

PenBrook Capital Advisors

Date: May 15, 2019

To
BSE Limited,
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai 400 001
Maharashtra, India

Ref: India Infrastructure Trust (Scrip Code 542543)
Sub: - Half-yearly Report for the period ended March 31, 2019

Dear Sir/Madam,

Pursuant to the Regulation 23 of SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended, please find attached the half-yearly report of India Infrastructure Trust for the period ended March 31, 2019.

You are requested to kindly take the same on record.

Thanking you.

Yours faithfully,

For India Infrastructure Trust

PenBrook Capital Advisors Private Limited
(acting in its capacity as the Investment Manager to India Infrastructure Trust)



Sridhar Rengan
Director



CC: Axis Trustee Services Limited, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 025, Maharashtra, India

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Half Yearly Report for India Infrastructure Trust for the period ended March 31, 2019

We, Penbrook Capital Advisors Private Limited, Investment Manager of India Infrastructure Trust ("InvIT/Trust") hereby submit the half yearly report for the period from March 18, 2019 to March 31, 2019.

1. Investment Manager's brief Report on the activities of the InvIT and the summary of the audited consolidated financial statements for the year of the InvIT.

India Infrastructure Trust ("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 SEBI (Infrastructure Investment Trust) Regulations, 2014 on January 23, 2019, having registration number IN/InvIT/18-19/0008. 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.

The initial portfolio asset of the Trust is a pipeline system used for the transport of natural gas ("Pipeline"). 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), 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.

On March 18, 2019, the Trust acquired 100% of the issued equity shares of Pipeline Infrastructure Limited ('PIL') (name changed from Pipeline Infrastructure Private Limited consequent upon conversion w.e.f April 25, 2019) which owns and operates the Pipeline. On March 22, 2019 the Trust was allotted 12,95,00,000 INR denominated, unlisted, secured, redeemable, non-convertible debentures of face value of INR 1,000 each, aggregating to INR 12,950,00,00,000 on private placement basis (the "PIL NCDs"), from which the Trust derives interest income. On March 22, 2019 the beneficial management control of PIL transferred to the Trust.

As at March 31, 2019, the Trust had 63,700 Non-convertible Debentures (Trust NCDs) issued to banks and non-bank financial institutions, the proceeds of which were used to partially invest in the abovementioned PIL NCDs. The NCDs attracted a coupon rate of 9.2786% payable quarterly and had a maturity of 5 years.

The balancing investment in PIL NCDs and equity were funded through unit subscriptions from the Trust's Unitholders.

For the period of March 22, 2019 to March 31, 2019 the Trust earned INR 310.9 millions in interest income from PIL.

On April 23, 2019 PIL issued INR 64,520 millions of NCDs to banks and non-bank financial institutions. The proceeds were used by PIL to immediately repay 645,200,000 of PIL NCDs, and in turn the Trust

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used the proceeds to repay in full the 63,700 of the Trust NCDs at a clean redemption price of INR 1012873 per NCD.

In terms of SEBI CIR/IMD/DF/127/2016 dated November 29, 2016, the annual financial information shall be submitted within 60 days from the end of the financial year i.e by May 30th each year. However, as per Regulation 23(4) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, the Investment Manager of the InvIT shall submit a half-yearly report to the designated stock exchange within 45 days from the end of every half year ending March 31st and September 30th. Accordingly, the half-yearly report for the half year ended March 31, 2019 is required to be submitted by May 15th, 2019.

The InvIT is in the process of finalizing and audit of the financial information for the year ended March 31, 2019 and the same will be submitted to the Stock Exchange within prescribed timelines. In view of the above, the InvIT is submitting the half-yearly report without the annual financial information and an addendum to the half-yearly report with summary of the audited standalone and consolidated financial statements for the year ended March 31, 2019 will be filed along with the annual financial information once approved and adopted by the Investment Manager. Accordingly, the financial information/amounts as on March 31, 2019 mentioned in this report are based on unaudited management accounts of InvIT.

2. Brief details of all the assets of the InvIT, project-wise

The Trust has only one project-wise asset, comprising of the PIL Pipeline as mentioned above. At March 31, 2019, the Trust owned 100% of the issued equity shares of PIL and 100% of the PIL NCDs.

PIL's operations involve the transportation of natural gas through the PIL Pipeline for the benefit of its customers, as a Government of India approved common carrier pipeline. PIL earns gas transportation revenue for providing the pipeline capacity and gas transportation service.

The PIL Pipeline has bidirectional transportation capabilities which allows for transportation of gas from multiple sources, predominantly being the significant natural gas discoveries made offshore in the KG-D6 near Kakinada on the East coast India, and re-gasified liquid natural gas (LNG) from the LNG Terminal of Hazira LNG Pvt. Ltd., near Surat in the West.

The 48inch uniform diameter steel pipeline is externally 3LPE (three-layer polyethylene) coated, internally epoxy lined, helically spiral submerged arc welded and longitudinal submerged arc welded. Impressed current cathodic protection system has been provided to supplement the coating system for protection against external corrosion.

Mainline block valves (MLVs) have been provided along the pipeline at regular intervals conforming to code requirements. Provisions for tap-off are made at each MLV and selected MLVs have been provided with remote operation service.

