costs, that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

d Inventories

Items of inventories are measured at lower of cost or net realisable value after providing for obsolescence, if any. Net realisable value represents the estimated selling price for inventory less all estimated cost completion and costs necessary to make the sale. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including incidental expenses net of recoverable taxes incurred in bringing them to their respective present location and condition. Cost of stores and spares, trading and other items are determined on weighted average basis.

e Cash and cash equivalents

Cash and cash equivalents includes cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

f Impairment of Non - Financial Assets - property, plant and equipment and intangible assets

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. The impairment loss recognised in prior accounting periods is reversed if there has been an increase in the recoverable value due to a change in the estimate.

g Leases

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Leased Assets: Assets held under finance leases are initially recognised as Assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset ranging from 18 years to 99 years. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

h Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Notes forming part of Special Purpose Combined Financial Statements

i Employee Benefits

Employee benefits include contributions to provident fund, gratuity fund, compensated absences and pension.

Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Profit and Loss Statement during the period in which the employee renders the related service.

Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Other Comprehensive Income.

j Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

k Foreign Currency Transactions and Translation

(i) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

(ii) Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

(iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

l Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

i) Income from transportation of gas is recognised on completion of delivery in respect of the quantity of gas delivered to customers. In respect of quantity of gas received from customers under deferred delivery basis, income for the quantity of gas retained in the pipeline is recognised by way of deferred delivery charges for the period of holding the gas in the pipeline at a mutually agreed rate. Income is accounted net of service tax / GST.

ii) Amount received upfront in lumpsum under Agreement from Customers is recognised on a pro-rata basis over the period of the relevant Agreement.

iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.

iv) Dividend is recognised when the right to receive is established.

m Current and non-current classification

Assets and liabilities are presented in Balance Sheet based on current and non-current classification. Non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Act notified by MCA.

An asset is classified as current when it is

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is

a) Expected to be settled in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Due to be settled within twelve months after the reporting period, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

n Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or

• In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques used are those that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions of Financial instruments (including those carried at amortised cost) (note 29) and Quantitative disclosures of fair value measurement hierarchy (note 29).

o Off-setting financial Instrument

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable rights to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

p Financial instruments

i) **Financial Assets**

A. Initial recognition and measurement:

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

Notes forming part of Special Purpose Combined Financial Statements

B. Subsequent measurement

a) **Financial assets carried at amortised cost (AC)**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) **Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d) **Impairment of financial assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ii) **Financial liabilities**

A. Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

B. Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) **Derecognition of financial instruments**

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

The preparation of the Combined Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) **Depreciation and useful lives of property plant and equipment**

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

b) **Provisions**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

c) **Recoverability of trade receivable**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

d) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

(Rs. in crore)

NOTE 1. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Description	GROSS COST				DEPRECIATION/AMORTISATION				NET BOOK VALUE	
	As at 30th June, 2018	Additions/ (Deductions) - pursuant to Scheme - (Refer note 33)	Additions/ (Deductions)	**As at 30th September, 2018**	As at 30th June, 2018	For the period	Deductions - (pursuant to Scheme) (Refer note 33)	**As at 30th September, 2018**	**As at 30th September, 2018**	As at 30th June, 2018
Tangible assets										
Own Assets										
Freehold Land	56.67	36.61	-	**93.28**	-	-	-	**-**	**93.28**	56.67
Buildings	431.90	(70.30)	-	**361.59**	143.26	4.48	143.26	**4.48**	**357.11**	288.64
Plant and Equipment	25,758.67	(11,097.09)	-	**14,661.58**	15,355.52	292.39	15,355.52	**292.39**	**14,369.19**	10,403.14
Furniture and Fixtures	8.23	(6.82)	-	**1.41**	6.82	0.15	6.82	**0.15**	**1.26**	1.41
Vehicles	2.43	(1.86)	-	**0.57**	1.86	0.07	1.86	**0.07**	**0.50**	0.57
Office Equipment	3.65	(2.97)	-	**0.69**	3.33	0.07	3.33	**0.07**	**0.62**	0.32
Line pack gas	78.14	-	-	**78.14**	-	-	-	**-**	**78.14**	78.14
Sub-Total	**26,339.69**	(11,142.42)	**-**	**15,197.26**	**15,510.78**	**297.16**	**15,510.78**	**297.15**	**14,900.10**	10,828.90
Leased Assets										
Land	1.56	(0.16)	-	**1.40**	0.16	0.00	0.16	**0.00**	**1.40**	1.40
Sub-Total	**1.56**	**(0.16)**	**-**	**1.40**	**0.16**	**0.00**	**0.16**	**0.00**	**1.40**	1.40
Total (A)	**26,341.25**	**(11,142.58)**	**-**	**15,198.66**	**15,510.94**	**297.16**	**15,510.94**	**297.15**	**14,901.50**	10,830.30
Intangible assets										
Software*	4.49	(3.14)	-	**1.35**	3.14	0.17	3.14	**0.17**	**1.18**	1.35
Others	-	1,850.00	-	**1,850.00**	-	23.13	-	**23.13**	**1,826.87**	-
Total (B)	**4.49**	**1,846.86**	**-**	**1,851.35**	**3.14**	**23.30**	**3.14**	**23.30**	**1,828.05**	1.35
TOTAL (A+B)	**26,345.74**	**(9,295.73)**	**-**	**17,050.01**	**15,514.09**	**320.46**	**15,514.09**	**320.45**	**16,729.55**	10,831.65
Capital Work-in-Progress									**0.57**	0.36

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

(Rs. in crore)

NOTE 1. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Description	GROSS COST				DEPRECIATION/AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2018	Additions	Deductions	**As at 30th June, 2018**	As at 1st April, 2018	For the period	Deductions	**As at 30th June, 2018**	**As at 30th June, 2018**	As at 31st March, 2018
Tangible assets										
Own Assets										
Freehold Land	56.67	-	-	**56.67**	-	-	-	**-**	**56.67**	56.67
Buildings	431.90	-	-	**431.90**	139.75	3.51	-	**143.26**	**288.64**	292.15
Plant and Equipment	25,758.67	-	-	**25,758.67**	15,150.22	205.30	-	**15,355.52**	**10,403.15**	10,608.44
Furniture and Fixtures	8.23	-	-	**8.23**	6.58	0.24	-	**6.82**	**1.41**	1.65
Vehicles	2.43	-	-	**2.43**	1.73	0.13	-	**1.86**	**0.57**	0.70
Office Equipment	3.65	-	-	**3.65**	3.28	0.05	-	**3.33**	**0.32**	0.37
Line pack gas	78.14	-	-	**78.14**	-	-	-	**-**	**78.14**	78.14
Sub-Total	**26,339.69**	**-**	**-**	**26,339.69**	**15,301.55**	**209.23**	**-**	**15,510.78**	**10,828.90**	11,038.13
Leased Assets										
Land	1.56	-	-	**1.56**	0.16	0.00	-	**0.16**	**1.40**	1.41
Sub-Total	**1.56**	**-**	**-**	**1.56**	**0.16**	**0.00**	**-**	**0.16**	**1.40**	1.41
Total (A)	**26,341.25**	**-**	**-**	**26,341.25**	**15,301.71**	**209.23**	**-**	**15,510.94**	**10,830.30**	11,039.54
Intangible assets										
Software*	4.49	-	-	**4.49**	3.00	0.15	-	**3.14**	**1.35**	1.49
Total (B)	**4.49**	**-**	**-**	**4.49**	**3.00**	**0.15**	**-**	**3.14**	**1.35**	1.49
TOTAL (A+B)	**26,345.74**	**-**	**-**	**26,345.74**	**15,304.70**	**209.38**	**-**	**15,514.09**	**10,831.65**	11,041.03
Capital Work-in-Progress									**0.61**	0.36

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

(Rs. in crore)

NOTE 1. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Description	GROSS COST				DEPRECIATION/AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2017	Additions	Deductions	**As at 31st March, 2018**	As at 1st April, 2017	For the year	Deductions	**As at 31st March, 2018**	**As at 31st March, 2018**	As at 31st March, 2017
Tangible assets										
Own Assets										
Freehold Land	56.26	0.41	-	**56.67**	-	-	-	**-**	**56.67**	56.26
Buildings	431.90	-	-	**431.90**	125.67	14.08	-	**139.75**	**292.15**	306.23
Plant and Equipment	25,758.55	0.12	0.00	**25,758.67**	14,326.43	823.80	0.00	**15,150.22**	**10,608.44**	11,432.12
Furniture and Fixtures	8.23	-	-	**8.23**	5.60	0.98	-	**6.58**	**1.66**	2.63
Vehicles	5.31	-	2.88	**2.43**	3.60	0.63	2.51	**1.73**	**0.70**	1.71
Office Equipment	3.42	0.23	-	**3.65**	3.10	0.18	-	**3.28**	**0.37**	0.32
Line pack gas	78.14	-	-	**78.14**	-	-	-	**-**	**78.14**	78.14
Sub-Total	**26,341.80**	**0.77**	**2.88**	**26,339.69**	**14,464.40**	**839.67**	**2.51**	**15,301.55**	**11,038.13**	11,877.40
Leased Assets										
Land	1.56	-	-	**1.56**	0.14	0.01	-	**0.16**	**1.41**	1.42
Sub-Total	**1.56**	**-**	**-**	**1.56**	**0.14**	**0.01**	**-**	**0.16**	**1.41**	1.42
Total (A)	**26,343.36**	**0.77**	**2.88**	**26,341.25**	**14,464.54**	**839.68**	**2.51**	**15,301.71**	**11,039.54**	11,878.82
Intangible assets										
Software*	4.49	-	-	**4.49**	2.40	0.60	-	**3.00**	**1.49**	2.09
Total (B)	**4.49**	**-**	**-**	**4.49**	**2.40**	**0.60**	**-**	**3.00**	**1.49**	2.09
TOTAL (A+B)	**26,347.85**	**0.77**	**2.88**	**26,345.74**	**14,466.94**	**840.28**	**2.51**	**15,304.70**	**11,041.03**	11,880.91
Capital Work-in-Progress									**0.36**	-

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

(Rs. in crore)

NOTE 1. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Description	GROSS COST				DEPRECIATION/AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2016	Additions	Deductions	**As at 31st March, 2017**	As at 1st April, 2016	For the year	Deductions	**As at 31st March, 2017**	**As at 31st March, 2017**	As at 31st March, 2016
Tangible assets										
Own Assets										
Freehold Land	56.26	-	-	**56.26**	-	-	-	**-**	**56.26**	56.26
Buildings	431.32	0.57	-	**431.90**	111.45	14.22	-	**125.67**	**306.23**	319.88
Plant and Equipment	25,752.37	18.45	12.28	**25,758.55**	13,510.88	823.64	8.09	**14,326.43**	**11,432.12**	12,241.49
Furniture and Fixtures	8.23	-	-	**8.23**	4.60	1.01	-	**5.60**	**2.63**	3.63
Vehicles	5.60	-	0.28	**5.31**	2.81	1.07	0.28	**3.60**	**1.71**	2.78
Office Equipment	3.35	0.07	-	**3.42**	2.94	0.16	-	**3.10**	**0.32**	0.41
Line pack gas	78.14	-	-	**78.14**	-	-	-	**-**	**78.14**	78.14
Sub-Total	**26,335.28**	**19.09**	**12.56**	**26,341.80**	**13,632.67**	**840.10**	**8.37**	**14,464.40**	**11,877.41**	12,702.60
Leased Assets										
Land	1.56	-	-	**1.56**	0.13	0.01	-	**0.14**	**1.42**	1.43
Sub-Total	**1.56**	**-**	**-**	**1.56**	**0.13**	**0.01**	**-**	**0.14**	**1.42**	1.43
Total (A)	**26,336.84**	**19.09**	**12.56**	**26,343.36**	**13,632.80**	**840.11**	**8.37**	**14,464.54**	**11,878.83**	12,704.04
Intangible assets										
Software*	4.44	0.05	-	**4.49**	1.81	0.59	-	**2.40**	**2.09**	2.63
Total (B)	**4.44**	**0.05**	**-**	**4.49**	**1.81**	**0.59**	**-**	**2.40**	**2.09**	2.63
TOTAL (A+B)	**26,341.28**	**19.14**	**12.56**	**26,347.85**	**13,634.61**	**840.70**	**8.37**	**14,466.94**	**11,880.92**	12,706.67
Capital Work-in-Progress									**-**	**7.85**

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

(Rs. in crore)

NOTE 1. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Description	GROSS COST				DEPRECIATION/AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2015	Additions	Deductions	**As at 31st March, 2016**	As at 1st April, 2015	For the year	Deductions	**As at 31st March, 2016**	**As at 31st March, 2016**	As at 31st March, 2015
Tangible assets										
Own Assets										
Freehold Land	56.36	(0.00)	0.10	**56.26**	-	-	-	**-**	**56.26**	56.36
Buildings	430.21	1.13	-	**431.33**	97.12	14.33	-	**111.45**	**319.88**	333.09
Plant and Equipment	25,753.46	1.56	2.64	**25,752.36**	12,686.83	826.03	1.98	**13,510.88**	**12,241.49**	13,066.62
Furniture and Fixtures	8.31	0.00	0.08	**8.23**	3.64	1.01	0.06	**4.59**	**3.64**	4.66
Vehicles	5.38	0.76	0.54	**5.60**	1.57	1.62	0.39	**2.81**	**2.79**	3.81
Office Equipment	4.04	0.00	0.69	**3.35**	3.41	0.20	0.67	**2.94**	**0.41**	0.62
Line pack gas	78.14	-	-	**78.14**	-	-	-	**-**	**78.14**	78.14
Sub-Total	**26,335.90**	**3.45**	**4.05**	**26,335.28**	**12,792.58**	**843.19**	**3.10**	**13,632.66**	**12,702.61**	13,543.31
Leased Assets										
Land	1.56	-	-	**1.56**	0.11	0.02	-	**0.13**	**1.43**	1.45
Sub-Total	**1.56**	**-**	**-**	**1.56**	**0.11**	**0.02**	**-**	**0.13**	**1.43**	1.45
Total (A)	**26,337.46**	**3.45**	**4.05**	**26,336.84**	**12,792.69**	**843.21**	**3.10**	**13,632.79**	**12,704.04**	13,544.77
Intangible assets										
Software*	1.52	2.92	-	**4.44**	1.51	0.30	-	**1.81**	**2.63**	0.01
Total (B)	**1.52**	**2.92**	**-**	**4.44**	**1.51**	**0.30**	**-**	**1.81**	**2.63**	0.01
TOTAL (A+B)	**26,338.98**	**6.37**	**4.05**	**26,341.28**	**12,794.20**	**843.51**	**3.10**	**13,634.60**	**12,706.67**	13,544.77
Capital Work-in-Progress									**7.85**	4.71

* Other than internally generated

1.1 Building includes Rs. 67.11 crore for the half year ended 30th September, 2018 and Rs. 78.20 Crore for the year ended 31st March, 2018, 31st March, 2017 and 31st March, 2016 being building constructed on land not owned by the Trust Group.

1.2 Refer note 27 for capital commitments

1.3 For properties mortgaged / hypothecated - Refer note 13.1

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

(Rs. in crore)

	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
NOTE 2. NON-CURRENT FINANCIAL ASSETS				
Loans & Advances				
(Unsecured and Considered Good)				
Security Deposits	1.45	1.46	1.40	1.41
TOTAL	**1.45**	**1.46**	**1.40**	**1.41**
NOTE 3. OTHER NON-CURRENT ASSETS				
(Unsecured and Considered Good)				
Capital Advances	-	-	0.41	0.41
TOTAL	**-**	**-**	**0.41**	**0.41**
NOTE 4. INVENTORIES				
Stock of Natural Gas and Fuel	11.08	9.12	10.63	15.59
Stores and Spares	179.13	193.12	199.61	200.51
TOTAL	**190.21**	**202.24**	**210.24**	**216.10**
4.1 Inventories are measured at lower of cost or net realisable value.				
NOTE 5. CURRENT INVESTMENTS				
Investments measured at Fair Value through Profit and Loss				
In Mutual Funds - Unquoted, fully paid up				
ICICI Prudential Liquid Fund Direct-Growth of ₹ 10 each - 11, 861 units	0.32	-	-	-
	0.32	**-**	**-**	**-**
NOTE 6. TRADE RECEIVABLES				
(Unsecured and Considered Good)				
Trade Receivables - less than six months (Refer Note 29)	61.28	55.31	36.16	47.76
TOTAL	**61.28**	**55.31**	36.16	47.76
NOTE 7. CASH AND CASH EQUIVALENTS				
Balance with Banks in current accounts	0.47	4.54	1.32	31.91
In bank deposits (maturity less than 3 months)	-	-	-	35.00
TOTAL	**0.47**	**4.54**	**1.32**	**66.91**
NOTE 8. OTHER BANK BALANCES				
Other Bank Balances				
In bank deposits to the extent held as security against guarantees and other commitments (Includes balance in an escrow account maintained for amount collected on account of imbalance and overruns from the customers.)	68.43	66.57	62.31	56.55
TOTAL	**68.43**	**66.57**	**62.31**	**56.55**
NOTE 9. OTHER CURRENT FINANCIAL ASSETS				
(Unsecured and Considered Good)				
Deposits	-	-	0.02	0.02
Other Receivables	1.19	2.64	0.31	4.60
Others*	1.73	1.78	1.90	2.39
TOTAL	**2.92**	**4.42**	**2.23**	**7.01**
* Includes Interest Receivable on Fixed Deposits with Banks				
NOTE 10. OTHER CURRENT ASSETS				
(Unsecured and Considered Good)				
Advance paid for Gratuity (Refer note 24)	1.95	2.27	3.14	-
Balance with Central Excise, GST Authorities etc.	20.90	10.06	5.62	3.29
Other Advances*	7.96	6.62	10.17	8.86
TOTAL	**30.81**	**18.95**	**18.93**	**12.15**
*Includes Advances to Vendors				

(Rs. in crore)

	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
NOTE 11. SHARE CAPITAL				
Authorised :				
5 00 00 000 Equity Shares of Rs. 10 each*	50.00	-	-	-
5 00 00 000 Preference Shares of Rs. 10 each*	50.00			
TOTAL	**100.00**	-	-	-
Issued, Subscribed and Fully Paid up :				
50 000 Equity Shares of Rs. 10 each fully paid up	0.05	-	-	-
TOTAL	**0.05**	-	-	-

* Represents Share Capital of PIPL.

11.1 **Reconciliation of the shares outstanding at the beginning and at the end of the reporting periods :**

Particulars	As at 30th September, 2018 No. of Shares	As at 31st March, 2018 No. of Shares	As at 31st March, 2017 No. of Shares	As at 31st March, 2016 No. of Shares
Equity Shares:				
Equity Shares at the beginning of the period / year	-	-	-	-
Issued during the period / year	50 000	-	-	-
Equity Shares at the end of the period / year	50 000	-	-	-

11.2 **The details of Shareholders holding more than 5% shares and details of Shares held by holding company or holding company of holding company or by subsidiaries / associates of holding company :**

Name of Shareholders	As at 30th September, 2018	
	No. of Shares	% held
Equity Shares		
Reliance Industries Holding Private Limited (Holding Company)	50 000	100%

Note: Since details of units to be issued are not available, the required disclosures in respect of the same have not been provided above.

11.3 **Rights and Restrictions to Equity Shares**

Equity Shares - The Equity Shares of the PIPL, rank pari passu in all respects including voting rights and entitlement to dividend. In the event of liquidation of the PIPL, the holders of equity shares will be entitled to receive any of the remaining assets of the PIPL after distribution of all preferential amounts, in proportion to their shareholding.

The PIPL has only one class of equity shares.

(Rs. in crore)

NOTE 12. OTHER EQUITY	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Balances with Remaining Group*				
Closing Balance	-	(353.35)	261.17	959.72
Equity component of financial instrument				
Opening Balance	8,896.62	8,896.62	5,112.89	2,981.98
Amount adjusted to the Financial Instrument during the period / year	-	-	(4,216.27)	2,130.91
Transferred to retained earnings				
9% Optionally Convertible Preference Shares Issued during the period / year (Refer Note 12.1)	-	-	8,000.00	-
9% Optionally Convertible Preference Shares cancelled during the period under a scheme of arrangement and converted to short term loan	(8,896.62)	-	-	-
Closing Balance	-	8,896.62	8,896.62	5,112.89
Share Application Money pending Allotment				
As per last Balance Sheet	-			
Add: During the year	1.45			
Retained Earnings				
Opening Balance	(2,158.48)	(1,852.61)	(1,390.67)	(529.36)
Profit / (Loss) for the period / year	(418.25)	(305.87)	(461.94)	(861.31)
Adjustment pursuant to Scheme of Arrangement (Refer note 33)	2,227.91			
Closing Balance	(348.82)	(2,158.48)	(1,852.61)	(1,390.67)
Other Comprehensive Income [OCI] - Remeasurement of defined benefit liability				
Opening Balance	2.40	3.20	(0.45)	
Movement in OCI (Net) during the period / year	(0.28)	(0.80)	3.65	(0.45)
Adjustment pursuant to Scheme of Arrangement (Refer note 33)	(2.40)			
Closing Balance	(0.28)	2.40	3.20	(0.45)
TOTAL	**(347.65)**	**6,387.19**	**7,308.38**	**4,681.49**

* Refer note B.1 of Significant Accounting Policies

12.1 **9% Optionally Convertible Preference Shares [OCPS] issued by EWPL**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

	As at 30th September, 2018 No. of Shares	As at 31st March, 2018 No. of Shares	As at 31st March, 2017 No. of Shares	As at 31st March, 2016 No. of Shares
OCPS at the beginning of the period	**800 00 00 000**	800 00 00 000	-	-
Add/(Less): Issued / adjusted during the period	**(800 00 00 000)**	-	800 00 00 000	-
OCPS at the end of the period	-	800 00 00 000	800 00 00 000	-

(b) The details of Shareholders holding more than 5% shares and details of shares held by holding company or holding

Name of holders of OCPS	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	% held	No. of Shares	% held
Sikka Ports & Terminals Limited (Formerly Reliance Ports And Terminals Limited) (Holding Company of the Holding Company)	800 00 00 000	100%	800 00 00 000	100%

(c) Each OCPS shall be redeemed at Rs. 10 or converted into 10 (Ten) Equity Shares of Re. 1 each at any time at the option of EWPL, but not later than 10 years from the date of allotment of OCPS.

Series	Date of allotment	No. of Shares
I	24th October, 2016	400 00 00 000
II	26th October, 2016	400 00 00 000
Total		**800 00 00 000**

(d) Rights and Restrictions to Preference Shares
The preference shareholders shall carry voting rights as per the provisions of Section 47(2) of the Act.

12.2 The issuer has the right to declare dividend on OCPS and has not declared the same for the financial years 2016-17 and 2017-18. The OCPS shareholders have waived their right for receiving the dividend for the financial years 2016-17 and 2017-18.

(Rs. in crore)

	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
NOTE 13. NON CURRENT BORROWINGS				
A. TERM LOANS - AT AMORTISED COST				
Secured				
From Banks	-	-	-	4,015.15
B. LOAN FROM RELATED PARTY - AT AMORTISED COST				
Unsecured				
Loan from Body Corporate (Liability component of financial instrument)	-	-	-	4,104.69
TOTAL	-	-	-	**8,119.84**

13.1 The Term Loans from Banks referred to above including current maturities of long term debt as given in Note 19, carrying interest at 9.45% / 9.50% per annum, are repayable and are secured on first ranking pari passu basis by way of mortgage / hypothecation / charge over;

(a) all fixed assets of the Trust group, both present and future;

(b) all stocks, goods, book debts, revenue and Receivables, both present and future, of the Company from the operations of the Project;

(c) all rights, titles, interest, claims and demands of the Company in respect of Project Documents including Insurance contracts;

(d) all its bank accounts.

13.2 Unsecured Loan from Body Corporate represents loan from Sikka Ports & Terminals Limited. The loan is for a tenure of 10 years, and interest shall accrue on the outstanding amount of loan provided the Company is in compliance of certain Financial Covenants.

NOTE 14. OTHER NON CURRENT FINANCIAL LIABILITIES (Rs. in crore)

	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Others				
Security Deposits	2.70	8.10	44.02	52.63
TOTAL	**2.70**	**8.10**	**44.02**	**52.63**

NOTE 15. DEFERRED TAX LIABILITIES (NET)

The movement on the deferred tax account is as follows:				
At the start of the year	-	-	-	-
Charge to Statement of Profit and Loss	206.00	-	-	-
At the end of the year	**206.00**	-	-	-

Component of Deferred tax liabilities / (asset)	**As at 31st March, 2018**	**Charge to profit and loss**	**As at 30th September, 2018**
Deferred tax liabilities / (asset) in relation to:			
Property, Plant and Equipment	-	160.00	160.00
Intangible Assets	-	46.00	46.00
TOTAL	**-**	**206.00**	**206.00**

15.1 Deferred tax asset of Rs. 256 crores has not been created on carry forward loss for the period ended 30th September, 2018.

