Annual Report
India Infrastructure Trust
For the year ended March 31, 2019

Corporate Information

INDIA INFRASTRUCTURE TRUST ('TRUST')

SEBI Registration Number: IN/InvIT/18-19/0008

Principal Place of Business
Unit 804, 8th Floor
A Wing, One BKC
Bandra Kurla Complex, Bandra East
Mumbai 400 051, Maharashtra, India
Tel: 91 22 6600 0700
Fax: 91 22 6600 0777
E-mail: indinfratrust.compliance@brookfield.com
Website: www.indinfratrust.com

Compliance Officer
Prashant Sagwekar

Auditors
M/s. Deloitte Haskins & Sells LLP
Firm Registration Number: 117366W/W-100018

Securities Information
BSE Limited: 542543
ISIN: INE05KD23015

REGISTRAR & TRANSFER AGENT OF THE TRUST

Karvy Fintech Private Limited
(Unit: India Infrastructure Trust),
Karvy Selenium Tower B,
Plot No 31-32 Financial District,
Nankramguda, Serilingampally
Hyderabad Rangareddi, Telangana 500 032, India
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: indiainfratrust.invit@karvy.com

INVESTMENT MANAGER OF THE TRUST

Penbrook Capital Advisors Private Limited
CIN: U74120MH2011PTC224370
Registered Office: Peninsula Spenta,
Mathuradas Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013, Maharashtra

Board of Directors of Investment Manager

Chetan Desai - Independent Director
Narendra Kumar Aneja - Independent Director
Rajeev Piramal - Non-executive Director
Sridhar Rengan - Non-executive Director

TRUSTEE OF THE TRUST

Axis Trustee Services Limited
Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhakar Marg, Worli,
Mumbai – 400025, Maharashtra, India

Report of the Investment Manager of India Infrastructure Trust for the year ended March 31, 2019

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

ACTIVITIES OF THE TRUST

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 ('SEBI InvIT Regulations') 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 Regulations.

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

FINANCIAL STATEMENTS & RESULTS OF OPERATIONS

Summary of financial information on Consolidated & Standalone Financial Statement of the Trust as on March 31, 2019 are as follows:

(Amount in INR Crores)

Particulars	**Consolidated**	**Standalone**
	Year ended March 31, 2019	
Total Income	32.63	35.51
Total Expenditure	105.31	97.70
Profit/(Loss) before tax	(72.67)	(62.19)
Less: Provision for tax	23.00	-

Current tax		-
Deferred tax	23.00	-
Profit/(Loss) for the period	(95.67)	(62.19)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	(95.67)	(62.19)

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

(Amount in INR Crores)

Particulars	Amount
Investment Manager Fees	0.40
Registration Expenses for NCDs/Unit (One-time fund raising expenses)	1.39
Trustee Fee	0.02
Demat Charges	0.65
Professional Fees (One-time debt raising expenses)	32.24
Duties, Rates and Taxes	5.85
Escrow Account fees	0.01
Payment to Auditors	0.20
TOTAL	**40.76**

Audited Standalone and Consolidated Financial Statements of the Trust along with the Auditors Report for the year ended March 31, 2019 form part of the Annual Report.

ASSETS OF THE TRUST

The Trust has only one project asset, comprising of the 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 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-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 Pipeline is located in Gadimoga, Kakinada with the back up operations centre located at Ghansoli, Navi Mumbai.

DETAILS OF REVENUE DURING THE YEAR FROM THE UNDERLYING PROJECT

Majority of PIL's income on a combined basis is from the receipt of gas transportation charges from our customers pursuant to gas transportation agreements. This is based on actual receipts by PIL. Other operating income comprises of income from deferred delivery services relating to storage of gas in the Pipeline and income received in relation to hook-up facilities provided by PIL.

For the year ended March 31, 2019, average daily flow of natural gas through the Pipeline was 19.53 mmscmd (262598101 mmBtu at average gross calorific value-GCV of 36837 Btu/scm). Capacity utilization, computed based on capacity of 85 mmscmd for the Pipeline, has been 23% for financial year 2019.

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 million in interest and other revenue.

SUMMARY OF THE VALUATION AS PER THE FULL VALUATION REPORT AS AT THE END OF THE YEAR

The Investment Manager has submitted the Valuation Report dated May 30, 2019 for the financial year ended March 31, 2019 as received from registered Valuer with the Stock Exchange on June 14, 2019 and the same is also available on the website of the Trust at www.indinfratrust.com.

As per the Valuation Report, the enterprise value of the InvIT Asset is arrived at INR 187,777.5 Million and the enterprise value of InvIT Asset attributable to the InvIT pursuant to the agreed terms of the Transaction Documents is arrived at INR 140,561.8 Million.

A copy of the Valuation Report is provided as **"Annexure A"** to this report.

VALUATION OF ASSETS AND NAV

Standalone Statement of Net Assets of the InvIT at Fair Value as at March 31, 2019

(Amount in INR Crores)

Particulars	Book Value	Fair Value
A. Assets*	13,047.69	14,056.00
B. Liabilities at Book value**	6,431.60	6,474.30
C. Net Assets (A-B)	6,616.09	7,581.70
D. Number of Units (No. in Crore)	66.40	66.40
E NAV per Unit (C/D)	99.64	114.18

**Total Assets includes the Fair Value of the Enterprise Value attributable to the InvIT as at March 31, 2019 and a provision for the put option entered with Reliance Industries Limited in respect of PIL shares. Both assets are valued as per valuation reports issued by independent valuers appointed under the InvIT Regulations and relied on by the Statutory Auditors.*

***Total Liabilities includes the Fair Value of the call option with Reliance Industries Limited in respect of PIL shares. The liability is valued as per valuation report issued by an independent valuer and relied on by the Statutory Auditors.*

BORROWINGS

Details of borrowings or repayment of borrowings on standalone and consolidated basis are as follows:

(Amount in INR Crores)

Date	Transaction	PIL Standalone		Trust Standalone	Consolidated	
		RIHPL[1]	Trust		RIHPL	Lender Consortium
20/04/2018	Opening borrowings	(13000)	-	-	(13000)	-
22/03/2019	NCD issuance	-	(12950)	(6370)	-	(6370)
22/03/2019	Repayment of RIHPL borrowings	13000	-	-	13000	-
31/03/2019	Closing borrowings	0	(12950)	(6370)	0	(6370)

[1] Reliance Industries Private Holdings Limited

UTILIZATION OF ISSUE PROCEEDS

The details of the total amounts raised by the Trust are set forth in the following table

Particulars	Amount in INR Crores
Issue Proceeds	952
Proceeds from the Sponsor Subscription*	5688
Trust NCD Offering Proceeds	6370
Aggregate Net Transaction Value	13000

*less certain expenses in relation to the transaction (“Net Sponsor Subscription Amount”)

The Issue comprised of an issue of 95.20 million Units through private placement, aggregating to INR 952 Crores (“Issue Proceeds”). Entire Issue Proceeds have been utilised for investment in PIL by way of subscription to the PIL NCDs in accordance with Placement Memorandum dated March 19, 2019.

CREDIT RATING

The Trust had issued 63,700 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 with BSE Limited.

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.

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 at least 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

Aanandjit Sunderaj

Aananadjit 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 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 Brookfied, 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.

INVESTMENT MANAGER

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.

The Investment Manager is responsible for making investment decisions with respect to the underlying assets or projects of the Trust (Project SPVs), including any further investment or divestment of its assets, in accordance with SEBI InvIT Regulations, as amended and the Investment Management Agreement.

The Investment Manager has adequate net worth, experience, resources and personnel in the development of infrastructure and to perform functions of the Investment Manager.

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

<u>Rajeev Ashok Piramal (Non-executive Director)</u>

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.

<u>Sridhar Rengan (Non-executive Director)</u>

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.

<u>Chetan Rameshchandra Desai (Independent Director)</u>

Chetan Desai is a Chartered Accountant. He retired in March 2018 as Joint Managing Partner from M/s. Haribhakti & Co. LLP, a leading CA Firm in India. For over 30 years he was heading the audit & assurance practice of the Firm.

During his professional career of 43 years, he has dealt with multinationals, public sector enterprises, large corporates, sectors such as banking and finance, insurance, mutual funds, manufacturing, services, real estate, hospitality, engineering, energy, infrastructure, pharma, health care, not for profit entities etc.

He has gained wide knowledge and exposure in the fields of accounting, auditing, Companies Act and related areas, corporate governance, compliance etc. He is on the Board of several Companies.

Narendra Kumar Aneja (Independent Director)

Narendra Kumar Aneja is a Fellow Chartered Accountant, Certified Internal Auditor, Certification in Risk Management Assurance (CRMA) and holds an MBA from the Wharton Business School. He is a Gold Medalist (ICWA), a Tata Scholar and was ranked on the Director's List at Wharton School (1978).

Mr. Aneja is Director at Large of the Global Board of IIA Inc. He is a past national President of The Institute of Internal Auditors of India and of the Asian Confederation of Institutes of Internal Auditors (ACIIA).

Mr. Aneja, has made presentations at many international conferences in India, United States, Malaysia, Dubai, Sri Lanka, Qatar, Philippines, Thailand and the Dominican Republic.

He has over 30 years of experience in GRC (Governance, Risk and Compliance assignments) and management consultancy.

The InvIT Committee

Pursuant to the amendment agreement dated November 22, 2018 to the Investment Management Agreement ('2018 Amendment'), the InvIT Committee has been delegated the authority and responsibility of overseeing all of those activities of the Investment Manager that pertain to the management and operation of the Trust as required under the Investment Management Agreement, other Trust Documents, the SEBI InvIT Regulations and applicable law.

Composition of the InvIT Committee

In accordance with the 2018 Amendment, board of directors of the Investment Manager ("Board of Directors") in its meeting held on December 28, 2018 have constituted the InvIT Committee which shall comprise of two independent directors and such other nominees as may be designated by the board of directors of the Investment Manager.

Currently, the InvIT committee comprises of:

i. Chetan Desai (independent director)
ii. Narendra K. Aneja (independent director)
iii. Sridhar Rengan (non-executive director)

Detailed terms of reference of the InvIT Committee has been disclosed in the Placement Memorandum dated March 19, 2019 filed with the Stock Exchange and which is also available on the website of the Trust.

Details of the holding by the Investment Manager and its Directors in the Trust

As on March 31, 2019 and as on the date of this report, neither the Investment Manager nor any of the Investment Manager's Directors holds any Units of the Trust.

Summary of Consolidated Financial Statements of the Investment Manager

Summary of the consolidated financial statements of the Investment Manager for the year ended March 31, 2019 is provided as **"Annexure B"** to this report**.**

Codes/Policies

In order to adhere to the good governance practices for the Trust, the Investment Manager has adopted the following policies in relation to the Trust:

Distribution Policy

The InvIT Committee has adopted the distribution policy pursuant to a resolution of the InvIT Committee dated December 28, 2018, in relation to the Trust. The distribution policy provides a structure for distribution of the net distributable cash flows of the Project SPV to the Trust and the Trust to the Unitholders.

Policy on unpublished price-sensitive information and dealing in units by the parties to the Trust and the Unitholders (the "UPSI Policy")

The Investment Manager has adopted the UPSI Policy to ensure that the Trust complies with applicable law, including the InvIT Regulations or such other laws, regulations, rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information.

Code of Conduct ("Code")

The Investment Manager has adopted the Code in relation to the Trust and conduct of the Trust and the Parties to the Trust. The policy provides for principles and procedures for the Sponsor, the Investment Manager, the Project Manager, the Trustee and their respective employees, as may be applicable, for ensuring interest of the Unitholders and proper conduct and carrying out of the business and affairs of the Trust in accordance with applicable law.

Appointment and Removal of Intermediaries Policy

The Investment Manager has adopted the Appointment and Removal of Intermediaries Policy in relation to the Trust. The policy provides a framework for ensuring compliance, in appointment and removal of Intermediaries, which shall mean the valuer(s), the registrar, and the transfer agent, the lead manager, the custodian and any other intermediary or service provider or agent as may be applicable with respect to the activities pertaining to the Trust, as identified by Investment Manager) in accordance with the SEBI InvIT Regulations and the applicable law.

Appointment of Auditor and the Auditing Standards Policy

The Investment Manager has adopted the Appointment of Auditor and the Auditing Standards Policy pursuant to a resolution of the InvIT Committee dated December 28, 2018, in relation to the Trust. This policy provides a framework for ensuring compliance with applicable law with respect to appointment of auditor and the auditing standards to be followed by the Trust.

Borrowing Policy

The Investment Manager has adopted the Borrowing Policy to ensure that all funds borrowed in relation to the Trust are in compliance with the SEBI InvIT Regulations.

Representatives on the Board of Directors of Project SPV

The Investment Manager, in consultation with the Trustee, has appointed the majority of the board of directors of PIL, Project SPV. Further, the Investment Manager ensures that in every meeting, including all general meetings of Project SPV, the voting of the Trust is exercised.

Functions, Duties and Responsibilities of the Investment Manager

The functions, duties and responsibilities of the Investment Manager are in accordance with the Investment Management Agreement and the InvIT Regulations. The Board of the Investment Manager comprises of majority of the Independent Directors having extensive experience.

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

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

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 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.

Rajesh Kumar Dahiya (Director)

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.

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.

Ganesh Sankaran (Director)

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.

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

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 INR 71.66 /MMBtu, Zonal apportionment of tariff submitted by PIL in March’19. The final tariff declared is 37% increase over the initial tariff of INR 52.23/MMBtu. Subsequently PNGRB amended regulations on May 27, 2019, whereby the tariffs are made applicable on prospective basis after approval of zonal tariffs i.e. applicable from the first day of the month following the month in which the zonal tariff order is issued by the Board. PNGRB approved the Zonal apportionment of tariff vide order TO/2019 – 20/06 June 4, 2019. Accordingly, the zonal tariffs is applicable from July 1, 2019.

PIL signed a MoU with ONGC on January 18, 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 have 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.

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

Post acquisition of PIL, there have been no addition or divestment of assets during the reporting period.

AMENDMENT TO 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. <u>Amendment to Clause 9.1.18(c) of the Trust Deed</u>

<u>Old clause</u>:

"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;
[…]"

<u>Revised clause</u>:

"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

<u>Old clause</u>:

"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, 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;
(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.

Any regulatory change that has impacted or may impact cash flows of the underlying project

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 INR 1100 Cr incremental charges shall be INR 11 lakh.

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

Turnover	**Other charges**
Upto INR 20,000 crore	0.01% (INR 2 crore)
INR 20,001 to 50,000 crore	0.008% (INR 2 crore + 0.008% of>20,000 crore)
INR 50,001 to 1,00,000 crore	0.005% (INR 4.4 crore + 0.005% of >50,000 crore)
More than INR 1,00,000 crore	0.004% (INR 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	INR 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	INR 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

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.

Any legal proceedings which may have significant bearing on the activities or revenues or cash flows of the InvIT.

There are no legal proceedings against the InvIT which may have significant bearing on the activities or revenues or cash flows of the InvIT. 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 is disclosed later in the report.

Other material changes during the year

There are no material changes, events or material and price sensitive information since the date of acquisition of PIL and March 31, 2019 except as reported to the Stock Exchange from time to time and disclosed elsewhere in this report

Post closure of the financial year, 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. On April 23, 2019, SPV of the Trust issued INR 64,520 millions of NCDs to banks and non-bank financial institutions which have been listed with BSE Limited.

Project-wise revenue of the InvIT for the last 5 years

The Trust was formed on November 22, 2018 and was registered as an Infrastructure Investment Trust under SEBI InvIT Regulations 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.

UPDATE ON THE DEVELOPMENT OF UNDER-CONSTRUCTION PROJECTS

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.

DETAILS OF OUTSTANDING BORROWINGS AND DEFERRED PAYMENTS OF THE INVIT, DEBT MATURITY PROFILE, GEARING RATIOS OF THE INVIT 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 April 2, 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 as at March 31, 2019 are as below:

Debt ratio	0.49
Debt to equity	0.96
DSCR	1.52

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 InvIT Regulation on January 23, 2019. It completed its first investment on March 22, 2019.

The Trust had issued 664 Million Units of INR 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.

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 INR 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.

DETAILS OF ALL RELATED PARTY TRANSACTIONS DURING THE YEAR, THE VALUE OF WHICH EXCEEDS FIVE PERCENT OF VALUE OF THE INVIT.

Details of all related party transactions have been disclosed in the financial statements forming part of the Annual Report

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 INR 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 INR 1000 each aggregating to INR 64,520 Million.

DETAILS OF ISSUE AND BUYBACK OF UNITS DURING THE YEAR, IF ANY.

The Trust had issued 664 Million Units of INR 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.

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.

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.

<u>Pipeline Business</u>

The total income of the Pipeline Business based on the Audited financial statements of PIL as of March 31, 2019 was INR 1058.38 Crores. Accordingly, all outstanding civil litigation (i) involving an amount equivalent to or exceeding INR 5.29 Crores (being 0.50% of the total income of the Pipeline Business provided as per the Audited financial statements of PIL as of March 31, 2019), and (ii) wherein the amount involved is not ascertainable but otherwise considered material, have been disclosed.

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

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 ECI India Managers Private Limited ('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 Brookfield Asset Management Inc ('BAM') and Brookfield Infrastructure Partners ('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 2019 was INR 33.13 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 INR 1.66 million (being 5.00 % of the total consolidated income as per the audited consolidated financial statements for the Financial Year 2019), 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. 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 INR 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 INR 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 East West Pipeline Limited ('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 levelized tariff on March 12, 2019 i.e. 71.66 INR/MMBtu. Subsequently, PNGRB approved the Zonal apportionment of the levelized tariff vide order TO/2019 – 20/06 June 4, 2019, the zonal tariffs to be applicable from July 1, 2019.

PNGRB amended regulations on May 27, 2019, whereby the tariffs are made applicable on prospective basis after approval of zonal tariffs i.e. applicable from the first day of the month following the month in which the zonal tariff order is issued by the Board.

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 05/07/2019 for final hearing before APTEL.

Civil matters

(i) *Disputes in connection with the right of user granted to EWPL under the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 ('PMP Act')*

The right of use in respect of the Pipeline was granted to Reliance Gas Transportation Infrastructure Limited (the former name of EWPL) ('RGTIL') 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 and as on the date of this report.

VI. Litigation against the Investment Manager

Ansal Hi-Tech Townships Limited ("AHTL") filed a civil suit before the Bombay High Court against the Investment Manager and others (collectively referred to as "Defendants") seeking inter alia, (i) damages amounting to ₹ 2,000.00 million (along with interest) and (ii) a declaration that AHTL had not defaulted on any payments due to be made to the Defendants in terms of a debenture subscription agreement dated June 18, 2014 ("DSA") and a debenture trust deed dated June 18, 2014 ("DTD"). The primary ground on which AHTL has sought the relief is that though the Defendants had assured AHTL that they would invest ₹ 3,000.00 million in AHTL in terms of the DSA, the Investment Manager only subscribed to one tranche of debentures (by investing ₹ 2,000.00 million and did not subscribe to the second tranche of ₹ 1,000.00 million). The matter is currently pending.

VII. Litigation against the Associates of the Investment Manager

A. Peninsula Land Limited ("PLL")

Criminal Matters

I. *ASHOK TOWERS:*

(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, 200809, 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 INR 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

There are no material litigations and no regulatory actions currently pending against the Trustee as on March 31, 2019.

Risk factors

Risks Related to the Organization and the Structure of the Trust

- PNGRB has issued a Provisional Authorization letter to PIL for the demerger of the Pipeline Business to PIL on March 22, 2019. PIL has submitted an acceptance letter to the terms and the necessary bank guarantee as required. The final authorization letter is expected to be issued by PNGRB soon after the PNGRB's Board approval.

- The regulatory framework governing infrastructure investment trusts in India is new and untested. The interpretation and enforcement of the framework involves uncertainties. Certain interpretations or changes to the regulatory framework may have a material, adverse effect on the ability of certain categories of investors to invest in the Units, the Trust's business, financial conditions and results of operations, and our ability to make distributions to Unitholders.

- We must maintain certain investment ratios, which may present additional risks to us.

- The Valuation Report, and any underlying reports, are not opinions on the commercial merits of the Trust or the Project SPVs, nor are they opinions, expressed or implied, as to the future trading price of the Units. The valuation contained therein may not be indicative of the true value of the Project SPV's assets.