Eleven Compressor Stations ('CS') have been installed along the length of the pipeline for transporting the design capacity of up to 80 MMSCMD of natural gas. These standalone CS have gas turbine driven compressors (GTCs), gas after-coolers, scrubber, fuel gas conditioning system, scraper traps, gas blow-



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down system, fire alarm and firefighting systems, instrumentation and control systems, gas engine generators (GEGs), emergency diesel engine generator (DG), buildings and other utilities.

Interconnects/spur lines have been installed for delivering gas to the customers either directly or through third party networks, with a cumulative length of interconnects/spur lines of approximately 105 km. All tie-ins/terminals have been provided with ultrasonic type of metering systems along with pressure regulation/control and gas quality measurement systems.

The PIL Pipeline is remotely operated and controlled with the help of a state-of-the-art Supervisory Control and Data Acquisition (SCADA) system. Optical Fiber Cable (OFC) based telecommunications systems provide for effective long-distance communication. The operative Pipeline Application Software (PAS) comprises of leak detection and location; operation optimization; line pack calculations and survival analysis; pig tracking; and look-ahead modules. Further, a Security Automation System has been implemented for security monitoring and management of access control.

The Pipeline Operations Centre of the PIL Pipelines is located in Gadimoga, Kakinada with the back up operations centre located at Ghansoli, Navi Mumbai.

3. Details of revenue during the year, project wise from the underlying projects

For the year ended March 31, 2019, PIL generated INR 10,585 million in revenue from operations and INR 93 million in interest and other revenue.

For the period March 22, 2019 to March 31, 2019 PIL generated INR 141.9 million in revenue from operations and INR 0.3 millions in interest and other revenue.

4. Brief summary of the valuation as per the full valuation report as at the end of the year:

Valuation Report dated March 8, 2019 issued by BDO Valuation Advisory LLP formed part of the Placement Memorandum dated March 19, 2019.

In terms of Regulation 21(4) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, full valuation shall be conducted by the Valuer at the end of the financial year within two months from the end of such year and the report shall be submitted to the Stock Exchange within 15 days of receipt of the Valuation Report. The Trust is in the process of obtaining a Valuation Report from the Valuer and the same will be submitted to the Stock Exchange within prescribed timelines. In view of the above, the Trust is submitting the half-yearly report without the summary of the valuation.

5. Any information or report pertaining to specific sector or sub – sector that may be relevant for an investor to invest in units of the InvIT

Petroleum and Natural Gas Regulatory Board ('PNGRB') declared final PIL-Pipeline tariff of Rs. 71.66 /MMBtu, Zonal apportionment of tariff submitted by PIL in March'19. PNGRB approval is awaited for implementation. The final tariff declared is 37% increase over the initial tariff of Rs. 52.23/MMBtu.

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PIL signed an MoU with ONGC on 18.01.2019 for establishing connectivity with their terminal at Mallavaram-AP for transportation of about 11 mmscmd gas from their off shore fields. Production of gas is expected from FY22.

Pursuant to 9th and 10th round of bidding for City Gas Development ('CGD') projects across country, PIL has been approached by CGD entities for hooking up their proposed CGD networks with PIL-Pipeline for gas transportation.

Already 7 hook-up agreements concluded and some more are expected in near future. Gas flow is expected to commence over the next 1 to 2 years, yielding incremental revenues to PIL. Volumes would ramp-up over 2-5 years.

6. Details of changes during the year pertaining to

- a. Addition and divestment of assets including the identity of the buyers or sellers, purchase or sale prices and brief details of valuation for such transactions: Not Applicable
- b. Valuation of assets and NAV (as per the full valuation reports): Refer point 4 above
- c. Borrowings or repayment of borrowings (standalone and consolidated) :

		Borrowing summary (INR '000,000)				
		PIL Standalone		Trust Standalone	Consolidated	
				Lender Consortium	Lender Consortium	
Date	Transaction	Lender: RIHPL ¹	Trust		RIHPL ¹	
1/04/2018	Opening borrowings	(130,000)			(130,000)	
22/03/2019	22 March NCD issuance		(129,500)	(63,700)		(63,700)
22/03/2019	RIHPL repayment	130,000			130,000	
31/03/2019	Closing borrowings	0	(129,500)	(63,700)	0	(63,700)

Notes

1 Reliance Industries Private Holdings Limited

d. Credit rating

The Trust had issued 63700 Secured, Rated, Listed, Redeemable Non-convertible Debentures ('NCDs') in the denomination of INR 10,00,000 each aggregating to INR 63700 Million on March 22, 2019. The NCDs were listed on BSE w.e.f March 25, 2019. The NCDs were given a credit rating of "CARE AAA; Stable" and "CRISIL AAA/Stable" with stable outlook by CARE Ratings Limited and CRISIL Limited, respectively. The Credit Rating Letters along with the rationale were included in the Placement Memorandum dated March 19, 2019 filed by the Trust.

The Trust on April 23, 2019 has fully redeemed the aforesaid NCDs by making payment of full redemption amount to the NCD Holders. As on the date of this Report, there are no outstanding NCDs issued by the Trust and accordingly the requirement for credit rating is not applicable.