NOTE 16. OTHER NON CURRENT LIABILITIES

	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Others				
Income Received In Advance	4.31	6.61	18.34	23.88
Other Payables*	69.39	67.77	63.74	58.46
TOTAL	**73.70**	**74.38**	**82.08**	**82.34**

16.1 *Includes Imbalance and Overrun Charges (As per sub-regulation (10) of regulation (13) of notification no. G.S.R. 541E dated 17th July, 2008 issued and amended from time to time by Petrol and Natural Gas Regulatory Board ("PNGRB"), the Company has maintained an escrow account for charges collected on account of imbalance and overruns from the customers. The same will be utilised as per the directions issued by PNGRB.) (Refer note 8)

NOTE 17. BORROWINGS - CURRENT

A. LOAN FROM RELATED PARTY

Unsecured				
Loan from Related Party (Refer Note 30) (Payable on demand)	16,400.00	4,826.70	4,727.25	-
TOTAL	**16,400.00**	**4,826.70**	**4,727.25**	**-**

NOTE 18. TRADE PAYABLES

Micro and Small Enterprises	0.14	0.09	0.17	0.87
Others	59.48	57.26	24.72	21.53
TOTAL	**59.62**	**57.35**	**24.89**	**22.40**

18.1 There are no amount over due during the period / year for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

NOTE 19. OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Secured Long-term Debt	-	-	-	105.66
Interest accrued but not due on Borrowings	-	-	-	32.82
Creditors for Capital Expenditure	-	0.83	4.48	12.68
Other Financial Liabilities (Refer note 30)	650.93	-	-	-
TOTAL	**650.93**	**0.83**	**4.48**	**151.16**

NOTE 20. OTHER CURRENT LIABILITIES

Income Received In Advance	5.27	5.94	5.55	5.55
Other payables*	34.28	33.21	16.00	3.92
TOTAL	**39.55**	**39.15**	**21.55**	**9.47**

* Includes Statutory dues, Security deposits received and Advances from customers.

NOTE 21. SHORT TERM PROVISIONS

Provision for Leave encashment/ Superannuation (Refer Note 24)	1.11	1.18	1.27	3.49
TOTAL	**1.11**	**1.18**	**1.27**	**3.49**

(Rs. in crore)

	Half year ended 30th Sept. 2018	31st March, 2018	For the year ended 31st March, 2017	31st March, 2016
NOTE 22. REVENUE FROM OPERATIONS				
Income from Services				
Income from Transportation of Gas	597.98	821.71	798.07	1,008.96
Other Operating Income				
Deferred Delivery Services	45.83	49.80	19.65	37.80
Others	19.31	13.27	3.27	3.27
TOTAL	**663.12**	**884.78**	**820.99**	**1,050.03**
NOTE 23. OTHER INCOME				
Interest Income				
From Fixed Deposits	2.13	4.06	5.02	4.72
From Others*	1.40	1.80	2.28	2.29
Profit on Sale of Property, Plant and Equipment	-	0.09	1.98	0.14
Other Non-Operating Income	1.24	3.34	6.00	6.90
TOTAL	**4.77**	**9.29**	**15.28**	**14.05**

* Includes amortised amount for the year in respect of Financial Liabilities.

NOTE 24. EMPLOYEE BENEFITS EXPENSE				
Salaries, Wages and Bonus	11.38	20.12	18.47	41.90
Contribution to Provident Fund and other Funds	0.57	1.11	1.62	2.74
Staff welfare expenses	1.30	2.97	2.85	4.16
TOTAL	**13.25**	**24.20**	**22.94**	**48.80**

24.1 **Disclosure as per Indian Accounting Standard 19 "Employee Benefits" are given below :**

(Rs. in crore)

	30th Sept. 2018	31st March, 2018	31st March, 2017	31st March, 2016
Defined Contribution Plan				
Contribution to defined Contribution Plan, recognised as expense for the year are as under:				
Employer's Contribution to Provident Fund	0.32	0.65	0.67	1.39
Employer's Contribution to Superannuation Fund	0.02	0.03	0.05	0.12
Employer's Contribution to Pension Scheme	0.17	0.32	0.30	0.60

Defined Benefit Plan

The Trust Group operated post retirement benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Gratuity (Funded)

The Trust Group makes annual contributions under the Employees Gratuity scheme to a fund administered by Trustees covering all eligible employees. The plan provides for lump sum payments to employees whose right to receive gratuity had vested at the time of resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service except in case of death.

The details in respect of the status of funding and the amounts recognised in the Trust Group's financial statements for the period / year ended 30 September 2018, 31 March 2018, 31 March 2017 and 31 March 2016 for these defined benefit schemes are as under:

i) **Reconciliation of opening and closing balances of Defined Benefit Obligation**

	30th Sept. 2018	31st March, 2018	31st March, 2017	31st March, 2016
a. Defined Benefit Obligation at beginning of the period / year	2.96	2.98	5.73	5.01
b. Current Service Cost	0.13	0.29	0.51	0.50
c. Interest Cost	0.12	0.22	0.46	0.40
d. Liability Transferred In/ Acquisitions	-	-	-	0.02
e. Actuarial (gain) / loss	0.28	0.85	(3.60)	0.50
f. Benefits paid	(0.58)	(1.38)	(0.12)	(0.70)
g. Defined Benefit Obligation at end of the period / year	2.91	2.96	2.98	5.73

ii) **Reconciliation of opening and closing balances of fair value of Plan Assets**

	30th Sept. 2018	31st March, 2018	31st March, 2017	31st March, 2016
a. Fair value of Plan Assets at beginning of the period / year	5.23	6.11	5.73	5.01
b. Expected Return on Plan Assets	0.21	0.45	0.45	0.40
c. Actuarial Gain / (Loss)	0.00	0.05	0.05	0.05
d. Assets Transferred In/Acquisitions	-	-	-	0.02
e. Employer Contributions	-	-	-	0.95
f. Benefits paid	(0.58)	(1.38)	(0.12)	(0.70)
g. Fair value of Plan Assets at the end of the period / year	4.86	5.23	6.11	5.73
h. Actual Return on Plan assets	0.21	0.50	0.50	0.45

(Rs. in crore)

iii) Reconciliation of fair value of assets and obligations

	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
a. Fair value of Plan Assets at end of the period / year	4.86	5.23	6.11	5.73
b. Present value of Obligation as at end of the period / year	2.91	2.96	2.98	5.73
c. Amount recognised in the Balance Sheet [Surplus / (Deficit)]	1.95	2.27	3.13	-

iv) Expenses recognised during the period / year

	30th Sept. 2018	31st March, 2018	31st March, 2017	31st March, 2016
a. Current Service Cost	0.13	0.29	0.51	0.50
b. Interest Cost	0.12	0.22	0.46	0.40
c. Expected Return on Plan Assets	(0.21)	(0.45)	(0.45)	(0.40)
d. Actuarial (Gain)/Loss recognised in Other Comprehensive Income	0.28	0.80	(3.65)	0.45
e. Expenses recognised during the period / year	0.32	0.86	(3.13)	0.95

v) Investment Details

Particulars of Investments - Gratuity (%)

The Gratuity Trust has taken Gratuity Policies from various Insurance Companies, therefore percentage of investments in GOI Securities, Public Financial Institutions etc. are not ascertainable.

vi) Actuarial Assumptions

Mortality Table (IALM)

	Gratuity (Funded)			
	30th Sept. 2018	31st March, 2018	31st March, 2017	31st March, 2016
	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate	8.30%	8.00%	7.46%	8.00%
Salary escalation	6.00%	6.00%	6.00%	6.00%
Employee turnover	2.00%	2.00%	2.00%	2.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and

demand in the employment market. The expected rate of return on plan assets is determined considering RBI Bond Interest rate or historical return on plan assets.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Trust Group's policy for Plan Assets Management.

vii) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows)	9 years
Expected cash flows over the next (valued on undiscounted basis):	
1 year	0.27
2 to 5 years	0.97
6 to 10 years	1.35
More than 10 years	4.80

viii) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

	As at 30th September, 2018		As at 31st March, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of -/+ 0.5%)	0.13	(0.12)	0.14	(0.13)
Change in rate of salary increase (delta effect of -/+ 0.5%)	(0.13)	0.14	(0.13)	0.14
Change in rate of Attrition rate (delta effect of -/+ 25%)	(0.02)	0.02	(0.02)	0.02

	As at 31st March, 2017		As at 31st March, 2016	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of -/+ 0.5%)	0.13	(0.12)	0.25	(0.23)
Change in rate of salary increase (delta effect of -/+ 0.5%)	(0.13)	0.13	(0.23)	0.25
Change in rate of employee turnover (delta effect of -/+ 0.5%)	(0.02)	0.02	(0.04)	0.04

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(Rs. in crore)

These plans typically expose the Trust Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Leave encashment plan and compensated absences:
The Trust Group provides for leave encashment / compensated absences based on an independent actuarial valuation at the balance sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The actuarial assumptions on compensated absences considered are same as the table (vi) above.

(Rs. in crore)

	Half year ended 30th Sept. 2018	31st March, 2018	For the year ended 31st March, 2017	31st March, 2016
NOTE 25. FINANCE COSTS				
Interest Expenses	3.45	(0.41)	260.29	790.45
Other Borrowing Costs	0.00	0.05	10.07	1.05
TOTAL	**3.45**	**(0.36)**	**270.36**	**791.50**
NOTE 26. OTHER EXPENSES				
OPERATION AND MAINTAINANCE EXPENSES				
Stores and Spare	5.61	12.53	13.33	22.31
Electricity, Power and Fuel	37.93	66.06	62.86	87.02
Repairs - Machinery	11.86	34.97	28.63	45.34
Transmission Charges *	257.74	179.79	-	-
Other Operational Expenses	3.97	6.31	6.48	7.82
	317.11	299.66	111.30	162.49
ADMINISTRATION EXPENSES				
Payment to Managerial Personnel on deputation	1.12	2.25	2.12	1.96
Insurance	2.95	6.51	7.26	7.03
Rent	0.10	0.59	0.72	0.32
Repairs - Others	0.11	0.38	0.36	0.17
Rates and Taxes	0.55	1.28	0.27	2.97
Contracted and others services	0.43	2.37	14.74	31.75
Travelling and Conveyance	2.40	4.85	5.82	10.56
Payment to Auditors	0.10	0.41	0.49	0.50
Professional Fees	0.68	2.68	5.41	5.12
Letter of credit and bank charges	0.05	0.07	0.03	1.32
Security Expenses	3.95	8.23	7.53	7.95
General Expenses	4.06	6.54	8.16	9.44
	16.50	36.16	52.91	79.09
TOTAL	**333.61**	**335.82**	**164.21**	**241.58**

* Transmission through third party pipeline

NOTE 27. CONTINGENT LIABILITITIES AND COMMITMENTS

(to the extent not provided for) **Commitments**	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	4.71	1.10	0.63	6.95

NOTE 28. CAPITAL MANAGEMENT

The Trust Group adheres to a disciplined Capital Management framework which is underpinned by the following guiding principles;
a) Maintain financial strength to ensure AAA ratings
b) Ensure financial flexibility and diversify sources of financing and their maturities to minimize liquidity risk while meeting investment requirements.
c) Proactively manage exposure in forex, interest and commodities to mitigate risk to earnings.
d) Leverage optimally in order to maximize shareholder returns while maintaining strength and flexibility of the Balance sheet.
This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.
The gearing ratio at end of the reporting period was as follows:

	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Gross Debt*	16,400.00	4,826.70	4,727.25	8,225.50
Cash and Marketable Securities	0.47	4.54	1.32	66.91
Net Debt (A)	16,399.53	4,822.16	4,725.93	8,158.59
Total Equity (As per Balance Sheet) (B)	(347.60)	6,387.19	7,308.38	4,681.49
Net Gearing Ratio (A/B)	-	**0.75**	**0.65**	**1.74**

* Gross debt comprises long term and short term borrowings.

NOTE 29. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Particulars	As at 30th September, 2018		As at 31st March, 2018		As at 31st March, 2017		As at 31st March, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets								
At Amortised Cost								
Security Deposits	1.45	1.45	1.46	1.46	1.40	1.40	1.41	1.41
Current Investments	0.32	0.32	-	-	-	-	-	-
Trade Receivables	61.28	61.28	55.31	55.31	36.16	36.16	47.76	47.76
Cash and Cash Equivalents	0.47	0.47	4.54	4.54	1.32	1.32	66.91	66.91
Other Bank Balances	68.43	68.43	66.57	66.57	62.31	62.31	56.55	56.55
Other Financial Assets	2.92	2.92	4.42	4.42	2.23	2.23	7.01	7.01
Financial Liabilities								
At Amortised Cost								
Borrowings	16,400.00	16,400.00	4,826.70	4,826.70	4,727.25	4,727.25	8,225.50	8,225.50
Trade Payables	59.62	59.62	57.35	57.35	24.89	24.89	22.40	22.40
Other Financial Liabilities	653.63	653.63	8.93	8.93	48.51	48.51	203.79	203.79

Since none of the Financial Assets and Financial Liabilities are measured at fair value, disclosure of level wise composition is not given.

Foreign Currency Risk

The following table shows foreign currency exposures in USD, EUR and GBP on financial instruments at the end of the reporting period. The exposure to foreign currency for all other currencies are not material.

Foreign Currency Exposure

(Rs. in crore)

Particulars	As at 30th September, 2018			As at 31st March, 2018			As at 31st March, 2017			As at 31st March, 2016		
	USD	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP
Trade and Other Payables	(0.88)	2.50	-	12.43	1.79		5.91	0.96	0.09	2.12	0.29	0.12
Net Exposure	(0.88)	2.50	-	12.43	1.79		5.91	0.96	0.09	2.12	0.29	0.12

Sensitivity analysis of 1% change in exchange rate at the end of reporting period net of hedges

Foreign Currency Sensitivity

(Rs. in crore)

Particulars	As at 30th September, 2018			As at 31st March, 2018			As at 31st March, 2017			As at 31st March, 2016		
	USD	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP
1% Depreciation in INR												
Impact on Equity												
Impact on P&L	0.01	(0.02)	-	(0.12)	(0.02)	-	(0.06)	(0.01)	(0.00)	(0.02)	(0.00)	(0.00)
Total	0.01	(0.02)	-	(0.12)	(0.02)	-	(0.06)	(0.01)	(0.00)	(0.02)	(0.00)	(0.00)
1% Appreciation in INR												
Impact on Equity												
Impact on P&L	(0.01)	0.02	-	0.12	0.02	-	0.06	0.01	0.00	0.02	0.00	0.00
Total	(0.01)	0.02	-	0.12	0.02	-	0.06	0.01	0.00	0.02	0.00	0.00

Interest Rate Risk

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows

Interest Rate Exposure

(Rs. in crore)

Particulars	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Loan				
Long term Floating Loan	-	-	-	4,015.15
Long term Fixed Loan				
Short term Loan	-	-	-	105.66
Total	-	-	-	**4,120.81**

Impact on Interest Expenses for the year on 1% change in Interest rate

Interest Rate Sensitivity

(Rs. in crore)

Particulars	As at 30th September, 2018		As at 31st March, 2018		As at 31st March, 2017		As at 31st March, 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on Equity	-	-	-	-	-	-	-	-
Impact on P&L	-	-	-	-	-	-	(41.21)	41.21
Total Impact			-	-			**(41.21)**	**41.21**

Refer note no. 13 for interest rate of loans and carrying amount.

Credit Risk

Credit risk is the risk that a customer or counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Trust Group has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Receivables are from credit worthy customers having maturities of less than 30 days. There are no overdue receivables in each of the period/year.

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

Liquidity Risk

Liquidity risk arises from the Trust Group's inability to meet its cash flow commitments on time. The Project SPV's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Project SPV closely monitors its liquidity position and deploys a disciplined cash management system. The Trust Group's liquidity is managed centrally with operating units forecasting their cash and liquidity requirements.

(Rs. in crore)

	Maturity Profile of Loans as on 30th September, 2018						
Particulars	**Below 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**Above 5 Years**	**Total**
Non Derivative Liabilities							
Long Term Loans	-	-	-	-	-	-	-
Short Term Loans	16,400.00	-	-	-	-	-	16,400.00
Total Borrowings	**16,400.00**	**-**	**-**	**-**	**-**	**-**	**16,400.00**

	Maturity Profile of Loans as on 31 March, 2018						
Particulars	**Below 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**Above 5 Years**	**Total**
Non Derivative Liabilities							
Long Term Loans	-	-	-	-	-	-	-
Short Term Loans	4,826.70	-	-	-	-	-	4,826.70
Total Borrowings	**4,826.70**	**-**	**-**	**-**	**-**	**-**	**4,826.70**

	Maturity Profile of Loans as on 31 March, 2017						
Particulars	**Below 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**Above 5 Years**	**Total**
Non Derivative Liabilities							
Long Term Loans	-	-		-	-	-	-
Short Term Loans	4,727.25	-	-				4,727.25
Total Borrowings	**4,727.25**	**-**	**-**	**-**	**-**	**-**	**4,727.25**

	Maturity Profile of Loans as on 31 March, 2016						
Particulars	**Below 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**Above 5 Years**	**Total**
Non Derivative Liabilities							
Long Term Loans	-	-	105.66	211.32	211.32	7,697.20	8,225.50
Short Term Loans	-	-	-	-	-	-	-
Total Borrowings	**-**	**-**	**105.66**	**211.32**	**211.32**	**7,697.20**	**8,225.50**

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

NOTE 30. RELATED PARTY DISCLOSURES

As per Ind AS 24, the disclosures of transactions with the related parties are given below:
List of related parties where control exists and related parties with whom transactions have taken place and relationships:

i) Name of Related Party

India Infrastructure Trust - Related parties as per SEBI InVIT guidelines

PenBrook Capital Advisors Private Ltd (Investment Manager)
Rapid Holdings 2 Pte. Ltd (Sponsor)
Axis Trustee Services Limited (Trustee)
ECI India Managers Private Limited (Project Manager)
Rutvi Project Managers Private Limited
Pipeline Infrastructure Private Ltd (Post acquisition of PIPL by the InVIT)

	PenBrook Capital Advisors Private Ltd	**Rapid Holdings 2 Pte. Ltd**	**Axis Trustee Services Limited**	**ECI India Managers Private Limited**	**Pipeline Infrastructure Private Ltd**
Directors	Rajeev Ashok Piramal	Timothy Peter Lewis	Ram Bharosey Lal Vaish	Mihir Anil Nerurkar	Sundar Mathrubootheswara n
	Sridhar Rengan	Aviral Chaturvedi	Rajesh Kumar Dahiya	Nawal Saini	Emani Venkata Sarveswara
	Chetan Rameshchandra Desai	Aanandjit Sunderaj	Sanjay Sinha	Jeffrey Wayne Kendrew	Hariharan Mahadevan
	Narendra K. Aneja	Liew Yee Foong			
Promoters	Peninsula Investment Management Company Ltd		Axis Bank Limited	Rapid Holdings 2 Pte Ltd	
	Brookfield Capital Partners (Bermuda) Ltd		K Vishwanathan (Nominee of Axis Bank)	Mihir Anil Nerurkar	
	BPG India LLC		Hemadri Shekhar Chatterjee (Nominee of Axis Bank)	Nawal Saini	
			Advait Majmudar (Nominee of Axis Bank)	Jeffrey Wayne Kendrew	
			Sanjay Silas (Nominee of Axis Bank)		
			Neelesh Radheshyam Baheti (Nominee of Axis Bank)		
			Cyril Anand Madireddi (Nominee of Axis Bank)		

PIPL - Upto date of acquisition by India Infrastructure Trust
Entities which exercise control on the company
Reliance Industries Holding Private Limited (from 29th June, 2018)
Sikka Ports & Terminals Limited (Formerly Reliance Ports and Terminals Limited) (Upto 28th June, 2018)

Fellow Subsidiary Company
East West Pipeline Limited

EWPL - Upto appointed date of 1st july , 2018
Entities which exercise control on the company
Reliance Industries Holding Private Limited
Sikka Ports & Terminals Limited (Formerly Reliance Ports and Terminals Limited)
EWPL Holdings Private Limited (Formerly Reliance Utilities Private Limited)

Associate Company
Reliance Industries Limited

Fellow Subsidiary Company
Jamnagar Utilities and Power Private Limited
Reliance Consolidated Holding Private Limited
[Amalgamated with Reliance Industries Holding Private Limited w.e.f. September 30, 2015]

Key Managerial Person
Mr. R. K. Dhadda
Mr. Ramachandran Venkataraman [w.e.f December 16, 2016]
Mr. Bijay Agrawal [upto December 14, 2016]
Mr. Ritesh Shiyal [w.e.f December 14, 2016]
Mr. M Sundar [upto October 24, 2016]

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

ii) Transactions during the year with related parties (Excluding reimbursements) :

(Rs. in crore)

Sr.no.	Particulars	Relationship	Quarter ended 30th June 2018	31st March, 2018	For the year ended 31st March, 2017	31st March, 2016
1	**Loan Taken**					
	Sikka Ports & Terminals Limited	Entities which exercise control on the company	**11,573.55**	99.45	406.29	3,467.68
	Loan Repaid					
	Sikka Ports & Terminals Limited	Entities which exercise control on the company	**0.25**	-	4,000.00	-
2	**Other Financial Liabilities**					
	Sikka Ports & Terminals Limited	Entities which exercise control on the company	**1.70**	-	-	-
3	**Issue / (cancellation) of Preference Shares**					
	Sikka Ports & Terminals Limited	Entities which exercise control on the company	**(8,000.00)**	-	8,000.00	-
	Issue of Equity Shares					
	Sikka Ports & Terminals Limited	Entities which exercise control on the company	**0.05**	-	-	-
4	**Deposit received for proposing candidature of Directors**					
	EWPL Holdings Private Limited	Entities which exercise control on the company	-	0.02	-	0.03
5	**Deposit repaid for proposing candidature of Directors**					
	EWPL Holdings Private Limited	Entities which exercise control on the company	-	0.02	-	0.03
6	**Transportation Charges**					
	Sikka Ports & Terminals Limited	Entities which exercise control on the company	-	-	0.02	-
7	**Sale of materials**					
	Reliance Industries Limited	Associate Company	**-**	0.11	0.07	0.31
8	**Sale of assets**					
	Sikka Ports & Terminals Limited	Entities which exercise control on the company				0.18
	Jamnagar Utilities and Power Private Limited	Fellow Subsidiary Company	**-**	-	-	0.10
9	**Purchase of fuel**					
	Reliance Industries Limited	Associate Company	**8.97**	35.49	32.22	47.43
10	**Interest expenses**					
	Sikka Ports & Terminals Limited	Entities which exercise control on the company	**-**	-	-	367.26
11	**Income from Services (Including Taxes)**					
	Reliance Industries Limited	Associate Company	**219.29**	465.06	210.47	220.56
12	**Remuneration**					
	Mr. R.K.Dhadda	Key Managerial Person	**0.27**	1.07	1.38	1.46
	Mr. Ramachandran Venkataraman [w.e.f December 16, 2016]	Key Managerial Person	**0.29**	1.18	0.29	
	Mr. Bijay Agrawal [upto December 14, 2016]	Key Managerial Person			0.46	0.50

(Rs. in crore)

		Quarter ended 30th Sept. 2018
Share Application Money pending Allotment		
Reliance Industries Holding Private Limited	Entities which exercise control on the company	**1.45**
Other Payables		
Transaction pursuant to scheme - Refer Note 33		
East West Pipeline Limited	Fellow Subsidiary Company	**650.93**

INDIA INFRASTRUCTURE TRUST
Notes forming part of Special Purpose Combined Financial Statements

iii) Balances as at end of the year

(Rs. in crore)

Particulars	Relationship	As at 30th September, 2018	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Preference Share capital					
Sikka Ports & Terminals Limited	Entities which exercise control on the company	-	8,000.00	8,000.00	-
Equity Share Capital					
Reliance Industries Holding Private Limited	Entities which exercise control on the company	**0.05**	-	-	-
Share Application Money pending Allotment					
Reliance Industries Holding Private Limited	Entities which exercise control on the company	**1.45**	-	-	-
Loan Taken					
Sikka Ports & Terminals Limited	Entities which exercise control on the company	**16,400.00**	4,826.70	4,727.25	4,104.69
Other Payables					
East West Pipeline Limited	Fellow Subsidiary Company	**650.93**	-	-	-
Trade Receivables					
Reliance Industries Limited	Associate Company	-	37.01	11.84	6.95
Trade Payables					
Reliance Industries Limited	Associate Company	-	-	1.20	1.92
Equity Component of Compound Financial Instrument					
Sikka Ports & Terminals Limited	Entities which exercise control on the company	-	-	-	5,112.89

NOTE 31. SEGMENT INFORMATION

The SPV Group's activities comprise of transportation of natural gas in certain states in India. Based on the guiding principles given in Ind AS 108 on "Segment Reporting", this activity falls within a single business and geographical segment and accordingly the disclosures of Ind AS 108 have not been separately given.