- Due to our initial lack of asset diversification, negative developments such as 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.

Risks Related to Our Business and Industry

- There are outstanding proceedings and regulatory actions against the Investment Manager and outstanding proceedings and regulatory actions involving the Pipeline Business and PIL. 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.

- Our business may be adversely affected by Reliance's non-performance of its obligations by Reliance Industries Limited ('Reliance') under the various operating agreements entered into by PIL and Reliance (& its affiliates) that include the Pipeline Usage Agreement, SHA, O&M Agreement, O&M Sub-Contract Agreement. In particular, our business may be adversely affected by Reliance's non-performance of its obligations under the Pipeline Usage Agreement. 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 (or other such agreements) would adversely affect our business and PIL's ability to pay interest and principal payments on its non-convertible debentures when due, as well as make distributions to our Unitholders.

- Separately to the Pipeline Usage Agreement, our gas transportation business derives a significant portion of its revenue from Reliance and a few other key customers. 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 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 Pipeline's business is exposed to a variety of gas market and gas production 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 capacity. 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. While exploration of new gas resources from other wells is underway, we cannot provide absolute assurance that enough reserves will be identified, or that the supply from such alternative resources will be routed through the Pipeline. Continued development of new gas supply sources in the west or north of India could impact the Pipeline customers' demand for the Pipeline. There is risk that GOI or PNGRB may stipulate or impose conditions which result in lower pipeline capacity utilization. All these factors may adversely impact our operations and revenues and our ability to make distributions to Unitholders.

- PIL 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.

- The O&M Agreement entered into by PIL includes budget plans for the cost of operating and maintaining the Pipeline facilities for a period of 20 years (from March 22, 2019). 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. 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 as defiled in the O&M Agreement may be obliged to subscribe to optionally fully convertible debentures, convertible into equity shares of PIL (at the option of PIL), in accordance with the O&M Agreement. While the optionally fully convertible debentures are convertible at the option of PIL, any such conversion if exercised would result in a dilution of the Trust's equity interest in PIL leading to potentially lower returns to the Trust.

- 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. 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 East West Pipeline Limited, the Pipeline Business is and may continue to be subject to civil proceedings by land owners claiming additional compensation or disputing compensation paid. 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.

- The Pipeline is subject to many environmental and safety regulations. 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. 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.

- 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. This makes it difficult for us to maintain flexible human resource policies, discharge employees or downsize, which could adversely affect our business. Any delays, stoppages and interruptions, due to a strike or other work stoppage at any of our work sites could have an adverse effect on our ability to operate and meet our contractual obligations and on our financial performance and condition.

- Any disruption, failure or delay in the operation of the Pipeline information systems may disrupt Pipeline operations and cause an unanticipated increase in costs. These system include supervisory control and data acquisition ("SCADA") system and other specialized planning, optimization and scheduling tools allow adjustments in the operation of the Pipeline.

- Government intervention in the pricing decisions of the Pipeline may adversely affect its business. 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. PNGRB vide order dated March 12, 2019, declared the levelized tariff of INR 71.66/mmbtu to be applicable to the Pipeline effective from April 1, 2019. The final tariff declared is 37% increase over the initial tariff of INR 52.23/MMBtu. PIL submitted its Zonal apportionment of tariff to PNGRB vide letter dated March 19, 2019 for approval. Subsequently PNGRB amended regulations on May 27, 2019, whereby the tariffs are made applicable on prospective basis after approval of zonal tariffs i.e. applicable from the first day of the month following the month in which the zonal tariff order is issued by the Board. PNGRB approved the Zonal apportionment of tariff vide order TO/2019 – 20/06 June 4, 2019, the zonal tariffs to be applicable from July 1, 2019. This delay in PNGRB's approval for PIL's zonal tariff has affected cash flows for the period from April 1, 2019 to June 30, 2019. However the zonal tariff order provides that adjustment for the tariff charged by PIL for the period for 1st April 1, 2019 to June 30, 2019 shall be done in the next tariff review. Any other similar delay in approvals by PNGRB will affect the cash flows of PIL. Also PNGRB has fixed the capacity of PIL Pipeline at higher value than the actual capacity for past years. The capacity determination is before APTEL for resolution. The outcome of this determination will improve the cash flows of PIL if the matter is decided in favour of PIL. Going forward any reduction in gas supply volumes and delay in finalization of tariffs may result in Pipeline incurring adverse impacts on revenue from gas transportation services. No absolute assurance can be provided that there will not be a significant change in Government policy, which may adversely affect the Pipeline's financial condition and results of operations.

- Gas transmission and distribution networks have significant occupational health and safety risks that could expose the Pipeline to claims and increased regulatory and compliance 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.

- The Pipeline requires the services of third parties, including suppliers and contractors of labour material and equipment, which entail certain risks. 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. Non-availability of skill of such third parties and at reasonable rates, 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 and manage this 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 and as a result, our business, results of operations or financial condition could be adversely affected.

- 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 Sharing Agreement may have an adverse impact on our business, results of operations and financial condition.

- 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. The Pipeline carries all-risks mitigation policy covering property damage, machinery breakdown, business interruption, and 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. An inability of PIL to maintain requisite insurance policies particularly under 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 PIL to incur significant compliance costs, which if PIL is unable to maintain could expose the Project SV to third party claims, to the extent it not covered by insurance.

- 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

- The Sponsor, who may have different interests from the other Unitholders, will be able to exercise significant influence over certain activities of the Trust.

- 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.

- 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.

- 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. Further, the Investment Manager has limited experience as a manager of an InvIT and may not have adequate resources to fulfill its role and responsibilities. In case replacement is required the Trust may have difficulty finding another Investment Manager with the requisite knowledge and experience.

Risks Related to India

- 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.

- 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 by PNGRB and other regulatory Bodies, 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 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 materialize. These risks may include 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.

- Significant differences exist between Ind AS used to prepare our Audited Ind-AS Financial Statements and other accounting principles, such as Indian GAAP and IFRS, with which investors may be more familiar. This may impact the investors ability to interpret and understand the financial information of the Trust and PIL.

Risks Related to Ownership of the Units

- The Trust may be dissolved, and the proceeds from the dissolution thereof may be less than the amount invested by the Unitholders. Further, unitholders are unable to require the redemption of their units.

Risks Related to Tax

- Changing tax laws and regulations may adversely affect our business, financial condition and results of operations. Further, Tax laws are subject to changes and differing interpretations, which may adversely affect our operations.

- 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.

Information of the contact person of the InvIT

Prashant Sagwekar
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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

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

Sd/-
Sridhar Rengan
Director
DIN: 03139082

Date: June 18, 2019
Place: Mumbai

Valuation Report

India Infrastructure Trust ("Trust")

(Acting through Axis Trustee Services Limited in its capacity as Trustee of the Trust)

&

PenBrook Capital Advisors Private Limited

(In its capacity as Investment Manager of the Trust)

Valuation of InvIT Asset as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014

May 2019

Mandar Vikas Gadkari
Registered Valuer
Reg. No. IBBI/RV/06/2018/10500

Address: 704, Lotus, Vasant Valley Complex,
Near Dindoshi Bus Depot, Malad East,
Mumbai, Mumbai Suburban, Maharashtra - 400097
Email ID - mandar.v.gadkari@gmail.com

Ref: MG/01/2019

May 30, 2019

To,
India Infrastructure Trust (the "Trust")
Acting through Axis Trustee Services Limited (In its capacity as the **"Trustee"** of the Trust)
Unit 804, 8th Floor,
A Wing, One BKC, Bandra Kurla Complex,
Bandra East, Mumbai - 400051,
Maharashtra, India

To,
PenBrook Capital Advisors Private Limited
(In its capacity as the **"Investment Manager"** of the Trust)
Peninsula Spenta, Mathuradas Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai - 400013
Maharashtra, India

Dear Sir(s)/Madam(s),

Sub: Valuation of InvIT Asset as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended

I refer to the engagement letter dated May 02, 2019 appointing Mr. Mandar Vikas Gadkari (hereinafter referred to as **"Valuer"**, **"I,"** or **"My"** or **"Me"**) with IBBI Registration Number IBBI/RV/06/2018/10500, to provide professional services to PenBrook Capital Advisors Private Limited (**"Investment Manager"** or **"IM"**) acting in the capacity of Investment Manager of India Infrastructure Trust (the **"Trust"** or **"InvIT"**) with respect to determination of value of InvIT Asset (defined hereinafter below) as per the requirements of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder (**"SEBI InvIT Regulations"**).

In the instant case, the **"InvIT Asset"** refers to Pipeline (defined in para 2.1.5 of this Report) owned by Pipeline Infrastructure Limited[1] (**"PIL"** or **"the Company"**). The InvIT and/or PIL along with other parties have entered into various agreements collectively referred as the Transaction Documents (defined in Section 1 of this Report) which *inter alia* govern the rights and interest of InvIT in the InvIT Asset. The economic interest of InvIT in the InvIT Asset is valued after considering the agreed terms of the Transaction Documents.

I thereby enclose my independent valuation report dated May 30, 2019 (**"the Report"** or **"this Report"**) providing the enterprise value of the InvIT Asset on a going concern basis considering

[1] The name was changed from Pipeline Infrastructure Private Limited to Pipeline Infrastructure Limited with effect from April, 25 2019

MANDAR VIKAS GADKARI IBBI/RV/06/2018/10500 REGISTERED VALUER

current condition of the InvIT Asset and based on data as stated in **"Sources of Information"** of the Report. The cut-off date of the current valuation exercise for market factors including market price is considered as March 31, 2019 (**"Valuation Date"**). Further, the valuation of the InvIT Asset has been undertaken assuming all the requisite approvals have been obtained for the Pipeline Business (defined in para 2.1.5 of this Report) to be operated in the name of PIL.

This report is being prepared for compliance with Regulation 21(4) of the SEBI InvIT Regulations for submission to the Trustee and the designated stock exchange. This Report should not be used or relied upon for any other purpose.

In terms of the SEBI InvIT Regulations, the Valuer hereby confirms and declares that:

- The Valuer is competent to undertake the valuation;
- The Valuer is independent and has prepared this Report on a fair and unbiased basis;
- This Report is prepared in compliance with regulation 13(1) and regulation 21 of the SEBI InvIT Regulations;

The Valuer further confirms that the valuation of InvIT Asset is carried out as per internationally accepted valuation methodologies and in cognizance of international valuation standards and ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

The Valuer has no present or planned future interest in PIL, InvIT Asset or the IM, except to the extent of my appointment as an independent valuer for this Report.

A summary of the analysis is presented in the accompanying Report, as well as description of the methodology and procedure used, and the factors considered in formulating my opinion. This Report is subject to the attached exclusions and limitations and to all terms and conditions provided in the engagement letter for this assignment.

This Report is based on the information provided by the management of PIL and/ or the IM (**"Management"**). The projections provided by the IM are only the best estimates of growth and sustainability of revenue and profitability margins. I have reviewed the financial forecast for consistency and reasonableness and relied on them. Further with respect to forecast of volume to be transported through the Pipeline by PIL, I have placed reliance on the **"EWPL Due Diligence Abridged Report for Disclosure in Private Placement Memorandum"** dated December 21, 2018 issued by Wood Mackenzie Asia Pacific Pte. Ltd. (**"Wood Mackenzie Report"**) as provided to me by IM.

Regards,

MGadkari

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Mandar Vikas Gadkari
Registered Valuer
Registered Valuer Regn No. - IBBI/RV/06/2018/10500

Encl: As above

Table of contents:

1 Definitions, abbreviations & glossary of terms

Abbreviations	Definitions/Meanings
AP	Andhra Pradesh
Appointed Date	The date, being July 1, 2018, with effect from which the Scheme of Arrangement has come into effect.
APTEL	Appellate Tribunal for Electricity
BCM	Billion Cubic Meters
BSE	BSE Limited
BV	Breakup Value
CAGR	Compounded Annual Growth Rate
CCM	Comparable Companies Multiple
CCPS	0.1% Compulsory Convertible Preference Shares
Completion Date	March 22, 2019
Contractor	Rutvi Project Managers Private Limited
CS	Compressor Station
CTM	Comparable Transaction Multiple
DCF	Discounted Cash Flow
DE	Debt-Equity
DUPL	Dahej Uran Pipeline
DVPL	Dahej Vijaipur Pipeline
EWPL	East West Pipeline Limited (formerly Reliance Gas Transportation Infrastructure Limited)
FCFE	Free Cash Flow to Equity
FICCI	The Federation of India Chambers of Commerce and Industry
FICCI Report	FICCI Report titled "India Gas Infrastructure: Strategies to accelerate to a Gas based Economy" dated October 4, 2017 prepared by FICCI's knowledge partner Ceresta Business Consulting LLP
FIMMDA	Fixed Income Money Market and Derivatives Association
Framework Agreement	The framework agreement dated August 28, 2018, entered amongst RIHPL, the Sponsor, the Investment Manager and PIL
FY	Financial Year
GCV	Gross Calorific Value
GHV	Gross Heating Value
GJ	Gujarat
GSA	Gas Supply Agreement
GSPL	Gujarat State Petronet Ltd
GSPCL-HP	Gujarat State Petroleum Corporation Ltd. - High Pressure
GTA	Gas Transportation Agreement
ICAI	Institute of Chartered Accountants of India
Infrastructure Sharing Agreement	Infrastructure Sharing Agreement dated February 11, 2019 between Contractor, Sub-Contractor and PIL

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Abbreviations	Definitions/Meanings
Investment Manager or IM	PenBrook Capital Advisors Private Limited
InvIT or Trust	India Infrastructure Trust
InvIT Asset or Pipeline or Initial Portfolio Asset	The cross-country pipeline (including spurs) between Kakinada in Andhra Pradesh and Bharuch in Gujarat, transferred to PIL with effect from the Appointed Date, pursuant to the Scheme of Arrangement, being the InvIT Asset for the purposes of the SEBI InvIT Regulations
Joint Venture Agreement	The joint venture agreement dated February 11, 2019 , entered into between the Project Manager, RIL and the Contractor and amendments thereto
KG Basin	Krishna Godavari Basin
LNG	Liquified Natural Gas
Management	Management of PIL and IM
MDQ	Maximum Delivery Quantity
MH	Maharashtra
MLV	Mainline Sectionalizing Valve
mmbtu	One Million British Thermal Units
mmscmd	Million Metric Standard Cubic Meter Per Day
Mn	Million
NAV	Net Asset Value
NCLT	National Company Law Tribunal
NELP	New Exploration and Licensing Policy
OT	On-shore Terminals
O&M Agreement	Operations and maintenance agreement, dated February 11, 2019 amongst PIL, Contractor and the Project Manager
O&M Sub-Contractor Agreement	Operations and Maintenance Sub-contractor Agreement, dated February 11, 2019 amongst PIL, Contractor and Sub-Contractor
Pipeline Business	The entire activities and operations historically carried out by EWPL with respect to transportation of natural gas through the Pipeline and related activities, as a going concern, which was acquired by PIL with effect from the Appointed Date, as further defined in the Scheme
PIL SHA	Shareholders' and Options Agreement dated February 11, 2019 amongst PIL, EWPL, RIL, IM and the Trust and amendments thereto
PIL/Company	Pipeline Infrastructure Limited (Previously known as Pipeline Infrastructure Private Limited)
PNGRB	Petroleum and Natural Gas Regulatory Board
PNGRB Report	PNGRB report by industry group titled "Vision 2030 - Natural Gas Infrastructure in India Report", available at http://www.pngrb.gov.in/Hindi-Website/pdf/vision-NGPV-2030-06092013.pdf
Project Manager	ECI India Managers Private Limited
PUA	A Pipeline Usage Agreement, which PIL and RIL have entered into on March 19, 2019 setting out the terms of reservation and usage of capacity in the Pipeline by RIL and includes amendments to the agreement
RIIHL	Reliance Industrial Investments And Holdings Limited
RIHPL	Reliance Industries Holding Private Limited

MANDAR VIKAS GADKARI IBBI/RV/ 06/2018/ 10500 REGISTERED VALUER

Abbreviations	Definitions/Meanings
RIL	Reliance Industries Limited
ROCE	Return on Capital Employed
Scheme/ Scheme of Arrangement	The scheme of arrangement between EWPL (as the demerged entity), PIL and their respective creditors and shareholders under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, for the demerger of the Pipeline Business from EWPL to PIL
SEBI InvIT Regulations	Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder
SPA	Share Purchase Agreement dated February 11, 2019 amongst the Trust, the Investment Manager, RIHPL and PIL and amendments thereto
SSA	PIL Share Subscription Agreement dated February 11, 2019 amongst PIL, RIIHL, and Trust
Shared Services Agreement	The Shared Services Agreement dated February 11, 2019 entered amongst RIL, PIL and the Contractor and amendments thereto
Sponsor	Rapid Holdings 2 Pte. Ltd.
Sub-Contractor	Reliance Gas Pipelines Limited
SUG	System Use Gas
Transaction Documents	Transaction documents shall mean the Framework Agreement, the Scheme of Arrangement, the Joint Venture Agreement, the PIL SHA, the SPA, the O&M Agreement, the O&M Sub-Contractor Agreement the Pipeline Usage Agreement, Shared Services Agreement, SSA and Infrastructure Sharing Agreement and amendments to these agreements
Trustee	Axis Trustee Services Limited
TS	Telangana
Valuation Date	March 31,2019
WACC	Weighted Average Cost of Capital
Wood Mackenzie	Wood Mackenzie Asia Pacific Pte. Ltd.
Wood Mackenzie Report	EWPL Due Diligence Abridged Report for Disclosure in Private Placement Memorandum issued by Wood Mackenzie Asia Pacific Pte. Ltd. dated December 21, 2018

MANDAR VIKAS GADKARI IBBI/RVI 06/2018/ 10500 REGISTERED VALUER

2 Executive Summary

2.1 Brief Background and Purpose

2.1.1 India Infrastructure Trust (**"the Trust"** or **"InvIT"**) is a contributory irrevocable trust set up under the provisions of the Indian Trusts Act, 1882. This Trust has been set up on November 22, 2018.

2.1.2 The Trust is an infrastructure investment trust registered on January 23, 2019 under the SEBI InvIT Regulations having registration number IN/InvIT/18-19/0008. The Trust was set up in order to invest in infrastructure projects in accordance with the SEBI InvIT Regulations.

2.1.3 The initial portfolio asset of the Trust is the Pipeline. The Pipeline was earlier owned by EWPL and pursuant to the Scheme of Arrangement between EWPL and PIL, as sanctioned by NCLT Mumbai vide order dated December 21, 2018 and NCLT Ahmedabad vide order dated November 12, 2018, was transferred to PIL. Currently, the Trust holds 100% of equity share capital of PIL.

2.1.4 The Trust, the Investment Manager, Reliance Industries Holding Private Limited (**"RIHPL"**) and PIL had entered into a Share Purchase Agreement (**"SPA"**) wherein the Trust acquired 100% of the issued and paid-up equity share capital of PIL from RIHPL on the Completion Date i.e. March 22, 2019 (**"Transaction"**).

2.1.5 PIL operates a cross country, natural gas pipeline with a pipeline length of ~1,480 kms (including dedicated lines) together with compressor stations and operation centres that stretches from Kakinada (Andhra Pradesh) to Bharuch (Gujarat) traversing through the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat (the asset is referred as **"Pipeline"** and activity of operating the Pipeline is referred as **"Pipeline Business"**). Historically, the Pipeline Business has been owned and operated by EWPL.

2.1.6 PIL and RIL have entered into a Pipeline Usage Agreement (**"PUA"**) on March 19, 2019 and amendments thereto pursuant to which RIL will make agreed payments on a quarterly basis in order to reserve certain capacity in the Pipeline for transportation of gas.

2.1.7 As per regulation 21(4) of SEBI InvIT Regulations -

"A full valuation shall be conducted by the valuer not less than once in every financial year. Provided that such full valuation shall be conducted at the end of the financial year ending March 31st within two months from the date of end of such year."

2.1.8 In this regards, the IM has appointed the Valuer to undertake the valuation of InvIT Asset in compliance of the above SEBI InvIT Regulation. (**"Purpose"**).