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- e. Sponsor, Investment Manager, Trustee, Valuer, Directors of the Trustee or Investment Manager or sponsor, etc.

Details of Sponsor

Rapid Holdings 2 Pte Limited 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.

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.

The Sponsor's Associates, Brookfield and BIP have a fund management experience of atleast five years in the infrastructure sector, on which the Sponsor has relied on for its eligibility under the SEBI (Infrastructure Investment Trusts) Regulations 2014.

Directors of the Sponsor

Board of Directors of the Sponsor as on March 31, 2019 is mentioned below:

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

Ho Yeh Hwa (Identification No. S7838513H) has been appointed as the Director of the Sponsor w.e.f April 11, 2019.

Brief Profiles for each of the Directors of the Sponsor are as under:

Aanandjit Sunderaj

Aanandjit is a Fund Investment Manager (Asia) at Brookfield Singapore where he manages and supports investments in Brookfield's funds, investment programs and investment analysis. Prior to joining Brookfield, he was a Managing Partner of Peninsula Brookfield Investment Managers, a residential real estate investment fund set up as a joint venture between Peninsula Land and



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Brookfield. He previously worked for Karvy Realty Limited as Chief Executive Officer and ICICI Venture Investment Managers as Senior Director for Investments (Real Estate).

Aanandjit holds a degree in Commerce from the University of Madras, Chennai, India. He also holds a Masters in Business Administration from Moravian College PA, USA and Masters in Science, Real Estate from Columbia University, NY, USA.

Liew Yee Foong

Liew Yee Foong is Finance Manager of Brookfield Singapore. He was previously an Assistant Manager for The Xander Group. Prior to joining the Xander Group, he was Assistant Manager (Audit) at KPMG LLP. In Malaysia, he previously worked for RBC Investor Services Sdn Bhd as Fund Accountant and Pricewaterhouse Coopers as Audit Associate.

He holds a Bachelor of Commerce (Accounting and Finance) degree from Curtin University of Technology. He is a member of CPA Australia and Institute Singapore Chartered Accountants.

Aviral Chaturvedi

Aviral is a Senior Associate at Brookfield Singapore where he manages and supports investments in Brookfield's funds, investment programs and investment analysis. Prior to this in India, Aviral was an investment professional at Peninsula Brookfield, a residential real estate investment fund set up as a joint venture between Peninsula Land and Brookfield. Aviral was previously Manager (Investment Banking) for Yes Bank. Prior to joining Yes Bank, he was Manager (Commodities) for Anand Rathi Securities. Lastly prior to joining Anand Rathi Securities, he was Senior Engineer for Essar Steel Limited.

Aviral holds a degree in Metallurgical and Materials Engineering from Indian Institute of Technology Madras and a post graduate diploma in Management from Indian School of Business.

Ho Yeh Hwa

Yeh Hwa is Director, Legal and Regulatory for Brookfield Singapore and is responsible for running the legal operations of Brookfield's fund management activities in Asia. She was previously Assistant General Counsel for Equis Fund Group (an Infrastructure PE fund based in Singapore). Prior to joining Equis, Yeh Hwa was the sole legal counsel with a private equity investment company, wholly owned by Temasek Holdings. Yeh Hwa has also worked in STAR Capital Partners Limited (UK mid-market PE fund) and other legal firms in United Kingdom and Singapore. Yeh Hwa has over 17 years' experience in legal advisory for fund investments, corporate/ compliance, transaction, M&A and analysis of legal risks in due diligence on acquisition / co-investment.

Yeh Hwa holds a Bachelor of Laws from National University of Singapore and was called to the Rolls of Singapore in 2002, and the Rolls of England & Wales in 2006.

Details of Investment Manager



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PenBrook Capital Advisors Private Limited (formerly Peninsula Brookfield Investment Managers Private Limited) ("PenBrook") is the Investment Manager of the India Infrastructure Trust. PenBrook was incorporated in India on November 24, 2011 under the Companies Act, 1956 with Corporate Identification Number U74120MH2011PTC224370. The Investment Manager's Registered Office is situated at Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

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 amended 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.

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.

Directors of the Investment Manager

The Board of Directors of the Investment Manager as on March 31, 2019 is mentioned below:

S. No	Name of Director	DIN
1	Rajeev Ashok Piramal	00044983
2	Sridhar Rengan	03139082
3	Chetan Rameshchandra Desai*	03595319
4	Narendra Kumar Aneja*	00124302

* Independent Directors

Brief Profiles for each of the Directors of the Investment Manager are as under:

Rajeev Ashok Piramal

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

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.

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Chetan Rameshchandra Desai

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

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.

Details of the Trustee

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 Budhakar Marg, Worli, Mumbai – 400025, Maharashtra, India.

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 debentures and bond trusteeships, including advisory functions and management functions. The Trustee is also authorised to provide services inter- alia as : (i) facility agent (ii) an escrow agent; (iii) a trustee to alternative investment funds; (iv) custodian of documents as safe keeper and (v) monitoring agency.