Revenues from below customers represents more than 10% of the Company's revenue for the period / year.

	Half year ended	For the year ended		
	Apr-Sep 2018	**2017-18**	**2016-17**	**2015-16**
Customer A	420.87	429.02	191.34	202.23
Customer B	-	-	118.73	183.37
Customer C	-	-	97.92	152.80

Note 32. Earnings Per Unit (EPU)

The number of units that India Infrastructure Trust will issue to investors in the proposed initial offer through private placement is not presently ascertainable. Hence the disclosures in respect of Earnings per Unit have not been given.

Note 33. A Scheme of Arrangement between EWPL and PIPL and their respective shareholders and creditors (hereinafter referred as 'the Scheme') under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable provisions, if any, of the Companies Act, 2013 for the transfer to, and vesting in, PIPL, the business of owning and operating cross-country pipelines between Kakinada in Andhra Pradesh and Bharuch in Gujarat for transportation of natural gas (hereinafter referred as 'Pipeline Business') of EWPL as a going concern was sanctioned by Ahmedabad and Mumbai benches of Hon'ble National Company Law Tribunal (NCLT) vide their orders dated 12th November 2018 and 21st December 2018 respectively. The acquisition date for the transaction is July 1 2018 being Appointed Date as specified in the Scheme of Arrangement.

EWPL and PIPL are subsidiaries of Reliance Industries Holding Private Limited (RIHPL). The Framework Agreement, records the understanding among the parties for, among others (1) raising of funds by the Trust; (2) transfer of the entire issued equity share capital of PIPL to the Trust; (3) subscription by the Trust to the PIPL NCDs; (4) transfer of the Pipeline Business from EWPL to PIPL pursuant to the Scheme of Arrangement for a net consideration of Rs 650 crore. The net consideration is payable once the Trust acquires PIPL (5) repayment of the unsecured liability of ₹16,400 crore ("Outstanding Payables"), owed by EWPL in relation to the Pipeline Business, and being transferred to PIPL pursuant to the Scheme of Arrangement from the proceeds of the equity shares and Non Convertible Debentures subscribed to by the Trust.

As the special purpose Ind AS financial statements have been prepared for the purpose of preparation of the combined special purpose Ind AS financial statements of the Trust, the assets and liabilities are recognised by PIPL at their acquisition date fair values as on July, 1 2018 on the following basis as per the NCLT approved Scheme of Arrangement:

(i) Property, Plant and Equipment forming a part of the pipeline business have been recorded at their fair value of Rs 15,200 crore determined by an independent engineering firm.

(ii) Rs. 1850 crore has been assigned to intangible assets including Pipeline Usage Agreement based on a valuation by an independent accounting firm.

(iii) Borrowings have been recorded at carrying value of Rs. 16,400 crore.

(iv) The net consideration for such transfer will be settled by (a) payment of Rs. 600 Crore and (b) issue and allotment of 5,00,00,000 Preference Shares of face value of Rs. 10/- each aggregating to Rs. 50 Crore, by PIPL to EWPL. The aggregate amount of Rs. 650 Crore towards consideration payable as above, has been recognised as current financial liabilities in the books of PIPL as on 30th September 2018;

(v) The following table summarizes the effect of the business combination in terms of purchase consideration to be paid by PIPL and the amount of assets and liabilities acquired and their fair values at the acquisition date:

	Fair Value (in crore)
Property, Plant and Equipment (PPE)	15,200
Intangible Assets including Pipeline Usage Agreement (PUA)	1,850
Total Assets	17,050
Borrowings	(16,400)
Net Consideration Payable to EWPL as per Scheme of Arrangement	**650**

(vi) Other liabilities which relate to the Pipeline Business are transferred to PIPL along with other assets. The excess of other assets over other liabilities transferred to PIPL at their carrying value has been recognised as payable to EWPL.

	Carrying Value (in crore)
Capital WIP	1
Loans & Advances	1
Inventories	193
Trade Receivables	67
Cash and Cash Equivalents	0
Other Bank Balances	68
Other Financial Assets	3
Other Current Assets	29
Other Non-Current Financial Liabilities	(2)
Other Non-Current Liabilities	(74)
Trade Payables	(63)
Other Current Financial Liabilities	(3)
Other Current Liabilities	(50)
Provision for Leave encashment/ Superannuation	(1)
Net amount Payable to EWPL as on 1st July 2018	**170**

Note 34. Event subsequent to the date of Balance Sheet

i) PIPL has issued, on rights basis, 4,99,50,000 Equity Shares of Face Value of Rs. 10/- each at par aggregating to Rs. 49,95,00,000/- and which were allotted as under:

No. of Equity Shares	Date of allotment
1,450,000	October 24, 2018
48,500,000	January 9, 2019

ii) Capital commitment as at 13th February, 2019 is Rs. 16.51 crore.

Note 35. The figures of the corresponding previous years have been regrouped / reclassified wherever necessary, to make them comparable.

INDIA INFRASTRUCTURE TRUST

Notes forming part of Special Purpose Combined Financial Statements

(Rs. in crore)

Note 36. Disclosures as required by SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016

The Trust consists of only one project.

A. Project wise operating cash flows

(Rs. in crore)

Project	**As at 30th September, 2018**	**As at 31st March, 2018**	**As at 31st March, 2017**	**As at 31st March, 2016**
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax as per Statement of Profit and Loss	(212.25)	(305.87)	(461.94)	(861.31)
Adjusted for:				
Depreciation and Amortisation Expense	529.83	840.28	840.70	843.51
Loss on sale of Property, Plant and Equipment (Net)	-	(0.09)	(1.98)	(0.13)
Interest Income	(3.52)	(5.86)	(7.29)	(7.01)
Finance Costs	3.45	(0.36)	270.36	791.50
Total	529.76	833.97	1,101.79	1,627.87
Operating profit / (loss) before working capital changes	317.51	528.10	639.85	766.56
Trade and Other Receivables	(16.58)	(21.66)	9.23	23.43
Inventories	12.03	7.99	5.86	70.02
Trade and Other Payables	(2.92)	14.66	4.44	(17.86)
Total changes in working capital	(7.47)	0.99	19.53	75.59
Cash Generated from / (used in) Operations	310.04	529.09	659.38	842.15
Taxes Paid (Net)	-	-	-	-
Net Cash Flow from / (used in) Operating Activities	310.04	529.09	659.38	842.15

B. Capitalisation statement

Particulars	**Pre- Issue as at 30th September, 2018**	**As Adjusted for issue***
Total debt (A)	16,400.00	
Unit holder's Fund		
Unit Capital	-	
Securities Premium		
Retained Earnings plus OCI	(349.10)	
Total unit holder's Fund (B)	(349.10)	
Debt equity ratio (A/B)	(46.98)	

*Since details of units to be issued are not available, the required disclosures in respect of the same have not been provided in the above table.

C. Debt payment history

	As at 30th September, 2018	**As at 31st March, 2018**	**As at 31st March, 2017**	**As at 31st March, 2016**
(i) Term Loan from Banks				
Carrying amount of debt at the beginning of each period / year	-	-	4,120.81	4,505.61
Additional borrowings during the period / year (including debts refinanced)	-	-	-	4,226.47
Repayments during the period / year (including debts refinanced)	-	-	(4,120.81)	(4,611.27)
Other adjustments/settlements during the period / year (Ind-AS)	-	-	-	-
Carrying amount of debt at the end of the period / year	-	-	-	4,120.81
(ii) Loan from related party				
Carrying amount of debt at the beginning of each period / year	4,826.70	4,727.25	4,104.69	4,853.28
Additional borrowings during the period / year (including debts refinanced)	11,573.55	99.45	406.29	3,467.68
Repayments during the period / year (including debts refinanced)	(0.25)	-	(4,000.00)	-
Other adjustments/settlements during the period / year (Ind-AS)	-	-	4,216.27	(4,216.27)
Carrying amount of debt at the end of the period / year	16,400.00	4,826.70	4,727.25	4,104.69
(iii) Total				
Carrying amount of debt at the beginning of each period / year	4,826.70	4,727.25	8,225.50	9,358.89
Additional borrowings during the period / year (including debts refinanced)*	11,573.55	99.45	406.29	7,694.15
Repayments during the period / year (including debts refinanced)	(0.25)	-	(8,120.81)	(4,611.27)
Other adjustments/settlements during the period / year (Ind-AS)	-	-	4,216.27	(4,216.27)
Carrying amount of debt at the end of the period / year	16,400.00	4,826.70	4,727.25	8,225.50
Interest payments (cash outflow)	-	-	(293.78)	(383.88)

* Includes Rs. 8000 crores of 9% Optionally Convertible Preference Shares cancelled during the period ended 30th September, 2018 under a scheme of arrangement and converted to short term loan

INDIA INFRASTRUCTURE TRUST

Notes forming part of Special Purpose Combined Financial Statements

(Rs. in crore)

D. Statement of Net Assets at Fair Value as at September 30, 2018

Particulars	**Book value**	**Fair value**
A. Assets	17,086.01	17,086.01
B. Liabilities (at book value)	17,433.61	17,433.61
C. Net Assets (A-B)	**(347.60)**	**(347.60)**

The number of units that India Infrastructure Trust will issue to investors is not presently ascertainable, hence the disclosures in respect of Net Asset Value (NAV) per Unit have not been given.

Fair values of Property, Plant and Equipment and Intangible Assets as at September 30, 2018 included in figures above are based on the fair valuation done for the purpose of transfer of the pipeline business of EWPL to PIPL under the Scheme of Arrangement and is adjusted for depreciation for the period July, 2018 to September, 2018.

The Trust consists of only one project.

E. Statement of Total Return at Fair Value

Particulars	**As at 30th September, 2018**	**As at 31st March, 2018**
Total Comprehensive Income (As per the Statement of Profit and Loss)	(418.53)	(306.67)
Add/(less): Other Changes in Fair Value (e.g. property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	-	4,158.97
Total Return	(418.53)	3,852.29

For and on behalf of the Board

Sridhar Rengan
Director

Dated: 14th February, 2019

STATEMENT OF PROJECTIONS OF REVENUES FROM OPERATIONS AND CASH FLOWS FROM OPERATING ACTIVITIES

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AUDITORS' REPORT ON PROJECTIONS OF REVENUE FROM OPERATIONS AND CASH FLOW FROM OPERATING ACTIVITIES

India Infrastructure Trust (the "Trust")
acting through Axis Trustee Services Limited, as the trustee (the "Trustee")
Unit 804, One BKC, Bandra Kurla Complex,
Bandra East – Mumbai – 400 051
Maharashtra, India

The Board of Directors
PenBrook Capital Advisors Private Limited (the "Investment Manager") in its capacity as an Investment Manager of India Infrastructure Trust
Unit 804, One BKC, Bandra Kurla Complex,
Bandra East – Mumbai – 400 051
Maharashtra, India

The Board of Directors
Rapid Holdings 2 Pte. Ltd. (the "Sponsor") in its capacity as the Sponsor of the Trust
16 Collyer Quay, #19-00
Income at Raffles, Singapore 049318

1. We have examined the accompanying Statement of projections of revenue from operations and cash flows from operating activities and the underlying assumptions of the Trust Group comprising of India Infrastructure Trust (the "Trust") and Pipeline India Private Limited (the "Project SPV") as described in note 1 of the prospective combined financial information for the years ending March 31, 2020, 2021 and 2022, and also of the project SPV for the years ending March 31, 2020, 2021 and 2022 (collectively, hereinafter referred to as the "Projection Information"), in accordance with Standard on Assurance Engagement 3400, "The Examination of Prospective Financial Information", issued by the Institute of Chartered Accountants of India. The preparation and presentation of the projections including the underlying assumptions and the basis of combination, set out in Note 1 to the Projection Information, is the responsibility of the Investment Manager and has been approved by the Board of Directors of the Investment Manager. Our responsibility is to examine the evidence supporting the assumptions (excluding the hypothetical assumption) and other information in the Projection Information. Our responsibility does not include verification of the accuracy of projections. Therefore, we do not vouch for the accuracy of the same.

2. These projections have been prepared for the proposed private placement of units of the Trust in accordance with the Securities Exchange Board of India (SEBI) under the SEBI (Infrastructure Investment Trust) Regulations, 2014, as amended, including any circulars

and guidelines issued thereunder ("InvIT Regulations"). The projections have been prepared using a set of assumptions that include hypothetical assumptions about future events and the Investment Manager's actions that are not necessarily expected to occur, as set out in Note 2 to the Projection Information and has been approved by the Board of Directors of the Investment Manager. Consequently, users are cautioned that this projection may not be appropriate for purposes other than that described above.

3. We have carried out our examination of the Projection Information on a test basis. Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Projection Information considering the formation of the Trust as on November 22, 2018 and the transfer of the Pipeline Business to the Project SPV and assuming the acquisition of the equity interest of the Project SPV by the Trust (before March 31, 2019).

4. Further, in our opinion the Projection Information, read with the Basis of Preparation and notes therein, is properly prepared on the basis of the assumptions as set out in Note 1 to the Projection Information and on a consistent basis with the accounting policies used for preparation of the historical special purpose combined Ind AS financial statements which are prepared in accordance with Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 as required by the InvIT Regulations and included in the preliminary placement memorandum and the placement memorandum (collectively, the "Placement Documents"). Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material.

5. This report is addressed to and is provided to enable the Investment Manager, the Sponsor and the Trust to include this report in the Placement Documents in connection with the proposed private placement of units of the Trust and that the Projection Information may not be meaningful for any other purpose.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Reg. No. 117366W/W-100018)

Anjum A. Qazi

Partner

(Membership No.104968)

Mumbai, February 16, 2019

India Infrastructure Trust

Statement of projections of revenue from operations and cash flow from operating activities

(Rs. in crores)

Sr. No	Particulars	For the year ending		
		31.03.2020	**31.03.2021**	**31.03.2022**
A.	**India Infrastructure Trust (combined)**			
	Revenue from operations	829.9	1,090.7	1,968.3
	Cash flow from operating activities	1,880.6	1,770.0	1,655.4
B.	**Pipeline Infrastructure Private Limited ("PIPL")**			
	Revenue from operations	829.9	1,090.7	1,968.3
	Cash flow from operating activities	1,885.6	1,775.2	1,660.7

The accompanying notes form an integral part of the above Statement.

For and on behalf of the Board of Directors of
PenBrook Capital Advisors Private Limited
(as Investment Manager of India Infrastructure Trust)

Sridhar Rengan
Director
Place: Mumbai
Date: February 14, 2019

India Infrastructure Trust

Notes to the Statement of projections of revenue from operations and cash flow from operating activities

1. General information

The India Infrastructure Trust (the "Trust") was set up as a contributory irrevocable trust under the provisions of the Indian Trusts Act, 1882 on November 22, 2018. The Trust was registered as an infrastructure investment trust under the Securities Exchange Board of India (SEBI) under the SEBI (Infrastructure Investment Trust) Regulations, 2014, as amended, including any circulars and guidelines issued thereunder ("SEBI InvIT Regulations") on January 23, 2019 having registration number IN/InvIT/18-19/0008. The sponsor of the Trust is Rapid Holdings 2 Pte. Ltd. (the "Sponsor"), a private company registered in Singapore. The Trustee is Axis Trustee Services Limited (the "Trustee"). The investment manager for the Trust is PenBrook Capital Advisors Private Limited (the "Investment Manager"). The investment objectives of the Trust are to carry on the activities of an infrastructure investment trust, as permissible under the SEBI InvIT Regulations, by initially acquiring the pipeline business (the "Pipeline" or "Initial Portfolio Asset"), in the first instance (through acquisition of 100.00% equity share capital of PIPL and subsequently raising funds to make investments in accordance with the SEBI InvIT Regulations and the Trust Deed.

The Trust along with PIPL as stated below shall be together called as the "Trust Group".

2. Purpose and basis of preparation of projections

The combined projections of revenue from operations and cash flows from operating activities of the Trust Group and PIPL for the years ending March 31, 2020, 2021 and 2022 (the "Projections") have been compiled solely for being included in the preliminary placement memorandum and the placement memorandum (collectively, the "Placement Documents") in connection with the private placement of the units of the Trust. Therefore, the use of the Projections for any other purpose is not appropriate and should not be used or relied upon for any purpose other than described above.

The Projections are prepared based on the same accounting policies used for preparation of the Special Purpose Combined Ind-AS Financial Statements as required by the SEBI InvIT Regulations, which are prepared in accordance with Indian Accounting Standards ("Ind AS") as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 and the Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Cash flow from operating activities for the Trust and PIPL have been prepared using the indirect method under Ind AS 7 - Statement of Cash Flows.

The accounting year end of the Trust and PIPL is March 31 of each year. Accordingly, the Projections are prepared for the years ending March 31, 2020, 2021 and 2022. However, if the assumed date of acquisition of the Pipeline Business by the Trust (before March 31, 2019) is postponed, the actual result in the first financial period of the Trust may accordingly be different from the Projections.

The Projections and assumptions are based on estimates deemed appropriate and reasonable by the Investment Manager as at the date of the Projections i.e., February 14, 2019. The Projections were adopted by the Board of Directors of the Investment Manager on February 14, 2019.

3. Significant assumptions:

The Projections have been prepared based on the significant assumptions summarized below. These are Investment Manager's best estimate assumptions and hypothetical assumptions (about future events and actions) and have been prepared by the Investment Manager solely for inclusion in the Placement Documents in connection with the proposed private placement of Units of the InvIT in accordance with the requirements of the SEBI InvIT Regulations. The Investment Manager considers the assumptions to be appropriate and reasonable as at the date of the report. However, the future events referred to involve risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied. Investors should therefore be aware that future events cannot be predicted with any certainty and there may be deviations from the figures projected in the Projections and make their own assessment of the future performance of the Trust Group.

The combined projections have been prepared by combining the projections of revenue from operations and cash flows from operating activities of the Trust and PIPL, eliminating transactions between the Trust and PIPL and after considering the following assumptions:

PIPL Assumptions

a) Income from operations:

PIPL's income mainly consists of revenue from operations. Revenue from operations primarily consists of transportation charges from transporting gas under the gas transportation agreements ("GTA") with various customers at the stipulated tariff. The projections of revenue from operations do not include any other operating income or income from interest / dividend from short term investments. Key variables for projections of revenue from operations are volumes flowing through the pipeline and the tariff, as determined by Petroleum and Natural Gas Regulatory Board ("PNGRB"). These variables are explained below:

i. Volumes flowing through the pipeline

The Pipeline connects several domestic gas sources including the KG-D6 gas block and GSPC's natural gas fields on the east coast and the HLPL LNG terminal at Hazira, Gujarat, with existing markets in the eastern, western and northern regions of India, as well as to consumers along the

route. The Pipeline can also transport gas from Dahej and Dhabol terminals inter-connecting with third-party pipelines of GAIL and GSPC.

For the projections of volume of gas flowing through the pipeline for the next three years, estimates provided by commercial advisors, Wood Mackenzie have been used (refer "Technical Report" titled "EWPL Due Diligence Abridged Report for Disclosure in Private Placement Memorandum").

The pipeline has a capacity to transport ~85 million metric standard cubic meter per day ("MMSCMD"). In 2011, Reliance Industries Limited ("Reliance") entered into a strategic partnership with British Petroleum, with British Petroleum owning 30% stake in all the upstream blocks owned by Reliance in India. Whilst the partners were not able to arrest production decline at the D6 block, they have jointly evaluated the reservoir technicals and recently sanctioned investment decision for two other fields in the block (R-series, Satellite cluster). Additionally, another field D55 (also known as "MJ") is yet to be sanctioned and the decision is expected to be announced in the next few months. Production from these new fields is expected to reverse the declining trend of gas output from the D6 block, beginning fiscal year ("FY") 2020.

In addition to incremental volumes from the Reliance operated fields, the deepwater assets operated by Oil and Natural Gas Corporation Limited ("ONGC") (S-1, Vashishta, KG-DWN-98/2) will also contribute to the production jump in KG basin. The S-1 and the Vashishta fields are already operational whereas first production from the KG-DWN-98/2 block is expected in FY 2021. Additionally, ONGC is now also the operator of the Deen Dayal block, where it recently bought 80% of Gujarat State Petroleum Corporation ("GSPC') equity stake and is expected to start meaningful production beginning FY 2021.

The best estimate projections of the gas flowing through the pipeline as per Wood Mackenzie in the Technical Report are as follows:

Figures in MMSCMD	**FY 2020**	**FY 2021**	**FY 2022**
Gas flowing through the pipeline	11.7	15.4	27.7

ii. Tariff assumed for projections

Petroleum and Natural Gas Regulatory Board, India ("PNGRB") notified a provisional tariff order no: TO/01/2010 dated 19.04.2010 determining the provisional initial unit natural gas pipeline tariff of INR 52.23/ million British thermal units ("MMBtu") ("Provisional Tariff") under the provisions of PNGRB Tariff Regulations 2008 for East West Pipeline Limited ("EWPL"). EWPL had as per the regulations filed for final tariff to be determined after a period of 5 years from initial determination of Provisional Tariff. EWPL filed a writ petition in Hon'ble High Court of Delhi (W.P. (C) 3204/2014) seeking to direct PNGRB to determine final unit tariff within a reasonable time frame as laid down by the High Court. The High Court had directed PNGRB vide its order dated February 09, 2015 to fix the tariff within two months after the final disposal of the appeal no. 253 of 2014 by Hon'ble Appellate Tribunal of Electricity (APTEL). Subsequently, the High Court vide its order dated April 21, 2017 granted extension of six months to PNGRB from the availability of the complete quorum of the Board of PNGRB to determine the final tariff. The latest filing was made by EWPL in October 2018 wherein it submitted a proposal for final tariff of INR 192.59/MMBtu

from prospective effect. The final tariff order for the Pipeline Business is pending to be received from PNGRB. EWPL has also moved an Interim Application (in WP No 3204 of 2014) before the High Court.

In the absence of the final tariff order from PIPL, the current provisional average tariff of Rs. 52.23/MMBtu has been conservatively assumed for FY 2020 in view of directions of the Delhi High Court to PNGRB for fixing the final tariff before February 20, 2019. Once final tariff is determined, PIPL will fix the zonal tariff in such a manner that the average realisation from April 2019 onwards will be close to levelized tariff.

b) Operating and maintenance ("O&M") cost

O&M expenses considered in the Projections are based on currently existing expenses, variable costs and certain one-time costs estimated to be incurred corresponding to the projected gas volumes flowing through the pipeline, adjusted for inflation of 4.5%.

Operating expenses are in the nature of fixed and variable costs.

i. Fixed component in the operating expenses comprises of salaries, wages, & benefits, repairs and maintenance, material and spares consumption, non-maintenance contract services, general and administrative expenses, other general and administrative expenses, route surveillance, property taxes, insurance and license and application fees. The estimates are based on an internal budget prepared at the start of the fiscal year.

ii. Variable component pertains to cost incurred for system use gas (SUG). Volume of SUG costs is assumed to be 1.4% of the gas projected to flow through the pipeline, in line with historical trends. Gas costs are estimated at USD 3.48/MMBtu for FY20 based on current rate as per PNGRB (October 2018 – March 20 19) of USD 3.36/MMBtu + marketing margin of USD 0.12/MMBtu. Gas costs for FY21 and FY22 are assumed at a rate of USD 5.90/MMBtu based on Investment Manager's best estimates. Petroleum Planning & Analysis Cell has fixed the gas price ceiling for deepwater gas at USD 7.67/MMBtu for the same period. USD/INR exchange rate of 69.8 is used for converting the costs into INR.

Figures in Rs. Crore	**FY2020**	**FY2021**	**FY2022**
SUG costs	57	127	230
Other operating expenses	155	184	164
Total operating expenses	**212**	**312**	**394**

The projections do not envisage any unanticipated expenses which may be incurred due to any unforeseen circumstances.

c) Capital expenditure

The Pipeline is operational, and no major capital expenditure is expected till the end of the financial year ended March 31, 2022, except for capital expenditure required for maintenance of pipeline, including upgrading/replacement of SCADA system, security automation system, VoIP system, leak detection system, CCC control System and human machine interface PCs.