2.2 Valuation Methodology Adopted

2.2.1 Considering the nature of business and information available, InvIT Asset has been valued using Discounted Cash Flow (**"DCF"**) Method under Income Approach. I have used Free Cash Flow to Equity (**"FCFE"**) model under the DCF Method to arrive at the value of InvIT Asset.

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2.3 Valuation Conclusion

2.3.1 The tariff as approved by PNGRB vide order dated March 12, 2019 considered for valuation of InvIT Asset is INR 71.66 per mmbtu.

2.3.2 The enterprise value of InvIT Asset is arrived at INR 187,777.5 Mn. The enterprise value of InvIT Asset attributable to the InvIT pursuant to the agreed terms of the Transaction Documents is arrived at INR 140,561.8 Mn.

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3 Introduction

3.1 Terms of Engagement

3.1.1 I, Mr. Mandar Vikas Gadkari having IBBI Registration number IBBI/RV/06/2018/10500, have been appointed by Investment Manager, to determine the enterprise value of InvIT Asset on a going concern basis as per SEBI InvIT Regulations.

3.1.2 This Report has been prepared by the Valuer pursuant to terms of engagement letter dated May 02, 2019 between the Valuer and the Investment Manager including the terms and conditions set out therein.

3.2 Background and Purpose of Valuation

3.2.1 The Trust is a contributory irrevocable trust set up under the provisions of the Indian Trusts Act, 1882 on November 22, 2018.

3.2.2 The Trust is an infrastructure investment trust registered on January 23, 2019 under the SEBI InvIT Regulations having registration number IN/InvIT/18-19/0008. The Trust was set up in order to invest in infrastructure projects.

3.2.3 The initial portfolio asset of the Trust is a pipeline used for the transportation of natural gas, with the potential to induct new assets in due course. The Pipeline is a cross-country, natural gas pipeline with a pipeline length of approximately 1,480 km (including dedicated lines) together with compressor stations and operation centres that stretches from Kakinada, Andhra Pradesh, in the east of India, to Bharuch, Gujarat, in the west of India, traversing adjacent to major cities in the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat. Historically, the Pipeline was owned and operated by EWPL.

3.2.4 The Pipeline has been transferred from EWPL to PIL with effect from the Appointed Date, pursuant to a Scheme of Arrangement that has been sanctioned by the National Company Law Tribunal, Bench at Ahmedabad and the National Company Law Tribunal, Bench at Mumbai (together the "**NCLTs**") on November 12, 2018 and December 21, 2018 respectively (the "**Scheme of Arrangement**" or "**Scheme**"). Currently, the Trust beneficially holds 100% of the equity share capital of PIL.

3.2.5 PIL and RIL have entered into a pipeline usage agreement ("**Pipeline Usage Agreement**" or "**PUA**") dated March 19, 2019 and amendments thereto pursuant to which RIL has agreed to make payments to PIL on a quarterly basis in order to reserve certain annual capacity of the Pipeline.

3.2.6 Rapid Holdings 2 Pte. Ltd ("**Sponsor**") is the sponsor of the Trust, PenBrook Capital Advisors Private Limited is the Investment Manager of the Trust and Axis Trustee Services Limited is the Trustee of the Trust.

3.2.7 ECI India Managers Private Limited, as the project manager (the "**Project Manager**"), are responsible for the execution and management of the projects.

3.2.8 The Project Manager, PIL and Rutvi Project Managers Private Limited (the "**Contractor**") have entered into an agreement for the provision of certain operations and maintenance services by the Contractor in respect of the Pipeline ("**O&M Agreement**").

3.2.9 In accordance with the sub-contracting provision in the O&M Agreement, the Contractor, PIL and Reliance Gas Pipelines Limited (the "**Sub-Contractor**") have entered into an operations

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and maintenance sub-contract agreement (the **"O&M Sub-Contract Agreement"**) for the operation and maintenance of a section of the Pipeline.

3.2.10 Framework Agreement recorded the understanding among the parties for, among others (1) transfer of the entire issued equity share capital of PIL to the Trust; (2) subscription by the Trust to the Non-Convertible Debentures issued by PIL (**"PIL NCDs"**); (3) transfer of the Pipeline Business from EWPL to PIL pursuant to the Scheme of Arrangement; and (4) repayment of the unsecured liability of ₹164,000 million.

3.2.11 PIL SHA sets out rights and obligation of parties to the agreement in relation to PIL, including those of the Trust as the equity shareholder of PIL and the holder of the PIL NCDs, and of RIL and the Trust in relation to the purchase and transfer of the equity shares of PIL under certain circumstances and the manner of distribution of cash flows of PIL and the terms of the redeemable preference shares in compliance with applicable law.

3.2.12 Shared Service Agreement sets out the terms for RIL to provide PIL and the Contractor with certain identified services in connection with the Pipeline Business, for a period of three years, in order to enable business continuity, seamless operations and an effective cost structure of the Pipeline Business, pursuant to the demerger of the Pipeline Business from EWPL to PIL.

3.2.13 SSA records the understanding among various parties with respect to issue, allotment and subscription of the CCPS.

3.2.14 Infrastructure Sharing Agreement sets out the terms for permitting sub-contractor's non-exclusive access to certain facilities of Sub-contractor which are laid on the Pipeline's right of usage area and are co-located with the Pipeline facilities;

3.2.15 Joint Venture Agreement records the understanding among various parties which include operation of and maintenance of Pipeline on behalf of PIL and the Project Manager.

3.2.16 The units of the Trust are listed on BSE by way of private placement.

3.2.17 In line with the Purpose mentioned earlier, the IM has appointed Mr. Mandar Vikas Gadkari to undertake the valuation of InvIT Asset in compliance of the SEBI InvIT Regulations.

3.2.18 This Report should not be used or relied upon for any other purpose. The suitability or applicability of this Report for any purpose other than that mentioned above has not been verified by the Valuer.

3.3 Source of Information

3.3.1 For the purpose of this valuation exercise, I have relied on the following sources of information:

i. Brief note on the operations of Pipeline Business;

ii. Tariff order for determination of Final Initial Unit Natural Gas Pipeline Tariff by PNGRB dated March 12, 2019;

iii. Provisional Financial statements of Pipeline Infrastructure Limited for the year ended March 31, 2019;

iv. Framework Agreement amongst RIHPL and the Sponsor and the IM and PIL dated August 28, 2018;

v. Scheme of Arrangement between EWPL and PIL and their Respective Shareholders and Creditors for transfer of Pipeline Business from EWPL to PIL;

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vi. Joint Venture Agreement dated February 11, 2019, entered into between the Project Manager, RIL and the Contractor and First Amendment Agreement dated April 22, 2019 to the Joint Venture Agreement;

vii. PIL SHA dated February 11, 2019 amongst PIL, EWPL, IM, Trust and RIL and First Amendment Agreement dated March 9, 2019 to the PIL SHA and Second Amendment Agreement dated April 22, 2019 to the PIL SHA;

viii. SPA dated February 11, 2019 amongst RIHPL, Trust, IM and PIL and Amendment Agreement dated April 22, 2019 to SPA;

ix. SSA dated February 11, 2019 amongst PIL, RIIHL, and Trust;

x. O&M Agreement dated February 11, 2019 amongst PIL, Contractor and Project Manager;

xi. O&M Sub-Contract Agreement dated February 11, 2019 amongst PIL, Contractor, Sub-Contractor;

xii. PUA executed between PIL and RIL on March 19, 2019 and Amendment Agreement dated April 22, 2019 to the PUA;

xiii. Shared Service Agreement February 11, 2019 amongst PIL, RIL and the Contractor and First Amendment Agreement dated April 22, 2019 to the Shared Service Agreement;

xiv. Infrastructure Sharing Agreement dated February 11, 2019 between Contractor, Sub-Contractor and PIL;

xv. Copy of Orders approving the Scheme of Arrangement by the National Company Law Tribunal, Bench at Ahmedabad and the National Company Law Tribunal, Bench at Mumbai vide orders dated November 12, 2018 and on December 21, 2018, respectively;

xvi. EWPL Due Diligence Abridged Report for Disclosure in Private Placement Memorandum issued by Wood Mackenzie dated December 21, 2018 (**"Wood Mackenzie Report"**)

xvii. Physical Inspection with respect to the Pipeline as required under Regulation 21(2) of SEBI InvIT Regulations;

xviii. Projected revenue expenditure and capital expenditure for operations of PIL for a period of ~20 years from April 1, 2019;

xix. Estimates of working capital of PIL for a period of ~20 years from April 1, 2019;

xx. List of one-time sanctions/approvals which are obtained or pending in relation to the Pipeline and list of up to date/ overdue periodic clearances in relation to the Pipeline;

xxi. Details of material litigations in connection with the Pipeline;

xxii. FICCI Report titled "India Gas Infrastructure: Strategies to accelerate to a Gas based Economy" dated October 4, 2017 prepared by FICCI's knowledge partner Cerate Business Consulting LLP (**"FICCI Report"**).

xxiii. PNGRB report by industry group titled "Vision 2030 - Natural Gas Infrastructure in India Report", available at http://www.pngrb.gov.in/Hindi-Website/pdf/vision-NGPV-2030-06092013.pdf (**"PNGRB Report"**).

xxiv. Other relevant data and information provided to me by the Management whether in oral or physical form or in soft copy, and discussions with their representatives; and

xxv. Information available in public domain and provided by leading database sources.

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4 Exclusions and Limitations

4.1 Restricted Audience:

4.1.1 This Report and the information contained herein are absolutely confidential and are intended for the use of the IM and the Trust in connection with the Purpose set out in the Report.

4.1.2 It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without my written consent. It can however be relied upon and disclosed in connection with any statutory and regulatory filing with SEBI, BSE Limited or any other regulatory /statutory authority as per the SEBI InvIT Regulations without any consent in connection with the Purpose mentioned earlier. This Report and the extracts of this Report included herein can be reproduced and used for filings with SEBI, BSE and any other statutory authority as required by the law. In the event the IM or the Trust extend the use of the Report beyond the purpose mentioned earlier in the Report, with or without my consent, I will not accept any responsibility to any other party (including but not limited to the investors, if any) to whom this Report may be shown or who may acquire a copy of the Report.

4.1.3 It is clarified that this Report is not a fairness opinion under any of the stock exchange / listing regulations. In case of any third party having access to this Report, please note that this Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for its purpose.

4.2 Limitation Clause:

4.2.1 The Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

4.2.2 The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered.

4.2.3 During the course of this work, I have relied upon assumptions and projections as provided by Management. These assumptions require exercise of judgment and are subject to uncertainties.

4.2.4 Further, this Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to me or used by me up to, the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of InvIT Asset. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, review or reaffirm this Report if the information provided to me changes. The information presented in this valuation Report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation Report materially.

4.2.5 Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment as the valuation analysis is governed by the concept of materiality. There is therefore no indisputable single value. While I have provided an assessment of the value based on an analysis of information available

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to me and within the scope of my engagement, others may place a different value on the businesses.

4.2.6 Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

4.2.7 The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. The Valuer's work did not constitute a validation of the financial projections of the InvIT Asset under consideration and accordingly, the Valuer does not express any opinion on the same. The Valuer has not commented on the appropriateness of or independently verified the assumptions or information provided to me, for arriving at the financial projections. Further, while the Valuer has discussed the assumptions and projections with the Management, my reliance on them for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.

4.2.8 This Report is based on information received from sources mentioned herein and discussions with the Management. I have assumed that the parties involved have furnished to me all information, which they are aware of concerning the financial statements and respective liabilities, which may have an impact on my Report.

4.2.9 I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Trust or PIL or any of other entity mentioned in this Report and have considered them at the value as disclosed by the Trust and PIL in their regulatory filings or in submissions, oral or written, made to me. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.

4.2.10 I have not made any independent verification with respect to the PIL's claim to title of assets or property (including the Pipeline) for the purpose of this valuation. With respect to claim to title of assets or property I have solely relied on representations, whether verbal or otherwise, made by the Management to me for the purpose of this Report.

4.2.11 Except to the extent required under the SEBI InvIT Regulations, I am not responsible for matters of legal nature including issues of legal title and compliance with local laws in respect of PIL and also no consideration has been given to litigation and other contingent liabilities that are not recorded in the financial of PIL.

4.2.12 The fee for the Report is not contingent upon the outcome of the Report.

4.2.13 This Report does not look into the business / commercial reasons behind any transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits of the Trust are sole responsibility of the

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investors of the Trust and I do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or PIL.

4.2.14 In rendering this Report, I have not provided any legal, regulatory, tax, accounting, actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.

4.2.15 For the present valuation exercise, I have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by me.

4.2.16 In the particular circumstances of this case, I shall be liable only to the IM and the Trust. I shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused, as laid out in the engagement letter, for such valuation work.

4.2.17 Whilst, all reasonable care has been taken to ensure that facts stated in the Report are accurate and opinions given are fair and reasonable, neither me, nor any of my team members shall in any way be responsible for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.

4.2.18 The estimate of value contained herein are not intended to represent value of the InvIT Asset at any time other than the dates specifically mentioned for each valuation result, as per the agreed scope of engagement and as required under the SEBI InvIT Regulations.

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5 Assignment Approach

The overall approach that I have followed to arrive at value of InvIT Asset is summarized below:

i. In the initial stage, I submitted detailed information checklist for valuation of InvIT Asset.

ii. I reviewed the information provided as per the checklist for initial understanding of the business and then had a preliminary discussion with the Management to gain insight on the business operations and brief background of the Pipeline Business.

iii. Site visit was conducted of:

- Pipeline operation centre in Kakinada, Andhra Pradesh; and
- Compressor Station (CS – 1) situated near Kakinada, Andhra Pradesh.

iv. I analyzed the additional information and business model received post preliminary discussion and site visit. I had various discussions with the Management on the business model, assumptions considered and future business outlook. I also reviewed the Wood Mackenzie Report.

v. I obtained various disclosures from the Management pertaining to approvals and litigations of the InvIT Asset as required under the SEBI InvIT Regulations.

vi. I carried out the valuation based on internationally accepted valuation methodology, applicable Valuation Standard issued by ICAI and considering the information provided to me.

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6 Overview of Pipeline Business

6.1 Pipeline

6.1.1 The Pipeline is a cross country, natural gas pipeline with a pipeline length of ~1,480 kms (including dedicated lines) together with compressor stations and operation centres that stretches from Kakinada (Andhra Pradesh) to Bharuch (Gujarat) traversing through the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat.

6.1.2 The Pipeline comprises of trunk pipeline, compressor stations, mainline sectionalizing valve stations, tap-off stations, spur lines, metering and regulating stations and pipeline operation centres.

6.1.3 Total 37 Mainline Sectionalizing Valve (**"MLV"**) stations are installed along the Pipeline route so as to allow isolation of a section of Pipeline in event of an emergency and/or repairs.

6.1.4 There are 11 Compressor Stations (**"CS"**) installed en-route the Pipeline to receive gas supplies at On-shore Terminal (**"OT"**), boost pressure along the way and to deliver the gas at required pressure to the downstream pipelines.

6.1.5 The CS houses the facilities like gas turbine compressors, gas engine generators, gas after coolers, pigging receiver and launchers, electrical sub-station and other utilities like diesel generators, firefighting equipment and storage etc.

6.1.6 The Pipeline has interconnects for receipt and delivery of gas connecting to source and other cross-country pipelines such as DVPL / DUPL / GSPL-HP & KG Basin networks. Metering and regulating stations are located at these inter-connects and at customer locations. Tap-offs are also provided for new connections at regular intervals.

6.1.7 For managing the operations of the pipeline, main operation centre is located at Gadimoga, Andhra Pradesh and backup operations centre is located at Reliance Corporate Park in Navi Mumbai, Maharashtra. Local Control Centre has been provided at every Compressor Stations en-route the pipeline. Maintenance bases along with warehouse facilities have been set up at CS-03 and CS-08 apart from first level maintenance facilities provided at each of the compressor station en-route the pipeline.

6.1.8 Gas accounting for the pipeline is done in energy terms (i.e. gross heating value - GHV).

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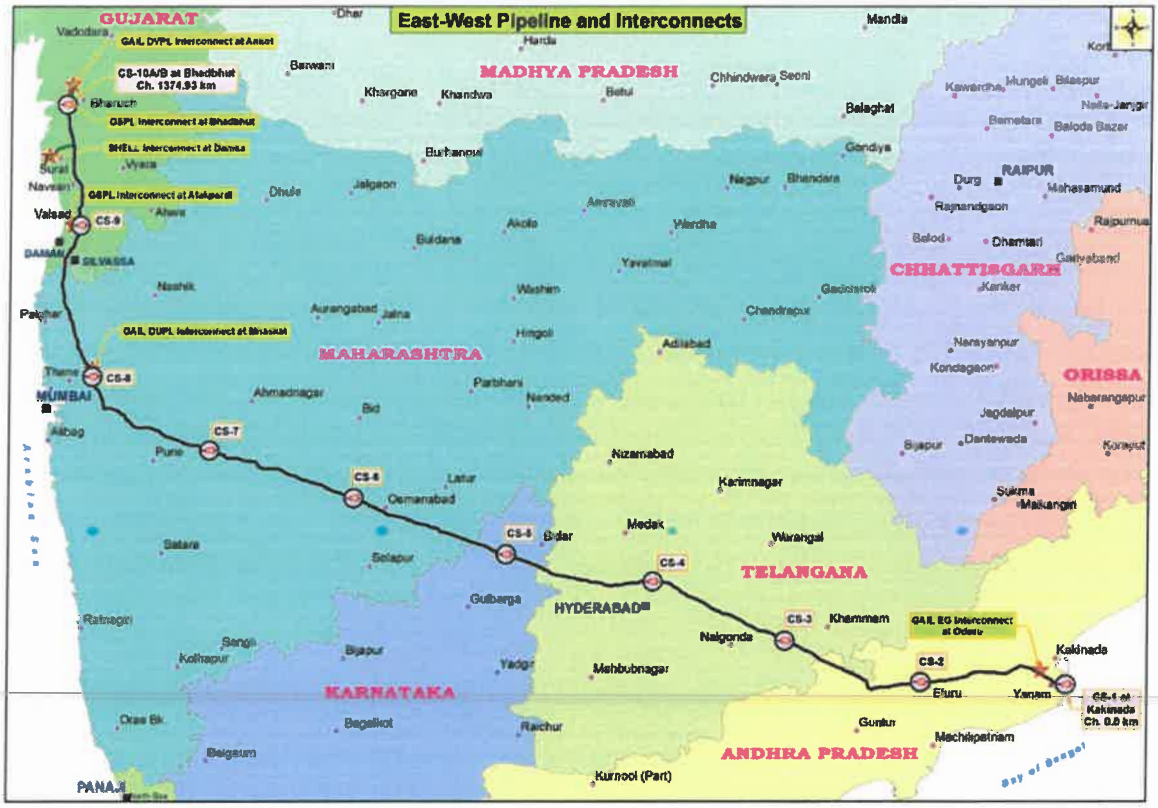
6.2 Route Map of the Pipeline



6.2.1 Above map reflects the route map of the Pipeline.

6.2.2 There are 11 Compressor Stations along the Pipeline as highlighted in the map above.

6.2.3 Currently there are 4 Receipt/ Gas Intake Points and 10 Delivery / Interconnects in the Pipeline which spreads across the states of Andhra Pradesh, Telangana, Karnataka, Maharashtra and Gujarat.

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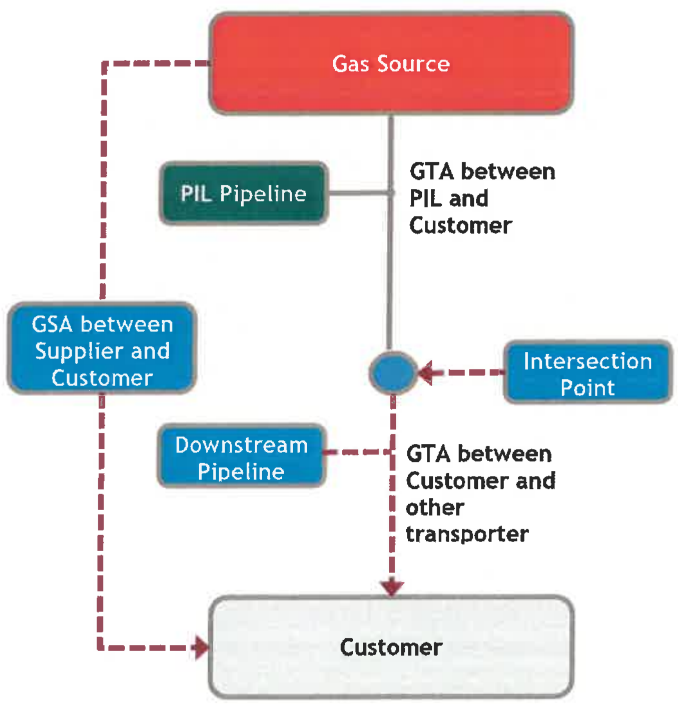
6.3 Business Model

6.3.1 The Company provides transportation services to customers for transportation of gas from any particular entry point (i.e. source/ upstream pipeline) to any exit point (i.e. customer point/downstream pipeline).