Directors of the Trustee

The Board of Directors of the Trustee as on March 31, 2019 is mentioned below:

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

Mr. Ganesh Sankaran (DIN: 07580955) has been appointed as the Director of the Trustee w.e.f April 18, 2019.

Brief Profiles for each of the Directors of the Trustee are as under:

Mr. Sanjay Sinha (Managing Director & Chief Executive Officer)

Sanjay Sinha has experience of more than 3 decades in the Banking Industry. A certificate holder of the Indian Institute of Bankers, he began his career with State Bank of India in 1985 as a Probationary



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Officer and handled many responsibilities with leadership roles across banking verticals including corporate banking, project finance, branch banking.

He joined Axis Bank Ltd in 2006 and served in the Risk and Corporate Credit departments of the bank. He was part of the initial team that helped set up Axis Bank UK Ltd in London in 2012 and served there as the Head of Credit & Investment Banking. He is acknowledged as a result oriented commercial and corporate banker with an equal penchant for compliance function.

Mr. Rajesh Kumar Dahiya (Director)

Mr. Rajesh Kumar Dahiya, Executive Director, Axis Bank Ltd, is an Engineer with a Masters in Management. Before joining Axis Bank in June 2010, he was associated with Tata Group for 20 years where he handled various responsibilities across functions such as Human Resources, Manufacturing, Exports, Distribution and Institutional Sales.

In his current role as Executive Director, he supervises all functions under Corporate Centre viz. Internal Audit, Human Resources, Compliance, Company Secretary, Corporate Communications, Corporate Real Estate Services, Chief Business Relations Officer (CBRO), Corporate Social Responsibility, Ethics & Sustainability and law.

In addition, Shri Dahiya also oversees the functioning of the Axis Bank Foundation. He is also on the Board of Axis PE Ltd and Axis Finance Ltd.

Mr. Ram Bharoseylal Vaish (Director)

Mr. Vaish is B.Com and FCA. He is Director in LICHFL AMC Ltd. He served as an Independent Director at Axis Bank Limited from January 17, 2005 to September 05, 2011. He also served as Executive Director, Finance and Accounts L.I.C. of India; Chief Vigilance Officer, New India Assurance Co. Ltd; General Manager H.R, Audit and Investment for LIC Housing Finance Ltd.

Mr. Ganesh Sankaran (Additional Director)

Mr. Ganesh Sankaran is the Group Executive - Wholesale Banking Coverage Group at Axis Bank Limited. He has nearly 25 years of experience across coverage, credit and risk functions and has handled verticals like Corporate Credit, Financial Institutions, Business Banking, Mortgages, Commercial Transportation, Equipment Finance & Rural Lending.

Before joining Axis Bank, he was Executive Director at Federal Bank, responsible for business architecture across the Wholesale Bank, Micro/Rural bank, Business Banking and international operations. Additionally, he had also served as a Member of the Board of Directors for Equirus Capital and Fedbank Financial Services. Prior to that he was associated with HDFC Bank where he was Co-Head, Corporate Banking.

Mr. Ganesh Sankaran is an Engineer with a Master's degree in Business Administration.



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- f. **Clauses in the Trust Deed, Investment Manager agreement or any other agreement entered into pertaining to the activities of the InvIT**

Amendment to Trust Deed

The Trust Deed dated November 22, 2018 was executed between the settlor of the InvIT, Rapid Holdings 2 Pte. Ltd. (the "Sponsor") and Axis Trustee Services Limited (the "Trustee") in respect of the establishment of the InvIT (the "Trust Deed"). The Unitholders in their meeting held on April 16, 2019 had approved the following amendments in the Trust Deed so as to remove the power of the Trustee to cause unitholders to return distributions made to them (i.e. even in respect of anticipated expenditures to be incurred after dissolution of the InvIT, distributions made to Unitholders may not be recalled).

- i. **Amendment to Clause 9.1.18(c) of the Trust Deed**

Current clause:

*"Without prejudice to any other provisions of this Indenture, the Trustee shall also have the following powers and authorities exercisable pursuant to the advice of the Investment Manager:
[...]*

*(c) 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 InvIT Regulations or other Applicable Law;
[...]"*

Replaced clause:

*"Without prejudice to any other provisions of this Indenture, the Trustee shall also have the following powers and authorities exercisable pursuant to the advice of the Investment Manager:
[...]*

*(c) The Trustee shall be entitled to (i) reimburse to itself; (ii) charge the Trust; and (iii) be indemnified for and be kept indemnified from the Trust for, any expenses, taxes and levies as set out in the Trust Deed incurred by the Trustee (in its capacity as the trustee to the Trust) in the manner set out in the Trust Deed, from any distributions to be made by the Trust to the Unitholders.
[...]"*

- ii. **Amendment to Clause 19.6 of the Trust Deed**

Current clause:

"The Trustee/the Investment Manager/the liquidator shall at all times comply with the necessary tax and regulatory requirements as prescribed under Applicable Laws. Notwithstanding anything contained in this Indenture, in case the Trustee, on the advice of the Investment Manager, anticipates that certain expenditure may be required to be incurred after the dissolution of the

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Trust for costs, charges, expenses, fees or liabilities (including tax liabilities) of the Trust or the Unitholders, the Trustee may, on the advice of the Investment Manager, create any reserves or recall distributions made by the Trustee to the Unitholders for any such costs, charges, expenses, fees or liabilities in accordance with Applicable Law and the InvIT Documents."

