



Energy Infrastructure Trust
(Formerly Known as India Infrastructure Trust)

December 17, 2024

RIL Upside Share under Pipeline Usage Agreement

1. Pipeline Infrastructure Limited (SPV) under Energy Infrastructure Trust (Trust) owns and operates the 48 inch diameter pipeline from Kakinada (AP) in the East to Bharuch (Gujarat) in the West, which is a critical gas pipeline in the national gas grid enabling the gas produced in the Krishna Godavari basin to be transported and consumed by power, fertilizer, steel and other industries in the western and northern parts of India. The authorized capacity of the pipeline is 85mmscmd.
2. The tariffs are regulated by Petroleum and Natural Gas Regulatory Board (PNGRB)
3. The SPV entered into the Pipeline Usage Agreement (PUA) with Reliance Industries Limited (RIL) which provided for the following:
 - a) RIL will commit to use a capacity of 33mmscmd (Contracted Capacity) for which RIL would pay the Contracted Capacity Payment (CCP) to the SPV. For determining capacity utilization against the contracted capacity, gas transported by any third party is deemed to have been nominated by RIL.
 - b) RIL will be allowed to use any unutilized capacity out of the Contracted Capacity at a later date, without any additional payment, based on prevailing tariffs at that time and the same would be adjusted against any unutilized capacity booked earlier by RIL.
 - c) In consideration of RIL providing certainty of cash flows to SPV in accordance with the terms of this agreement, RIL will be entitled to receive certain upside cash flows (i.e. "RIL Upside share"), whenever the SPV is able to transport gas more than the Contracted Capacity and earn higher revenues.
 - d) Further, the SPV is also entitled to an "PIL upside share" based on the PUA agreement.
 - e) The RIL upside share is determined after providing for any upside share of the SPV (PIL Upside Share) in the manner described in the PUA.

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4. The Trust in the Final Placement Memorandum dated March 19, 2019 (FPM) had made the following disclosures in relation to the 'RIL Upside Share'
- a) Risk factor number 20 on page 87 of the FPM *inter alia* states that the SPV is not entitled to entirety of its cash flows on account of the RIL Upside Share payable under the PUA
 - b) Under the chapter "Business" on page 191 of the FPM the key provisions of the PUA were briefly described which *inter alia* disclosed the requirement to pay the RIL Upside Share under the PUA in the financial years where the actual capacity payments received by the SPV is higher than the CCP

The FPM is available on the website of SEBI at https://www.sebi.gov.in/filings/invit-private-issues/mar-2019/india-infrastructure-trust_42464.html and on the website of the Trust at https://www.pipelineinvit.com/placement_memorandum.html

5. Additionally, the computation of RIL Upside Share and its deduction to arrive at the Enterprise Value of the SPV is disclosed in the valuation reports forming part of annual reports of the Trust (that includes the relevant valuation report). The most recent valuation report dated May 23, 2024, on page 43 of the report discloses the value of RIL Upside Share. The valuation report and annual report are available on the BSE website at <https://www.bseindia.com/xml-data/corpfiling/AttachHis/b7f88158-afd6-4607-a982-55bf7412ba07.pdf> and <https://www.bseindia.com/xml-data/corpfiling/AttachHis/99ee5e8c-8a81-422b-846b-2a6f1d775d25.pdf> respectively. The annual report of the Trust is also available on the website of the Trust at <https://www.pipelineinvit.com/pdf/Annual%20financial%20reports/India-Infrastructure-Trust-AR-2023-24.pdf>

Effect on the computation of NDCF

1. The payment of the RIL Upside Share is accounted as an expense and therefore is already adjusted while arriving at operating cash flows which is used to determine the NDCF
2. It is reiterated that any payment of RIL Upside Share would reduce the net distributable cash flows available to the Trust and consequently the unitholders as per the terms of the PUA.
3. This is clearly disclosed in the FPM under the chapter “Distribution” in the table “Calculation of net distributable cash flows at the Project SPV level” on page 220.
4. The Computation of NDCF is also disclosed separately in the Annual Report

THANK YOU