Figures in Rs. crore	FY2020	FY2021	FY2022
Capital expenditure	5.3	16.4	0

d) Income Taxes

For PIPL

Income taxes have been computed at income tax rates applicable for FY2019 which are expected to apply for the entire period of Projections. The taxes have been computed as per the provisions of Chapter IV of the IT Act. Losses, if any, have been carried forward and set-off as per the provisions of Chapter VI of the IT Act.

Interest paid on loan from Trust is considered tax deductible. The loan of Rs. 12,950 crore has been assumed at 9.54% payable quarterly.

Depreciation for income tax purpose has been considered as per the applicable provisions of the Income Tax Act for FY 2018-19 which are expected to apply for the Projection Period. Since the entity has no tax profits and book profits for each of the projected years no income tax liability is expected.

For InvIT

The InvIT will receive interest income from PIPL which is considered exempt under Income Tax Act, 1961. No income other than the above has been assumed in the InvIT. Hence no income tax expense/cash flow is assumed for the InvIT over the Projection Period. This transaction of receipt of interest income will be eliminated and not have any effect on the combined cash flow from operating activities of the InvIT Group.

e) Changes in current assets and liabilities

i. Free Usage Entitlement Amount

PIPL proposes to enter into a pipeline usage agreement with Reliance Industries Limited ("Reliance"), the form of which has been agreed between PIPL and Reliance, under which Reliance will reserve a capacity of up to 33 MMSCMD in the Pipeline for a period of 20 years. RIL will make quarterly Contracted Capacity Payments ("CCP"), of which the unadjusted CCP amounts outstanding at any point of time will be the Free Usage Entitlement Amount. Whenever Reliance or its nominees transport gas, the actual Gas Transportation Charges (i.e. the quantity transported multiplied by the actual tariff) will be adjusted against the CCP amounts and the CCP payments due for the subsequent quarter will be lower to the extent.

For the projection period, since the revenues from the actual gas transported are expected to be lower than the CCP, there is a net increase in the Free Usage Entitlement Amount, resulting in positive cash flow to PIPL from Reliance.

Figures in Rs. Crore	FY2020	FY2021	FY2022

CCP	2,090	2,090	2,090
GTA revenues *(at tariff of Rs. 52.23/MMBtu)*	830	1,091	1,968
Change in Free Usage Entitlement Amount	1,260	999	122

ii. Working capital

For the computation of changes in working capital, the receivables period is assumed at 15 days of GTA revenues based on the historic data and best estimates. Further, operating expenses payable period has been assumed as 60 days, while payment cycle for SUG is assumed as 15 days.

f) InvIT income and expenses

The InvIT will receive interest income from PIPL on the NCDs issued by PIPL to the InvIT. This transaction of receipt of interest income will be eliminated and does not have any effect on the combined projected revenues and combined projected cash flow from operating activities of the InvIT Group. The Trust expenses are mainly projected based on the terms and conditions of the relevant agreements and / or based on Investment Manager's experience and judgement. The nature for the Trust expenses are described below. The total expenses at the InvIT are estimated to be Rs. 5 crore in FY20:

i. Investment manager fee

The Investment Manager is entitled to Investment Manager fee of Rs. 2.4 crore per annum, exclusive of applicable taxes. The amount is escalated on a year on year by 2.5%, as estimated by the Investment Manager.

ii. Project manager fee

The Project Manager is entitled to a Project Manager fee to be calculated Rs. 1.5 crore per annum. The amount is escalated on a year on year by 2.5%, as estimated by the Investment Manager.

iii. Other Trust expenses

The other expenses comprise of audit, compliance, legal fees, insurance and payroll expenses at the Trust level. The amount is escalated on a year on year by 2.5%, as estimated by the Investment Manager.

For and on behalf of the Board of Directors of
PenBrook Capital Advisors Private Limited
Investment Manager of India Infrastructure Trust)

Sridhar Rengan
Director
Place: Mumbai
Date: February 14, 2019

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts, which are or may be deemed material have been entered or are to be entered into in due course. These contracts and also the documents for inspection referred to hereunder, may be inspected at the principal place of business of the Trust, from 10:00 A.M. to 5:00 P.M., on all Working Days from the date of this Preliminary Placement Memorandum until the date of listing of the Units pursuant to this Issue. Any of the contracts or documents mentioned in this Preliminary Placement Memorandum may be amended or modified at any time if so required in the interest of the Trust or if required by the other parties, without reference to the Unitholder, subject to compliance with applicable law.

1. Trust deed dated November 22, 2018 entered between the Sponsor, the Settlor and the Trustee.

2. SEBI registration certificate for the Trust bearing number IN/InvIT/18-19/0008 dated January 23, 2019 to act as an infrastructure investment trust.

3. Investment management agreement dated November 22, 2018 entered between the Trustee and the Investment Manager.

4. Project management agreement dated February 22, 2019 entered between the Trustee, the Investment Manager, the Project Manager and PIPL.

5. Framework agreement dated August 28, 2018 entered between RIHPL, the Sponsor, the Investment Manager and PIPL.

6. The joint venture agreement dated February 11, 2019, entered into between the Project Manager, Reliance and the Contractor.

7. The operations and maintenance agreement dated February 11, 2019 entered amongst PIPL and the Project Manager and the Contractor for the provision of certain operations and maintenance services by the Contractor in respect of the Pipeline.

8. The operations and maintenance sub-contract agreement dated February 11, 2019 entered amongst the Contractor, PIPL and the Sub-Contractor.

9. The infrastructure agreement dated February 11, 2019 entered amongst the Sub-Contractor, PIPL and the Contractor.

10. The shared services agreement dated February 11, 2019 entered amongst Reliance, PIPL and the Contractor.

11. The agreed form of the pipeline usage agreement to be executed between PIPL and Reliance, setting out the terms of reservation and usage of capacity in the Pipeline by Reliance.

12. The shareholders' agreement dated February 11, 2019 entered between the Trust, PIPL, EWPL, the Investment Manager and Reliance, and the first amendment agreement dated March 9, 2019 entered between the Trust, PIPL, EWPL, the Investment Manager and Reliance.

13. The share subscription agreement dated February 11, 2019 entered among PIPL, RIIHL and the Trust.

14. Share purchase agreement dated February 11, 2019 entered between RIHPL, the Trust (acting through its Trustee), the Investment Manager and PIPL.

15. Trust NCD DTD dated March 11, 2019 entered between the Trustee (in its capacity as Trustee to the Trust) and IDBI Trusteeship Services Limited.

16. Placement Agreement dated March 11, 2019 entered between the Trust (acting through its Trustee), the Investment Manager, the Trustee, the Sponsor, the Project Manager, and the Lead Manager.

17. Registrar agreement dated March 8, 2019 entered between Karvy Fintech Private Limited, the Investment Manager and the Trust.

18. Tri-partite agreement dated February 13, 2019 entered into between the Trust, the Registrar and NSDL.

19. Tri-partite agreement dated February 13, 2019 entered into between the Trust, the Registrar and CDSL.

20. The Unit Cash Escrow Agreement entered into among the Trust (acting through its Trustee), the Investment Manager, the Trustee, the Sponsor, the Lead Manager and the Escrow Collection Bank, dated March 8, 2019.

21. Certified copy of the Memorandum and Articles of Association of the Investment Manager as amended.

22. Board resolution of the InvIT Committee of the Investment Manager dated February 14, 2019, authorising this Issue.

23. Audited Special Purpose Combined Ind-AS Financial Statements and the report thereon.

24. Statement of Projections of Revenue from Operations and Cash Flows from Operating Activities and the report thereon.

25. In principle listing approval dated March 11, 2019 issued by the Stock Exchange.

26. Policies of the Investment Manager in relation to the Trust.

27. Final terms and conditions for acceptance of Central Government authorization to lay, build, operate or expand the east west natural gas pipeline network as common carrier pipeline network dated March 19, 2013 issued by the PNGRB.

28. Approval of the Competition Commission of India dated September 11, 2018, in relation to the acquisition of the entire equity shareholding of PIPL by the Trust.

29. In-principle approval of the PNGRB dated September 27, 2018, for renunciation of the authorisation granted to EWPL for the Pipeline, in favour of PIPL.

30. Order of the Ahmedabad bench of the National Company Law Tribunal dated November 12, 2018 and order of the Mumbai bench of the National Company Law Tribunal dated December 21, 2018 approving the scheme of arrangement between EWPL and PIPL and their respective shareholders and creditors, for demerger of the Pipeline Business from EWPL to PIPL.

31. Articles of association of PIPL, as amended.

32. The scheme of arrangement between EWPL (as the demerged entity), PIPL and their respective creditors and shareholders for the demerger of the Pipeline Business from EWPL to PIPL.

33. The audited financial statements of the Investment Manager for the years ended March 31, 2017 and March 31, 2018 and the audit reports issued by B S R & Associates LLP, Chartered Accountants, dated May 8, 2017 and May 21, 2018, respectively. The special purpose standalone Ind-AS financial statements of the Investment Manager for the year ended March 31, 2016 and the audit report issued by B S R & Associates LLP, Chartered Accountants, dated February 14, 2019.

DECLARATION

PenBrook Capital Advisors Private Limited (in its capacity as the Investment Manager) declares and certifies that all relevant provisions of the SEBI InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Preliminary Placement Memorandum is contrary to the applicable provisions of the SEBI InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For PenBrook Capital Advisors Private Limited

_____

Rajeev Ashok Piramal
Director

Date: March 11, 2019
Place:

DECLARATION

PenBrook Capital Advisors Private Limited (in its capacity as the Investment Manager) declares and certifies that all relevant provisions of the SEBI InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Preliminary Placement Memorandum is contrary to the applicable provisions of the SEBI InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For PenBrook Capital Advisors Private Limited

_____

Sridhar Rengan
Director

Date: March 11, 2019
Place:

DECLARATION

PenBrook Capital Advisors Private Limited (in its capacity as the Investment Manager) declares and certifies that all relevant provisions of the SEBI InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Preliminary Placement Memorandum is contrary to the applicable provisions of the SEBI InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For PenBrook Capital Advisors Private Limited

_____

Chetan Rameshchandra Desai
Independent Director

Date: March 11, 2019
Place:

DECLARATION

PenBrook Capital Advisors Private Limited (in its capacity as the Investment Manager) declares and certifies that all relevant provisions of the SEBI InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Preliminary Placement Memorandum is contrary to the applicable provisions of the SEBI InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For PenBrook Capital Advisors Private Limited

_____

Narendra Kumar Aneja
Independent Director

Date: March 11, 2019
Place:

DECLARATION

Rapid Holdings 2 Pte. Ltd. (in its capacity as the Sponsor of the Trust) declares and certifies that all relevant provisions of the SEBI InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Preliminary Placement Memorandum is contrary to the applicable provisions of the SEBI InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Rapid Holdings 2 Pte. Ltd.

_____

Aanandjit Sunderaj
Director

Date: March 11, 2019
Place:

DECLARATION

Rapid Holdings 2 Pte. Ltd. (in its capacity as the Sponsor of the Trust) declares and certifies that all relevant provisions of the SEBI InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Preliminary Placement Memorandum is contrary to the applicable provisions of the SEBI InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Rapid Holdings 2 Pte. Ltd.

_____

Liew Yee Foong
Director

Date: March 11, 2019
Place:

DECLARATION

Rapid Holdings 2 Pte. Ltd. (in its capacity as the Sponsor of the Trust) declares and certifies that all relevant provisions of the SEBI InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Preliminary Placement Memorandum is contrary to the applicable provisions of the SEBI InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Rapid Holdings 2 Pte. Ltd.

_____

Aviral Chaturvedi
Director

Date: March 11, 2019
Place:

ANNEXURE A – VALUATION REPORT

BDO Valuation Advisory LLP (or the Valuer) has provided their opinion on the enterprise value of the InvIT Asset by way of a Valuation Report dated March 8, 2019, on a going concern basis considering the current condition of the Pipeline and based on data as stated in "***Sources of Information***" of the Valuation Report. The cut-off date for the current valuation exercise has been considered to be January 1, 2019 ("**Valuation Date**") and hence, market factors, including market price, have been considered up to December 31, 2018. Further, the valuation of the InvIT Asset has been undertaken assuming all the requisite approvals shall be obtained for the Pipeline Business (to be operated in the name of PIPL). The economic interest of the Trust in the Pipeline is valued after considering the agreed terms of the Transaction Documents.

Considering the nature of business and information available, the Pipeline has been valued using discounted cash flow method under income approach. Further, a proposal has been submitted to the PNGRB for determination of final tariff for transportation of gas through the Pipeline. For valuation purposes, the Valuer has considered three scenarios of tariff by modifying certain assumptions in the model submitted to the PNGRB for determining the final tariff.

BDO Valuation Advisory LLP has applied for registration as a registered valuer under the Companies Act, 2013 read with Companies (Registered Valuers and Valuation) Rules, 2017, as amended.Further, as per Rule 11 of the Companies (Registered Valuers and Valuation) Rules, 2017, as amended, it is eligible to act as the Valuer and issue this Valuation Report.

For the Valuation Report, see below on page 353.

In addition, the Investment Manager is required to submit the valuation report to the Trustee and to the Stock Exchange within fifteen days of the receipt of the valuation report. In this regard the InvIT Committee of the Investment Manager has adopted a Distribution Policy by its resolution dated December 28, 2018 and for details of the Distribution Policy, see "***Distribution***" on page 220.

Further the Investment Manager is required to ensure that the computation and declaration of net asset value of Trust based on the valuation done by the Valuer is disclosed to the Stock Exchange no later than fifteen days from the date of valuation.

BDO

Valuation Report

India Infrastructure Trust ("Trust")

(Acting through Axis Trustee Services Limited in its capacity as Trustee of the Trust)

&

PenBrook Capital Advisors Private Limited

(In its capacity as Investment Manager of the Trust)

&

Rapid Holdings 2 Pte. Ltd.

(In its capacity as Sponsor of the Trust)

Valuation of InvIT Asset as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014

March 2019

Tel: +91 22 3332 1600
Fax: +91 22 2439 3700
www.bdo.in

BDO Valuation Advisory LLP
The Ruby, Level 9, North West Wing
Senapati Bapat Marg, Dadar (W),
Mumbai 400028, India

Ref: MG/Mar81/2019

March 08, 2019

To,
India Infrastructure Trust (the "Trust")
Acting through Axis Trustee Services Limited (In its capacity as the **"Trustee"** of the Trust)
Unit 804, 8th Floor,
A Wing, One BKC, Bandra Kurla Complex,
Bandra East, Mumbai - 400051,
Maharashtra, India

To,
PenBrook Capital Advisors Private Limited
(In its capacity as the **"Investment Manager"** of the Trust)
Peninsula Spenta, Mathuradas Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400013
Maharashtra, India

To,
Rapid Holdings 2 Pte. Ltd.
(In its capacity as the **"Sponsor"** of the Trust)
16, Collyer Quay, #24-01,
Income at Raffles,
Singapore - 049318

Dear Sir(s)/Madam(s),

Sub: Valuation of InvIT Asset as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended

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We refer to our engagement letter dated November 26, 2018 appointing BDO Valuation Advisory Limited Liability Partnership (hereinafter referred to as **"BDO VAL"**, **"we,"** **"our,"** or **"us"**) with LLP Identification Number AAN-9463 having its registered office at The Ruby, Level 9, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai - 400028, to provide professional services to PenBrook Capital Advisors Private Limited (**"Investment Manager"** or **"IM"**) acting in the capacity of Investment Manager of India Infrastructure Trust (the **"Trust"** or **"InvIT"**) and to Rapid Holdings 2 Pte. Ltd. (In its capacity as the **"Sponsor"** of the Trust) with respect to determination of value of InvIT Asset (defined hereinafter below) as per the requirements of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder (**"SEBI InvIT Regulations"**) in connection with listing of units of the Trust by way of a private placement (the **"Issue"**).

BDO Valuation Advisory LLP, a Indian limited liability partnership firm, is a member of BDO International Limited, a UK company limited by guarantee ad forms part of the International BDO network of independent member firms.

In the instant case, the **"InvIT Asset"** refers to Pipeline (defined in para 2.1.5 of this Report) owned by Pipeline Infrastructure Private Limited (**"PIPL"** or **"the Company"**). The InvIT and/or PIPL along with other parties have entered/ agreed to enter into various agreements collectively referred as the Transaction Documents (defined in Section 1 of this Report) which *inter alia* govern the rights and interest of InvIT in the InvIT Asset. The economic interest of InvIT in the InvIT Asset is valued after considering the agreed terms of the Transaction Documents.

We thereby, enclose our independent valuation report dated March 08, 2019 (**"the Report"** or **"this Report"**) providing the enterprise value of the InvIT Asset on a going concern basis considering current condition of the InvIT Asset and based on data as stated in **"Sources of Information"** of the Report. We have considered the cut-off date for the current valuation exercise to be January 01, 2019 (**"Valuation Date"**) and hence, market factors, including market price, have been considered up to December 31, 2018. Further, the valuation of the InvIT Asset has been undertaken assuming all the requisite approvals shall be obtained for the Pipeline Business (defined in para 2.1.5 of this Report) to be operated in the name of PIPL.

The Report and extracts of this Report included herein can be reproduced and included in the Preliminary Placement Memorandum (**"PPM"**) and Placement Memorandum (**"PM"**) and such other documents as well as for submission to Securities and Exchange Board of India (**"SEBI"**), the BSE Limited or any other regulatory or statutory authority as may be required for the Issue and in accordance with the SEBI InvIT Regulations guidelines requiring an independent valuation. This Report should not be used or relied upon for any other purpose.

In terms of the SEBI InvIT Regulations, we hereby confirm and declare that:

- We are competent to undertake the valuation;
- We are independent and have prepared this Report on a fair and unbiased basis;
- This Report is prepared in compliance with regulation 13(1) and regulation 21 of the SEBI InvIT Regulations; and
- We comply with the responsibilities as stated in regulation 13(1) and regulation 21 of the SEBI InvIT Regulations.

BDO Valuation Advisory LLP has applied for registration as registered valuer under Companies Act, 2013 read with Companies (Registered Valuers and Valuation) Rules, 2017, as amended. Further, as per Rule 11 of the Companies (Registered Valuers and Valuation) Rules, 2017, as amended, it is eligible to act as the valuer and issue this Report.

We further confirm that the valuation of InvIT Asset is carried out as per internationally accepted valuation methodologies and in cognizance of international valuation standards and ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

We have no present or planned future interest in PIPL, InvIT Asset, the Sponsor or the IM, except to the extent of our appointment as an independent valuer for this Report.

BDO Valuation Advisory LLP

A summary of the analysis is presented in the accompanying Report, as well as description of the methodology and procedure used, and the factors considered in formulating our opinion. This Report is subject to the attached exclusions and limitations and to all terms and conditions provided in the engagement letter for this assignment.

This valuation Report is based on the information provided to us by the management of PIPL and/ or the IM (**"Management"**). The projections provided by the IM are only the best estimates of growth and sustainability of revenue and profitability margins. We have reviewed the financial forecast for consistency and reasonableness, however we have not independently verified the data provided. Further with respect to forecast of volume to be transported through the Pipeline by PIPL, we have placed reliance on the **"EWPL Due Diligence Abridged Report for Disclosure in Private Placement Memorandum"** dated December 21, 2018 issued by Wood Mackenzie Asia Pacific Pte. Ltd. (**"Wood Mackenzie Report"**) as provided to us by IM.

Regards,
For BDO Valuation Advisory LLP
LLPIN: AAN-9463

BDO Valuation Advisory LLP

Name: Mandar Gadkari
Designation: Partner
Registered Valuer Regn No. - IBBI/RV/06/2018/10500

Encl: As above

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BDO Valuation Advisory LLP

1 Definitions, abbreviations & glossary of terms

Abbreviations	Definitions/Meanings
AP	Andhra Pradesh
Appointed Date	The date, being July 1, 2018, with effect from which the Scheme of Arrangement has come into effect.
APTEL	Appellate Tribunal for Electricity
BCM	Billion Cubic Meters
BDO VAL	BDO Valuation Advisory LLP
BSE	BSE Limited
BV	Breakup Value
CAGR	Compounded Annual Growth Rate
CCM	Comparable Companies Multiple
CCPS	0.1% Compulsory Convertible Preference Shares
Completion Date	Completion date shall mean the date on which Completion occurs in accordance with the SPA
Contractor	Rutvi Project Managers Private Limited
CS	Compressor Station
CTM	Comparable Transaction Multiple
DCF	Discounted Cash Flow
DE	Debt-Equity
DUPL	Dahej Uran Pipeline
DVPL	Dahej Vijaipur Pipeline
EWPL	East West Pipeline Limited (formerly Reliance Gas Transportation Infrastructure Limited)
FCFE	Free Cash Flow to Equity
FICCI	The Federation of India Chambers of Commerce and Industry
FICCI Report	FICCI Report titled "India Gas Infrastructure: Strategies to accelerate to a Gas based Economy" dated October 4, 2017 prepared by FICCI's knowledge partner Ceresta Business Consulting LLP
FIMMDA	Fixed Income Money Market and Derivatives Association
Framework Agreement	The framework agreement dated August 28, 2018, entered amongst RIHPL, the Sponsor, the Investment Manager and PIPL
FY	Financial Year
GCV	Gross Calorific Value
GHV	Gross Heating Value
GJ	Gujarat
GSA	Gas Supply Agreement
GSPL	Gujarat State Petronet Ltd
GSPCL-HP	Gujarat State Petroleum Corporation Ltd. - High Pressure
GTA	Gas Transportation Agreement
ICAI	Institute of Chartered Accountants of India
Infrastructure Sharing Agreement	Infrastructure Sharing Agreement dated February 11, 2019 between Contractor, Sub-Contractor and PIPL

BDO Valuation Advisory LLP

Abbreviations	Definitions/Meanings
Investment Manager or IM	PenBrook Capital Advisors Private Limited
InvIT or Trust	India Infrastructure Trust
InvIT Asset or Pipeline or Initial Portfolio Asset	The cross-country pipeline (including spurs) between Kakinada in Andhra Pradesh and Bharuch in Gujarat, transferred to PIPL with effect from the Appointed Date, pursuant to the Scheme of Arrangement, being the InvIT Asset for the purposes of the SEBI InvIT Regulations
Issue	Listing of units of the Trust on BSE by way of private placement.
Joint Venture Agreement	The joint venture agreement dated February 11, 2019 , entered into between the Project Manager, RIL and the Contractor
KG Basin	Krishna Godavari Basin
LNG	Liquified Natural Gas
Management	Management of PIPL and IM
MDQ	Maximum Delivery Quantity
MH	Maharashtra
MLV	Mainline Sectionalizing Valve
mmbtu	One Million British Thermal Units
mmscmd	Million Metric Standard Cubic Meter Per Day
Mn	Million
NAV	Net Asset Value
NCLT	National Company Law Tribunal
NELP	New Exploration and Licensing Policy
OT	On-shore Terminals
O&M Agreement	Operations and maintenance agreement, dated February 11, 2019 amongst PIPL, Contractor and the Project Manager
O&M Sub-Contractor Agreement	Operations and Maintenance Sub-contractor Agreement, dated February 11, 2019 amongst PIPL, Contractor and Sub-Contractor
Pipeline Business	The entire activities and operations historically carried out by EWPL with respect to transportation of natural gas through the Pipeline and related activities, as a going concern, which was acquired by PIPL with effect from the Appointed Date, as further defined in the Scheme
PIPL SHA	Shareholders' and Options Agreement dated February 11, 2019 amongst PIPL, EWPL, RIL, IM and the Trust
PIPL/Company	Pipeline Infrastructure Private Limited
PM	Placement Memorandum
PNGRB	Petroleum and Natural Gas Regulatory Board
PNGRB Report	PNGRB report by industry group titled "Vision 2030 - Natural Gas Infrastructure in India Report", available at http://www.pngrb.gov.in/Hindi-Website/pdf/vision-NGPV-2030-06092013.pdf
PPM	Preliminary Placement Memorandum
Proposed Transaction	Acquisition of 100% equity shares of PIPL by Trust from RIHPL
Project Manager	ECI India Managers Private Limited

BDO Valuation Advisory LLP

Abbreviations	Definitions/Meanings
PUA	A Pipeline Usage Agreement, which PIPL and RIL have agreed to enter into on the Completion Date, in an agreed form and manner, setting out the terms of reservation and usage of capacity in the Pipeline by RIL
RIIHL	Reliance Industrial Investments And Holdings Limited
RIHPL	Reliance Industries Holding Private Limited
RIL	Reliance Industries Limited
ROCE	Return on Capital Employed
Scheme/ Scheme of Arrangement	The scheme of arrangement between EWPL (as the demerged entity), PIPL and their respective creditors and shareholders under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, for the demerger of the Pipeline Business from EWPL to PIPL
SEBI InvIT Regulations	Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder
SPA	Share Purchase Agreement dated February 11, 2019 amongst the Trust, the Investment Manager, RIHPL and PIPL
SSA	PIPL Share Subscription Agreement dated February 11, 2019 amongst PIPL, RIIHL, and Trust
Shared Services Agreement	The Shared Services Agreement dated February 11, 2019 entered amongst RIL, PIPL and the Contractor
Sponsor	Rapid Holdings 2 Pte. Ltd.
Sub-Contractor	Reliance Gas Pipelines Limited
SUG	System Use Gas
Transaction Documents	Transaction documents shall mean the Framework Agreement, the Scheme of Arrangement, the Joint Venture Agreement, the PIPL SHA, the SPA, the O&M Agreement, the O&M Sub-Contractor Agreement the Pipeline Usage Agreement, Shared Services Agreement, SSA and Infrastructure Sharing Agreement
Trustee	Axis Trustee Services Limited
TS	Telangana
Valuation Date	January 01,2019
WACC	Weighted Average Cost of Capital
Wood Mackenzie	Wood Mackenzie Asia Pacific Pte. Ltd.
Wood Mackenzie Report	EWPL Due Diligence Abridged Report for Disclosure in Private Placement Memorandum issued by Wood Mackenzie Asia Pacific Pte. Ltd. dated December 21, 2018

BDO Valuation Advisory LLP

2 Executive Summary

2.1 Brief Background and Purpose

2.1.1 India Infrastructure Trust (**"the Trust"** or **"InvIT"**) is a contributory irrevocable trust set up under the provisions of the Indian Trusts Act, 1882. This Trust has been set up on November 22, 2018.