Revised clause:

"The Trustee/the Investment Manager/the liquidator shall at all times comply with the necessary tax and regulatory requirements as prescribed under Applicable Laws. Notwithstanding anything contained in this Indenture, in case the Trustee, on the advice of the Investment Manager, anticipates that certain expenditure may be required to be incurred after the dissolution of the Trust for costs, charges, expenses, fees or liabilities (including tax liabilities) of the Trust or the Unitholders, the Trustee may, on the advice of the Investment Manager,

(i) create any reserves ~~or recall distributions made by the Trustee to the Unitholders for any such~~ costs, charges, expenses, fees or liabilities (including tax liabilities) of the Trust or the Unitholders,

(ii) recall distributions made by the Trustee to the Unitholders for any costs, charges, expenses, fees or liabilities (including tax liabilities) of such Unitholders,

in each case, in accordance with Applicable Law and the InvIT Documents."

Amendment to Transaction Documents

In connection with the acquisition of PIL, various Transaction Documents were executed which have been summarized in the Placement Memorandum dated March 19, 2019. In connection with PIL's proposal for raising funds through issuance of PIL non-convertible debentures to existing NCD holders of the Trust, certain identified terms of the Transaction Documents were required to be amended to ensure that they are aligned to the terms of the funding which was proposed by PIL.

The Unitholders in their meeting held on April 16, 2019 had approved the proposal and execution of the amendments to various Transaction Documents as under:

- (i) the shareholders and option agreement executed on February 11, 2019 as amended on March 9, 2019 executed between PIPL, East West Pipeline Limited, PenBrook Capital Advisors Private Limited (the "Investment Manager"), the InvIT and Reliance Industries Limited;
- (ii) the pipeline usage agreement executed on March 19, 2019, 2019 between PIPL and Reliance Industries Limited;
- (iii) share subscription agreement executed on February 11, 2019 between PIPL, Reliance Industrial Investments and Holdings Limited and the InvIT;
- (iv) the operations and maintenance agreement executed on February 11, 2019 entered amongst PIPL, ECI India Managers Private Limited and Rutvi Project Managers Private Limited;
- (v) the shared services agreement executed on February 11, 2019 entered amongst Reliance Industries Limited, PIPL and Rutvi Project Managers Private Limited;
- (vi) the joint venture agreement executed on February 11, 2019, entered into between the ECI India Managers Private Limited, Reliance Industries Limited and Rutvi Project Managers Private Limited;

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- (vii) the debenture trust deed dated March 11, 2019 executed between Axis Trustee Services Limited (in its capacity as trustee to the InvIT) and IDBI Trusteeship Services Limited;
- (viii) the debenture trust deed dated March 19, 2019 entered amongst PIPL and IDBI Trusteeship Services Limited, together with the account agreement dated March 20, 2019 among PIPL, Axis Bank Limited and IDBI Trusteeship Services Limited; and
- (ix) such other agreements as may be agreed between the InvIT, the existing holders of non-convertible debentures issued by the InvIT, the proposed lenders of PIPL and PIPL to give effect to the PIPL Funding.

g. Any regulatory changes that has impacted or may impact cash flows of the underlying projects.

There is an amendment in the regulation of Levy of fee and Other Charges by PNGRB, vide Gazette notification dated January 8, 2019. Effectively, the charges for "PIL-Pipeline" have gone up from 0.01% to 0.02% of revenue. For Eg, for FY20 assuming revenue of Rs. 1100 Cr incremental charges shall be Rs. 11 lakh.

- **Existing applicable till FY19:** Payable annually within fifteen days from the date of finalizing the annual statement of accounts by the entity.

Turn over	Other charges
Upto Rs. 20,000 crore	0.01% (Rs. 2 crore)
Rs. 20,001 to 50,000 crore	0.008% (Rs. 2 crore + 0.008% of >20,000 crore)
Rs. 50,001 to 1,00,000 crore	0.005% (Rs. 4.4 crore + 0.005% of >50,000 crore)
More than Rs. 1,00,000 crore	0.004% (Rs. 4.9 crore + 0.004% of > 1,00,000 crore)

- **Revised applicable from FY20:** Charges are payable annually for each financial year i.e. period of 12 months beginning on First April and ending on thirty first March of the following year, within period of 2 months from the beginning of the financial year.

Other charges are initially paid considering the revenue accrued (excluding taxes) during the previous financial year. Difference of amount paid and payable shall be adjusted at the time of making payment for the next financial year.

Pipeline with a length of more than 50 kilometres	Rs. 5,00,000 for each pipeline or 0.02% of the revenue (excluding taxes) from that pipeline for the relevant financial year, whichever is higher
Pipeline with a length of upto 50 kilometres	Rs. 1,00,000 for each pipeline or 0.02% of the revenue (excluding taxes) from that pipeline for the relevant financial year, whichever is higher

h. Changes in material contracts or any new risk in performance of any contract pertaining to InvIT.