6.3.2 The Pipeline usage capacity is booked by the customers for which a Gas Transportation Agreement (**"GTA"**) is entered.

6.3.3 The key terms included in the GTA are as follows:

Sr. No.	Particulars	Key Terms of GTA
I	Tariff	- Tariff Rate in INR/mmbtu as approved by PNGRB
II	Terms	- As mutually agreed between parties
III	Ship or Pay	- Monthly 90% of Maximum Delivery Quantity (MDQ) level
IV	Payment Terms	- Fortnightly invoicing
		- Payments within 4 days of invoice
		- Disputed amount will be paid in full, pending dispute settlement
V	Payment Security	- Shipper shall provide LC covering 30xMDQx(Tariff + Taxes)
VI	PIL Liability Cap	- 50% of annual transportation charges
VII	Planned Maintenance	- Without liability for ship or pay and liquidated damages
		- Total of 10 days annually each for transporter



6.3.4 Deferred delivery services are also provided wherein the customer can request for temporary storage space in the Pipeline for a service charge.

6.3.5 PNGRB is a nodal agency to regulate and monitor the downstream activities, notify regulations and monitor compliance. It is also responsible for granting authorization to build and operate pipelines and city gas distribution networks.

6.3.6 The regulations mandate that at least 25% of capacity should be available on a common carrier first cum first serve basis. Therefore upto 75% of the capacity can be contracted.

6.4 Tariff Determination as per Tariff Regulations

6.4.1 PNGRB has been authorized to regulate the tariff for transportation of gas based on the tariff submitted by the transporters and the regulations prescribed for such determination.

6.4.2 The tariff for gas transportation is divided into various zones of 300 km along the route of the natural gas pipeline from the point of entry till the point of exit as per the contract.

6.4.3 Initially a levelized tariff is determined for transportation through the entire gas pipeline post which the zonal tariffs are determined based on estimated volumes for various zones.

6.4.4 No subsequent tariff adjustment is allowed on account of variation in actual zonal volumes vis-a-vis the estimated zonal volumes.

6.4.5 The key factors considered while determination of tariff are as follows:

Sr. No.	Factors	Stipulations
I	Economic Life	- 25 years
II	Tariff Method	- DCF, ROCE @ 12% post tax
III	Capex & Opex	- Lower of Normative/Actual
IV	Working Capital	- 30 days opex and 18 days receivables
V	System Use Gas	- (Gas price + tariff) x quantity
VI	Volume for Tariff Fixation	- Higher of Normative or Actual
		- Normative Volumes are determined as under -
		I -V years : 60%, 70%, 80%, 90%, 100% of 75% of Capacity
		Year VI Onwards: 75% of Capacity or firm contracted volumes
		whichever is higher
		- Volume Adjustment in first five years is permitted
VII	Capacity	- As determined by PNGRB under relevant guidelines
VIII	Tariff Overview	- Initial tariff fixed for first year
		- First regular tariff for next five years
		- Subsequently fixed and reviewed every five years

6.5 List of one-time sanctions/approvals which are obtained or pending in relation to the Pipeline and list of up to date/ overdue periodic clearances:

6.5.1 Disclosed in **Annexure III** of the Report as per information provided by the Management. I have reviewed the validity of various sanctions/ approvals/ clearances obtained with the documents provided to me by the Management.

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6.6 Material Litigations/ Factors related to the Pipeline

6.6.1 I have been informed by the Management about the material litigations with respect to the Pipeline, I have not independently reviewed the litigations details. As per the Scheme for transfer of Pipeline from EWPL to PIL, the liabilities in relation to the Pipeline are also transferred from EWPL to PIL. Hence, I have disclosed the litigation related to the Pipeline as per information provided to me by the Management.

6.6.2 The details of the key litigations which may have bearing on the valuation have been disclosed below and disclosure of other litigations as required under SEBI InvIT Regulations have been provided in **Annexure IV**.

6.6.3 **Litigation related to Capacity Assessment**

- PNGRB vide letter dated July 10, 2014 declared the final capacity for FY11 and FY12 as 85 mmscmd and 95 mmscmd respectively **("Order I")**.
- EWPL filed an appeal on August 8, 2014 against the Order I before the APTEL.
- APTEL passed an order on July 8, 2016 setting aside Order I *inter alia* on the ground that there was a breach of principles of natural justice and remanded the matter back to PNGRB.
- Subsequently, PNGRB vide its order dated December 30, 2016 declared capacity of Pipeline to be 85 mmscmd and 95 mmscmd for FY11 and FY12 respectively **("Order II")**.
- EWPL filed an appeal before the APTEL for setting aside Order II, directing PNGRB to declare the capacity for FY11 and FY12, and for the subsequent periods i.e. FY13 to FY16, taking into account the change in parameters, within a reasonable time.
- Pending decision of the appeal, EWPL moved an interim application before APTEL for determining the capacity of EWPL as per Acceptance to the Authorization letter issued by PNGRB, as per Determination of Natural Gas Pipeline Tariff Regulations - Amendment 2015. APTEL, pending adjudication of the capacity appeal, vide order dated November 20, 2018 directed PNGRB to consider the capacity of EWPL as 85 MMSCMD for the years 2009 to 2018. The matter is currently pending.
- PNGRB declared final tariff on March 12, 2019 i.e. INR 71.66/MMBtu. Zonal apportionment of tariff has been to submitted PNGRB on March 20, 2019.

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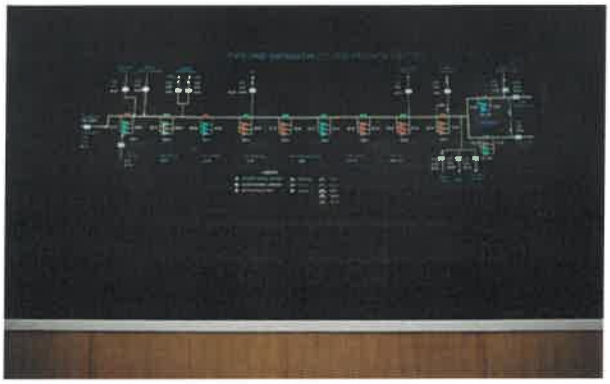
6.7 Site Visit Details

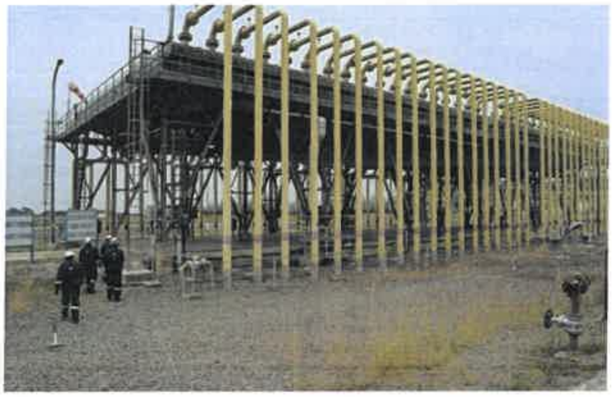
6.7.1 My team has visited the Operations Centre and Gas Compressor Station No. 1 (CS - 1) located at Kakinada, Andhra Pradesh on May 3, 2019 for undertaking physical inspection of the Pipeline as required under the SEBI InvIT Regulations.

Pipeline Operation Centre - Control Room Panel



CS - 1 Compressor Station

CS - 1 Gas After Cooler



CS - 1 Scrubber

6.8 Other disclosures as required under the SEBI InvIT Regulations have been provided in Annexure V of the Report.

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7 Industry Overview[2]

7.1 Introduction

7.1.1 Energy availability is key to economic growth and consequently high economic growth would lead to an increase in India's energy consumption. India's primary energy mix is set to alter due to the substitution of oil by natural gas. The share of natural gas in the energy mix is expected to increase to 20% in 2025 from 11% in 2010. Based on the plans for expansion of natural gas supply, which are supported by additional regasification capacity being added at existing and upcoming LNG terminals, the nationwide transmission pipeline network and transnational pipelines, it is expected that the share of natural gas in the primary energy mix would reach 20% by 2030. However, to achieve a 20% share in the primary energy mix, the natural gas market is required to attract and sustain investments in gas infrastructure which includes the cross-country pipelines.

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

7.1.3 During the 2000 to 2004 period, India's gas market witnessed gas discoveries in the Krishna Godavari Basin (**"KG Basin"**), the setting up of the liquefied natural gas (**"LNG"**) re-gasification terminal and the commencement of LNG supply and successful execution/roll out of city gas distribution projects. These developments had a positive impact on the environment and led to plans to set up a regulator due to the emergence of gas economy and related infrastructure development. During the 2004 to 2011 period, India witnessed the beginning of the gas era, with successful commencement and operation of LNG terminal, expansion of the transmission pipeline network in the north-western corridor and the new network in the east-west corridor, setting up of the regulator, the Petroleum and Natural Gas Regulatory Board (**"PNGRB"**), and .the authorization of new pipelines and geographical areas (**"GA"**s) for the city gas distribution (**"CGD"**) network, an increase in gas production from the KG Basin and increased supply of gas to many end use sectors. During this period, the government announced a Gas Allocation Policy prescribing sector-wise allocation for gas being produced from the KG Basin. The following period, 2011 to 2015, witnessed an unprecedented decline of gas production from the KG Basin, from approximately 60 million metric standard cubic meter per day (**"MMSCMD"**) to approximately 10 MMSCMD. Gas production forecasts from other fields/discoveries in the KG Basin also failed to materialize. With declining gas production from the traditional fields of the Oil and Natural Gas Corporation (**"ONGC"**), India witnessed a continuous decline period in gas production for five years and the government decided to not pursue any new gas based power projects, due to stranded power projects of approximately 14,000 megawatts (**"MW"**). The current government is trying to reduce the uncertainty in the gas market by announcing policies to attract investments and increase production.

[2] Sources - PNGRB Report, FICCI Report, Snapshot of India's Oil & Gas Data - Dec 2018 on www.ppac.gov.in

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7.2 Demand and Supply

7.2.1 The Natural Gas pipeline business and over all Natural Gas related business are inter-dependent, i.e. pipeline provides important connectivity to the suppliers and consumers and without adequate Natural Gas requirement and supply, the pipeline business will not be feasible. Hence, it becomes very much important to analyze demand and supply situation of over all Natural Gas industry.

7.2.2 Supply Side Scenario

In the past, various supply projections have consistently fallen short of their target due to:

- the declining production from the prospective KG Dhirubhai 6 (**"D6"**) fields;
- the declining production from traditional producing fields; and
- a lack of supply caused by the announcement of new finds from the KG Basin.

Following sets forth the historical and forecasted trend of India's natural gas supply -

Details	Financial Year		December			April to December		
	2017	2018	2018	2019 (Target)	2019 (Projected)	2018	2019 (Target)	2019 (Projected)
a) Gross Production	31,897	32,648	2,751	3,011	2,867	24,688	26,580	24,650
ONGC	22,088	23,429	2,001	2,247	2,197	17,651	19,434	18,416
Oil India Limited	2,937	2,881	237	262	233	2,197	2,388	2,061
Private/ Joint Ventures	6,872	6,338	514	502	437	4,839	4,758	4,173
b) Net Availability (excluding flare gas and loss)	30,848	31,731	2,673	-	2,795	24,008	-	24,048
c) LNG import	24,686	26,328	2,031	-	2,128	19,229	-	20,717
d) Total consumption including internal consumption (b+c)	55,534	58,059	4,705	-	4,923	43,246	-	44,766
e) Total consumption (in BCM)	55.5	58.1	4.7	-	4.9	43.2	-	44.8

The following table sets forth the domestic gas supply forecast, from financial year 2016 to financial year 2020:

Details	September				
	2016 (Actual)	2017	2018	2019	2020
Industry Forecast 1		100.3	96.6	99.3	111.0
Industry Forecast 2		102.0	114.0	131.0	158.0
Ministry of Petroleum and Natural Gas Plan		97.4	106.3	138.3	152.0
Gas Supply Forecast (Average)	85.0	99.9	105.6	122.9	140.3

In the near term as per the definite plan, gas supply is expected to increase by approximately 60% to 70% from the current levels. The government is expected to increase the share of natural gas in the energy mix from the current 6% - 7% to 15% in the next five years.

7.2.3 Demand Side Scenario

While India's gas demand is higher than its total gas supply (domestic and imported), the various sectors of demand for gas have different demand dynamics and sensitivity to prices. According to the 'Vision 2030' document prepared by the PNGRB in May 2013, the supply and demand gap has been huge in the gas sector, in spite of the optimistic supply forecast made at that time.

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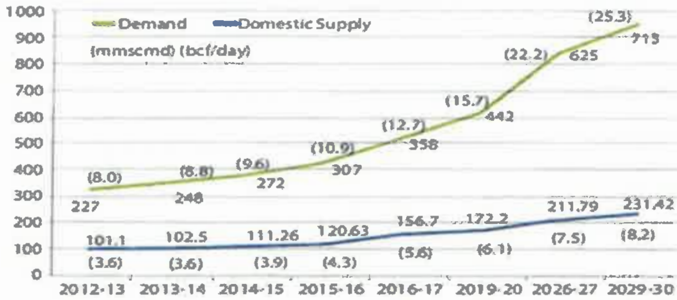

The fertilizer and power sectors lead sectoral gas consumption, with a combined share of approximately 57%. Approximately four to five years ago, the two sectors had combined share of approximately 70%, led by the power sectors having an approximate 40% share. During the intervening period, the share of the power sector declined due to a decrease in production which caused a halt in the allocation of KG D6 gas to the sector. The fertilizer sector maintained its share due to the sector retaining its priority sector allocation. High priced LNG has never been an option for the power sector causing its share to decline along with the decline in domestic supply. Over 14,000 MW of new gas based power plants were stranded due to a lack of domestic gas supply.

Delivered Cost Range	Consumption Sectors	Estimated Demand Composition %
USD 10 to 14	Liquefied Petroleum Gas, Refinery - Feedstock, Petrochemicals, Diesel Back-up Power and Peak Power	40 - 45%
USD 7.5 to 10	Fertilizer, CGD, Industrial / Commercial	40 - 45%
USD 5.5 to 7.5	CGD - Transport / Domestic, Refinery Fuel, Industry Fuel	55 - 60%
Less than USD 5.5	Base Power	55 - 60%

7.3 Future Outlook of Natural Gas

7.3.1 The power sector is limiting its LNG usage due to the base power being highly sensitive to gas price. Any gas that priced over USD 5.5 / one million British thermal units ("mmbtu") makes it challenging for gas based power to compete with coal based power. With renewable power prices also decreasing in recent years, the competitiveness of gas based power faces a challenge and therefore, a specifically focused strategy on the power sector to make gas usage viable or acceptable is required. As per the affordability matrix, the effective demand is estimated to be in the range of 45% to 55% of the generally projected unconstrained demand.

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7.3.2 The following table sets forth the domestic natural gas price and gas price ceiling (gross calorific value basis):

Period	Domestic Natural Gas price (USD/mmbtu)	Gas price ceiling (USD/mmbtu)
November 2014 - March 2015	5.05	-
April 2015 - September 2015	4.66	-
October 2015 - March 2016	3.82	-
April 2016 - September 2016	3.06	6.61
October 2016 - March 2017	2.5	5.3
April 2017 - September 2017	2.48	5.56
October 2017 - March 2018	2.89	6.3
April 2018 - September 2018	3.06	6.78
October 2018 - March 2019	3.36	7.67

7.4 India's Gas Transmission Infrastructure

7.4.1 India's gas transmission infrastructure has been growing since the completion of the first long term LNG deal in late 1990s and the supply of gas from new sources during the 2001 to 2010 period. Additional arterial pipeline network on the Hazira- Vijaipur - Jagdishpur corridor and the east-west corridor and the regional network in the Mumbai and Gujarat regions provided the necessary impetus to growth. The CGD infrastructure also grew along with these corridors and regions. The decline in domestic production and the challenges of using high priced LNG caused pipeline utilization to decrease.

7.4.2 The following table sets forth an overview of India's gas pipeline infrastructure :

Pipeline Owner	Length (Km)	Percentage Share
GAIL	11,077.0	68.6%
EWPL (Formerly RGTIL)	1,480.0	9.2%
GSPL	2,612.0	16.2%
Assam Gas Company Limited / Oil India Limited/ Duliajan Numaligarh Pipeline Limited	817.0	5.1%
Indian Oil Corporation Limited	140.0	0.9%
ONGC	24.0	0.2%
Total	**16,150.0**	**100.0%**

7.4.3 In the transmission pipeline segment, one of major enablers of growth and capacity utilization, besides regular access to multiple sources of gas and demand centres across the network, is the government's policy and regulation. Regulations are expected to provide a fair and level playing field for operators while ensuring that the customers get a regular supply at reasonable prices. Consecutively, the regulation must facilitate the investment and expansion of the network by serious players, while keeping economic viability in view. When such growth enablers are stifled, it has a direct impact on pipeline capacity creation and utilization. This issue is brought out by the low capacity utilization of the existing pipeline network.

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7.4.4 India has, in the past and currently, been evaluating a number of options of gas supply through transnational pipelines, such as the Turkmenistan - Afghanistan - Pakistan - India Pipeline ("**TAPI**"), the Iran - Pakistan - India Pipeline ("**IPI**"), the Iran - India Pipeline (with Oman Link) and the Russia - India Pipeline through Iran / Middle East.

7.4.5 For TAPI, though GSPA was signed four years ago, the commercial terms are not frozen. Of late, TAPI has been going through security concerns due to its passage through Pakistan. The IPI has been formally shelved by the government due to security considerations. The Russia - India Pipeline, pre-feasibility, presented technical and commercial challenges in terms of the higher price of gas; however, routing through the Middle East is currently being considered. The Iran - India Pipeline has been found to be the most technically and economically viable alternative. India has taken a stand on bilateral relations with Iran, that certain of its strategic investments in the upstream - Farzad B Block and port and logistics have to be honored by Iran along with the adherence to principles of peace in the region.

7.4.6 Given the challenges faced by the LNG terminal investors in tying up demand for LNG in India, the transnational pipelines are expected to face major challenges due to the investment involved and the price and market competition faced by them in the Indian gas markets.