2.1.2 The Trust is an infrastructure investment trust registered on January 23, 2019 under the SEBI InvIT Regulations having registration number IN/InvIT/18-19/0008. The Trust was set up in order to invest in infrastructure projects in accordance with the SEBI InvIT Regulations.

2.1.3 The initial portfolio asset of the Trust is proposed to be the Pipeline. The Pipeline was earlier owned by EWPL and pursuant to the Scheme of Arrangement between EWPL and PIPL, as sanctioned by NCLT Mumbai vide order dated December 21, 2018 and NCLT Ahmedabad vide order dated November 12, 2018, was transferred to PIPL. Currently, RIHPL beneficially holds ~100% of equity share capital of PIPL.

2.1.4 The Trust, the Investment Manager, RIHPL and PIPL have entered into a Share Purchase Agreement (**"SPA"**) wherein the Trust shall acquire 100% of the issued and paid-up equity share capital of PIPL from RIHPL (**"Proposed Transaction"**).

2.1.5 PIPL operates a cross country, natural gas pipeline with a pipeline length of ~1,480 kms (including dedicated lines) together with compressor stations and operation centres that stretches from Kakinada (Andhra Pradesh) to Bharuch (Gujarat) traversing through the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat (the asset is referred as **"Pipeline"** and activity of operating the Pipeline is referred as **"Pipeline Business"**). Historically, the Pipeline Business has been owned and operated by EWPL.

2.1.6 PIPL and RIL have agreed to enter into a Pipeline Usage Agreement (**"PUA"**) on Completion Date pursuant to which RIL will make agreed payments on a quarterly basis in order to reserve certain capacity in the Pipeline for transportation of gas.

2.1.7 Post-acquisition of PIPL by the Trust, the units of the Trust are proposed to be listed on the BSE Limited (**"BSE"**). In this regards, the IM and Sponsor have appointed BDO VAL to undertake the valuation of InvIT Asset in compliance of the SEBI InvIT Regulations for inclusion of Report in the Preliminary Placement Memorandum (**"PPM"**), Placement Memorandum (**"PM"**) and other documents relating to the Issue as well as for submission to SEBI, BSE Limited or any other regulatory/ statutory authority as may be required under the applicable laws for the Issue (**"Purpose"**).

2.2 Valuation Methodology Adopted

2.2.1 Considering the nature of business and information available, InvIT Asset has been valued using Discounted Cash Flow (**"DCF"**) Method under Income Approach. We have used Free Cash Flow to Equity (**"FCFE"**) model under the DCF Method to arrive at the value of InvIT Asset.

2.2.2 Further, a proposal has been submitted to Petroleum and Natural Gas Regulatory Board (**"PNGRB"**) for determination of final tariff for transportation of gas through the Pipeline. For valuation purpose, we have considered three scenarios of tariff by modifying certain assumptions in the model submitted to PNGRB for estimating the final tariff.

BDO Valuation Advisory LLP

2.3 Valuation Conclusion

2.3.1 The weighted average tariff considered for valuation of InvIT Asset is INR 71.15 per mmbtu.

2.3.2 The enterprise value of InvIT Asset is arrived at INR 178,030.8 Mn. The enterprise value of InvIT Asset attributable to the InvIT pursuant to the agreed terms of the Transaction Documents is arrived at INR 139,639.9 Mn.

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BDO Valuation Advisory LLP

3 Introduction

3.1 Terms of Engagement

3.1.1 We, BDO VAL having LLP identification number AAN-9463, have been appointed by PenBrook Capital Advisors Private Limited, in the capacity of Investment Manager to the Trust (**"Investment Manager"** or **"IM"**) and Rapid Holdings 2 Pte. Ltd. (**"Sponsor"**), to determine the enterprise value of InvIT Asset on a going concern basis as per SEBI InvIT Regulations.

3.1.2 This Report has been prepared by BDO VAL pursuant to terms of engagement letter dated November 26, 2018 between BDO VAL, the Investment Manager and the Sponsor including the terms and conditions set out therein.

3.1.3 Unless otherwise stated, words and expressions defined in the PPM and PM in connection with the Issue have the same meaning in this Report.

3.2 Background and Purpose of Valuation

3.2.1 The Trust is a contributory irrevocable trust set up under the provisions of the Indian Trusts Act, 1882. This Trust has been set up on November 22, 2018.

3.2.2 The Trust is an infrastructure investment trust registered on January 23, 2019 under the SEBI InvIT Regulations having registration number IN/InvIT/18-19/0008. The Trust was set up in order to invest in infrastructure projects.

3.2.3 The initial portfolio asset of the Trust is proposed to be a pipeline used for the transportation of natural gas, with the potential to induct new assets in due course. The Pipeline is a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km (including dedicated lines) together with compressor stations and operation centres that stretches from Kakinada, Andhra Pradesh, in the east of India, to Bharuch, Gujarat, in the west of India, traversing adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat. Historically, the Pipeline was owned and operated by EWPL.

3.2.4 The Pipeline has been transferred from EWPL to PIPL with effect from the Appointed Date, pursuant to a Scheme of Arrangement that has been sanctioned by the National Company Law Tribunal, Bench at Ahmedabad and the National Company Law Tribunal, Bench at Mumbai (together the **"NCLTs"**) on November 12, 2018 and December 21, 2018 respectively (the **"Scheme of Arrangement"** or **"Scheme"**). Currently, RIHPL beneficially holds ~100% of the equity share capital of PIPL.

3.2.5 The Trust, the Investment Manager, PIPL and RIHPL have entered into a share purchase agreement wherein the Trust shall acquire 100% equity shares of PIPL from RIHPL with an option after a period of 20 years, to transfer from the Trust to RIL (or its nominee) the entire equity shares of PIPL (**"SPA"**). Based on discussions with the Management, we understand that the Trust and RIHPL are not related parties as per the definition provided in SEBI InvIT Regulations as on the date of this Report. The Trust proposes to acquire 100% of the issued and paid-up equity share capital of PIPL from RIHPL on Completion Date.

3.2.6 PIPL and RIL have agreed to enter into a pipeline usage agreement (**"Pipeline Usage Agreement"**) on Completion Date pursuant to which RIL has agreed to make payments to PIPL on a quarterly basis in order to reserve certain annual capacity of the Pipeline.

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3.2.7 Rapid Holdings 2 Pte. Ltd is the sponsor of the Trust, PenBrook Capital Advisors Private Limited is the Investment Manager of the Trust and Axis Trustee Services Limited (**"Trustee"**) is the Trustee of the Trust.

3.2.8 ECI India Managers Private Limited, as the project manager (the **"Project Manager"**), will be responsible for the execution and management of the projects.

3.2.9 The Project Manager, PIPL and Rutvi Project Managers Private Limited (the **"Contractor"**) have entered into an agreement for the provision of certain operations and maintenance services by the Contractor in respect of the Pipeline (**"O&M Agreement"**).

3.2.10 In accordance with the sub-contracting provision in the O&M Agreement, the Contractor, PIPL and Reliance Gas Pipelines Limited (the **"Sub-Contractor"**) have entered into an operations and maintenance sub-contract agreement (the **"O&M Sub-Contract Agreement"**) for the operation and maintenance of a section of the Pipeline.

3.2.11 Framework Agreement records the understanding among the parties for, among others (1) transfer of the entire issued equity share capital of PIPL to the Trust; (2) subscription by the Trust to the Non-Convertible Debentures proposed to be issued by PIPL (**"PIPL NCDs"**); (3) transfer of the Pipeline Business from EWPL to PIPL pursuant to the Scheme of Arrangement (4) repayment of the unsecured liability of ₹164,000 million.

3.2.12 PIPL SHA sets out rights and obligation of parties to the agreement in relation to PIPL, including those of the Trust as the equity shareholder of PIPL and the holder of the PIPL NCDs, and of RIL and the Trust in relation to the purchase and transfer of the equity shares of PIPL under certain circumstances and the manner of distribution of cash flows of PIPL and the terms of the redeemable preference shares in compliance with applicable law.

3.2.13 Shared Service Agreement sets out the terms for RIL to provide PIPL and the Contractor with certain identified services in connection with the Pipeline Business, for a period of three years, in order to enable business continuity, seamless operations and an effective cost structure of the Pipeline Business, pursuant to the demerger of the Pipeline Business from EWPL to PIPL.

3.2.14 SSA records the understanding among various parties with respect to issue, allotment and subscription of the CCPS.

3.2.15 Infrastructure Sharing Agreement sets out the terms for permitting sub-contractor's non-exclusive access to certain facilities of Sub-contractor which are laid on the Pipeline's right of usage area and are co-located with the Pipeline facilities;

3.2.16 Joint Venture Agreement records the understanding among various parties which include operation of and maintenance of Pipeline on behalf of PIPL and the Project Manager.

3.2.17 The units of the Trust are proposed to be listed on BSE by way of private placement.

3.2.18 In this regard, the IM and Sponsor has appointed BDO VAL to undertake the valuation of InvIT Asset in compliance of the SEBI InvIT Regulations for inclusion of the Report in the PPM, PM and such other documents as well as for submission to SEBI, BSE Limited or any other regulatory/ statutory authority as may be required under the applicable laws for the Issue (**"Purpose"**).

3.2.19 This Report should not be used or relied upon for any other purpose. The suitability or applicability of this Report for any purpose other than that mentioned above has not been verified by us.

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3.3 Source of Information

3.3.1 For the purpose of this valuation exercise, we have relied on the following sources of information:

i. Brief note on the operations of Pipeline Business;

ii. Provisional Tariff order and Zonal Tariff order by PNGRB dated April 19, 2010 and June 9, 2010 respectively;

iii. Copy of application for tariff determination submitted to PNGRB by EWPL dated October 30, 2018;

iv. Carved-out financial statements pertaining to Pipeline Business for the three-month period ended June 30, 2018 and for the year ended March 31, 2018, March 31, 2017 and March 31, 2016;

v. Financial statements of Pipeline Infrastructure Private Limited for half year ended September 30, 2018;

vi. Provisional management financial statements of PIPL for 9 months period ended December 31, 2018;

vii. Framework Agreement amongst RIHPL and the Sponsor and the IM and PIPL dated August 28, 2018;

viii. Scheme of Arrangement between EWPL and PIPL and their Respective Shareholders and Creditors for transfer of Pipeline Business from EWPL to PIPL;

ix. Joint Venture Agreement dated February 11, 2019, entered into between the Project Manager, RIL and the Contractor;

x. PIPL SHA dated February 11, 2019 amongst PIPL, EWPL, IM, Trust and RIL;

xi. SPA dated February 11, 2019 amongst RIHPL, Trust, IM and PIPL;

xii. SSA dated February 11, 2019 amongst PIPL, RIIHL, and Trust;

xiii. O&M Agreement dated February 11, 2019 amongst PIPL, Contractor and Project Manager;

xiv. O&M Sub-Contract Agreement dated February 11, 2019 amongst PIPL, Contractor, Sub-Contractor;

xv. PUA in agreed form and manner to be executed between PIPL and RIL on Completion Date;

xvi. Shared Service Agreement February 11, 2019 amongst PIPL, RIL and the Contractor;

xvii. Infrastructure Sharing Agreement dated February 11, 2019 between Contractor, Sub-Contractor and PIPL;

xviii. Copy of Orders approving the Scheme of Arrangement by the National Company Law Tribunal, Bench at Ahmedabad and the National Company Law Tribunal, Bench at Mumbai vide orders dated November 12, 2018 and on December 21, 2018, respectively;

xix. Draft Preliminary Placement Memorandum for the Issue received as on March 08, 2019;

xx. EWPL Due Diligence Abridged Report for Disclosure in Private Placement Memorandum issued by Wood Mackenzie dated December 21, 2018 (**"Wood Mackenzie Report"**)

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xxi. Physical Inspection with respect to the Pipeline as required under Regulation 21(2) of SEBI InvIT Regulations;

xxii. Projected balance sheet and profit & loss statements of PIPL for a period of 20 years from January 1, 2019;

xxiii. Tariff computation model (in excel) submitted by EWPL to PNGRB in October 2018 for determination of final tariff.

xxiv. List of one-time sanctions/approvals which are obtained or pending in relation to the Pipeline and list of up to date/ overdue periodic clearances in relation to the Pipeline

xxv. Details of material litigations in connection with the Pipeline

xxvi. FICCI Report titled "India Gas Infrastructure: Strategies to accelerate to a Gas based Economy" dated October 4, 2017 prepared by FICCI's knowledge partner Cerate Business Consulting LLP (**"FICCI Report"**).

xxvii. PNGRB report by industry group titled "Vision 2030 - Natural Gas Infrastructure in India Report", available at http://www.pngrb.gov.in/Hindi-Website/pdf/vision-NGPV-2030-06092013.pdf (**"PNGRB Report"**).

xxviii. Other relevant data and information provided to us by the Management whether in oral or physical form or in soft copy, and discussions with their representatives; and

xxix. Information available in public domain and provided by leading database sources.

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4 Exclusions and Limitations

4.1 Restricted Audience:

4.1.1 This Report and the information contained herein are absolutely confidential and are intended for the use of the IM, Sponsor and the Trust for inclusion in PPM and the PM and in connection with the Purpose set out in the Report.

4.1.2 It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. It can however be relied upon and disclosed in connection with any statutory and regulatory filing with SEBI, BSE Limited or any other regulatory /statutory authority for the Proposed Transaction or Issue as per the SEBI InvIT Regulations without any consent. This Report and the extracts of this Report included herein can be reproduced and included in the PPM and PM proposed to be filed in connection with the Issue and may be made available for inspection in the manner specified there in and may be relied upon by the lead manager and legal counsels to the Issue in connection with the Issue. In the event the IM, Sponsor or the Trust extend the use of the Report beyond the purpose mentioned earlier in the Report, with or without our consent, we will not accept any responsibility to any other party (including but not limited to the investors, if any) to whom this Report may be shown or who may acquire a copy of the Report.

4.1.3 It is clarified that this Report is not a fairness opinion under any of the stock exchange / listing regulations. In case of any third party having access to this Report, please note that this Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for its purpose.

4.2 Limitation Clause:

4.2.1 The Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

4.2.2 The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered.

4.2.3 During the course of our work, we have relied upon assumptions and projections as provided by Management. These assumptions require exercise of judgment and are subject to uncertainties.

4.2.4 Further, this Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us or used by us up to, the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of InvIT Asset. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. The information presented in this valuation Report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation Report materially.

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4.2.5 Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment as the valuation analysis is governed by the concept of materiality. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on the businesses.

4.2.6 Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

4.2.7 The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. Our work did not constitute a validation of the financial projections of the Company under consideration and accordingly, we do not express any opinion on the same. Although, we have reviewed the financial projections provided by Management for consistency and reasonableness, for forecast of volume to be transported through the Pipeline, we have placed reliance on report of Wood Mackenzie provided to us by Management. Our reliance on the financial projections for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.

4.2.8 This Report is based on information received from sources mentioned herein and discussions with the Management. We have assumed that the parties involved have furnished to us all information, which they are aware of concerning the financial statements and respective liabilities, which may have an impact on our Report. We have ignored some data provided to us which we believe may not be material for the purpose of our assignment.

4.2.9 We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Trust or PIPL or any of other entity mentioned in this Report and have considered them at the value as disclosed by the Trust in their regulatory filings or in submissions, oral or written, made to us. Nothing has come to our knowledge to indicate that the material provided to us was misstated or incorrect or would not afford reasonable grounds upon which to base our Report.

4.2.10 We have not made any independent verification with respect to the PIPL's claim to title of assets or property (including the Pipeline) for the purpose of this valuation. With respect to claim to title of assets or property we have solely relied on representations, whether verbal or otherwise, made by the Management to us for the purpose of this Report.

4.2.11 Except to the extent required under the SEBI InvIT Regulations, we are not responsible for matters of legal nature including issues of legal title and compliance with local laws in respect of PIPL and also no consideration has been given to litigation and other contingent liabilities that are not recorded in the financial of PIPL or disclosed otherwise in the PPM.

4.2.12 The fee for the Report is not contingent upon the outcome of the Report.

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4.2.13 It may be noted that a draft of this Report (without valuation numbers) was provided to IM to review the factual information in the Report as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final Report.

4.2.14 This Report does not look into the business / commercial reasons behind the Proposed Transaction or the Issue nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits of the Trust are sole responsibility of the investors of the Trust and we do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or PIPL.

4.2.15 In rendering this Report, we have not provided any legal, regulatory, tax, accounting, actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

4.2.16 For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.

4.2.17 In the particular circumstances of this case, we shall be liable only to the IM, Sponsor and the Trust. We shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused, as laid out in the engagement letter, for such valuation work.

4.2.18 Whilst, all reasonable care has been taken to ensure that facts stated in the Report are accurate and opinions given are fair and reasonable, neither us, nor any of our Partners or Employees shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.

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5 Assignment Approach

The overall approach that we have followed to arrive at value of InvIT Asset is summarized below:

i. In the initial stage, we submitted detailed information checklist for valuation of InvIT Asset.

ii. We reviewed the information provided to us as per the checklist for initial understanding of the business and then had a preliminary discussion with the Management to gain insight on the business operations and brief background of the Pipeline Business.

iii. We also conducted a site visit of:

- Pipeline operation centre in Reliance Corporate Park, Ghansoli, Maharashtra; and
- Compressor Station (CS - 8) situated near Kalyan, Maharashtra.

iv. We analyzed the additional information, tariff model and business model received post preliminary discussion and site visit. We had various meetings with the Management to the discuss business model, assumptions considered and future business outlook. We also reviewed the Wood Mackenzie Report.

v. We obtained various disclosures from the Management pertaining to approvals and litigations of the InvIT Asset as required under the SEBI InvIT Regulations.

vi. We carried out the valuation based on internationally accepted valuation methodology, applicable Valuation Standard issued by ICAI and considering the information provided to us.

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6 Overview of Pipeline Business

6.1 Pipeline

6.1.1 The Pipeline is a cross country, natural gas pipeline with a pipeline length of ~1,480 kms (including dedicated lines) together with compressor stations and operation centres that stretches from Kakinada (Andhra Pradesh) to Bharuch (Gujarat) traversing through the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat.

6.1.2 The Pipeline comprises of trunk pipeline, compressor stations, mainline sectionalizing valve stations, tap-off stations, spur lines, metering and regulating stations and pipeline operation centres.

6.1.3 Total 37 Mainline Sectionalizing Valve (**"MLV"**) stations are installed along the Pipeline route so as to allow isolation of a section of Pipeline in event of an emergency and/or repairs.

6.1.4 There are 11 Compressor Stations (**"CS"**) installed en-route the Pipeline to receive gas supplies at On-shore Terminal (**"OT"**), boost pressure along the way and to deliver the gas at required pressure to the downstream pipelines.

6.1.5 The CS houses the facilities like gas turbine compressors, gas engine generators, gas after coolers, pigging receiver and launchers, electrical sub-station and other utilities like diesel generators, firefighting equipment and storage etc.

6.1.6 The Pipeline has interconnects for receipt and delivery of gas connecting to source and other cross-country pipelines such as DVPL / DUPL / GSPL-HP & KG Basin networks. Metering and regulating stations are located at these inter-connects and at customer locations. Tap-offs are also provided for new connections at regular intervals.

6.1.7 For managing the operations of the pipeline, main operation centre is located at Gadimoga, Andhra Pradesh and backup operations centre is located at Reliance Corporate Park in Navi Mumbai, Maharashtra. Local Control Centre has been provided at every Compressor Stations en-route the pipeline. Maintenance bases along with warehouse facilities have been set up at CS-03 and CS-08 apart from first level maintenance facilities provided at each of the compressor station en-route the pipeline.

6.1.8 Gas accounting for the pipeline is done in energy terms (i.e. gross heating value - GHV).

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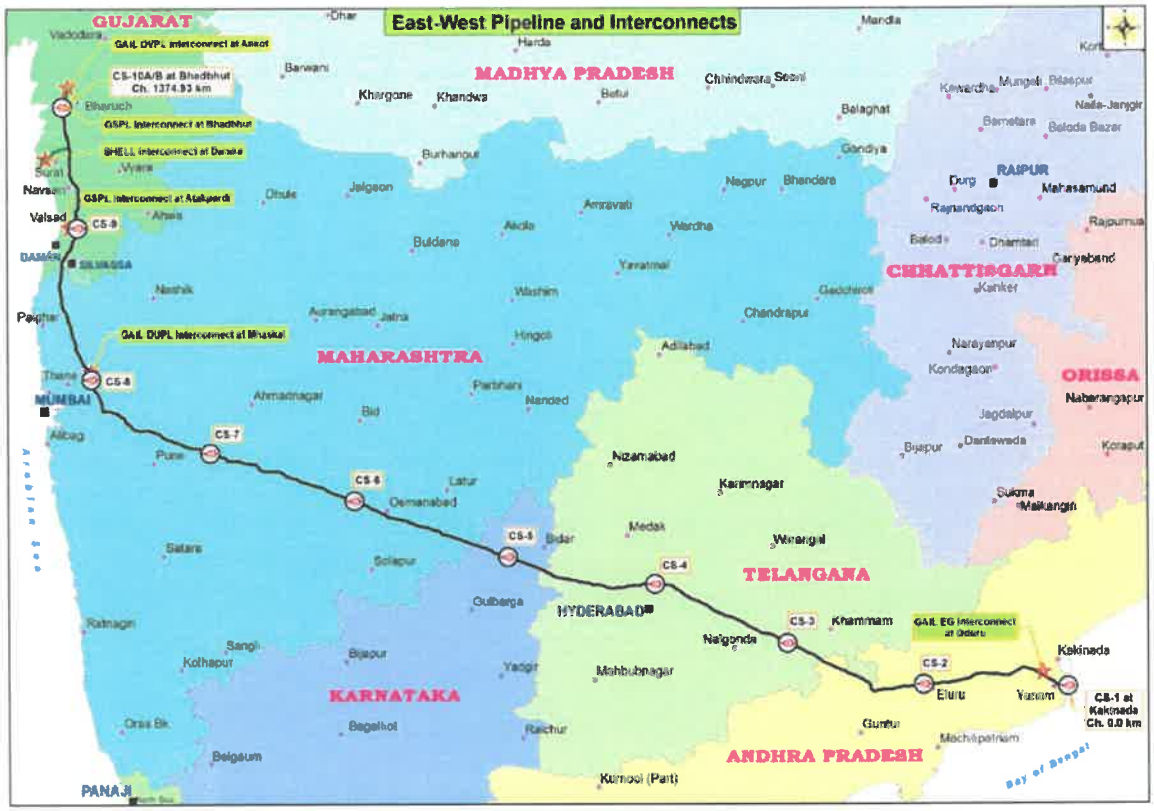
6.2 Route Map of the Pipeline



6.2.1 Above map reflects the route map of the Pipeline.

6.2.2 There are 11 Compressor Stations along the Pipeline as highlighted in the map above.

6.2.3 Currently there are 4 Receipt/ Gas Intake Points and 10 Delivery / Interconnects in the Pipeline which spreads across the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat.