There are no changes in material contracts or any new risk in the performance of any contract pertaining to InvIT



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- i. Any legal proceedings which may have significant bearing on the activities or revenues or cash flows of the InvIT. Not Applicable
- j. Any other material changes during the year.

No material changes since the date of acquisition of PIL and March 31, 2019 except as disclosed elsewhere in this report.

Pipeline Infrastructure Private Limited ('SPV of the Trust') converted into a public company w.e.f April 25, 2019 and consequently name of the SPV of the Trust was changed to Pipeline Infrastructure Limited.

7. Revenue of the InvIT for the last 5 years, project – wise

The Trust was formed on November 22, 2018 and was registered as an Infrastructure Investment Trust under SEBI (Infrastructure Investment Trust) Regulations, 2014 on January 23, 2019. It completed its first investment on March 22, 2019.

Accordingly, revenue details for the last 5 years is not applicable for the Trust. However, the Trust has only earned interest revenue to the amount of INR 310.9 millions with respect to the PIL NCDs that it held for March 22, 2019 to March 31, 2019.

8. Update on the development of under-construction projects, if any.

PIL has commenced development of new connections for GSPL India Transco Limited ("GITL") and City Gas Distribution entities as referred to in the Placement Memorandum dated March 19, 2019.

9. Details of outstanding borrowings and deferred payments of the InvIT including any credit rating (s), debt maturity profile, gearing ratios of the InvIT on a consolidated and standalone basis as at the end of the year.

As at March 31, 2019 the Trust had NCD borrowings of INR 63,700 millions and accrued interest of INR 145.7 millions. The accrued interest was paid on time on 2 April 2019, in accordance with the Information Memorandum dated March 22, 2019. The NCD borrowings had a maturity of 5 years (from March 22, 2019) however the NCDs borrowings were redeemed in full by the Trust on April 23, 2019 in accordance with the Debenture Trust Deed dated March 11, 2019.

The key gearing ratios of the Trust at 31 March 2019 are as below:

Debt ratio	0.49
Debt to equity	0.96
DSCR	1.52

10. The total operating expenses of the InvIT along with the detailed break-up, including all fees and charges paid to the Investment Manager and any other parties, if any during the year.



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Key operating expenses of the invoices during the year ended 31 March 2019 are as follows:

Particulars	Amount (in INR Millions)	Notes
Investment Manager Fees	4.0	
Registration Exp for NCD/Unit	13.9	One-time fund raising expense
Trustee Fee	0.2	
Dmat Charges	6.5	
Professional Fees	322.4	One-time debt raising expense
Duties, Rates and Taxes	58.5	Tax deducted at source
Escrow account fees	0.1	
Payment to Auditors	2.0	
TOTAL	407.6	

11. Past performance of the InvIT with respect to unit price, distributions made and yield for the last 5 years, as applicable.

The Trust was formed on November 22, 2018 and was registered as an Infrastructure Investment Trust under SEBI (Infrastructure Investment Trust) Regulations, 2014 on January 23, 2019. It completed its first investment on March 22, 2019.

The Trust had issued 664 Million Units of Rs. 100 each on March 18-19, 2019 which were listed on BSE Limited w.e.f. March 20, 2019.

Accordingly, past performance of the InvIT with respect to unit price and yield for the last 5 years is not applicable.

The Trust had declared its first distribution of Re. 0.9738 per unit on April 6, 2019 which was paid to all Unitholders on April 16, 2019.

12. Unit price quoted on the exchange at the beginning and the end of the year, the highest and the lowest unit price and the average daily volume traded during the financial year.

The Trust had issued 664 Million Units of Rs. 100 each on March 18-19, 2019 which were listed on BSE Limited w.e.f. March 20, 2019.

Since the date of listing, the Units have not been traded and accordingly the aforesaid data is not applicable as on March 31, 2019.

13. (1) Details of all related party transactions during the year, the value of which exceeds five percent of value of the InvIT.

Sr. No	Particulars	Relations	Transaction Value (INR Million)
1)	Interest received during the year Pipeline Infrastructure Pvt. Ltd.	Subsidiary	310.9



PenBrook Capital Advisors Private Limited

(Formerly Known as Peninsula Brookfield Investment Manager Pvt Ltd.)

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Fax : +91 22 6622 9304

CIN : U74120MH2011PTC224370

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2)	Trustee Fee (with GST) Axis Trustee Services Ltd. IDBI Trusteeship Services Ltd	Trustee Trustee	0.2 0.0
3)	Investment management fee (with GST) Penbrook Capital Advisors Pvt. Ltd.	Investment Manager	4.7
4)	NCD issued Pipeline Infrastructure Ltd (formerly known as Pipeline Infrastructure Pvt. Ltd.)	Subsidiary	129,500.0
5)	Investment in Equity Shares Pipeline Infrastructure Ltd (formerly known as Pipeline Infrastructure Pvt. Ltd.)	Subsidiary	500.0
6)	Reimbursement of Expense payable Rapid Holdings 2 Pte Ltd Pipeline Infrastructure Ltd (formerly known as Pipeline Infrastructure Pvt. Ltd.) Penbrook Capital Advisors Pvt. Ltd.	Sponsor Subsidiary Investment Manager	13.8 66.1 6.7

(2) Details regarding the monies lent by the InvIT to the holding company or the special purpose vehicle in which it has investment in

On March 22, 2019, the Trust subscribed to 1295,00,000 Non-convertible Debentures of Rs. 1000 each issued by PIL ('PIL NCDs') aggregating to INR 129,500 Millions. On April 23, 2019, PIL redeemed 645,20,000 PIL NCDs of Rs. 1000 each aggregating to INR 64,520 Million.