Network/ Region	Entity	Length Sanctioned (KM)	Design Capacity (MMSCMD)	Pipeline Size
Kochi- Kottanad-Bengaluru-Mangalore	GAIL (India) Ltd	1,056	16	24"/18"/12"
Dabhol - Bengaluru (DBPL) Spur Lines, Phase-2	GAIL (India) Ltd	302	16	36"/30"/24"/18"
Jagdishpur- Haldia-Bokaro-Dhamra (JHBDPL)	GAIL (India) Ltd	2,539	16	30"/ 24"/18"/12"/8"/4"
Mallavaram- Bhopal - Bhilwara-Vijaipur	GSPL India Transco Ltd	1,881	78.25	42"/36"/30"/24"/18"/12"
Mehsana - Bathinda	GSPL India Gasnet Ltd	2,052	77.1	36"/24"/18"/12"
Bathinda - Jammu - Srinagar	GSPL India Gasnet Ltd	725	42.4	24"/18"/16"/12"/8"/6"
Kakinada - Vizag - Srikakulam	AP Gas Distribution Co.	391	90	24"/18"/8"/4"
Ennore - Nellore	Gas Transmission India Pvt. Limited	250	36	24"/18"
Ennore-Thiruvallur-Bengaluru-Puducherry-Nagapattinam-Madurai-Tuticorin	Indian Oil Corporation Limited	1,385	84.7	28"/24"/16"/12" /10"
Jaigarh-Mangalore	H-Energy Pvt. Ltd	635	17	24"
Total		**11,216**		

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8 Valuation Approach

The present valuation exercise is being undertaken to arrive at enterprise value of InvIT Asset for the purpose as mentioned above in the Report

There are three generally accepted approaches to valuation:

i. **"Cost"** Approach

ii. **"Income"** Approach

iii. **"Market"** Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

8.1 Cost Approach

8.1.1 The cost approach values the underlying assets of the business to determine the business value of the InvIT Asset. This valuation method carries more weight with respect to holding companies than operating companies. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

i. Net Asset Value Method

- The Net Asset Value (**"NAV"**) method under cost approach, consider the assets and liabilities, including intangible assets and contingent liabilities. The net assets, after reducing the dues to the preference shareholders, if any, represent the value of the company.
- NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits.
- This valuation approach is mainly used in cases where the asset base dominates earnings capability.
- As an indicator of the total value of the entity, the net asset value method has the disadvantage of only considering the status of the business at one point in time.
- Additionally, net asset value does not consider the earning capacity of the business or any intangible assets that have no historical cost. In many respects, net asset value represents the minimum benchmark value of an operating business.

ii. Break Up Value Method

- Under the Break Up Value (**"BV"**) method, the assets and liabilities are considered at their realizable (market) values including intangible assets and contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the payable value of all liabilities (existing plus potential) are deducted to arrive at the BV of the company.
- This Valuation approach is mostly used in case of companies where there are huge operating investments or surplus marketable investments.

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8.2 Income Approach

8.2.1 The Income approach focuses on the income prospects of a company.

i. Discounted Cash Flow Method

- Under the Discounted Cash Flow ("**DCF**") method, the value of the undertaking is based on expected 'cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.
- Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.
- Discount rate is the Weighted Average Cost of Capital ("**WACC**"), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.
- The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "**constant growth model**" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.
- The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.
- The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.
- In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

8.3 Market Approach

i. Market Price Method

- Under this approach, the market price of an equity share as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

ii. Comparable Companies Multiple Method

- Under the Comparable Companies Multiple ("**CCM**") method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

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- To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. <u>Comparable Transactions Multiple Method</u>

- Under the Comparable Transactions Multiple ("CTM"), the value of a company can be estimated by analysing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company.

8.4 Conclusion on Valuation Approach

Sr. No.	Valuation Approach	Valuation Methodology	Used	Explanation
I	Cost Approach	- Net Asset Value & Break Up Value	No	NAV does not capture the future earning potential of the business.
II	Income Approach	- Discounted Cash Flow	Yes	The project under the Company derives its true value from the potential to earn income in the future. Hence, I have considered DCF method under Income Approach for Valuation.
III	Market Approach	- Market Price	No	The Company is not listed on any stock exchange, therefore I have not considered market price method of valuation.
		- Comparable Companies	No	There are no listed companies directly comparable to the business of the InvIT Asset considering the nature of operations, capital structure and the type of asset held. Hence, I have not considered CCM method.
		- Comparable Transactions	No	Due to unavailability of transactions in the public domain with business and characteristics similar to the Company.

- Accordingly, in the instant case, the Discounted Cash Flow Method was considered as the most appropriate method for valuation of the InvIT Asset. Under the DCF method, I have used Free Cash Flow to Equity ("**FCFE**") model for valuation.

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9 Valuation of InvIT Asset

9.1 Key Factors Impacting Valuation

9.1.1 The business of the Company is natural gas transportation, hence natural gas volumes transported and tariff of the gas are the main value drivers for the business.

9.1.2 For assessing the volumes to be transported through the Pipeline I have relied on technical report provided by Wood Mackenzie. Wood Mackenzie is a global energy, chemicals, renewables, metals and mining research and consultancy group. Wood Mackenzie was engaged by an affiliate of the Sponsor in connection with Commercial Due Diligence of the Pipeline.

The second major factor is Tariff for gas transportation, which is fixed by PNRGB and revised every five years. The tariff rate is fixed on the basis of future estimated volumes and total expenditure to be incurred by the firm in 25 years since commercial operations. Current tariff is INR 71.66/mmbtu as determined by PNGRB vide its order dated March 12, 2019 which has been considered for the 20 years period.

9.2 DCF Method:

9.2.1 The value of the InvIT Asset is based on the cash flow of PIL.

9.2.2 The provisional balance sheet position of PIL as on March 31, 2019 has been considered as the opening balance sheet of PIL for the purpose of valuation.

9.2.3 The financial projections as provided by the IM for a period of 20 years from April 1, 2019 has been considered for valuation.

9.2.4 Following are the key assumptions considered in the financial projections while determining the operating cash flows of PIL:

i. <u>Volumes:</u>

- The gas transportation volume is based on the Wood Mackenzie Report dated December 21, 2018 provided by IM to estimate the production of natural gas that could be transported through the Pipeline.
- The primary source of production of natural gas considered in the Wood Mackenzie Report is from the KG basin from discovered resources. Additionally, the Wood Mackenzie Report also provides estimates of production volumes from yet to find resource. I have considered 100% of production volumes estimated from discovered resources and 50% of production volumes estimated from yet to find resources for the volume projections of gas transportation through the Pipeline based on the assumption that once production from existing and upcoming fields goes down, there would be new gas explorations in Krishna Godavari Dhirubhai 6, ONGC, etc. fields in the east coast of India.

ii. <u>Tariff for Gas Transportation:</u>

The tariff rate currently charged to the customers is INR 71.66/mmbtu which was fixed by PNGRB vide order date March 12, 2019.

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iii. **Working Capital**

- The amount of inventory is estimated to be maintained at the same level as existing on March 31, 2019. The working capital days outstanding estimated is as follows:
- Debtors - 15 days of annual revenue
- Current liability for Gas consumption - 15 days of annual cost
- Current liability for operating expenses - 60 days of annual cost

iv. **Capital Expenditure**

- Based on discussions with the Management, I understand that a mid-life overhaul and full-life overhaul of Gas Turbines, compressors, fuel management systems, Gas Engine Generators and upgradation and replacement of various plant and machinery components shall be required due to obsolescence and deterioration. Accordingly, a yearly capital expenditure of INR 2,000 Mn from calendar year 2030 onwards for upkeeping of the Pipeline has been considered.

v. **Interest and Debt Repayment**

- As on Valuation Date, PIL has outstanding Redeemable Non-Convertible Debentures issued to InvIT (**"InvIT NCD"**) of INR 129,500 Mn.
- NCDs are to be repaid over the period of 20 years through the form of equal monthly instalments. For first five years, the coupon rate is fixed at 9.7%. For the balance period the coupon rate has been determined based on the Fixed Income Money Market and Derivatives Association (FIMMDA) rates as on the Valuation Date. Accordingly, the coupon rate for balance period is considered at 9.5%.
- Further, PIL has issued Redeemable, Secured Non-Convertible Debentures (**"New NCDs"**) to third party and repay INR 64,520 Mn of existing NCDs issued to InvIT in April 2019.
- I have been informed by the Management that the New NCDs have a coupon rate of 8.95% payable quarterly. The New NCDs shall have a redemption period of 5 years.
- I understand from the Management that for the purpose of redemption of New NCDs, PIL will take another loan with the similar terms after every 5 years. Effectively, the new loans is projected to be repaid at the end of ~20 years.

vi. **Terminal Year Cash Flow**

- For the terminal period, a terminal growth rate of 1% has been applied on EBITDA based on projected industry outlook and overall outlook of the gas flow. Due to release of working capital, no working capital has been assumed in the terminal period on a conservative basis. Capital expenditure for terminal period has been estimated equal to INR 2,000 Mn required for up keeping the Pipeline.
- Further, PIL has issued Compulsory Convertible Preference Shares (**"CCPS"**) and Redeemable Preference Shares (**"RPS"**). As per the terms of the Transaction Documents, the value and cash flows to CCPS and RPS is attributable after the explicit period of ~20 years and accordingly, the value of CCPS and RPS as per the terms of the Transaction Documents has been adjusted from the Terminal Value.

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- Corporate income tax in the explicit period has been considered as per the current tax laws applicable in India.
- The cash flows of PIL post all the aforesaid adjustments has been discounted to arrive at the equity value of InvIT Asset.

vii. **Discounting Factor**

- I have used the Free Cash Flows to Equity ("**FCFE**") model under DCF method to estimate the equity value of InvIT Asset. In FCFE, the free cash flows available are discounted by Cost of Equity (CoE) to derive the net present value.
- The Cost of equity ("CoE") has been calculated as per the Capital Asset Pricing Model based on the following parameters:

- Cost of equity = Risk Free Rate + [Beta X Equity Risk Premium] + Company Specific Risk Premium
- Risk free rate of return of 7.4% is based on zero coupon bond yield as on the Valuation Date having maturity of 10 years as listed on www.ccilindia.com.
- Expected market premium of 7.6% has been calculated on the expected market return of 15% as prevalent in India based on my analysis of historical market returns in India.
- Beta is a measure of systematic risk of the company's stock as compared to the market risk. Beta of 1.11 (**Refer Annexure II**) considered for determination of CoE is based on unlevered beta of broad comparable companies in the listed space operating in similar sector and relevered with a target long term debt-equity ratio of 1:1 as provided by the Management.

- Based on above, the base cost of equity is arrived at 15.9%.
- There is uncertainty involved in achieving the future extraction of projected gas volumes considering the historical performance of extraction of natural gas, therefore, I have considered a company specific risk premium of 3%.
- Accordingly, the cost of equity is arrived at 18.9%.

9.2.5 The Management has informed me that contingent liabilities of PIL, if any, and liability from various litigation in respect of the Pipeline are not expected to materialize on PIL, hence no adjustment has been made in the current valuation.

9.2.6 The cash and cash equivalent for the business of PIL as on the Valuation Date is INR 1,411.9 Mn.

9.2.7 Based on above analysis and the financial projections considered, the equity value is arrived at INR 58,277.5 Mn.

9.2.8 The debt/ liability in the books of PIL as on the Valuation Date amounts to INR 129,500 Mn.

9.2.9 Based on above, the enterprise value of InvIT Asset post the aforesaid adjustments is arrived at INR 187,777.5 Mn **(Refer Annexure IA).**

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9.3 Value of InvIT Asset attributable to InvIT

9.3.1 PIL and RIL have entered into a PUA, in order to set out the terms for RIL to reserve transportation, storage or other capacity in the Pipeline for a period of 20 years. The PUA is executed on March 19, 2019. The PUA *inter alia* provides for the following:

- RIL to pay contracted capacity payments to PIL on a quarterly basis for the capacity booked determined in accordance with the PUA. The contracted capacity payments shall be paid only when the actual transportation charges payable for the actual quantity transported is less than the contracted capacity payments. Such net accumulated contracted capacity payments shall be adjusted in the quarters where the actual transportation charges payable for the actual quantity transported is more than the contracted capacity payments.
- In consideration of RIL reserving the capacity in the Pipeline and making the payment on account of contracted capacity payments to PIL, RIL is entitled to receive certain cash flows, subject to deduction of taxes by PIL as per applicable law. The mechanism for computing the cash flow and payment of the same to RIL is provided in the PUA.
- The payment of such cash flows shall be made in the Financial Year when the actual transportation charges received by PIL in a Financial Year is higher than the contracted capacity payments during the Financial Year.

9.3.2 Based on above, after adjustment of the present value of net cash flows/benefits accruing to RIL pursuant to the Transaction Documents, the Enterprise Value attributable to the InvIT is arrived at INR 140,561.8 Mn **(Refer Annexure IB)**.

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10 Valuation Summary

10.1. The current valuation has been carried out based on the valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations, were given due consideration.

10.2. I would like to highlight that in the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of an entity or business.

10.3. The enterprise value of InvIT Asset is arrived at INR 187,777.5 Mn and the enterprise value of InvIT Asset attributable to the InvIT pursuant to the agreed terms of the Transaction Documents is arrived at INR 140,561.8 Mn.

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11 Annexures

11.1 Annexure I (1/2)

A. Valuation of InvIT Asset as per DCF Method

Valuation as per Discounted Cash Flow Method as on 31-Mar-19 (INR Mn)											
COE	18.9%										
TVG	1.0%										
Year Ending	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
EBITDA	9,152.9	11,546.0	22,438.6	34,966.0	43,207.0	45,690.1	45,383.0	42,713.0	39,587.7	36,836.7	35,595.6
Less: Interest	(12,146.3)	(11,976.8)	(11,863.7)	(11,726.7)	(11,446.2)	(11,295.0)	(11,116.4)	(10,920.8)	(10,722.4)	(10,471.9)	(10,214.8)
Less: Income Tax	-	-	-	(1,686.6)	(4,263.0)	(5,357.1)	(6,015.2)	(5,483.1)	(7,423.8)	(7,652.8)	(7,519.2)
Less: Capital Expenditure	-	(123.2)	-	-	-	-	-	-	-	-	(500.0)
Add/ (Less): Changes in Working Capital	(1,603.0)	(62.8)	(472.3)	(505.7)	(324.9)	(96.3)	23.0	120.6	143.5	121.2	63.4
Repayment of Debt	(1,168.8)	(1,282.6)	(1,407.5)	(1,544.6)	(1,695.0)	(1,872.6)	(2,051.2)	(2,246.8)	(2,461.1)	(2,695.8)	(2,952.9)
Free Cash Flows	**(5,765.2)**	**(1,899.4)**	**8,695.0**	**19,502.4**	**25,478.0**	**27,068.9**	**26,223.3**	**24,182.8**	**19,124.0**	**16,137.5**	**14,472.1**
Terminal Value (Net of value to CCPS and RPS)											
Period for discounting	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5
Discounting Factor	0.92	0.77	0.65	0.55	0.46	0.39	0.33	0.27	0.23	0.19	0.16
Present Value of Cash Flows	**(5,288.2)**	**(1,465.8)**	**5,645.7**	**10,654.2**	**11,710.5**	**10,468.0**	**8,532.1**	**6,620.0**	**4,404.6**	**3,127.1**	**2,359.5**

Year Ending	Mar-31	Mar-32	Mar-33	Mar-34	Mar-35	Mar-36	Mar-37	Mar-38	Mar-39	TY
EBITDA	34,103.6	32,437.7	29,668.6	25,716.9	20,794.7	4,665.6	4,324.7	3,415.9	2,165.3	2,242.3
Less: Interest	(9,933.2)	(9,640.5)	(9,286.8)	(8,916.7)	(8,511.3)	(8,083.1)	(7,580.8)	(7,048.0)	(6,337.9)	-
Less: Income Tax	(7,209.7)	(6,806.8)	(6,028.4)	(4,832.8)	(3,302.2)	-	-	-	-	(84.7)
Less: Capital Expenditure	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(2,000.0)	(1,500.0)	(2,000.0)
Add/ (Less): Changes in Working Capital	74.3	84.8	125.2	177.2	217.7	678.5	31.4	55.0	67.6	-
Repayment of Debt	(3,234.5)	(3,543.0)	(3,880.8)	(4,250.9)	(4,656.3)	(5,100.4)	(5,586.8)	(6,119.6)	(71,748.8)	-
Free Cash Flows	**11,800.5**	**10,532.2**	**8,597.8**	**5,893.7**	**2,542.6**	**(9,839.4)**	**(10,811.5)**	**(11,696.7)**	**(77,353.7)**	**157.6**
Terminal Value (Net of value to CCPS and RPS)										639.3
Period for discounting	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	19.5
Discounting Factor	0.14	0.12	0.10	0.08	0.07	0.06	0.05	0.04	0.03	0.03
Present Value of Cash Flows	**1,618.7**	**1,215.5**	**834.9**	**481.5**	**174.8**	**(569.0)**	**(526.1)**	**(478.8)**	**(2,675.7)**	**22.1**

Particulars	INR Mn
NPV of Explicit Period Cash Flows	56,843.5
PV of Terminal Period Cash Flows	22.1
Add: Cash and cash equivalents	1,411.9
Equity Value	**58,277.5**
Add: Debt	1,29,500.0
Enterprise Value (EV)	**1,87,777.5**

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Annexure I (2/2)

B. Computation of Value attributable to the InvIT from InvIT Asset as per Transaction Documents

Particulars	INR Mn
Enterprise Value (EV)	**1,87,777.5**
Less: Present value of net cash flow accruing to RIL as per the Transaction Documents (Refer C below)	(47,215.7)
Enterprise Value attributable to InvIT	**1,40,561.8**

C. Computation of net cash flows to RIL as per the Transaction Documents

Year Ending	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29
(Payment)/ Set off by RIL	(9,949.2)	(6,557.5)	5,167.1	11,863.3	-	-	-	-	-	-
Receipt/ Accrual to RIL	1,898.2	2,152.6	2,452.5	6,199.5	24,112.3	25,050.5	19,550.0	18,372.8	14,986.5	13,425.7
Total	**(8,050.9)**	**(4,404.9)**	**7,619.6**	**18,062.8**	**24,112.3**	**25,050.5**	**19,550.0**	**18,372.8**	**14,986.5**	**13,425.7**
Discounting Factor	0.92	0.77	0.65	0.55	0.46	0.39	0.33	0.27	0.23	0.19
Present Value	**(7,384.8)**	**(3,399.4)**	**4,947.5**	**9,867.7**	**11,082.8**	**9,687.4**	**6,360.9**	**5,029.5**	**3,451.7**	**2,601.6**

Year Ending	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34	Mar-35	Mar-36	Mar-37	Mar-38	Mar-39
(Payment)/ Set off by RIL	-	-	-	-	-	-	(12,446.8)	(12,670.4)	(13,510.0)	(47,338.6)
Receipt/ Accrual to RIL	12,930.6	13,247.1	12,834.2	11,954.9	10,621.0	8,908.6	14,389.2	5,728.2	5,547.4	(25,664.8)
Total	**12,930.6**	**13,247.1**	**12,834.2**	**11,954.9**	**10,621.0**	**8,908.6**	**1,942.4**	**(6,942.2)**	**(7,962.6)**	**(73,003.4)**
Discounting Factor	0.16	0.14	0.12	0.10	0.08	0.07	0.06	0.05	0.04	0.03
Present Value	**2,108.2**	**1,817.2**	**1,481.2**	**1,160.9**	**867.7**	**612.4**	**112.3**	**(337.8)**	**(326.0)**	**(2,525.3)**
Sum of Present Value	**47,215.7**									

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11.2 Annexure II – Broad Comparable Companies

Sr No	Particulars	Unlevered Beta
1	GAIL (India) Limited	0.95
2	Petronet LNG Limited	0.75
3	Indraprastha Gas Limited	0.78
4	Gujarat State Petronet Limited	0.45
5	Gujarat Gas Limited	0.36
6	Mahanagar Gas Limited	0.76
	Unlevered Beta	**0.67**
	Relevered Beta	**1.11**

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Details of all Permissions (1/4)

Business Permissions and Approvals:

Sr No.	Description of Permit	Issuing Authority	Current Status
	Approvals in relation to trust		
1	Certificate of registration dated January 23, 2019 having registration number IN/InvIT/18-19/0008 issued under Regulation 3 of the SEBI InvIT Regulations, for registration of the Trust as an infrastructure investment trust.	SEBI	Active
	Approvals in relation to transfer of Initial Portfolio Asset		
1	Approval for the scheme of arrangement ("Scheme") between EWPL and PIL, for the transfer of the Pipeline Business from EWPL to PIL.	NCLT, Ahmedabad & Mumbai	Active
2	In-principle approval for renunciation of the authorization granted to EWPL for the Pipeline, in favor of PIL dated September 27, 2018. This approval is subject to certain terms and conditions	PNGRB	Active
3	Approval in relation to the acquisition of the entire equity shareholding of PIL by the Trust dated September 11, 2018.	Competition Commission of India	Active
	Approvals in relation to Initial Portfolio Asset		
	Following is an indicative list of all material approvals required for operation of Initial Portfolio Asset:		
1	Final terms and conditions for acceptance of central government authorization to lay, build, operate or expand the east west natural gas pipeline network as common carrier pipeline network issued under regulation 17(1) of the PNGRB Authorizing Regulations;	PNGRB	Active
2	Approval in respect of the expression of interest for allocation of capacity in a pipeline	Ministry of Petroleum and Natural Gas	Active
3	Right of use in the land for laying the pipeline under section 6 of the PMP Act	Ministry of Petroleum and Natural Gas	Active