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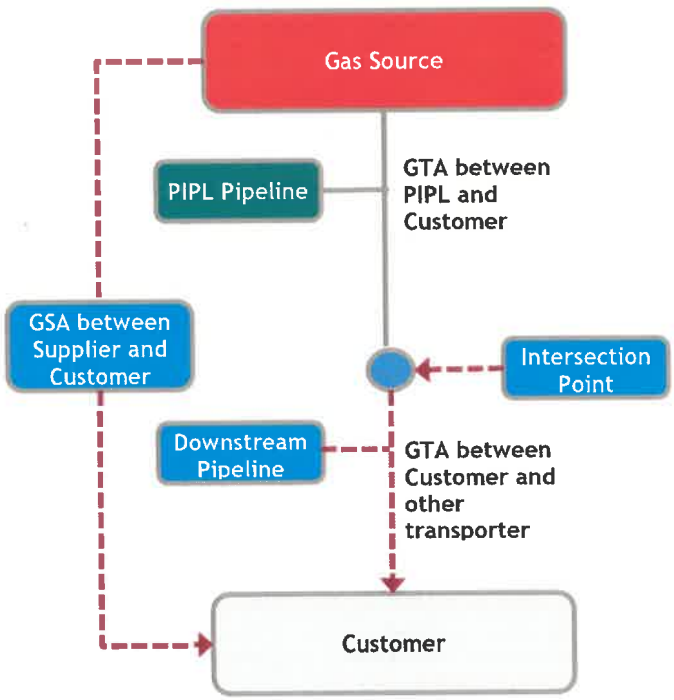
6.3 Business Model

6.3.1 The Company provides transportation services to customers for transportation of gas from any particular entry point (i.e. source/ upstream pipeline) to any exit point (i.e. customer point/downstream pipeline).

6.3.2 The Pipeline usage capacity is booked by the customers for which a Gas Transportation Agreement (**"GTA"**) is entered.

6.3.3 The key terms included in the GTA are as follows:

Sr. No.	Particulars	Key Terms of GTA
I	Tariff	- Tariff Rate in INR/mmbtu as approved by PNGRB
II	Terms	- As mutually agreed between parties
III	Ship or Pay	- Monthly 90% of Maximum Delivery Quantity (MDQ) level
IV	Payment Terms	- Fortnightly invoicing
		- Payments within 4 days of invoice
		- Disputed amount will be paid in full, pending dispute settlement
V	Payment Security	- Shipper shall provide LC covering 30xMDQx(Tariff + Taxes)
VI	PIPL Liability Cap	- 50% of annual transportation charges
VII	Planned Maintenance	- Without liability for ship or pay and liquidated damages
		- Total of 10 days annually each for transporter



6.3.4 Deferred delivery services are also provided wherein the customer can request for temporary storage space in the Pipeline for a service charge.

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6.3.5 PNGRB is a nodal agency to regulate and monitor the downstream activities, notify regulations and monitor compliance. It is also responsible for granting authorization to build and operate pipelines and city gas distribution networks.

6.3.6 The regulations mandate that at least 25% of capacity should be available on a common carrier first cum first serve basis. Therefore upto 75% of the capacity can be contracted.

6.4 Tariff Determination as per Tariff Regulations

6.4.1 PNGRB has been authorized to regulate the tariff for transportation of gas based on the tariff submitted by the transporters and the regulations prescribed for such determination.

6.4.2 The tariff for gas transportation is divided into various zones of 300 km along the route of the natural gas pipeline from the point of entry till the point of exit as per the contract.

6.4.3 Initially a levelized tariff is determined for transportation through the entire gas pipeline post which the zonal tariffs are determined based on estimated volumes for various zones.

6.4.4 No subsequent tariff adjustment is allowed on account of variation in actual zonal volumes vis-a-vis the estimated zonal volumes.

6.4.5 The key factors considered while determination of tariff are as follows:

Sr. No.	Factors	Stipulations
I	Economic Life	- 25 years
II	Tariff Method	- DCF, ROCE @ 12% post tax
III	Capex & Opex	- Lower of Normative/Actual
IV	Working Capital	- 30 days opex and 18 days receivables
V	System Use Gas	- (Gas price + tariff) x quantity
VI	Volume for Tariff Fixation	- Higher of Normative or Actual
		- Normative Volumes are determined as under -
		I -V years : 60%, 70%, 80%, 90%, 100% of 75% of Capacity
		Year VI Onwards: 75% of Capacity or firm contracted volumes
		whichever is higher
		- Volume Adjustment in first five years is permitted
VII	Capacity	- As determined by PNGRB under relevant guidelines
VIII	Tariff Overview	- Initial tariff fixed for first year
		- First regular tariff for next five years
		- Subsequently fixed and reviewed every five years

6.5 List of one-time sanctions/approvals which are obtained or pending in relation to the Pipeline and list of up to date/ overdue periodic clearances:

6.5.1 Disclosed in Annexure III of the Report as per information provided by the Management. We have reviewed the validity of various sanctions/ approvals/ clearances obtained with the documents provided to us by the Management.

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6.6 Material Litigations/ Factors related to the Pipeline

6.6.1 We have been informed by the Management about the material litigations with respect to the Pipeline, we have not independently reviewed the litigations details. As per the Scheme for transfer of Pipeline from EWPL to PIPL, the liabilities in relation to the Pipeline are also transferred from EWPL to PIPL. Hence, we have disclosed the litigation related to the Pipeline as per information provided to us by the Management.

6.6.2 The details of the key litigations which may have bearing on the valuation have been disclosed below and disclosure of other litigations as required under SEBI InvIT Regulations have been provided in **Annexure IV.**

6.6.3 **Litigation related to Capacity Assessment**

- PNGRB vide letter dated July 10, 2014 declared the final capacity for FY11 and FY12 as 85 mmscmd and 95 mmscmd respectively **("Order I").**
- EWPL filed an appeal on August 8, 2014 against the Order I before the APTEL.
- APTEL passed an order on July 8, 2016 setting aside Order I *inter alia* on the ground that there was a breach of principles of natural justice and remanded the matter back to PNGRB.
- Subsequently, PNGRB vide its order dated December 30, 2016 declared capacity of Pipeline to be 85 mmscmd and 95 mmscmd for FY11 and FY12 respectively **("Order II").**
- EWPL filed an appeal before the APTEL for setting aside Order II, directing PNGRB to declare the capacity for FY11 and FY12, and for the subsequent periods i.e. FY13 to FY16, taking into account the change in parameters, within a reasonable time.
- Pending decision of the appeal, EWPL moved an interim application before APTEL for determining the capacity of EWPL as per Acceptance to the Authorization letter issued by PNGRB, as per Determination of Natural Gas Pipeline Tariff Regulations - Amendment 2015. APTEL, pending adjudication of the capacity appeal, vide order dated November 20, 2018 directed PNGRB to consider the capacity of EWPL as 85 MMSCMD for the years 2009 to 2018.

6.6.4 **Other Material Factor affecting the valuation - Determination of Final Tariff**

- PNGRB notified a provisional tariff order no: TO/01/2010 dated 19.04.2010 determining the provisional initial unit natural gas pipeline tariff of INR 52.23/mmbtu (**"Provisional Tariff"**) on GCV basis under the provisions of PNGRB Tariff Regulations 2008 for the Pipeline Business.
- EWPL had as per the regulations filed for final tariff to be determined after a period of 5 years from initial determination of Provisional Tariff.
- EWPL filed a writ petition in Honorable High Court of Delhi (W.P. (C) 3204/2014) seeking to direct PNGRB to determine final unit tariff within a reasonable time frame as laid down by the High Court.
- High Court had directed PNGRB vide its order dated February 09, 2015 to fix the tariff within two months after the final disposal of the appeal no. 253 of 2014 by APTEL.
- Subsequently, High Court vide its order dated April 21, 2017 granted extension of six months to PNGRB from the availability of the complete board to determine the final tariff.

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- There were various correspondences between PNGRB and EWPL for final tariff determination. The latest filing was made by EWPL in October 2018 wherein it submitted a proposal for final tariff of INR 192.59/mmbtu from prospective effect.
- The final tariff order for the Pipeline Business is pending to be received from PNGRB.
- EWPL has also moved an Interim Application (in WP No 3204 of 2014) before High Court. High Court has directed PNGRB to decide the tariff within 3 months from order dated November 20, 2018 of APTEL referred to above.

6.7 Site Visit Details

6.7.1 Our team has visited the Business Operations Centre located at Reliance Corporate Park in Navi Mumbai, Maharashtra and also the Gas Compressor Station No. 8 (CS - 8) located at Kalyan on September 12, 2018 for undertaking physical inspection of the Pipeline as required under the SEBI InvIT Regulations. The site visit was completed at the time of initiating work on the engagement, prior to executing the engagement letter between BDO VAL, IM and the Sponsor. As stated in the said engagement letter, the work for the valuation exercise commenced from September 1, 2018.

Pipeline Operation Centre - Control Room

CS - 8 Electrical Sub Station

CS - 8 Gas After Cooler

CS - 8 Launcher Receiver

6.8 Other disclosures as required under the SEBI InvIT Regulations have been provided in Annexure V of the Report.

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7 Industry Overview[1]

7.1 Introduction

7.1.1 Energy availability is key to economic growth and consequently high economic growth would lead to an increase in India's energy consumption. India's primary energy mix is set to alter due to the substitution of oil by natural gas. The share of natural gas in the energy mix is expected to increase to 20% in 2025 from 11% in 2010. Based on the plans for expansion of natural gas supply, which are supported by additional regasification capacity being added at existing and upcoming LNG terminals, the nationwide transmission pipeline network and transnational pipelines, it is expected that the share of natural gas in the primary energy mix would reach 20% by 2030. However, to achieve a 20% share in the primary energy mix, the natural gas market is required to attract and sustain investments in gas infrastructure which includes the cross-country pipelines.

7.1.2 Historically, natural gas was significantly cheaper than alternate fuels like motor spirit, naphtha, diesel and low sulphur heavy stock ("**LSHS**") / furnace oil ("**FO**"). Although the price of natural gas is increasing (especially of imported gas), newer technology and larger plants have made it possible to ensure efficiency and economies of scale, enabling an increase in the usage of natural gas. As such, natural gas has become the preferred fuel for fertilizers, petrochemicals and, increasingly, the power generation sector. Further, planned investments in power, fertilizer, petrochemical and other areas including city gas distribution suggest a sustained increase in India's level of natural gas consumption.

7.1.3 During the 2000 to 2004 period, India's gas market witnessed gas discoveries in the Krishna Godavari Basin ("**KG Basin**"), the setting up of the liquefied natural gas ("**LNG**") re-gasification terminal and the commencement of LNG supply and successful execution/roll out of city gas distribution projects. These developments had a positive impact on the environment and led to plans to set up a regulator due to the emergence of gas economy and related infrastructure development. During the 2004 to 2011 period, India witnessed the beginning of the gas era, with successful commencement and operation of LNG terminal, expansion of the transmission pipeline network in the north-western corridor and the new network in the east-west corridor, setting up of the regulator, the Petroleum and Natural Gas Regulatory Board ("**PNGRB**"), and the authorization of new pipelines and geographical areas ("**GA**"s) for the city gas distribution ("**CGD**") network, an increase in gas production from the KG Basin and increased supply of gas to many end use sectors. During this period, the government announced a Gas Allocation Policy prescribing sector-wise allocation for gas being produced from the KG Basin. The following period, 2011 to 2015, witnessed an unprecedented decline of gas production from the KG Basin, from approximately 60 million metric standard cubic meter per day ("**MMSCMD**") to approximately 10 MMSCMD. Gas production forecasts from other fields/discoveries in the KG Basin also failed to materialize. With declining gas production from the traditional fields of the Oil and Natural Gas Corporation ("**ONGC**"), India witnessed a continuous decline period in gas production for five years and the government decided to not pursue any new gas based power projects, due to stranded power projects of approximately 14,000 megawatts ("**MW**"). The current government is trying to reduce the uncertainty in the gas market by announcing policies to attract investments and increase production.

[1] Sources: PNGRB Report, FICCI Report, Snapshot of India's Oil & Gas Data - Dec 2018 on www.ppac.gov.in

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7.2 Demand and Supply

7.2.1 The Natural Gas pipeline business and over all Natural Gas related business are inter-dependent, i.e. pipeline provides important connectivity to the suppliers and consumers and without adequate Natural Gas requirement and supply, the pipeline business will not be feasible. Hence, it becomes very much important to analyze demand and supply situation of over all Natural Gas industry.

7.2.2 Supply Side Scenario

In the past, various supply projections have consistently fallen short of their target due to:

- the declining production from the prospective KG Dhirubhai 6 ("**D6**") fields;
- the declining production from traditional producing fields; and
- a lack of supply caused by the announcement of new finds from the KG Basin.

Following sets forth the historical and forecasted trend of India's natural gas supply -

Details	Financial Year		December			April to December		
	2017	2018	2018	2019 (Target)	2019 (Projected)	2018	2019 (Target)	2019 (Projected)
a) Gross Production	31,897	32,648	2,751	3,011	2,867	24,688	26,580	24,650
ONGC	22,088	23,429	2,001	2,247	2,197	17,651	19,434	18,416
Oil India Limited	2,937	2,881	237	262	233	2,197	2,388	2,061
Private/ Joint Ventures	6,872	6,338	514	502	437	4,839	4,758	4,173
b) Net Availability (excluding flare gas and loss)	30,848	31,731	2,673	-	2,795	24,008	-	24,048
c) LNG import	24,686	26,328	2,031	-	2,128	19,229	-	20,717
d) Total consumption including internal consumption (b+c)	55,534	58,059	4,705	-	4,923	43,246	-	44,766
e) Total consumption (in BCM)	55.5	58.1	4.7	-	4.9	43.2	-	44.8

The following table sets forth the domestic gas supply forecast, from financial year 2016 to financial year 2020:

Details	September				
	2016 (Actual)	2017	2018	2019	2020
Industry Forecast 1		100.3	96.6	99.3	111.0
Industry Forecast 2		102.0	114.0	131.0	158.0
Ministry of Petroleum and Natural Gas Plan		97.4	106.3	138.3	152.0
Gas Supply Forecast (Average)	85.0	99.9	105.6	122.9	140.3

In the near term as per the definite plan, gas supply is expected to increase by approximately 60% to 70% from the current levels. The government is expected to increase the share of natural gas in the energy mix from the current 6% - 7% to 15% in the next five years.

7.2.3 Demand Side Scenario

While India's gas demand is higher than its total gas supply (domestic and imported), the various sectors of demand for gas have different demand dynamics and sensitivity to prices. According to the 'Vision 2030' document prepared by the PNGRB in May 2013, the supply and demand gap has been huge in the gas sector, in spite of the optimistic supply forecast made at that time.

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The fertilizer and power sectors lead sectoral gas consumption, with a combined share of approximately 57%. Approximately four to five years ago, the two sectors had combined share of approximately 70%, led by the power sectors having an approximate 40% share. During the intervening period, the share of the power sector declined due to a decrease in production which caused a halt in the allocation of KG D6 gas to the sector. The fertilizer sector maintained its share due to the sector retaining its priority sector allocation. High priced LNG has never been an option for the power sector causing its share to decline along with the decline in domestic supply. Over 14,000 MW of new gas based power plants were stranded due to a lack of domestic gas supply.

Delivered Cost Range	Consumption Sectors	Estimated Demand Composition %
USD 10 to 14	Liquefied Petroleum Gas, Refinery - Feedstock, Petrochemicals, Diesel Back-up Power and Peak Power	40 - 45%
USD 7.5 to 10	Fertilizer, CGD, Industrial / Commercial	40 - 45%
USD 5.5 to 7.5	CGD - Transport / Domestic, Refinery Fuel, Industry Fuel	55 - 60%
Less than USD 5.5	Base Power	55 - 60%

7.3 Future Outlook of Natural Gas

7.3.1 The power sector is limiting its LNG usage due to the base power being highly sensitive to gas price. Any gas that priced over USD 5.5 / one million British thermal units ("mmbtu") makes it challenging for gas based power to compete with coal based power. With renewable power prices also decreasing in recent years, the competitiveness of gas based power faces a challenge and therefore, a specifically focused strategy on the power sector to make gas usage viable or acceptable is required. As per the affordability matrix, the effective demand is estimated to be in the range of 45% to 55% of the generally projected unconstrained demand.

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7.3.2 The following table sets forth the domestic natural gas price and gas price ceiling (gross calorific value basis):

Period	Domestic Natural Gas price (USD/mmbtu)	Gas price ceiling (USD/mmbtu)
November 2014 - March 2015	5.05	-
April 2015 - September 2015	4.66	-
October 2015 - March 2016	3.82	-
April 2016 - September 2016	3.06	6.61
October 2016 - March 2017	2.5	5.3
April 2017 - September 2017	2.48	5.56
October 2017 - March 2018	2.89	6.3
April 2018 - September 2018	3.06	6.78
October 2018 - March 2019	3.36	7.67

7.4 India's Gas Transmission Infrastructure

7.4.1 India's gas transmission infrastructure has been growing since the completion of the first long term LNG deal in late 1990s and the supply of gas from new sources during the 2001 to 2010 period. Additional arterial pipeline network on the Hazira- Vijaipur - Jagdishpur corridor and the east-west corridor and the regional network in the Mumbai and Gujarat regions provided the necessary impetus to growth. The CGD infrastructure also grew along with these corridors and regions. The decline in domestic production and the challenges of using high priced LNG caused pipeline utilization to decrease.

7.4.2 The following table sets forth an overview of India's gas pipeline infrastructure :

Pipeline Owner	Length (Km)	Percentage Share
GAIL	11,077.0	68.6%
EWPL (Formerly RGTIL)	1,480.0	9.2%
GSPL	2,612.0	16.2%
Assam Gas Company Limited / Oil India Limited/ Duliajan Numaligarh Pipeline Limited	817.0	5.1%
Indian Oil Corporation Limited	140.0	0.9%
ONGC	24.0	0.2%
Total	**16,150.0**	**100.0%**

7.4.3 In the transmission pipeline segment, one of major enablers of growth and capacity utilization, besides regular access to multiple sources of gas and demand centres across the network, is the government's policy and regulation. Regulations are expected to provide a fair and level playing field for operators while ensuring that the customers get a regular supply at reasonable prices. Consecutively, the regulation must facilitate the investment and expansion of the network by serious players, while keeping economic viability in view. When such growth enablers are stifled, it has a direct impact on pipeline capacity creation and utilization. This issue is brought out by the low capacity utilization of the existing pipeline network.

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7.4.4 India has, in the past and currently, been evaluating a number of options of gas supply through transnational pipelines, such as the Turkmenistan - Afghanistan - Pakistan - India Pipeline (**"TAPI"**), the Iran - Pakistan - India Pipeline (**"IPI"**), the Iran - India Pipeline (with Oman Link) and the Russia - India Pipeline through Iran / Middle East.

7.4.5 For TAPI, though GSPA was signed four years ago, the commercial terms are not frozen. Of late, TAPI has been going through security concerns due to its passage through Pakistan. The IPI has been formally shelved by the government due to security considerations. The Russia - India Pipeline, pre-feasibility, presented technical and commercial challenges in terms of the higher price of gas; however, routing through the Middle East is currently being considered. The Iran - India Pipeline has been found to be the most technically and economically viable alternative. India has taken a stand on bilateral relations with Iran, that certain of its strategic investments in the upstream - Farzad B Block and port and logistics have to be honored by Iran along with the adherence to principles of peace in the region.

7.4.6 Given the challenges faced by the LNG terminal investors in tying up demand for LNG in India, the transnational pipelines are expected to face major challenges due to the investment involved and the price and market competition faced by them in the Indian gas markets.

Network/ Region	Entity	Length Sanctioned (KM)	Design Capacity (MMSCMD)	Pipeline Size
Kochi- Kottanad-Bengaluru-Mangalore	GAIL (India) Ltd	1,056	16	24"/18"/12"
Dabhol - Bengaluru (DBPL) Spur Lines, Phase-2	GAIL (India) Ltd	302	16	36"/30"/24" /18"
Jagdishpur- Haldia-Bokaro-Dhamra (JHBDPL)	GAIL (India) Ltd	2,539	16	30"/ 24"/18"/12" /8"/4"
Mallavaram- Bhopal - Bhilwara-Vijaipur	GSPL India Transco Ltd	1,881	78.25	42"/36"/30" /24"/18"/12 "
Mehsana - Bathinda	GSPL India Gasnet Ltd	2,052	77.1	36"/24"/18" /12"
Bathinda - Jammu - Srinagar	GSPL India Gasnet Ltd	725	42.4	24"/18"/16" /12"/8"/6"
Kakinada - Vizag - Srikakulam	AP Gas Distribution Co.	391	90	24"/18"/8"/ 4"
Ennore - Nellore	Gas Transmission India Pvt. Limited	250	36	24"/18"
Ennore-Thiruvallur-Bengaluru-Puducherry-Nagapattinam-Madurai-Tuticorin	Indian Oil Corporation Limited	1,385	84.7	28"/24"/16" /12" /10"
Jaigarh-Mangalore	H-Energy Pvt. Ltd	635	17	24"
Total		**11,216**		

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8 Valuation Approach

The present valuation exercise is being undertaken to arrive at enterprise value of InvIT Asset for the purpose as mentioned above in the Report

There are three generally accepted approaches to valuation:

i. **"Cost"** Approach

ii. **"Income"** Approach

iii. **"Market"** Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

8.1 Cost Approach

8.1.1 The cost approach values the underlying assets of the business to determine the business value of the InvIT Asset. This valuation method carries more weight with respect to holding companies than operating companies. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

i. **Net Asset Value Method**

- The Net Asset Value (**"NAV"**) method under cost approach, consider the assets and liabilities, including intangible assets and contingent liabilities. The net assets, after reducing the dues to the preference shareholders, if any, represent the value of the company.
- NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits.
- This valuation approach is mainly used in cases where the asset base dominates earnings capability.
- As an indicator of the total value of the entity, the net asset value method has the disadvantage of only considering the status of the business at one point in time.
- Additionally, net asset value does not consider the earning capacity of the business or any intangible assets that have no historical cost. In many respects, net asset value represents the minimum benchmark value of an operating business.

ii. **Break Up Value Method**

- Under the Break Up Value (**"BV"**) method, the assets and liabilities are considered at their realizable (market) values including intangible assets and contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the payable value of all liabilities (existing plus potential) are deducted to arrive at the BV of the company.
- This Valuation approach is mostly used in case of companies where there are huge operating investments or surplus marketable investments.

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8.2 Income Approach

8.2.1 The Income approach focuses on the income prospects of a company.

i. **Discounted Cash Flow Method**

- Under the Discounted Cash Flow (**"DCF"**) method, the value of the undertaking is based on expected 'cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.
- Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.
- Discount rate is the Weighted Average Cost of Capital (**"WACC"**), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.
- The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The **"constant growth model"** is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.
- The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.
- The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.
- In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

8.3 Market Approach

i. **Market Price Method**

- Under this approach, the market price of an equity share as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

ii. **Comparable Companies Multiple Method**

- Under the Comparable Companies Multiple (**"CCM"**) method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

- To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

- Under the Comparable Transactions Multiple (**"CTM"**), the value of a company can be estimated by analysing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company.

8.4 Conclusion on Valuation Approach

Sr. No.	Valuation Approach	Valuation Methodology	Used	Explanation
I	Cost Approach	- Net Asset Value & Break Up Value	No	NAV does not capture the future earning potential of the business.
II	Income Approach	- Discounted Cash Flow	Yes	The project under the Company derives its true value from the potential to earn income in the future. Hence, we have considered DCF method under Income Approach for Valuation.
III	Market Approach	- Market Price	No	The Company is not listed on any stock exchange, therefore we have not considered market price method of valuation.
		- Comparable Companies	No	There are no listed companies directly comparable to the business of the InvIT Asset considering the nature of operations, capital structure and the type of asset held. Hence, we have not considered CCM method.
		- Comparable Transactions	No	Due to unavailability of transactions in the public domain with business and characteristics similar to the Company.