14. Details of issue and buyback of units during the year, if any.

The Trust had issued 664 Million Units of Rs. 100 each on March 18-19, 2019 which were listed on BSE Limited w.e.f. March 20, 2019.

There was no buyback of Units by the Trust as on March 31, 2019 and till the date of this report.

15. Brief details of material and price sensitive information

During the reporting period, the Trust has been providing details of all material and price sensitive information to the Stock Exchange in accordance with the InvIT Regulations.

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- 16. Brief details of material litigations and regulatory actions which are pending against the InvIT, sponsor(s), Investment Manager, Project Manager(s) or any of their associates and the Trustee, if any, at the end of the year.**

The details are attached as Annexure I

- 17. Risk factors**

Refer to the attached Annexure II on Risk Factors as disclosed in the Placement Memorandum dated March 19, 2019.

- 18. Information of the contact person of the InvIT**

Mr. Prashant Sagwekar
Compliance Officer
Address : Unit 804, 8th Floor, A Wing, One BKC
Bandra Kurla Complex, Bandra East
Mumbai – 400051.
Tel : +91 22 66000739
Fax : +91 22 66000777
Email : Prashant.sagwekar@penbrookcapital.com

Mandatory Disclosures in the half yearly report (For privately placed InvITs)

- 19. Financial Statements for the half year (Standalone and consolidated)**

In terms of SEBI CIR/IMD/DF/127/2016 dated November 29, 2016, the annual financial information shall be submitted within 60 days from the end of the financial year i.e by May 30th each year. However, as per Regulation 23(4) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, the Investment Manager of the InvIT shall submit a half-yearly report to the designated stock exchange within 45 days from the end of every half year ending March 31st and September 30th. Accordingly, the half-yearly report for the half year ended March 31, 2019 is required to be submitted by May 15th, 2019.

The InvIT is in the process of finalizing and audit of the financial information for the year ended March 31, 2019 and the same will be submitted to the Stock Exchange within prescribed timelines. In view of the above, the InvIT is submitting the half-yearly report without the annual financial statements. Audited standalone and consolidated financial statements for the year ended March 31, 2019 will be filed with the Stock Exchange once approved and adopted by the Investment Manager.

- 20. Updated valuation report by the Valuer taking into account any material developments during the previous half year.**

Valuation Report dated March 8, 2019 issued by BDO Valuation Advisory LLP formed part of the Placement Memorandum dated March 19, 2019.



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In terms of Regulation 21(4) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, full valuation shall be conducted by the Valuer at the end of the financial year within two months from the end of such year and the report shall be submitted to the Stock Exchange within 15 days of receipt of the Valuation Report. The Trust is in the process of obtaining a Valuation Report from the Valuer and the same will be submitted to the Stock Exchange within prescribed timelines.

21. Any other material events during the half – year.

There have been no material events during the half year ended 31st March, 2019 except as reported to the Stock Exchange from time to time and disclosed in this report.

For India Infrastructure Trust
Penbrook Capital Advisors Private Limited
(Acting in the capacity as Investment Manager for India Infrastructure Trust)



Mr. Sridhar Rengan
Director

Date: May 15, 2019
Place: Mumbai



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.

Pipeline Infrastructure Limited (name changed from Pipeline Infrastructure Private Limited w.e.f April 25, 2019) ('PIL')

Pursuant to the Scheme of Arrangement the Pipeline Business has demerged into PIL (formerly known as Pipeline Infrastructure Private Limited) with effect from the Appointed Date, therefore, the materiality threshold applicable to the Pipeline Business (as provided above) has also been applied to PIL.

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. 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 March 31, 2019

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. 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 March 31, 2019.

Trustee

All outstanding civil litigation against the Trustee which involve an amount equivalent to or exceeding ₹ 9.5 million (being 5.00% of the profit after tax for the Financial Year 2019 based on the audited standalone financial statements of the Trustee for Financial Year 2019), 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 March 31, 2019 and the date of this Report.

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 PIL

Except as disclosed below, there are no pending material litigations or actions by regulatory authorities or criminal matters involving PIL as on March 31, 2019 and the date of this Report. 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 PIL, 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 March 31, 2019, the process of including PIL as a party to litigation involving the Pipeline Business (as described below) has not been completed.

Regulatory Matters

PIL 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, PIL 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"). PIL 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. PIL has also sought an interim relief for a stay on the Order. The matter is currently pending. PNGRB vide order dated 15/03/2019 stayed the operation of the Order, GSPL challenged the said order before the High Court of Delhi by filing WP No 3128 of 2019. High Court setting aside the Order (vide order dated 03/04/2019) directed PNGRB to pass fresh orders after giving the opportunity of hearing to all the parties concerned. The next date of hearing before PNGRB is on 08/05/2019.