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Details of all Permissions (2/4)

Business Permissions and Approvals:

Sr No.	Type of Approval	Acts or Rules under which requirement specified	Facility for which permit obtained	Validity
1	Environmental Clearance	EIA Rules,2006	Kakinada Hyderabad Pipeline	One time
			Hyderabad Ahmedabad Pipeline	One time
2	Forest Clearances	The Forest Conservation Act, 1980 & The Indian Forest Act, 1928	East West Pipeline Limited	One time
3	CRZ Clearance	CRZ Notification	East West Pipeline Limited	One time
4	Public Liability Insurance Policy	Public Liability Insurance Act, 1991	East West Pipeline Limited	30-Jun-19
5	Consent to Establish	Water Act, 1974 & Air Acr, 1981	CS-01 to CS-10	One time
6	Consent to Operate & Hazardous Waste Authorization	Water Act,1974, Air Act 1981, Hazardous Waste (M&TM) Rule,2016	CS01 - CS02	28-Feb-20
			CS03 to CS04	28-Feb-24
			CS05	30-Jun-20
			CS06 to CS08	31-Mar-19[1]
			CS09	14-Apr-23
			CS10	31-Mar-23
7	Factory Licenses	Factories Act, 1948	CS01 - CS04, CS07	Till Cancellation
			CS05	31-Dec-19
			CS06	31-Dec-18[2]
			CS08	31-Dec-17[3]
			CS09	31-Dec-23
			CS10	31-Dec-28
8	NOC for withdrawal of ground water	CGWA Rules		Pending approval
9	CCoE Approval for laying pipeline	Petroleum and Explosives Safety Organization (PESO)	Approval for Laying Kakinada-Hyderabad-Ahmedabad NG pipeline	One time
			Approval for laying of 7 KM 30" Dia NG Pipeline from Kanjanhari to GSPL sectionalizing valve at Atakpardi village CS 09	One time
10	CCoE Permission for commissioning pipeline	Petroleum and Explosives Safety Organization (PESO)	Kakinada-Hyderabad-Ahmedabad pipeline 158 KM stretch (EWPL) CS06 - CS07	One Time Issue
			Kakinada-Hyderabad-Ahmedabad Stretch 761 KM (EWPL) CS01 - CS06	One Time Issue
			East Godavari Spur Line (URSPL)	One Time Issue

[1] Renewal Application Submitted on 27-Feb-2019
[2] Renewal Application Submitted on 05-Nov-2018
[3] Renewal Application Submitted on 02-Nov-2018

Details of all Permissions (3/4)

Business Permissions and Approvals:

Sr No.	Type of Approval	Acts or Rules under which requirement specified	Facility for which permit obtained	Validity
			Uran Spur Line (URSPL)	One Time Issue
			Kakinada-Hyderabad-Ahmedabad pipeline 166 KM stretch (EWPL) CS08 - CS09	One Time Issue
			Kakinada-Hyderabad-Ahmedabad pipeline 130 KM stretch (EWPL) CS09 - CS10	One Time Issue
			Kakinada-Hyderabad-Ahmedabad pipeline 156 KM stretch (EWPL) CS07 - CS08	One Time Issue
			7 KM 30" Dia NG Pipeline from Kanjanhari to GSPL sectionalizing valve at Atakpardi village (SGUSPL) CS09	One Time Issue
			NTPC Kawas spur line (KWSPL) CS10	One Time Issue
			28" NG spur line from M&R 22 at Dhamka to HLPL (SHELL connectivity) (KWSPL) CS10	One Time Issue
			16" NG spur line from Tap Off point at Chevuturu village (Krishna Dist. AP) to M&R Lanco Kondapalli (LKSP) CS02	One Time Issue
11	Fire NOCs	A P state Disaster Response and Fire Services Department	CS01	7-Apr-20
		A P state Disaster Response and Fire Services Department	CS02	10-Sep-19
		Telangana state Disaster Response and Fire Services Department	CS03	Not Applicable

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Details of all Permissions (4/4)

Business Permissions and Approvals:

Sr No.	Type of Approval	Acts or Rules under which requirement specified	Facility for which permit obtained	Validity
		Telangana state Disaster Response and Fire Services Department	CS04	Not Applicable
		Karnataka State Fire and Emergency Services	CS05	20-Apr-19[4]
		Directorate Maharashtra Fire Services	CS06, CS07 & CS08	One Time
		Gujarat Fire Services	CS09 & CS10	Not Applicable
12	Building plan approvals	DISH (Directorate of Industrial Safety and Health)	CS02 - CS10	One Time
13	Structure Stability Certificate	Factories Act, 1948	CS01	Renewal not required as per Andhra Pradesh Factories Rules, 1950
			CS02	7-Jun-23
			CS03	7-Jun-23
			CS04	7-Jun-23
			CS05	19-Jun-23
			CS06	30-Sep-19
			CS07	13-Jun-23
			CS08	14-Jun-23
			CS09	27-Oct-21
			CS10	28-Oct-21
14	Consent to Engage Contract Labour	Contract Labour regulation and Abolition Act 1970	CS01 to CS10	One time
15	Wireless Station License by GOVERNMENT OF INDIA, Ministry of Communications and Information Technology	Under The Indian Telegraph Act 1885	CS01 to CS 10	31-Dec-19
16	State Electricity Authorization	the Electricity Act 2003 read with the Indian Electricity Rules, 1956	East West Pipeline limited	One time
17	Pipeline Authorization	PNGRB Act, 2006	East West Pipeline Limited	One time
		PNGRB Act, 2006	East West Pipeline Limited	One time

[4] Renewal Application Submitted on 21-Feb-2019

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11.3 Annexure IV - Litigations Details (1/2)

Sr No.	Against	Pending Before	Details of the Case
Disputes in connection with the right of user granted to EWPL under the PMP Act			
1	EWPL/RGTIL	District Judge, Pune	[Ramchandra Jaggnath Sabale ("Claimant") filed a miscellaneous application against RGTIL (former name of EWPL) before the District Judge, Pune. The application was made under the PMP Act for enhancement of compensation [to a total claim of ₹ 52.10 million]]. The court by its order dated April 27, 2016 dismissed the application filed by the Claimant directing him to pay the court fees on the amount of compensation claimed. The matter is currently pending.
2	EWPL/RGTIL	Principal District Judge Court, Navsari	[Kamuben filed an application before the Principal District Judge Court, Navsari against the competent authority under the PMP Act and RGTIL (former name of EWPL) demanding additional compensation amounting to ₹ 510.00 million. The matter is currently pending].
3	EWPL/RGTIL	Senior Civil Judge, Bharuch	[Manharlal Shivlal Panchal and others filed a land acquisition reference before the court of the Senior Civil Judge, Bharuch, against RGTIL (former name of EWPL) and the district collector claiming excess compensation to the tune of ₹ 107.45 million. The matter is currently pending].
4	EWPL/RGTIL	Principal District Judge Court, Navsari	[Savitaben Patel and others ("Claimants") filed an application before the Principal District Judge Court, Navsari in Navsari against the deputy collector and competent authority under the PMP Act, and RGTIL (former name of EWPL) demanding additional compensation, amounting to ₹ 70.00 million] which was dismissed for default on August 18, 2018]. [Savitaben Patel has also filed an application for restoration and the matter is currently pending].
5	EWPL/RGTIL	Principal District Judge Court, Navsari	[Thakorbhai Khandubhai and others ("Claimants") filed an application before the Principal District Judge Court, Navsari against RGTIL (former name of EWPL) demanding additional compensation, [amounting to a total claim of ₹ 910.00 million]. It was dismissed for default on August 18, 2018.] [However, the Claimants have filed an application for restoration and the matter is currently pending].
Royalty Related			
1	EWPL/RGTIL	Bombay High Court	EWPL has received demand notices from the revenue authorities in Maharashtra seeking to levy royalty (together with penalty and other charges) of INR 415.6 million on the grounds that EWPL for the purpose of laying the East West Pipeline, had conducted an excavation of earth which is treated as mining of minor minerals under the Maharashtra Land Revenue Code, 1966. EWPL has also already paid penalty to the tune of approximately INR 132.1 million under duress and coercion. EWPL challenged the levy of royalty by filing a writ petition before the Bombay High Court in 2009 on the grounds that the operation of

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Annexure IV - Litigations Details (2/2)

Sr No.	Against	Pending Before	Details of the Case
			laying the gas pipeline does not qualify as mining of minor minerals and the levy is in contravention of Article 265 of the Constitution of India. The Bombay High Court vide order dated February 09, 2009 directed the revenue authorities to restrain from taking any coercive steps against EWPL. The matter was last posted for hearing on October 17, 2012 and has not yet been listed for hearing again and is currently pending.
Other Tariff Related			
1	NA	PNGRB	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. In compliance to Delhi High Court order, PNGRB has started the hearing, next date of hearing is on 12/06/2019.

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Note: The details of the key litigations which may have bearing on the valuation i.e. capacity assessment and determination of final tariff have been disclosed on page 21 of the Report.

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11.4 Annexure V - Other Disclosures as required under SEBI InvIT Regulations

Purchase Price of the project by the InvIT

The Trust has acquired 100% of equity share capital of PIL for an amount of INR 500 Mn as on March 22, 2019.

Valuation of InvIT Asset in the past

Date of Valuation	Value of InvIT Asset (INR Mn)	Value of InvIT Asset attributable to InvIT (INR Mn)
March 08, 2019	178,030.8	139,639.9

Statement of Assets

The Trust has acquired PIL and through PIL runs the Pipeline Business which was historically owned and operated by EWPL. NCLT Ahmedabad vide its order dated November 12, 2018 and NCLT Mumbai vide its order dated December 21, 2018 has approved the Scheme for transfer of the Pipeline Business from EWPL to PIL. As per the provisional financial statements as on March 31, 2019, PIL has a gross fixed asset consisting of the assets related to the Pipeline amounting to INR 151,985.8 Mn and intangible asset amounting to INR 18,513.5 Mn.

Details of Major Repairs to the Pipeline - Past and Proposed

- As per discussions with the Management, I understand that no major repairs have been done in the past to the Pipeline.
- In the coming years, it is estimated that a yearly expenditure of ~INR 2,000 Mn shall be required from calendar year 2030 to 2038 thereby totaling to INR 18,000 Mn towards mid-life overhaul and full life overhaul of the following:
  - Gas turbines;
  - Compressors;
  - Pumps and related auxiliaries;
  - Fuel management systems;
  - Gas Engine Generators;
  - Compressor Operating & control system;
  - UPS system;
  - Transformers;
  - Battery Bank;
  - Digital Relays; and
  - Other IT infrastructure

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Revenue pendency including local authority taxes associated with InvIT Asset and compounding charges:

The Management has confirmed to me that there are no revenue pendencies including local authority taxes associated with the InvIT Asset and compounding charges.

Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control:

The Management has confirmed to me that there is no vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

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PenBrook Capital Advisors Private Limited

Consolidated balance sheet

as at 31 March 2019
(Amount in INR)

Particulars	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,66,550	1,89,827
Other intangible assets	5	-	68,935
Financial assets			
- Investments	6	1,67,00,510	2,26,19,883
- Loans and advances	7	52,98,609	46,69,083
Deferred tax assets (net)	25	4,82,24,032	6,37,95,816
Other non-current assets	8	2,61,391	8,90,917
Total non-current assets		7,06,51,092	9,22,34,461
Current assets			
Financial assets			
- Trade receivables	9	1,07,24,937	1,64,04,989
- Cash and cash equivalents	10	4,84,86,789	5,34,72,117
- Loans and advances	11	34,967	22,580
- Other financial assets	12	46,75,688	80,13,614
Current tax assets (net)	13	1,06,40,832	1,00,51,127
Other current assets	14	1,770	-
Total current assets		7,45,64,983	8,79,64,427
TOTAL ASSETS		14,52,16,075	18,01,98,888
EQUITY AND LIABILITIES			
Equity			
Share capital	15	33,28,75,600	33,28,75,600
Other equity		(20,74,95,501)	(17,03,89,864)
Equity attributable to equity holders of the company		12,53,80,099	16,24,85,736
Non Controlling Interest	16	1,000	1,000
Total equity		12,53,81,099	16,24,86,736
Non-current liabilities			
Long tern provisions	17	13,13,925	17,10,969
Total non current liabilities		13,13,925	17,10,969
Current liabilities			
Financial liabilities			
Trade and other payables	18		
- Total outstanding dues of micro and small enterprises		20,300	-
- Total outstanding dues of creditors other than micro and small enterprises		1,39,79,992	1,00,15,424
Other current liabilities	19	31,87,384	57,81,392
Provisions	20	13,33,375	2,04,367
Total current liabilities		1,85,21,051	1,60,01,183
Total liabilities		1,98,34,976	1,77,12,152
TOTAL EQUITY AND LIABILITIES		14,52,16,075	18,01,98,888

The accompanying notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors of
PenBrook Capital Advisors Private Limited
CIN : U74120MH2011PTC224370

Ashwin Suvarna
Partner
Membership No: 109503

Rajeev Piramal
Director
DIN: 00044983

Sridhar Rengan
Director
DIN: 03139082

Sugandha Vaidya
Company Secretary
ACS No. 29610

Mumbai
Date: 20 May 2019

Mumbai
Date: 20 May 2019

PenBrook Capital Advisors Private Limited

Consolidated statement of profit and loss

for the year ended 31 March 2019
(Amount in INR)

Particulars	Notes	31 March 2019	31 March 2018
Incomes			
Revenue from operations	21	2,87,86,217	7,98,40,028
Other income	22	43,47,773	59,84,001
Total income		3,31,33,990	8,58,24,029
Expenses			
Employee benefits expenses	23	2,35,86,394	2,77,89,292
Depreciation and amortization expenses	4	1,30,279	1,22,149
Other expenses	24	3,04,35,216	3,74,08,637
Total expenses		5,41,51,889	6,53,20,079
(Loss) / profit before tax		(2,10,17,900)	2,05,03,950
Tax expense:	25		
Current tax		1,57,010	41,80,512
Excess provision written back		(37,043)	-
Deferred tax charge		1,60,10,594	33,70,040
(Loss) / profit for the year		(3,71,48,461)	1,29,53,398
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit (asset)/liability (net)		42,824	(8,09,706)
Total other comprehensive income/(loss), net of tax		42,824	(8,09,706)
Total comprehensive (loss) / income for the year		(3,71,05,637)	1,21,43,692
Earnings per equity share of par value Rs.10 each	26		
Basic		(1,238.28)	431.78
Diluted		-	3.87

The accompanying notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

Ashwin Suvarna
Partner
Membership No: 109503

Mumbai
Date: 20 May 2019

For and on behalf of the Board of Directors of
PenBrook Capital Advisors Private Limited
CIN : U74120MH2011PTC224370

Rajeev Piramal
Director
DIN: 00044983

Sridhar Rengan
Director
DIN: 03139082

Sugandha Vaidya
Company Secretary
ACS No. 29610

Mumbai
Date: 20 May 2019

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Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A - G
CTS No.185/A, Jay Coach
Off Western Express Highway
Goregaon (East)
Mumbai - 400 063
Maharashtra, India

Tel: +91 22 6245 1000
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INDEPENDENT AUDITOR'S REPORT

To India Infrastructure Trust
Report on the Audit of Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of Ind a Infrastructure Trust ("the Trust"), which comprise the Balance Sheet as at 31st March, 2019, Statement of Profit and Loss including Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Unit holders Equity for the period 22nd November 2019 to 31st March 2019 (" the Period"), and the Statement of Net Assets at Fair Value and the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs) for the Period and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder (together referred to as the "InvIT Regulations") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Trust as at March 31, 2019, and its loss, total comprehensive loss, its cash flows for the period then ended.

Basis for Opinion

3. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) and other pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Trust in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit ev dence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

4. The Investment Manager is responsible for the other information. The other information comprises the information and disclosures included in the Annual Report but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our know edge obta ned during the course of our audit or otherwise appears to be materially misstated.

7. When we read the information and disclosures Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Managements Responsibility for the Standalone Ind AS Financial Statements

8. The Management of Penbrook Capital Advisors Private L mited ('Investment Manager), is responsible for the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial posit on as at March 31, 2019, financial performance including other comprehensive income cash movements and the movement of the unit holders funds for the Period ended March 31, 2019, in accordance with the Ind AS and other accounting princip es genera ly accepted in India and the InvIT Regulations.

9. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fa r view and are free from material misstatement, whether due to fraud or error.

10. In preparing the standalone financial statements, management is responsible for assessing the Trust s abi ity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

11. The Investment Manager is also respons b e fo ov rse ng the Trust's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

3. As part of an audit in accordance w th SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the r sks of material misstatement of the standalone financial statements, whether due to raud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of ınternal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's abılity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit and as required by InvIT Regulations, we report that:

a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;

b) The balance sheet, and statement of profit and loss are in agreement with the books of account of the Trust; and

c) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

d) In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the disclosures, in accordance with the InvIT Regulations, in respect of the net assets at fair value as at March 31, 2019, the total returns at fair value for the period ended March 31, 2019 and the Net distributable cash flows for the period then ended.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: MUMBAI,
Date: May 30, 2019

India Infrastructure Trust
Standalone Balance Sheet as at 31st March, 2019

	Notes	(Rs. in Crore) As at 31st March, 2019
ASSETS		
Non-Current Assets		
Investment in Subsidiary	4	50.00
Financials Assets		
(i) Investments	5	12,950.00
(ii) Other Financial Assets	6	4.42
Total Non-Current Assets		13,004.42
Current Assets		
Financial Assets		
(i) Cash and Cash Equivalents	7	24.60
(ii) Other Financials Assets	8	23.09
Total Current Assets		47.69
Total Assets		13,052.11
EQUITY AND LIABILITIES		
Equity		
Unit Capital	9	6,640.00
Other Equity		
Retained earning	10	(62.19)
Total Unit Holders' Equity		6,577.81
Liabilities		
Non-Current Liabilities		
Financial Liabilities		
- Borrowings	11	6,370.00
- Other Financial Liabilities		42.70
Total Non-Current Liabilities		6,412.70
Current Liabilities		
Financial Liabilities		
Other Financial Liabilities	12	13.25
Other Current Liabilities	13	48.35
Total Current Liabilities		61.60
Total Liabilities		6,474.30
Total Equity and Liabilities		13,052.11

The accompanying notes form an integral part of Standalone Financial Statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place Mumbai
Date : 30/5/19

For and on behalf of the Board of Directors of
Penbrook Capital Advisors Pvt. Ltd.
(as Investment Manager of India Infrastructure Trust)

Sridhar Rengan
Director
DIN 03139082

Chetan Desai
Director
DIN 03595319

INDIA INFRASTRUCTURE TRUST
MUMBAI

Place : Mumbai
Date : 30/05/2019

India Infrastructure Trust

Standalone Statement of Profit and Loss for the period from November 22, 2018 to 31st March, 2019

	Notes	(Rs. in Crore) **Period ended 31st March, 2019**
INCOME		
Revenue from Operations	14	31.09
Other Income	15	4.42
Total Income		**35.51**
EXPENSES		
Valuation Expenses		0.16
Investment Manager Fee		0.40
Registration Expenses for Units/NCD		1.38
Trustee Fee		0.02
Arranger Fee (for NCD)		31.85
Audit Fees		0.20
Other Expenses	16	49.12
Finance Costs	17	14.57
Total Expenses		**97.70**
Profit / (Loss) before Tax		**(62.19)**
Tax Expenses		
Current Tax		-
Deferred Tax		-
Profit / (Loss) for the period		**(62.19)**
Other Comprehensive Income/(Loss)		
Items that will not be reclassified to statement of profit and loss		-
Total Comprehensive Income for the period		**(62.19)**
Earnings per unit of face value of Rs. 100 each	18	
- For Basic (Rs.)		(12.18)
- For Diluted (Rs.)		(12.18)

The accompanying notes form an integral part of Standalone Financial Statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place : Mumbai
Date : 30/5/19

For and on behalf of the Board of Directors of
Penbrook Capital Advisors Pvt. Ltd.
(as Investment Manager of India Infrastructure Trust)

Sridhar Rengan
Director
DIN 03139082

Chetan Desai
Director
DIN 03595319

INDIA INFRASTRUCTURE TRUST
MUMBAI

Place : Mumbai
Date : 30/05/2019

India Infrastructure Trust
Standalone Statement of Cash Flows for the period from November 22, 2018 to March 31, 2019

		(Rs. in Crore) **Period ending 31st March, 2019**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Statement of Profit and Loss		**(62.19)**
Adjusted for:		
Interest Income	(31.09)	
Finance Costs	14.57	
Fair Value measurement gains on put option	(4.42)	
Fair Value measurement losses on call option	42.70	
		21.76
Operating profit / (loss) before working capital changes		**(40.43)**
Other Current Financial Liabilities	47.03	
		47.03
Net Cash Flow from / (used in) Operating Activities		**6.60**
` CASH FLOW FROM INVESTING ACTIVITIES		
Payment for Acquisition of equity shares of Subsidiary		**(50.00)**
Subscribing to Non convertible debentures of Subsidiary		**(12,950.00)**
Interest Income Received		**8.00**
Net Cash Flow from / (used in) Investing Activities		**(12,992.00)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Units		**6,640.00**
Proceeds from Long Term Borrowings -NCDs		**6,370.00**
Net Cash Flow from / (used in) Financing Activities		**13,010.00**
Net Increase in Cash and Cash Equivalents		**24.60**
Closing Balance of Cash and Cash Equivalents (Refer Note 7)		**24.60**

Note:
The figures in brackets represents cash outflow

The accompanying notes form an integral part of Standalone Financial Statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

Anjum A. Qazi
Partner

Place : Mumbai
Date : 30/5/19.