- Accordingly, in the instant case, the Discounted Cash Flow Method was considered as the most appropriate method for valuation of the InvIT Asset. Under the DCF method, we have used Free Cash Flow to Equity (**"FCFE"**) model for valuation.

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9 Valuation of InvIT Asset

9.1 Key Factors Impacting Valuation

9.1.1 The business of the Company is natural gas transportation, hence natural gas volumes transported and tariff of the gas are the main value drivers for the business.

9.1.2 For assessing the volumes to be transported through the Pipeline we have relied on technical report provided by Wood Mackenzie. Wood Mackenzie is a global energy, chemicals, renewables, metals and mining research and consultancy group. Wood Mackenzie was engaged by an affiliate of the Sponsor in connection with Commercial Due Diligence of the Pipeline.

9.1.3 The second major factor is Tariff for gas transportation, which is fixed by PNRGB and revised every five years. The tariff rate is fixed on the basis of future estimated volumes and total expenditure to be incurred by the firm in 25 years since commercial operations. Current tariff is INR 52.23/mmbtu as provisionally determined by PNGRB, while an application has been filed by EWPL for determination of final tariff to INR 192.59/mmbtu. The weighted average tariff considered for valuation of InvIT Asset is arrived at INR 71.15/mmbtu.

9.2 DCF Method:

9.2.1 The value of the InvIT Asset is based on the cash flow of PIPL.

9.2.2 The provisional balance sheet position of PIPL as on December 31, 2018 has been considered as the opening balance sheet of PIPL for the purpose of valuation.

9.2.3 The financial projections as provided by the IM for a period of 20 years from January 1, 2019 has been considered for valuation.

9.2.4 Following are the key assumptions considered in the financial projections while determining the operating cash flows of PIPL:

i. **Volumes:**

- The gas transportation volume is based on the Wood Mackenzie Report dated December 21, 2018 provided by IM to estimate the production of natural gas that could be transported through the Pipeline.
- The primary source of production of natural gas considered in the Wood Mackenzie Report is from the KG basin from discovered resources. Additionally, the Wood Mackenzie Report also provides estimates of production volumes from yet to find resource. We have considered 100% of production volumes estimated from discovered resources and 50% of production volumes estimated from yet to find resources for the volume projections of gas transportation through the Pipeline based on the assumption that once production from existing and upcoming fields goes down, there would be new gas explorations in Krishna Godavari Dhirubhai 6, ONGC, etc. fields in the east coast of India.

ii. **Tariff for Gas Transportation:**

- The tariff rate currently charged to the customers is the Provisional Tariff of INR 52.23/mmbtu. We have been informed that in October 2018, EWPL has submitted a proposal to PNGRB for determining the final tariff at INR 192.59/mmbtu on a prospective basis (**"Tariff Proposal"**). The Management has provided us the model based on which EWPL has submitted the Tariff

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Proposal.

- Based on various qualitative factors, our understanding of the regulations and discussions with the Management, we have considered a weighted average tariff of INR 71.15/mmbtu based on the following 3 scenarios of tariff rate for the Pipeline Business:

Scenario	Tariff	Weights
I	Existing tariff of INR 52.23/mmbtu	1/6
II	Revision of tariff to INR 67.12/mmbtu	3/6
III	Revision of tariff to INR 86.64/mmbtu	2/6
	Weighted Average Tariff Considered	**71.15**

- The factors considered in arriving at the tariff under the aforesaid revised scenarios are as below:

Sr. No.	Factors	Tariff Proposal	Scenario II	Scenario III	Basis
I	Gas Price (In $/mmbtu)	8.89	3.48	3.48	Both Scenarios - Existing Natural Gas price for Oct 2018 to March 2019 as per Petroleum Planning & Analysis Cell
II	Total Capacity (MMSCMD)	62	95	85	Scenario II - Order II passed by PNGRB for capacity as 95 mmscmd Scenario III - Order I passed by PNGRB for capacity as 85 mmscmd
III	Indirect Tax Rate on Gas Cost	14%	5.75%	5.75%	Both Scenarios - Tax rate based on Sales Ratio as follows: 30% - Intra State sales @ 14% 70% - Inter State sales @ 2%
IV	Exchange Rate Devaluation	2.4%	0%	2.4%	Scenario II - No devaluation of exchange rate considered Scenario III - No Change
Tariff Rates		**192.59**	**67.12**	**86.64**	

iii. **Working Capital**

- The amount of inventory is estimated to be maintained at the same level as existing on December 31, 2018. The working capital days outstanding estimated is as follows:

- Debtors - 15 days of annual revenue
- Current liability for Gas consumption - 15 days of annual cost
- Current liability for operating expenses - 60 days of annual cost

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iv. **Capital Expenditure**

- Based on discussions with the Management, we understand that a mid-life overhaul and full-life overhaul of Gas Turbines, compressors, fuel management systems, Gas Engine Generators and upgradation and replacement of various plant and machinery components shall be required due to obsolescence and deterioration. Accordingly, a yearly capital expenditure of INR 2,000 Mn from calendar year 2030 onwards for upkeeping of the Pipeline has been considered.

v. **Interest and Debt Repayment**

- The existing debt outstanding in the books of PIPL as on the Valuation Date is INR 164,000 Mn. Currently, there are no specific terms agreed with the existing lender. Further, PIPL has a one time liability amounting to INR 6,500.0 Mn being the purchase consideration payable by PIPL to EWPL for acquisition of Pipeline Business as per the Scheme.
- ~75% of total debt is estimated to be repaid over a period of 20 years and the balance debt along with the outstanding purchase consideration will be paid immediately.
- The pre-tax interest cost of debt is considered at 9.5% based on discussions with the IM on the current interest rates for infrastructure projects.

vi. **Terminal Year Cash Flow**

- For the terminal period, a terminal growth rate of 1% has been applied on EBITDA based on projected industry outlook and overall outlook of the gas flow. Due to release of working capital, no working capital has been assumed in the terminal period on a conservative basis. Capital expenditure for terminal period has been estimated equal to INR 2,000 Mn required for upkeeping the Pipeline.
- Corporate income tax in the explicit period has been considered as per the current tax laws applicable in India.
- The cash flows of PIPL post all the aforesaid adjustments has been discounted to arrive at the equity value of InvIT Asset.

vii. **Discounting Factor**

- We have used the Free Cash Flows to Equity ("FCFE") model under DCF method to estimate the equity value of InvIT Asset. In FCFE, the free cash flows available are discounted by Cost of Equity (CoE) to derive the net present value.
- The Cost of equity ("CoE") has been calculated as per the Capital Asset Pricing Model based on the following parameters:

- Cost of equity = Risk Free Rate + [Beta X Equity Risk Premium] + Company Specific Risk Premium
- Risk free rate of return of 7.5% is based on zero coupon bond yield as on the Valuation Date having maturity of 10 years as listed on www.ccilindia.com.
- Expected market premium of 7.5% has been calculated on the expected market return of 15% as prevalent in India based on historical market returns and our analysis.
- Beta is a measure of systematic risk of the company's stock as compared to the market risk. Beta of 1.13 (**Refer Annexure II**) considered for determination of CoE is based on beta of broad comparable companies in the listed space operating in similar sector and relevered with a debt-equity ratio of 1:1.

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- Based on above, the base cost of equity is arrived at 16.0%.
- There is uncertainty involved in achieving the future extraction of projected gas volumes considering the historical performance of extraction of natural gas and final determination of tariff by PNGRB, therefore, we have considered a company specific risk premium of 3%.
- Accordingly, the cost of equity is arrived at 19.0%.

9.2.5 The Management has informed us that contingent liabilities of PIPL, if any, and liability from various litigation in respect of the Pipeline are not expected to materialize on PIPL, hence no adjustment has been made in the current valuation. The cash and cash equivalent as on the Valuation Date is INR 729.3 Mn.

9.2.6 Based on above analysis and the financial projections considered, the equity value is arrived at INR 8,260.1 Mn.

9.2.7 As per the provisional balance sheet of PIPL as on December 31, 2018, the surplus asset and debt and debt like items of PIPL are as follows:

- INR 6,500.0 Mn payable as consideration for transfer of the Pipeline Business from EWPL to PIPL;
- Unsecured liability of INR 164,000 Mn being the amount of borrowings;
- Existing Cash and Bank Balance of INR 729.3 Mn.

9.2.8 Accordingly, the net debt/ liability in the books of PIPL post the aforesaid adjustments as on the Valuation Date shall amount to INR 169,770.7 Mn.

9.2.9 Based on above, the enterprise value of InvIT Asset post the aforesaid adjustments is arrived at INR 178,030.8 Mn **(Refer Annexure IA).**

9.3 Value of InvIT Asset attributable to InvIT

9.3.1 As per the terms of the Transaction Documents, 0.1% Compulsory Convertible Preference Shares (**"CCPS"**) amounting to INR 40,000 Mn shall be issued to RIIHL as on the date on which non-convertible debentures issuance is completed in accordance with the Framework Agreement. PIPL and RIL have agreed to enter into a PUA, which is in agreed form, in order to set out the terms for RIL to reserve transportation, storage or other capacity in the Pipeline for a period of 20 years. The PUA is agreed to be executed on the Completion Date and will come into effect from the date of its execution. The PUA *inter alia* provides for the following:

- RIL to pay contracted capacity payments to PIPL on a quarterly basis for the capacity booked determined in accordance with the PUA. The contracted capacity payments shall be paid only when the actual transportation charges payable for the actual quantity transported is less than the contracted capacity payments. Such net accumulated contracted capacity payments shall be adjusted in the quarters where the actual transportation charges payable for the actual quantity transported is more than the contracted capacity payments.
- In consideration of RIL reserving the capacity in the Pipeline and making the payment on account of contracted capacity payments to PIPL, RIL is entitled to receive certain cash flows, subject to deduction of taxes by PIPL as per applicable law. The mechanism for computing the cash flow and payment of the same to RIL is provided in the PUA.
- The payment of such cash flows shall be made in the Financial Year when the actual transportation charges received by PIPL in a Financial Year is higher than the contracted

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capacity payments during the Financial Year.

9.3.2 Based on above, after adjustment of the present value of net cash flows accruing to RIL pursuant to the Transaction Documents, the Enterprise Value attributable to the InvIT is arrived at INR 139,639.9 Mn (**Refer Annexure IB**).

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10 Valuation Summary

10.1. The current valuation has been carried out based on the valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations, were given due consideration.

10.2. We would like to highlight that in the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of an entity or business.

10.3. The enterprise value of InvIT Asset is arrived at INR 178,030.8 Mn and the enterprise value of InvIT Asset attributable to the InvIT pursuant to the agreed terms of the Transaction Documents is arrived at INR 139,639.9 Mn.

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11 Annexures

11.1 Annexure I (1/2)

A. Valuation of InvIT Asset as per DCF Method

Valuation as per Discounted Cash Flow Method as on 01-Jan-19 (INR Mn)											
COE	19.0%										
TVG	1.0%										
Year Ending	Jan 19 to Mar 19 (3m)	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29
EBITDA	1,977.7	9,073.6	11,444.6	22,256.1	34,688.1	42,866.1	45,329.7	45,024.4	42,373.9	39,271.6	36,540.7
Less: Interest	(3,087.5)	(12,293.2)	(12,060.5)	(11,805.7)	(11,526.5)	(11,220.7)	(10,885.8)	(10,518.9)	(10,117.1)	(9,676.9)	(9,194.7)
Less: Income Tax	-	-	-	-	(1,581.2)	(4,238.1)	(5,367.7)	(6,066.6)	(5,583.2)	(5,010.8)	(6,243.8)
Less: Capital Expenditure	-	(53.0)	(164.0)	-	-	-	-	-	-	-	-
Add/ (Less): Changes in Working Capital	600.1	(37.8)	(61.9)	(469.0)	(501.8)	(322.3)	(95.5)	23.0	119.8	142.5	120.4
Repayment of Debt	(35,095.7)	(2,439.7)	(2,672.3)	(2,927.2)	(3,206.3)	(3,512.1)	(3,847.0)	(4,213.9)	(4,615.8)	(5,056.0)	(5,538.1)
Repayment of One Time Liability	(6,500.0)	-	-	-	-	-	-	-	-	-	-
Free Cash Flows	**(42,105.4)**	**(5,750.0)**	**(3,514.2)**	**7,054.3**	**17,872.3**	**23,572.8**	**25,133.7**	**24,247.9**	**22,177.6**	**19,670.6**	**15,684.5**
Terminal Value											
Period for discounting	0.13	0.75	1.75	2.75	3.75	4.75	5.75	6.75	7.75	8.75	9.75
Discounting Factor	0.98	0.88	0.74	0.62	0.52	0.44	0.37	0.31	0.26	0.22	0.18
Present Value of Cash Flows	**(41,199.7)**	**(5,046.7)**	**(2,591.9)**	**4,372.2**	**9,308.5**	**10,317.2**	**9,244.0**	**7,494.3**	**5,760.0**	**4,293.2**	**2,876.7**

Year Ending	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34	Mar-35	Mar-36	Mar-37	Mar-38	Apr 38 to Dec 38 (9m)	TY
EBITDA	35,308.2	33,826.7	32,172.6	29,423.7	25,501.0	20,615.1	4,607.2	4,267.9	3,364.9	1,632.7	2,198.7
Less: Interest	(8,666.5)	(8,088.0)	(7,454.3)	(6,760.2)	(5,999.9)	(5,167.0)	(4,254.8)	(3,255.5)	(2,161.0)	(962.0)	-
Less: Income Tax	(7,959.8)	(7,757.7)	(7,478.1)	(6,825.7)	(5,776.6)	(4,408.0)	-	-	-	-	(69.4)
Less: Capital Expenditure	(500.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(1,500.0)	(2,000.0)
Add/ (Less): Changes in Working Capital	63.1	73.8	84.3	124.4	176.0	216.3	673.5	31.3	54.8	65.7	-
Repayment of Debt	(6,066.3)	(6,644.8)	(7,278.5)	(7,972.6)	(8,733.0)	(9,565.8)	(10,478.1)	(11,477.3)	(12,571.9)	(10,087.6)	-
Repayment of One Time Liability	-	-	-	-	-	-	-	-	-	-	-
Free Cash Flows	**12,178.6**	**9,410.0**	**8,046.0**	**5,989.5**	**3,167.6**	**(309.5)**	**(11,452.1)**	**(12,433.7)**	**(13,313.2)**	**(10,851.2)**	**129.3**
Terminal Value											718.3
Period for discounting	10.75	11.75	12.75	13.75	14.75	15.75	16.75	17.75	18.75	19.50	19.50
Discounting Factor	0.15	0.13	0.11	0.09	0.08	0.06	0.05	0.05	0.04	0.03	0.03
Present Value of Cash Flows	**1,877.0**	**1,218.8**	**875.7**	**547.8**	**243.4**	**(20.0)**	**(621.5)**	**(567.1)**	**(510.2)**	**(365.0)**	**24.2**

Particulars	INR Mn
NPV of Explicit Period Cash Flows	7,506.7
PV of Terminal Period Cash Flows	24.2
Add: Cash & Surplus Assets	729.3
Equity Value	**8,260.1**
Add: Net Debt	1,69,770.7
Enterprise Value (EV)	**1,78,030.8**

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Annexure I (2/2)

B. Computation of Value attributable to the InvIT from InvIT Asset as per Transaction Documents

Particulars	INR Mn
Enterprise Value of InvIT Asset	**1,78,030.8**
Less: Present Value of net cash flows accruing to RIL as per the Transaction Documents (Refer C below)	(38,390.9)
Enterprise Value attributable to InvIT	**1,39,639.9**

C. Computation of net cash flows to RIL as per the Transaction Documents

Year Ending	Jan 19 to Mar 19 (3m)	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29
(Payment)/ Set off by RIL	(2,695.1)	(9,690.3)	(6,323.1)	5,317.3	13,391.1	-	-	-	-	-	-
Receipt/ Accrual to RIL	919.3	1,302.7	660.9	570.5	3,060.1	22,365.5	24,149.3	18,341.8	16,307.5	14,977.3	12,198.6
Total	(1,775.8)	(8,387.6)	(5,662.2)	5,887.9	16,451.1	22,365.5	24,149.3	18,341.8	16,307.5	14,977.3	12,198.6
Discounting Factor	0.98	0.88	0.74	0.62	0.52	0.44	0.37	0.31	0.26	0.22	0.18
Present Value	(1,737.6)	(7,361.7)	(4,176.1)	3,649.2	8,568.3	9,788.8	8,882.0	5,668.9	4,235.4	3,268.9	2,237.3

Year Ending	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34	Mar-35	Mar-36	Mar-37	Mar-38	Apr 38 to Dec 38 (9m)
(Payment)/ Set off by RIL	-	-	-	-	-	-	(12,507.5)	(12,729.6)	(13,563.2)	(11,026.7)
Receipt/ Accrual to RIL	11,076.0	11,542.9	10,994.4	10,066.6	8,702.5	6,959.8	11,212.9	4,177.0	4,275.5	3,475.9
Total	11,076.0	11,542.9	10,994.4	10,066.6	8,702.5	6,959.8	(1,294.6)	(8,552.5)	(9,287.7)	(7,550.7)
Discounting Factor	0.15	0.13	0.11	0.09	0.08	0.06	0.05	0.05	0.04	0.03
Present Value	1,707.1	1,495.0	1,196.6	920.7	668.8	449.5	(70.3)	(390.1)	(356.0)	(254.0)
Sum of Present Value	38,390.9									

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11.2 Annexure II - Broad Comparable Companies

Sr No	Name of comparable companies	Unlevered Beta
1	GAIL (India) Limited	0.93
2	Petronet LNG Limited	0.73
3	Indraprastha Gas Limited	0.75
4	Gujarat State Petronet Limited	0.43
5	Gujarat Gas Limited	0.53
6	Mahanagar Gas Limited	0.73
	Unlevered Beta	**0.68**
	Relevered Beta	**1.13**

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11.3 Annexure III - Details of all Permissions (1/4)

Business Permissions and Approvals:

Sr No.	Description of Permit	Issuing Authority	Current Status
	Approvals in relation to trust		
1	Certificate of registration dated January 23, 2019 having registration number IN/InvIT/18-19/0008 issued under Regulation 3 of the SEBI InvIT Regulations, for registration of the Trust as an infrastructure investment trust.	SEBI	Active
	Approvals in relation to transfer of Initial Portfolio Asset		
1	Approval for the scheme of arrangement ("Scheme") between EWPL and PIPL, for the transfer of the Pipeline Business from EWPL to PIPL.	NCLT, Ahmedabad & Mumbai	Active
2	In-principle approval for renunciation of the authorization granted to EWPL for the Pipeline, in favor of PIPL dated September 27, 2018. This approval is subject to certain terms and conditions	PNGRB	Active
3	Approval in relation to the acquisition of the entire equity shareholding of PIPL by the Trust dated September 11, 2018.	Competition Commission of India	Active
	Approvals in relation to Initial Portfolio Asset		
	Following is an indicative list of all material approvals required for operation of Initial Portfolio Asset:		
1	Final terms and conditions for acceptance of central government authorization to lay, build, operate or expand the east west natural gas pipeline network as common carrier pipeline network issued under regulation 17(1) of the PNGRB Authorizing Regulations;	PNGRB	Active
2	Approval in respect of the expression of interest for allocation of capacity in a pipeline	Ministry of Petroleum and Natural Gas	Active
3	Right of use in the land for laying the pipeline under section 6 of the PMP Act	Ministry of Petroleum and Natural Gas	Active

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Annexure III - Details of all Permissions (2/4)

Business Permissions and Approvals:

Sr No.	Type of Approval	Acts or Rules under which requirement specified	Facility for which permit obtained	Validity
1	Environmental Clearance	EIA Rules,2006	Kakinada Hyderabad Pipeline	One time
			Hyderabad Ahmedabad Pipeline	One time
2	Forest Clearances	The Forest Conservation Act, 1980 & The Indian Forest Act, 1928	East West Pipeline Limited	One time
3	CRZ Clearance	CRZ Notification	East West Pipeline Limited	One time
4	Public Liability Insurance Policy	Public Liability Insurance Act, 1991	East West Pipeline Limited	30-Jun-19
5	Consent to Establish	Water Act, 1974 & Air Acr, 1981	CS-01 to CS-10	One time
6	Consent to Operate & Hazardous Waste Authorization	Water Act,1974, Air Act 1981, Hazardous Waste (M&TM) Rule,2016	CS01 - CS04	28-Feb-19[1]
			CS05	30-Jun-20
			CS06 to CS08	31-Mar-18[2]
			CS09	14-Apr-23
			CS10	31-Mar-23
7	Factory Licenses	Factories Act, 1948	CS01 - CS04, CS07	Till Cancellation
			CS05	31-Dec-19
			CS06	31-Dec-18[3]
			CS08	31-Dec-17[4]
			CS09	31-Dec-23
			CS10	31-Dec-18[5]
8	NOC for withdrawal of ground water	CGWA Rules		Pending approval
9	CCoE Approval for laying pipeline	Petroleum and Explosives Safety Organization (PESO)	Approval for Laying Kakinada-Hyderabad-Ahmedabad NG pipeline	One time
			Approval for laying of 7 KM 30" Dia NG Pipeline from Kanjanhari to GSPL sectionalizing valve at Atakpardi village CS 09	One time
10	CCoE Permission for commissioning pipeline	Petroleum and Explosives Safety Organization (PESO)	Kakinada-Hyderabad-Ahmedabad pipeline 158 KM stretch (EWPL) CS06 - CS07	One Time Issue
			Kakinada-Hyderabad-Ahmedabad Stretch 761 KM (EWPL) CS01 - CS06	One Time Issue
			East Godavari Spur Line (URSPL)	One Time Issue

[1] Renewal Application Submitted on 06-Mar-2019 for CS 1 and 2 and on 27-Feb-2019 for CS 3 and 4
[2] Renewal Application Submitted on 31-Jan-2018
[3] Renewal Application Submitted on 05-Nov-2018
[4] Renewal Application Submitted on 02-Nov-2018
[5] Renewal Application Submitted on 22-Oct-2018

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Annexure III - Details of all Permissions (3/4)

Business Permissions and Approvals:

Sr No.	Type of Approval	Acts or Rules under which requirement specified	Facility for which permit obtained	Validity
			Uran Spur Line (URSPL)	One Time Issue
			Kakinada-Hyderabad-Ahmedabad pipeline 166 KM stretch (EWPL) CS08 - CS09	One Time Issue
			Kakinada-Hyderabad-Ahmedabad pipeline 130 KM stretch (EWPL) CS09 - CS10	One Time Issue
			Kakinada-Hyderabad-Ahmedabad pipeline 156 KM stretch (EWPL) CS07 - CS08	One Time Issue
			7 KM 30" Dia NG Pipeline from Kanjanhari to GSPL sectionalizing valve at Atakpardi village (SGUSPL) CS09	One Time Issue
			NTPC Kawas spur line (KWSPL) CS10	One Time Issue
			28" NG spur line from M&R 22 at Dhamka to HLPL (SHELL connectivity) (KWSPL) CS10	One Time Issue
			16" NG spur line from Tap Off point at Chevuturu village (Krishna Dist. AP) to M&R Lanco Kondapalli (LKSP) CS02	One Time Issue
11	Fire NOCs	A P state Disaster Response and Fire Services Department	CS01	7-Apr-19
		A P state Disaster Response and Fire Services Department	CS02	10-Sep-19
		Telangana state Disaster Response and Fire Services Department	CS03	Not Applicable

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Annexure III - Details of all Permissions (4/4)

Business Permissions and Approvals:

Sr No.	Type of Approval	Acts or Rules under which requirement specified	Facility for which permit obtained	Validity
		Telangana state Disaster Response and Fire Services Department	CS04	Not Applicable
		Karnataka State Fire and Emergency Services	CS05	20-Apr-19
		Directorate Maharashtra Fire Services	CS06, CS07 & CS08	One Time
		Gujarat Fire Services	CS09 & CS10	Not Applicable
12	Building plan approvals	DISH (Directorate of Industrial Safety and Health)	CS02 - CS10	One Time
13	Structure Stability Certificate	Factories Act, 1948	CS01	Renewal not required as per Andhra Pradesh Factories Rules, 1950
			CS02	7-Jun-23
			CS03	7-Jun-23
			CS04	7-Jun-23
			CS05	19-Jun-23
			CS06	30-Sep-19
			CS07	13-Jun-23
			CS08	14-Jun-23
			CS09	27-Oct-21
			CS10	28-Oct-21
14	Consent to Engage Contract Labour	Contract Labour regulation and Abolition Act 1970	CS01 to CS10	One time
15	Wireless Station License by GOVERNMENT OF INDIA, Ministry of Communications and Information Technology	Under The Indian Telegraph Act 1885	CS01 to CS 10	31-Dec-18[6]
16	State Electricity Authorization	the Electricity Act 2003 read with the Indian Electricity Rules, 1956	East West Pipeline limited	One time
17	Pipeline Authorization	PNGRB Act, 2006	East West Pipeline Limited	One time
		PNGRB Act, 2006	East West Pipeline Limited	One time