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 March 31, 2019 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.

PNGRB declared final EWPL tariff on March 12, 2019 i.e. 71.66 Rs./MMBtu.

Zonal apportionment of tariff has been submitted to PNGRB on March 20, 2019, for which approval is awaited. New tariff has to be implemented after zonal tariffs are approved by PNGRB.

APTEL Bench has directed PNGRB to declare capacity for all past years i.e. FY13 onwards by 31st Dec'19. The hearing of matter related to disputed capacity for FY11 and FY12 is posted to 08/05/2019 for final hearing.

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 Report 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) 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.
- (d) 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 March 31, 2019.

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



"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:**

(i) Ashok Towers CHS Ltd. and Ors. filed a Criminal Complaint 188 of 2014 under section 13 of the Maharashtra Ownership Flat Act, 1963 ("MOFA") against PLL & Ors. before the 29th Court of Metropolitan Magistrate, Bhoiwada, Mumbai in relation to project 'Ashok Tower A, B & C Ltd.' alleging deficiencies in service on grounds of no conveyance in favour of society, defect in title certificate, failure in handing over of accounts, unauthorized construction and defects in construction, amongst other grounds. The matter is currently pending and is listed on 15th June, 2019 for arguments on behalf of the Complainant.

(ii) Ashok Towers CHS Limited and Ors. filed a Criminal Complaint 192 of 2014 under section 13 of the Maharashtra Ownership Flat Act, 1963 ("MOFA") against PLL and certain other parties before the 29th Court of Metropolitan Magistrate, Bhoiwada, Mumbai in relation to project 'Ashok Tower D CHS Ltd. And Ors.' alleging deficiencies in service arising out of lack of conveyance in favor of the concerned society, defects in title certificate, failure in handing over of accounts, unauthorized construction and defects in construction. The matter is currently pending and is listed on 15th June, 2019 for arguments on behalf of the Complainant.

II. **ASHOK GARDENS:**

(i) Mr. Kailash Agarwal (who had purchased a flat in Ashok Gardens) as a partner of K.K. Enterprises filed a criminal complaint 31/SS of 2013 under sections 3, 4, 5, 7, 10, 11, 13 of the Maharashtra Ownership Flat Act, 1963 ("MOFA") 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 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 board of directors of the owner/developer companies to remain present in court to



execute bail bond by way of an order dated October 25, 2013. This order was stayed by the Mumbai City Civil and Sessions Court on August 12, 2015 in an appeal and directed the trial court to deal with complaint afresh. The matter is currently pending and the next date is 8th May, 2019 under the caption "fixed for steps".

- (ii) Mr. Rajesh Yaggopal Singh Chaddha (who had purchases a flat in Ashok Gardens) along with his brothers filed a criminal complaint 31/SS of 2013 sections 3, 4, 5, 7, 10, 11, 13 of the MOFA 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 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 board of directors of the owner/developer companies to remain present in court to execute bail bond by way of an order dated October 25, 2013. This order was stayed by the Mumbai City Civil and Sessions Court on August 12, 2015 in an appeal and directed the trial court to deal with complaint afresh. The proceedings in the trail court are stayed by the Hon'ble Bombay High Court by an order dated March 7, 2017. Next date is 19th June, 2019.
- (iii) A Criminal Writ Petition 4052 of 2015 has been filed by Mr. 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 the lower court in 30/SS of 2013 vide order dated March 7, 2018. Next date will be updated as per CMIS.

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 March 31, 2019.



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 March 31, 2019.

X. Litigation against the Trustee

Nil



RISK FACTORS

An investment in the Units involves a high degree of risk. Investors should carefully consider all the information in the 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 Placement Memorandum. Before investing in the Units, prospective investors should obtain professional advice on investing in the Issue.

This 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 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 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 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 is 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 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 certain agreements in order to carry out the Pipeline Business, including 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 Invlt 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 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 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 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, including regulatory changes, 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, such as the order of the PNGRB dated March 12, 2019 pursuant to which PNGRB has determined the final tariff for the Pipeline, 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 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, the receipt of the contractual payments under the Pipeline Usage Agreement, and applicable tariff. Accordingly, we cannot assure you that the projections included in this 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. The Trust has acquired 100.00% 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 sheets 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. 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 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 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
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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 entered into the Pipeline Usage Agreement dated March 19, 2019, under which Reliance has agreed 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 is 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 cyclicity 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 is in contravention of the Pipeline Usage Agreement shall trigger an event of default under the PIPL SHA.***

PIPL and Reliance have agreed to a manner of sharing upside of cash flows in accordance with a formula specified in the Pipeline Usage Agreement. 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. *The Pipeline Usage Agreement 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.***

The Pipeline Usage Agreement provides 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 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 provides 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, 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, 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 is 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 leveled 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. For example, under the PNGRB order dated March 12, 2019, the tariff applicable to the Pipeline may be revised on or after April 1, 2020. 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 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 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 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 owns an aggregate of 85.66% of the issued and outstanding Units and is 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 is 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 windup; (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 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, 568.80 million Units (constituting 85.66% of the total number of Units) are 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 have been 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.