For and on behalf of the Board of Directors of
Penbrook Capital Advisors Pvt. Ltd.
(as Investment Manager of India Infrastructure Trust)

INDIA INFRASTRUCTURE TRUST
MUMBAI

Sridhar Rengan
Director
DIN 03139082

Chetan Desai
Director
DIN 035 DIN

Place : Mumbai
Date : 30/05/2019

India Infrastructure Trust

Standalone Statement of Changes in Unit Holder's Equity for the period ended 31st March, 2019

(Rs. in Crore)

A. UNIT CAPITAL	Balance as at the beginning of the reporting period i.e. 22nd November, 2018	Changes in Units during the period 22nd November, 2018 to 31st March, 2019	Balance as at the end of the reporting period i.e. 31st March, 2019
Unit Capital	-	6,640.00	6,640.00
	-	6,640.00	6,640.00

B. OTHER EQUITY

	Retained Earnings	Other Comprehensive Income (OCI)	Total
As at 31st March, 2019			
Balance as at the beginning of the reporting period i.e. 22nd November, 2018	-	-	-
Additions / (Deletions)	-	-	-
Total Comprehensive Income for the Period	(62.19)	-	(62.19)
Balance as at the end of the reporting period i.e. 31st March, 2019	**(62.19)**	**-**	**(62.19)**

The accompanying notes form an integral part of Standalone Financial Statements.

India Infrastructure Trust

DISCLOSURES PURSUANT TO SEBI CIRCULARS

(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. Standalone Statement of Net Assets at Fair Value as at 31st March, 2019

(Rs. in Crore)

Particulars	Book Value	Fair Value
A. Assets*	13,047.69	14,056.00
B. Liabilities at Book value**	6,431.60	6,474.30
C. Net Assets (A-B)	6,616.09	7,581.70
D. Number of Units (No. in Crore)	66.40	66.40
E. NAV (C/D)	99.64	114.18

*Total Assets includes the Fair Value of the Enterprise Value attributable to the InvIT as at March 31, 2019 and a provision for the put option entered with Reliance Industries Limited in respect of PIL shares. Both assets are valued as per valuation reports issued by independent valuers appointed under the InvIT Regulations and relied on by the Statutory Auditors.

**Total Liabilities includes the Fair Value of the call option with Reliance Industries Limited in respect of PIL shares. The liability is valued as per a valuation report issued by an independent valuer and relied on by the Statutory Auditors.

B. Standalone Statement of Total Returns at Fair Value as at 31st March 2019

(Rs. in Crore)

Particulars	For the period Ending 31st March, 2019
Total Comprehensive Income (As per the Statement of Profit and Loss)	(62.19)
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	965.61
Total Return	903.42

Fair value of assets as at March 31, 2019 and other changes in fair value for the period then ended as disclosed in the above tables are derived based on the fair valuation reports issued by the independent valuer appointed under the InvIT Regulations

C. Initial Disclosure by an entity identified as a Large Corporate

Sr. No.	Particulars	Details
1	Name of the Company/InvIT	India Infrastructure Trust
2	CIN/SEBI Registration No.	IN/InvIT/18-19/0008
3	Outstanding borrowing of company as on 31st March/ 31st December, as applicable (in Rs Cr)	Rs. 6370 Crores (63,700 Secured, Rated, Listed, Redeemable Non-convertible Debentures in the denomination of Rs. 10,00,000 each ('NCDs') issued and allotted by India Infrastructure Trust ("Trust") on March 22, 2019*
4	Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	AAA/Stable by CARE Ratings AAA/Stable by CRISIL
5	Name of Stock Exchange# in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

*The NCDs have been redeemed by the InvIT in full on April 23, 2019. Thus the InvIT was considered as a Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018 as on March 31, 2019. However, it has ceased to be a Large Corporate on April 23, 2019 consequent upon the redemption of NCDs in full.

India Infrastructure Trust
Notes to the Financial Statements for the period ended 31st March, 2019

A Corporate Information

India Infrastructure Trust (The "Trust"/"InvIT") is registered as a contributory irrevocable trust set up under the Indian Trusts Act, 1882 on November 22, 2018, and registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, on 23rd January, 2019 having registration number IN/InVIT/18-19/0008. It has its principal place of business at Unit 804, 8th Floor, A Wing, One BKC, Bandra Kurla Complex, Bandra (East), Mumbai 400051. Sponsor of the Trust is Rapid 2 Holdings Pte Ltd., a company registered in Singapore. The Trustee to the Trust is Axis Trustee Services Limited (the "Trustee"). Investment Manager for the Trust is Penbrook Capital Advisors Pvt. Ltd. (the "Investment Manager"). The address of the registered office of the Investment Manager is 1, Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

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 raising funds and making investments in accordance with the SEBI InvIT Regulations and the Trust Deed. The InvIT has received listing and trading approval for its Units w.e.f 20th March,2019 from the Stock Exchange vide BSE notice dated 19th March, 2019.

On 22nd March, 2019 Trust acquired 100% controlling interest in Pipeline Infrastructure Limited (PIL) (formerly known as Pipeline Infrastructure Private Limited), acquisition of equity shares was done on 18th March, 2019. PIL has acquired the ~1,480 km natural gas transmission pipeline, including dedicated lines, (together with compressor stations and operation centres) (the "Pipeline") from Kakinada in Andhra Pradesh to Bharuch in Gujarat (the "Pipeline Business") from East West Pipeline Limited ("EWPL"). The Pipeline connects certain supply hubs and demand centres located in the eastern and western India for transportation of natural gas. It connects gas sources in the KG Basin and the HLPL LNG terminal at Hazira, Gujarat, with existing markets in the eastern, western and northern regions of India, as well as to consumers along the route. The Pipeline includes a network of 11 compressor stations and two operation centres, which incorporate modern telecommunication, emission control and operational systems for safe and efficient operations.

B Significant Accounting Policies

B.1 Basis of Accounting and Preparation of Financial Statements

These financial statements are the separate financial statements of the Trust for the period ending 31st March, 2019 prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value (Refer accounting policy regarding financial Instruments).

The Trust's Financial Statements are presented in Indian Rupees, which is also its functional currency and all values are rounded to the nearest Crore upto two decimal places, except when otherwise indicated.

B.2 Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Trust to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.
Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are in respect of impairment of investments, valuation of deferred tax assets and fair value measurement of financial instruments, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and provisions and contingent liabilities have been discussed in their respective policies.

B.3 Summary of Significant Accounting Policies

a Cash and cash equivalents

Cash and cash equivalents includes cash at banks and escrow account. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Trust's cash management.

b Provisions and Contingent liabilities

A provision is recognised when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

c Tax Expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

d Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised:

Interest income :

Interest income from a financial assets is recognized when it is probable that the economic benefits will flow to the trust and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividends :

Dividend is recognised when the right to receive is established.

e **Current and non-current classification**

The Trust presents assets and liabilities in the Balance Sheet based on current and non-current classification.

An asset is classified as current when it is :
a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when it is :
a) Expected to be settled in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Trust has identified twelve months as its normal operating cycle.

f **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques used are those that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 30.

g Off-setting financial Instrument

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable rights to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Trust or counterparty.

h Earnings Per Unit (EPU)

Basic earnings per unit is computed using the net profit for the period attributable to the unitholders' and weighted average number of units outstanding during the period.

Diluted earnings per unit is computed using the net profit for the period attributable to unitholder' and weighted average number of units and potential units outstanding during the period including unit options, convertible preference units and debentures, except where the result would be anti-dilutive. Potential units that are converted during the period are included in the calculation of diluted earnings per unit, from the beginning of the period or date of issuance of such potential units, to the date of conversion.

i Classification of Unitholders' fund

Under the provisions of the InvIT Regulations, Trust is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of trust for each financial period. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20- Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the dividend payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

j Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Trust or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Trust or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

k Investment in subsidiaries

Investments in equity instruments of subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and carrying amounts are recognised in the Statement of Profit and Loss.

Investments in subordinate debt are measured at FVTPL.

l Cash dividend distribution to unit holders

The Trust recognises a liability to make cash distributions to unit holders when the distribution is authorised and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

m Borrowing Costs

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Trust incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n Financial instruments

i) Financial Assets

A. Initial recognition and measurement:

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent measurement

a) Financial assets measured at amortised cost (AC)

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d) Impairment of financial assets

In accordance with Ind AS 109, the Trust uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ii) Financial liabilities

A. Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

B. Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C. Derecognition of financial instruments

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Trust's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

C. Critical Accounting Judgements and Key Sources of Estimation Uncertainty:

The preparation of the Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many Periods in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

D. STANDARDS ISSUED NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has released notification of Ind AS 116- leases and certain amendments to existing Ind AS. These amendments shall be applicable to the Trust from April 01, 2019.

a) Issue of Ind AS 116 - Leases

Ind AS 116 will supersede the current leases i.e. Ind AS 17- Leases. As per Ind AS 116, the lessor will have to bring to books all the non-cancellable portion of operating leasing arrangement.

b) The MCA has also carried out amendments in following accounting standards:

1. Ind AS 101 - First time adoption of Indian Accounting Standards
2. Ind AS 103 - Business Combinations
3. Ind AS 107- Financial Instruments: Disclosures
4. Ind AS 109 - Financial Instruments
5. Ind AS 111 – Joint Arrangements
6. Ind AS 113 - Fair Value Measurement
7. Ind AS 115 - Revenue from Contracts with Customers
8. Ind AS 1 - Presentation of Financial Statements
9. Ind AS 2 - Inventories Accounting
10. Ind AS 7 - Statement of Cash Flows
11. Ind AS 12 - Income Taxes
12. Ind AS 16 - Property, Plant and Equipments
13. Ind AS 19 – Employee Benefits
14. Ind AS 21 - The Effect of Changes in Forein Exchange Rates
15. Ind AS 23 - Borrowing Costs
16. Ind AS 28 - Investment in Associates and Joint Ventures
17. Ind AS 32 - Financial Instrument : Presentation
18. Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets
19. Ind AS 38 - Intangible Assets
20. Ind AS 40 - Investment Property

Application of above standards are not expected to have any significant impact on the Trust's Financial Statements.

India Infrastructure Trust

Notes to the Standalone Financial Statements for the period ended 31st March, 2019

(Rs. in Crore)

NOTE 4 - INVESTMENTS IN SUBSIDIARY	As at 31st March, 2019
Equity investments, at cost (unquoted)	
5,00,00,000 equity shares of Rs.10/- each of Pipeline Infrastructure Limited	50.00
TOTAL	**50.00**
Additional Information	
Aggregated Value of Unquoted Investments	50.00
Aggregated Value of Quoted Investments	-
Aggregate provision for increase / diminution in the value of Investments	-

Note: The Trust holds 100% equity ownership in Pipeline Infrastructure Limited

NOTE 5. NON CURRENT FINANCIAL INVESTMENTS	
Investments in Non Convertible Debenture (NCD) (at FVTPL)	
12,95,00,000 secured NCDs of Rs. 1,000 each issued by Pipeline Infrastructure Limited	12,950.00
TOTAL	**12,950.00**
Additional Information	
Aggregated Value of Unquoted Investments	12,950.00
Aggregated Value of Quoted Investments	-
Aggregate provision for increase / diminution in the value of Investments	-

NOTE 6. NON CURRENT FINANCIAL ASSETS	As at 31st March, 2019
Put option on PIL shares	4.42
	4.42

As per the terms agreed by the Trust, the Investment Manager, Pipeline Infrastructure Limited (PIL) and Reliance Industries Holdings Private Limited (RIHPL), Reliance Industries Limited(RIL) has the right, but not the obligation, to purchase the entire equity stake of the Trust in PIL after a specific term or occurrence of certain events for a consideration of Rs. 50 Crores or the fair value at the conversion date, whichever is lower. Correspondingly, the Trust has right, but not the obligation, to sell its entire stake in PIL to RIL for a consideration of Rs. 50 Crores after a specific term or occurrence of certain events.

NOTE 7. CASH AND CASH EQUIVALENTS	As at 31st March, 2019
Balance with Banks	
In Escrow Account	24.60
TOTAL	**24.60**

Note : The conditions precedent to the escrow account have been fulfilled and consequently balance is freely available for utilisation.

NOTE 8. OTHER FINANCIAL ASSETS	As at 31st March, 2019
Interest accrued but not due on NCD investment	23.09
	23.09

India Infrastructure Trust

Notes to the Standalone Financial Statements for the period ended 31st March, 2019

	(Rs. in Crore) **As at** **31st March, 2019**
NOTE 9. UNIT CAPITAL	
9.1 Unit Capital	
Issued, subscribed and fully paid up unit capital 66,40,00,000 units of Rs. 100 each	**6,640.00**
TOTAL	**6,640.00**

Rights and Restrictions to Units

The Trust has only one class of units. Each unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in each financial year in accordance with the InvIT Regulations. The Investment Manager approves dividend distributions. The distribution will be in proportion to the number of units held by the unitholders. The Trust declares and pays dividends in Indian rupees.

A Unitholder has no equitable or proprietary interest in the projects of Trust and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof). A Unitholder's right is limited to the right to require due administration of Trust in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

The unit holders(s) shall not have any personal liability or obligation with respect to the Trust

9.2 Information on unitholders holding more than 5% of Unit Capital

Name of Unitholder	**Relationship**	**As at March 31, 2019**	
		No of Unit held	**Percentage**
Rapid Holdings 2 Pte. Ltd.	Sponsor	56,88,00,000	**85.66%**
ICICI Prudential Equity & Debt Fund	Unitholder	3,50,00,000	**5.27%**

9.3 Reconciliation of the units outstanding at the beginning and at the end of the reporting period :

Particulars	**As at 31st March, 2019 No. of Units**
Units at the beginning of the period	-
Issued during the period	**66,40,00,000**
Units at the end of the period	**66,40,00,000**

NOTE 10. OTHER EQUITY	**As at** **31st March, 2019** (Rs. in Crore)
Retained earnings	
Profit / (Loss) for the period	(62.19)
TOTAL	**(62.19)**

India Infrastructure Trust
Notes to the Standalone Financial Statements for the period ended 31st March, 2019

	(Rs. in Crore) As at 31st March, 2019
NOTE 11. BORROWINGS	
DEBENTURES - AT AMORTISED COST	
Secured	
Non Convertible Debentures (NCDs) (63,700 NCDs of Rs. 10,00,000 each)	**6,370.00**
TOTAL	**6,370.00**

Note :

11.1 **Secured by**

First pari-passu charge on: Pledge over investment to NCDs of PIL held by the Trust so as to provide a cover of 1.5x of the outstanding balance of the borrowing (balance of PIL shall be subject to a negative lien and may not be secured or disposed of);

Pledge of, on a first ranking basis, all of the Trust's rights, title, interest, benefits, claims and demands whatsoever in, to, under, or in respect of the Collateral, existing now or hereinafter, delivered as Security for due discharge, redemption and repayment of the Secured Obligations, upon the terms and conditions and in accordance with the procedure set forth in the hypothecation agreement.

Hypothecation of the rights, title, interests, benefits, claims and demands, present and future of the Issuer in, to, or in respect of the Receivables, the Accounts and all the amounts lying therein, from time to time, together with the Designated Bank Account Credit Balance.

11.2 Coupon rate of 9.2786% payable quarterly

11.3 All the above NCDs have been redeemed by India Infrastructure Trust on April 23, 2019

NOTE 12. OTHER CURRENT FINANCIAL LIABILITIES	**As at 31st March, 2019**
Interest accrued and not due on NCDs	13.25
TOTAL	**13.25**

NOTE 13. OTHER CURRENT LIABILITIES	**As at 31st March, 2019**
Statutory liabilities payable	4.64
Payable to Related Party (Refer note No.19 on Related Party):	
(a) Reimbursement of expenses payable	2.05
(b) Advances payable	6.61
Arranger Fee Payable	34.40
Trustee Fee Payable	0.02
Payable to others	0.63
TOTAL	**48.35**

India Infrastructure Trust

Notes to the Standalone Financial Statements for the period ended 31st March, 2019

	(Rs. in Crore) For the period ending 31st March, 2019
NOTE 14. REVENUE FROM OPERATIONS	
Operating Income	
Income from Interest on Investment in Non Convertible Debenture	31.09
TOTAL	31.09

	For the period ending 31st March, 2019
NOTE 15. OTHER INCOME	
Fair Valuation of put option	4.42
TOTAL	4.42

	For the period ending 31st March, 2019
NOTE 16. OTHER EXPENSES	
Bank Charges	0.01
Demat Charges	0.32
Duties, Rates and Taxes	5.85
Professional fee	0.24
Fair value of call option*	42.70
TOTAL	49.12

*Refer Note 6 for explanation to call option

	For the period ending 31st March, 2019
NOTE 17. FINANCE COSTS	
Interest Expenses	14.57
TOTAL	14.57

NOTE 18. EARNINGS PER UNIT (EPU)

The following reflects the income and unit data used in the basic and diluted EPU computations:

i)	Net Profit / (Loss) as per Statement of Profit and Loss attributable to Unit Holders (Rs. in	(62.19)
ii)	Weighted Average number of Units used as denominator for calculating Basic EPU	5,10,76,923.08
	Reporting period (in days)	130
	Units allotted (in days)	10
iii)	Weighted Average number of Potential Units	5,10,76,923.08
iv)	Total Weighted Average number of Units used as denominator for calculating Diluted EPU	5,10,76,923.08
v)	Earnings per unit of face value of Rs. 100 each	
	- For Basic (Rs.)	(12.18)
	- For Diluted (Rs.)	(12.18)

NOTE 19. RELATED PARTY DISCLOSURES

As per SEBI INVIT regulations, disclosure of transactions with related party are as given below.