[6] Renewal Application Submitted on 13-Dec-2018

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11.4 Annexure IV - Litigations Details (1/2)

Sr No.	Against	Pending Before	Details of the Case
Disputes in connection with the right of user granted to EWPL under the PMP Act			
1	EWPL/RGTIL	District Judge, Pune	[Ramchandra Jaggnath Sabale ("Claimant") filed a miscellaneous application against RGTIL (former name of EWPL) before the District Judge, Pune. The application was made under the PMP Act for enhancement of compensation [to a total claim of ₹ 52.10 million]]. The court by its order dated April 27, 2016 dismissed the application filed by the Claimant directing him to pay the court fees on the amount of compensation claimed. The matter is currently pending.
2	EWPL/RGTIL	Principal District Judge Court, Navsari	[Kamuben filed an application before the Principal District Judge Court, Navsari against the competent authority under the PMP Act and RGTIL (former name of EWPL) demanding additional compensation amounting to ₹ 510.00 million. The matter is currently pending].
3	EWPL/RGTIL	Senior Civil Judge, Bharuch	[Manharlal Shivlal Panchal and others filed a land acquisition reference before the court of the Senior Civil Judge, Bharuch, against RGTIL (former name of EWPL) and the district collector claiming excess compensation to the tune of ₹ 107.45 million. The matter is currently pending].
4	EWPL/RGTIL	Principal District Judge Court, Navsari	[Savitaben Patel and others ("Claimants") filed an application before the Principal District Judge Court, Navsari in Navsari against the deputy collector and competent authority under the PMP Act, and RGTIL (former name of EWPL) demanding additional compensation, amounting to ₹ 70.00 million] which was dismissed for default on August 18, 2018]. [Savitaben Patel has also filed an application for restoration and the matter is currently pending].
5	EWPL/RGTIL	Principal District Judge Court, Navsari	[Thakorbhai Khandubhai and others ("Claimants") filed an application before the Principal District Judge Court, Navsari against RGTIL (former name of EWPL) demanding additional compensation, [amounting to a total claim of ₹ 910.00 million]. It was dismissed for default on August 18, 2018.] [However, the Claimants have filed an application for restoration and the matter is currently pending].
Royalty Related			
1	EWPL/RGTIL	Bombay High Court	EWPL has received demand notices from the revenue authorities in Maharashtra seeking to levy royalty (together with penalty and other charges) of INR 415.6 million on the grounds that EWPL for the purpose of laying the East West Pipeline, had conducted an excavation of earth which is treated as mining of minor minerals under the Maharashtra Land Revenue Code, 1966. EWPL has also already paid penalty to the tune of approximately INR 132.1 million under duress and coercion. EWPL challenged the levy of royalty by filing a writ petition before the Bombay High Court in

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Annexure IV - Litigations Details (2/2)

Sr No.	Against	Pending Before	Details of the Case
			2009 on the grounds that the operation of laying the gas pipeline does not qualify as mining of minor minerals and the levy is in contravention of Article 265 of the Constitution of India. The Bombay High Court vide order dated February 09, 2011 directed the revenue authorities to restrain from taking any coercive steps against EWPL. The matter was last posted for hearing on October 17, 2012 and has not yet been listed for hearing again and is currently pending.
Other Tariff Related			
1	NA	PNGRB	PIPL has filed a review petition before the PNGRB seeking review of the tariff order passed by the PNGRB dated December 10, 2018 (the "Order"), pursuant to which PNGRB determined the levelized tariff for the High Pressure Gujarat Gas Grid ("HP Gas Grid") of Gujarat State Petronet Limited ("GSP Limited") and the Dahej-Uran-Panvel-Dhabol Natural Gas Pipeline Network ("DUPL-DPPL") of GAIL under the provisions of the Tariff Regulations, making it applicable retrospectively with effect from April 1, 2018. Pursuant to the demerger of the Pipeline Business, PIPL provides end to end gas transportation services to Reliance's facilities in Jamnagar through the Pipeline and GSP Limited's HP Gas Grid pursuant to a gas transportation agreement entered into with GSP Limited (the "GTA"). PIPL has sought review of the Order seeking (i) modification of the Order to make it effective prospectively from April 1, 2019 as opposed to the Order currently making the tariff applicable retrospectively from April 1, 2018, and (ii) modification of the zonal levelized tariff considering the point of origin for GSP Limited's HP Gas Grid as Mora as opposed to the Order currently fixing the tariff on the bases of Eklara as the point of origin. PIPL has also sought an interim relief for a stay on the Order. The matter is currently pending.

Note: The details of the key litigations which may have bearing on the valuation i.e. capacity assessment and determination of final tariff have been disclosed on page 23 of the Report.

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11.5 Annexure V - Other Disclosures as required under SEBI InvIT Regulations

Statement of Assets

The Trust proposes to acquire PIPL and through PIPL shall run the Pipeline Business which was historically owned and operated by EWPL. NCLT Ahmedabad vide its order dated November 12, 2018 and NCLT Mumbai vide its order dated December 21, 2018 has approved the Scheme for transfer of the Pipeline Business from EWPL to PIPL. As per the audited financial statements as on September 30, 2018, PIPL has a gross fixed asset consisting of the assets related to the Pipeline amounting to INR 151,986.5 Mn and intangible asset amounting to INR 18,513.5 Mn.

Details of Major Repairs to the Pipeline - Past and Proposed

- As per discussions with the Management, we understand that no major repairs have been done in the past to the Pipeline.
- In the coming years, it is estimated that a yearly expenditure of ~INR 2,000 Mn shall be required from calendar year 2030 to 2038 thereby totaling to INR 18,000 Mn towards mid-life overhaul and full life overhaul of the following:
    - Gas turbines;
    - Compressors;
    - Pumps and related auxiliaries;
    - Fuel management systems;
    - Gas Engine Generators;
    - Compressor Operating & control system;
    - UPS system;
    - Transformers;
    - Battery Bank;
    - Digital Relays; and
    - Other IT infrastructure

Revenue pendency including local authority taxes associated with InvIT Asset and compounding charges:

The Management has confirmed to us that there are no revenue pendencies including local authority taxes associated with the InvIT Asset and compounding charges.

Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control:

The Management has confirmed to us that there is no vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

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ANNEXURE B - TECHNICAL REPORT

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Wood Mackenzie
A Verisk Business

21st December 2018

EWPL Due Diligence
Abridged Report for Disclosure in Private Placement Memorandum

Strictly Private and Confidential

The Abridged Report is intended to provide selected information in the Private Placement Memorandum and draws on data from the EWPL Due Diligence Report issued in August 2018.

The information upon which this Abridged report or the EWPL Due Diligence Report is based, has either been supplied to us by Brookfield/EWPL, or comes from our own experience, knowledge and databases. The opinions expressed in this report are those of Wood Mackenzie.

Wood Mackenzie represents that it has used reasonable endeavors to obtain the factual information contained in these materials from sources deemed by it, in its discretion, to be reliable at the time such information was obtained but Wood Mackenzie makes no warranties or representations about the accuracy or completeness of such information. Wood Mackenzie also represents that it has used reasonable skill and care in creating these materials, but Wood Mackenzie makes no warranties or representations about the accuracy or completeness of these materials or about the content of such, including without limitation the interpretations it has made regarding the factual information in these materials. These materials and the information therein, do not include, nor shall they be construed as including, advice, guidance or recommendations from Wood Mackenzie to take, or not to take, any actions or decisions in relation to any matter, including without limitation relating to investments or the purchase or sale of any securities, shares or other assets of any kind.

1.Production from Krishna-Godavari (KG) basin

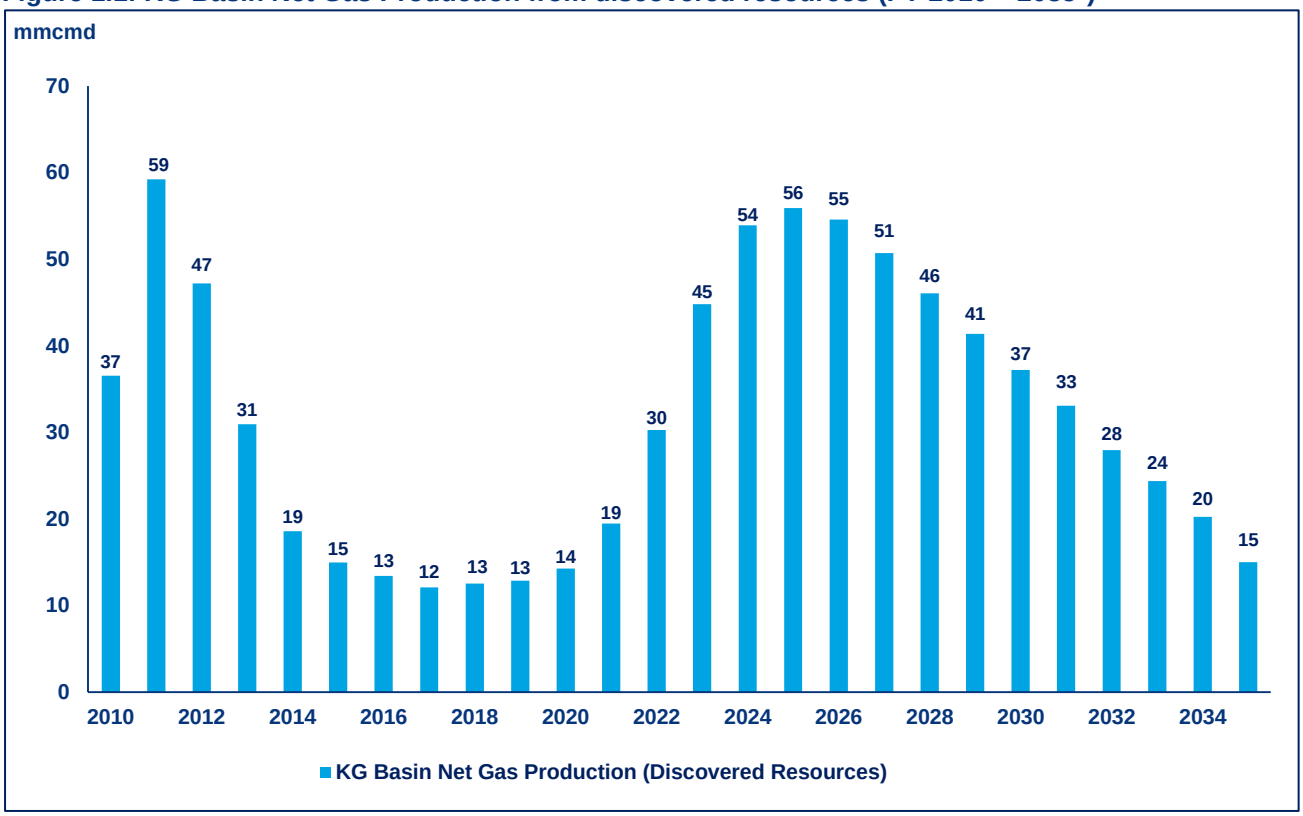
Wood Mackenzie has segregated its KG basin production forecasts into volumes from discovered resources and from yet-to-find resources. Production from discovered resources is based on our estimate of 2P reserves in each discovered field/block whereas production from yet-to-find resources is based on a projected creaming curve that is generated using best fit of a hyperbolic trend to historic data on cumulative reserves by cumulative exploration wells. The yet-to-find production estimates are thus based on historical performance in respective basins, as opposed to geological data assessment by operators, and has a significant degree of uncertainty associated with it.

1.1 Production from discovered resources

The Krishna-Godavari Basin is a proven petroleum province located in eastern India, around the Krishna and Godavari deltas, and encompasses a sedimentary cover of approximately 41,000 km^2 both onshore and offshore. Whilst the first gas field in the basin was discovered in the 1980's, the basin gained prominence only in the early 2000's, after deepwater gas discoveries were announced by Reliance, ONGC and GSPC from blocks won by these companies under the various NELP (New Exploration and Licensing Policy) licensing rounds. Until then, ONGC was producing gas from several onshore and shallow water fields that were awarded to the company on a nomination basis and volumes were supplied to consumers in the state of Andhra Pradesh, through a local pipeline network operated by GAIL.

The KG basin deepwater discoveries were initially considered to be game-changing events for the Indian gas market but it left the industry with disappointment after the Reliance operated KG D6 block was unable to produce volumes agreed in the company's FDP (Field Development Plan) and production from GSPC's discovery faced significant delays, in addition to the reserve size being significantly lower than that anticipated initially. However, upstream investors have recently sanctioned significant investments in the basin, given recent reforms on gas pricing in the country and streamlining of regulatory processes. Such investments are expected to result in a significant jump in gas production from the KG basin.

Figure 1.1: KG Basin Net Gas Production from discovered resources (FY 2010 – 2035*)



Source: Wood Mackenzie
**FY 2010 refers to financial year beginning 1st April 2009 and ending 31st March 2010*

Until FY 2009, production from KG basin fields was around 7 mmcmd (million cubic metres per day), with volumes being produced from legacy ONGC fields and supplied to end users in power and fertiliser sector through the local GAIL network. Production from the basin increased significantly, when Reliance commissioned gas production from Dhirubhai 1&3 and MA fields in FY 2010. Both these fields are part of the KG D6 block awarded to Reliance in the NELP-I licensing round. However, Reliance's plans to achieve a peak production of 80 mmcmd from these fields did not materialise, after the operator encountered reservoir complications and higher than expected water ingress in many of the producing wells. Production from the D6 block peaked at ~60 mmcmd in FY 2011 and has been declining since then, resulting in a steep fall in domestic gas production in the country.

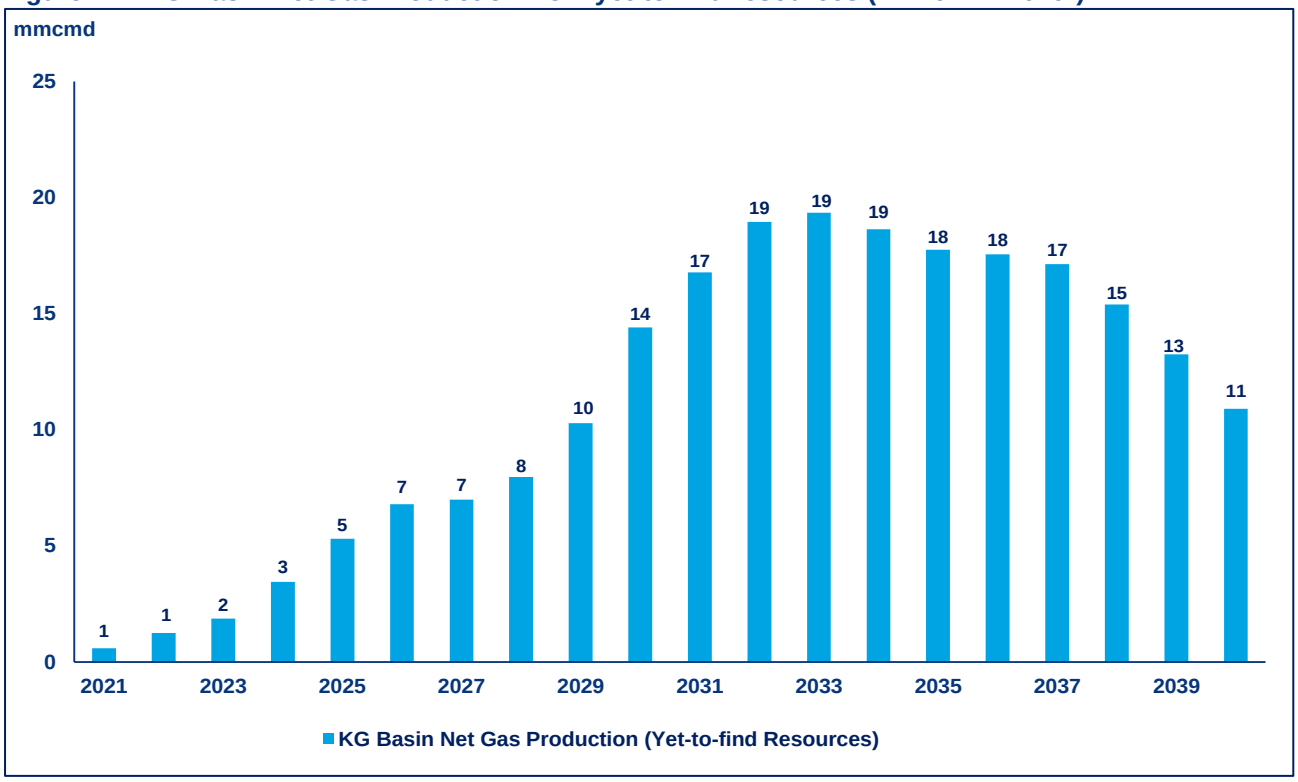
In 2011, Reliance entered into a strategic partnership with BP, with the company farming in 30% stake in all the upstream blocks owned by Reliance in India. Whilst the partners were not able to arrest production decline at the D6 block, they have jointly evaluated the reservoir technicals and recently sanctioned investment decision for two other fields in the block (R-series, Satellite cluster). Additionally, another field D55 (also known as "MJ") is yet to be sanctioned but we expect the decision to be announced in the next few months. Production from these new fields is expected to reverse the declining trend of gas output from the D6 block, beginning FY 2020.

In addition to incremental volumes from the Reliance operated fields, the deepwater assets operated by ONGC (S-1, Vashishta, KG-DWN-98/2) will also contribute to the production jump in KG basin. The S-1 and the Vashishta fields are already operational whereas first production from the KG-DWN-98/2 block is expected in FY 2021. Additionally, ONGC is now also the operator of the Deen Dayal block, where it recently bought 80% of GSPC's equity stake and is expected to start meaningful production beginning FY 2021.

Overall production from KG basin fields is expected to reach peak levels of 56 mmcmd by FY 2025 and start falling thereafter. Please note that our production forecasts are based on discovered resources and there may be an upside to the production estimates, if new gas discoveries in KG basin materialise in coming years.

1.2 Production from Yet-to-find resources

Figure 1.2: KG Basin Net Gas Production from yet-to-find resources (FY 2021 – 2040*)



Source: Wood Mackenzie
**FY 2021 refers to financial year beginning 1st April 2020 and ending 31st March 2021*

Over the past decade, explorers in KG basin have discovered almost 1 billion barrels of oil equivalent of mainly gas resource, with deepwater assets delivering the majority of these volumes. Our estimates of positive future economics for fields in the basin are underpinned by the low cost environment and the higher gas prices that new discoveries will achieve given the recent pricing reforms in the country. This, combined with significant potential resource, is forecast to result in excellent value creation for upstream operators.

Overall production from yet-to-find resources is expected to reach ~20 mmcmd levels post 2030.

Whilst our yet-to-find estimates point towards the likelihood of incremental production from prospective fields in the basin in future, it is worth noting that there is significant uncertainty associated with the forecast, as stated earlier. Hence, we have excluded this potential yet-to-find production while estimating the utilisation of EWPL.

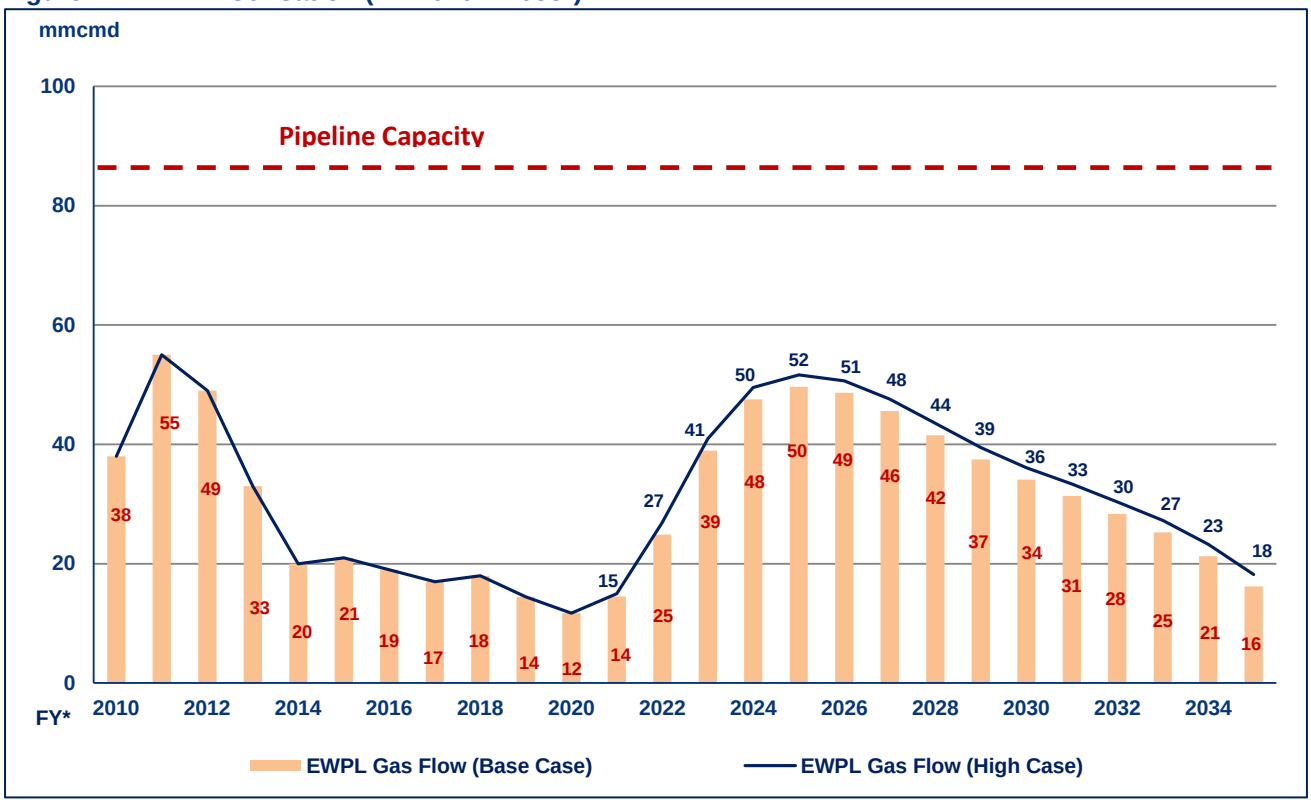
2.EWPL (East-West Pipeline) Utilisation

The 1480 kms EWPL is the country's second longest inter-state pipeline, traversing through the five states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat. EWPL was built by Reliance to transport gas from the KG D6 block to consumers in the Western region. In Gujarat, the EWPL connects into the HVJ (Hazira-Vijaipur-Jagdishpur) pipeline operated by GAIL, which makes it possible for supplies from KG basin to get transported to the consumers in Northern region.

EWPL has a capacity to transport ~85 mmcmd volumes. Whilst other gas pipelines originating from Kakinada (the landfall point for Reliance's KG basin fields) have been proposed, we anticipate that these pipelines may not get built if future production is in line with our forecasts, as the EWPL then has sufficient capacity to transport KG basin volumes. It is also worth noting that some production from KG basin fields (especially the legacy ONGC assets) does not flow entirely into the EWPL but is transported to local consumers using the GAIL network. Also, in addition to domestic gas, some LNG volumes from Hazira terminal flow into the EWPL.

Historical utilisation for EWPL has fallen in tandem with declining production from D6 block but we anticipate incremental KG basin production to step up the usage of the pipeline over the coming years. In our high case, we consider swapping arrangements supporting regasified LNG from terminals in the west coast, being supplied to end users in the east coast, thereby leading to incremental utilisation on the EWPL.

Figure 2.1: EWPL Utilisation (FY 2010 – 2035*)



Source: EWPL (Historicals); Wood Mackenzie (Forecasts)
**FY 2010 refers to financial year beginning 1st April 2009 and ending 31st March 2010*

EWPL's utilisation is expected to be lower until FY 2020 but will rise later until FY 2025, as gas production from the new KG basin fields ramps up. Beyond FY 2025, we forecast the pipeline utilisation to decline given our production estimates are based on discovered resources, but the gas flow could be higher if new gas discoveries materialise in KG basin and the volumes are transported through the EWPL. Similarly, the pipeline utilisation could be lower if actual production is less than our forecast or competing pipelines originating from Kakinada get developed and volumes from KG basin fields start flowing into these competing pipelines.

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