(i) List of Related Parties

Subsidiaries	Pipeline Infrastructure Limited (PIL)(Formerly Pipeline Infrastructure Pvt. Ltd)
Parties to the Trust (as per SEBI INVIT regulation)	Rapid Holdings 2 Pte Ltd (Sponsor) Penbrook Capital Advisors Pvt. ltd. (Investment manager) ECI India Managers Private Limited (Project Manager) Axis Trustee Services Ltd (Trustee)

(ii) Related party transactions during the period (Rs. in Crore)

Sr. No	Particulars	Relations	Period ending 31st March, 2019
1)	**Interest Income** Pipeline Infrastructure Ltd.	Subsidiary	**31.09**
2)	**Trustee Fee** Axis Trustee Services Ltd.	Trustee	**0.02**
3)	**Investment management fee** Penbrook Capital Advisors Pvt. Ltd.	Investment manager	**0.40**
4)	**Units issued** Rapid Holdings 2 Pte Ltd	Sponsor	**5,688.00**
5)	**Investment in NCD** Pipeline Infrastructure Ltd.	Subsidiary	**12,950.00**
6)	**Investment in Equity Shares** Pipeline Infrastructure Ltd.	Subsidiary	**50.00**
7)	**Professional fee** Penbrook Capital Advisors Pvt. Ltd.	Investment manager	**0.22**
8)	**Registration Expenses** Rapid Holdings 2 Pte Ltd	Sponsor	**1.38**

(iii) **Balances at the end of period**

Sr. No	Particulars	Relations	Period ending 31st March, 2019
1)	**Reimbursement of Expense payable**		
	Rapid Holdings 2 Pte Ltd	Sponsor	1.38
	Penbrook Capital Advisors Pvt. ltd.	Investment Manager	0.67
2)	**Advance Received**		
	Pipeline Infrastructure Ltd.	Subsidiary	6.61
3)	**Trustee Fee Payable**		
	Axis Trustee Services Ltd.	Trustee	0.02
4)	**Interest receivable**		
	Pipeline Infrastructure Ltd.	Subsidiary	23.09
5)	**Investment in Equity Shares**		
	Pipeline Infrastructure Ltd.	Subsidiary	50.00
6)	**Investment in NCD**		
	Pipeline Infrastructure Ltd.	Subsidiary	12,950.00
7)	**Units issued**		
	Rapid Holdings 2 Pte Ltd	Sponsor	5,688.00

NOTE 20. FINANCIAL INSTRUMENTS

Valuation

Following financial instruments are initially recognized and subsequently re-measured at fair value as described below:

a) The fair value of Non convertible debenture is determined using discounted cash flow method at the balance sheet date using probability weighted assessment of range of possible business outcome.

b) Option contracts are assigned prices using formula Black-Scholes model.

As per the terms agreed by the Trust, the Investment Manager, PIL and RIHPL, RIL has the right, but not the obligation, to purchase the entire equity stake of the Trust in PIPL after a specific term or occurrence of certain events for a consideration of Rs. 50 crores. Correspondingly, the Trust has right, but not the obligation, to sell its entire stake in PIPL to RIL for a consideration of Rs.50 crores after a specific term or occurrence of certain events.

Fair value measurement hierarchy:

(Rs. in Crore)

Particulars	As at 31st March, 2019			
	Carrying Amount	**Level of input used in**		
		Level 1	**Level 2**	**Level 3**
Financial Assets				
At Amortised Cost*				
Investments In Subsidiary	50.00			
Cash and Cash Equivalents	24.60			
Other Financial Assets	23.09			
At FVTPL				
Non Current Financial Assets	12950.00			12,950.00
Other Non Current Financial Assets	4.42			4.42
Financial Liabilities				
At Amortised Cost*				
Borrowings	6,370.00			
Other Current Financial Liabilities	13.25			
Other Current Liabilities	48.35			

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs based on unobservable market data

* Management believes the carrying value approximates the fair value

Liquidity Risk

Liquidity risk arises from the Trust's inability to meet its cash flow commitments on time. Trust's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Trust closely monitors its liquidity position and deploys a disciplined cash management system. Trust's liquidity is managed centrally with operating units forecasting their cash and liquidity requirements.

The Trust's liquidity is managed centrally with operating units forecasting their cash and liquidity requirements. Treasury pools the cash surplus from across the different operating units and then arranges to either fund the net deficit or invest the net surplus in the market.

Maturity Profile of Financial Liabilities as on 31st March, 2019 (Rs. in Crore)

Particulars	3-12 months	1-5years	More than 5 years	Total
Non Derivative Liabilities	-	-	-	-
Long Term Loans*	-	-	6,370.00	-
Total Borrowings	-	-	6,370.00	-

*The Trust has redeemed entire NCD issued for Rs. 6,370 crores on 23rd April, 2019

21. Statement of Net Distributable Cash Flows (NDCFs) (Rs. in Crore)

Particulars	Amount
Cash flows received from Portfolio Assets in the form of interest	8.00
Cash flows received from Portfolio Assets in the form of dividend	-
Any other income accruing at the Trust level and not captured above, including but not limited to interest/return on su	-
Cash flows/ Proceeds from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by the Trust	6.61
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-
Proceeds from the sale of assets of the Portfolio Assets not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-
Total cash flow at the InvIT level (A)	**14.61**
Less: one-time re-imbursement of expenses in relation to the Issue undertaken by the Sponsor on behalf of the Trust.	-
Less: Any payment of fees, interest and expense incurred at the Trust level, including but not limited to the fees of the Investment Manager, Trustee, Project Manager, Auditor, Valuer, credit rating agency and the Debenture Trustee	-
Less: Net cash set aside to comply with DSRA requirement under loan agreements	-
Less: Costs/retentions associated with sale of assets of the Portfolio Assets	-
Relate debts settled or due to be settled from sale proceeds of Portfolio Assets	-
Transaction costs paid on sale of the assets of the Portfolio Assets; and	
Capital gains taxes on sale of assets/shares in Portfolio Assets/other investments	
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the SEBI InvIT	-
Less: Repayment of external debt at the Trust level and at the level of any of the underlying portfolio assets/special purpose vehicles (excluding refinancing)	-
Less: Income tax (if applicable) at the standalone Trust level	-
Less: Amount invested in any of the InvIT Assets for service of debt or interest	-
Less: Reserve for debentures/ loans/ capex expenditure in the intervening period till next proposed distribution if deemed necessary by the Investment Manager invested in permitted investments	-
Total cash outflows/retention at the Trust level (B)	-
Net Distributable Cash Flows (C) = (A+B)	**14.61**

The Net Distributable Cash Flows ("NDCF") as above is for the period ended March 31, 2019. An amount of Rs. 64.66 crores has been distributed as return of capital to unit holders on 16th April, 2019.

NOTE 22. TAXES

In accordance with section 10 (23FC) of the Income Tax Act, the income of business Trust in the form of interest received or receivable from Project SPV is exempt from tax. Accordingly, the Trust is not required to provide any current tax liability.

NOTE 23. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS PER MSMED Act, 2006

There are no Micro and Small Enterprises as defined in the Micro and Small Enterprises Development Act, 2006 to whom the Trust owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro and Small Enterprises has been determined to the extent such parties has been identified on the basis of information available with the Trust.

NOTE 24: SUBSEQUENT EVENT

1) On 6th April, 2019 , the InvIT committee of the Investment Manager of the Trust approved a distribution of Rs. 0.9738 per unit as Return of Capital. 13th April, 2019 was declared as record date for distribution to unit holder and the same was paid on 16th April, 2019.

2) The Trust has redeemed entire NCD issued for Rs. 6,370 crores on 23rd April, 2019.

3) On 23rd April, 2019, PIL has redeemed 6,45,20,000 Non-Convertible Debentures of Rs. 1000 each at par aggregating to Rs. 6452 crores out of 12,95,00,000 NCDs issued on 22nd March, 2019.

4) There have been no breaches in the financial covenants with respect to borrowings.

5) The financial statements have been approved by the Board of Directors of Investment Manager to the Trust in its meeting held on 30th May, 2019

NOTE 25. CONTINGENT LIABILITITIES AND COMMITMENTS (to the extent not provided for)

Contingent Liabilities	-
Commitments	
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	-

NOTE 26. SEGMENT REPORTING

The Trust's activities comprise of owning and investing in Infrastructure SPVs to generate cash flows for distribution to unitholders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given

NOTE 27. CAPITAL MANAGEMENT

The Trust adheres to a disciplined Capital Management framework which is underpinned by the following guiding principles;
a) Maintain financial strength to ensure AAA ratings
b) Ensure financial flexibility and diversify sources of financing and their maturities to minimize liquidity risk while meeting investment requirements.

c) Leverage optimally in order to maximize unit holder returns while maintaining strength and flexibility of the Balance sheet.
This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.
The gearing ratio at end of the reporting period was as follows:

	(Rs. in Crore) **As at 31st March, 2019**
Gross Debt	6,370.00
Cash and Marketable Securities	24.60
Net Debt (A)	**6,345.40**
Total Equity (As per Balance Sheet) (B)	**6,640.00**
Net Gearing (A/B)	**0.96**

Note 28 Previous period's Figure

The current financial statements have been prepared for a period from 22nd November, 2018, i.e., date of formation of the Trust to 31st March, 2019. Hence, this being the first financial statements previous period figures are not applicable.

Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT

To India Infrastructure Trust

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Ind AS financial statements of India Infrastructure Trust ("the Trust" or the "Holding Entity") and its subsidiary (Holding entity and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2019, the consolidated Statement of Profit and Loss including Statement of Other Comprehensive Income, the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Unit holders Equity for the period from November 22, 2019 to March 31, 2019 ("the Period") and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder ("InvIT Regulations") in the manner so required and give a true and fair view in conformity with Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended and accounting principles generally accepted in India, of the consolidated state of affairs of the Trust as at March 31, 2019, the consolidated Loss, their consolidated Total Comprehensive loss, their consolidated Cash Flows and their changes in Unit holders Equity for the period.

Basis for Opinion

2. We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) and other pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Trust in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the InvIT Regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Auditor's Response
Key audit matter **Acquisition of Pipeline business of Pipeline Infrastructure Limited** This key audit matter relates to the consolidated financial statements. Refer to note 33 to the consolidated financial statements. India Infrastructure Trust acquired Pipeline Infrastructure Limited (PIPL) on March 22, 2019 for a net consideration of Rs. 13,000 crore resulting in recognition of goodwill. The Group funded the acquisition through issue of InvIT units aggregating to Rs. 6640 crore and Redeemable Non-Convertible Debentures aggregating to Rs. 6370 crore. This area was considered to be a matter of most significance to the current year audit for the following reasons: • The complexity surrounding the accounting for the transaction in accordance with Ind AS 103 and • The provisional purchase price allocation requires the exercise of significant management judgement and estimation.	**How our audit addressed the key audit matter** We obtained the signed agreements and contracts relating to the acquisition, and identified the pertinent terms relevant to the accounting for the transaction. We utilised our technical accounting specialists to assess whether the business combination accounting is appropriate. We obtained the report issued by the external valuation experts engaged by management, which was used to perform the provisional purchase price allocation and to assist with the identification of identifiable assets in the business combination. Making use of our internal valuations experts, we assessed the process, underlying assumptions, and valuation methodology adopted by management's experts in preparing the provisional purchase price allocation. Based on our work performed, we accepted these as reasonable. We tested the mathematical accuracy of management's calculations for the total purchase consideration of Rs. 13,000 crore paid and compared the underlying information inputs to the relevant contractual agreement terms. We tested the journal entries and supporting workings relating to the accounting for the transaction by agreeing these to the respective terms of the acquisition agreements and contracts. Our procedures to obtain audit evidence over the acquisition elements included the following: • We performed procedures over the opening statement of financial position of PIPL at acquisition date, through the application of various test of details, analytical procedures and inquiries with management, focusing on recoverability of assets and completeness of liabilities; • We substantively tested the fair value assessments of the Property Plant and Equipment, Intangible assets and financial instruments by engaging valuation specialists. We obtained explanations from the management for the difference in the cash flows considered as compared to the cash flows used to calculate the fair value of

	the Enterprise for determining the purchase price. • We relied on the management experts for the value determined for Land and Buildings and the useful life of the Pipeline and Compressor Stations. • We evaluated the managements basis of probability of achieving the upside share as per the Pipeline usage agreement and given that the acquisition is very recent, complexity associated with the contract and arriving at the fair value of the financial instruments included in the contract, and given that the purchase price allocation is provisional agreed with the current basis used by the management. • We assessed the accounting policies applied by the acquiree by comparing them to those applied by the Group and against the requirements of Ind AS.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

4. The Board of Directors of the Investment Manager is responsible for the preparation of these consolidated Ind AS financial statements that give a true and fair view of the financial position as at March 31, 2019, financial performance including other comprehensive income and cash movements of the Group and the movement of the unit holders funds for the Period ended March 31, 2019, in accordance with the IndAS and other accounting principles generally accepted in India read with the InvIT Regulations).

5. The Investment Manager of the Trust / Board of Directors of the subsidiary, is responsible for maintenance of adequate accounting records in accordance with the InvIT regulations for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements, by the Group, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the consolidated financial statements, the Investment Manager of the Trust / Board of Directors of the subsidiary, are responsible for assessing the ability of the Trust and the subsidiary, respectively, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust / subsidiary or to cease operations, or has no realistic alternative but to do so.

7. The Board of Directors of the Investment Manager are also responsible for overseeing the financial reporting process of the Trust and the subsidiary respectively.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on internal controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust and the subsidiary to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit and as required by InvIT Regulations, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;

b) The balance sheet, and statement of profit and loss are in agreement with the books of account of the Trust; and

c) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1) (a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

d) In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the disclosures, in accordance with the InvIT Regulations, in respect of the net assets at fair value as at March 31, 2019, the total returns at fair value for the period ended March 31, 2019 and the Net distributable cash flows for the period then ended.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/ W-100018

Anjum A. Qazi
Partner
Membership No.: 104968

Place: Mumbai
Date: 30th May, 2019

India Infrastructure Trust
Consolidated Balance Sheet as at 31st March, 2019

	Notes	(Rs. in Crore) As at 31st March, 2019
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	1	14,750.23
Capital Work-in-Progress	1	9.37
Intangible Assets	1	2,044.91
Goodwill		952.00
Financial Assets	2	5.87
Total Non-Current Assets		17,762.38
Current Assets		
Inventories	3	190.48
Financial Assets		
Investments	4	2.00
Trade Receivables	5	144.43
Cash and Cash Equivalents	6	87.89
Other Bank Balances	7	69.99
ther Financial Assets	8	1.89
Current Tax Assets (Net)		13.13
Other Current Assets	9	82.54
Total Current Assets		592.35
Total Assets		18,354.73
EQUITY A LIABILITIES		
Equity		
Unit Capital	10	6,640.00
Other Equity	11	3,949.50
Total Unit Holders' Equity		10,589.50
Liabilities		
Non-Current Liabilities		
Financial Liabilities		
Borrowings	12	6,338.15
Other Financial Liabilities	13	47.53
Deferred Tax Liabilities	14	975.00
Other Non-Current Liabilities	15	75.21
Total Non-Current Liabilities		7,435.89
Current Liabilities		
Financial Liabilities		
Trade Payables		
Micro, Small and medium Enterprises	16	0.31
Others	16	127.49
Other Financial Liabilities	17	13.25
Other Current Liabilities	18	187.72
Provisions	19	0.88
Total Current Liabilities		329.34
Total Liabilities		7,765.23
Total Equity and Liabilities		18,354.73

Significant Accounting Policies
The accompanying notes are an integral part of consolidated financial statements

India Infrastructure Trust
Consolidated Balance Sheet as at 31st March, 2019 (Contd.)

As per our report of even date

For Deloitte Haskins and Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: Mumbai
Dated: 30/05/2019

For and on behalf of the Board of
Penbrook Capital Advisors Pvt. Ltd.
(as Investment Manager of India Infrastructure Trus

Sridhar Rengan	**Chetan Desai**
Director	Director
DIN 03139082	DIN 03595319

INDIA INFRASTRUCTURE TRUST
MUMBAI

Place: Mumbai
Dated: 30/05/2019

India Infrastructure Trust
Consolidated Statement of Profit and Loss for the period from 22nd November, 2018 to 31st March, 2019

	Notes	(Rs. in Crore) **Period ended 31st March, 2019**
INCOME		
Revenue from Operations	18	27.91
Other Income	19	4.73
Total Income		32.63
EXPENSES		
Employee Benefits Expense	20	0.39
Finance Costs	21	14.77
Depreciation and Amortisation Expense	1	21.04
Other Expenses	22	69.10
Total Expenses		105.31
Profit / (Loss) Before Tax		(72.67)
Tax Expenses		
Current Tax		
Deferred Tax		23.00
Profit / (Loss) for the period		(95.67)
Other Comprehensive Income		
Items that will not be reclassified to profit and loss		0.00
Total Comprehensive Income for the period		(95.67)
Earnings per unit of face value of Rs. 100 each		
- For Basic (Rs.)		(18.73)
- For Diluted (Rs.)		(18.73)
Significant Accounting Policies		

The accompanying notes are an integral part of consolidated financial statements

As per our report of even date

For Deloitte Haskins and Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: Mumbai
Dated: 30/05/2019

For and on behalf of the Board of
Penbrook Capital Advisors Pvt. Ltd.
(as Investment Manager of India Infrastructure Trust)

Sridhar Rengan	**Chetan Desai**
Director	Director
DIN 03139082	DIN 03595319

INDIA INFRASTRUCTURE TRUST
MUMBAI

Place: Mumbai
Dated: 30/05/2019

(Rs. in Crore)

A. UNIT CAPITAL

	Balance at the beginning of previous reporting period i.e 22nd November, 2018	Changes in unit capital during the period	Balance at the end of the reporting period i.e. 31st March, 2019
Unit Capital	-	6,640.00	6,640.00
	-	6,640.00	6,640.00

B. OTHER EQUITY

	Equity component of compound financial instruments	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period i.e. 22nd November, 2018				
0.1% Cumulative Optionally Convertible Preference Shares Issued during the Year	4,000.00			4,000.00
0.1% Redeemable Preference Shares Issued during th Year	45.17			45.17
Total Comprehensive Income for the year	-	(95.67)	0.00	(95.67
Balance at the end of the reporting period i.e. 31st March, 2019	**4,045.17**	**(95.67)**	**0.00**	**3,949.50**

The accompanying notes are an integral part of consolidated financial statements

India Infrastructure Trust
Consolidated Cash Flow Statement for the period from 22nd November, 2018 to 31st March, 2019

			(Rs. in Crore)
			Period ended 31st March, 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit Before Tax as per Statement of Profit and Loss		**(72.67)**
	Adjusted for:		
	Depreciation and Amortisation	**21.04**	
	(Profit) / Loss on Sale of Current Investments (Net)	**(0.06)**	
	Fair Value measurement gains on put option	**(4.42)**	
	Fair Value measurement losses on call option	**42.70**	
	Interest Income	**(0.23)**	
	Finance Costs	**14.77**	
			73.80
	Operating profit / (loss) before working capital changes		**1.13**
	Working Capital	**(78.52)**	
			(78.52)
	Cash Generated from Operations		**(77.39)**
	Taxes Paid (Net)		
	Net Cash Flow used in Operating Activities		**(77.39)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payment for Acquisition of Pipeline assets		**(600.00)**
	Deposits placed with Banks		**(0.15)**
	Purchase of Current Investments		**(62.14)**
	Sale of Current Investments		**258.46**
	Payment for Acquisition of equity shares of Subsidiary		**(50.00)**
	Net Cash Flow used in Financing Activities		**(453.83)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Units		**6,640.00**
	Proceeds from Issue of 0.1% Compulsorily Convertible Preference Shares		**4,000.00**
	Proceeds from Long Term Borrowings -NCDs		**6,370.00**
	Repayment of Borrowings		**(16,400.00)**
	Net Cash Flow from Financing Activities		**610.00**
	Net Increase in Cash and Cash Equivalents		**78.78**
	Acquired as part of Consolidation		**9.11**
	Closing Balance of Cash and Cash Equivalents (Refer Note 6)		**87.89**
	Non- cash financing and investing activities		
1	**Non Convertible Debentures (NCD)**		
	-Cash flow		6,370.00
	-Fair value changes		(31.85)
	Non Convertible Debentures (NCD) as at 31st March, 2019 (Refer Note 12)		**6,338.15**
2	**0.1% Cumulative Reedemable Preference Shares (Refer Note 13.2)**		
	5 00 00 000 0.1% Cumulative Reedemable Preference Shares of Rs. 10/- each have been issued for consideration other than cash.		**50.00**

Note:
The figures in brackets represents cash outflow

India Infrastructure Trust
Consolidated Cash Flow Statement for the year ended 31st March, 2019 (Contd.)

As per our report of even date

For Deloitte Haskins and Sells LLP
Chartered Accountants

Anjum Qazi
Partner

Place: Mumbai
Dated: 30/05/2019

For and on behalf of the Board of
Penbrook Capital Advisors Pvt. Ltd.
(as Investment Manager of India Infrastructure Tru

Sridhar Rengan	**Chetan Desai**
Director	Director
DIN 03139082	DIN 03595319

INDIA INFRASTRUCTURE TRUST
MUMBAI

Place: Mumbai
Dated: 30/05/2019

DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. Consolidated Statement of Net Assets at Fair Value as at 31st March, 2019

(Rs. in Crore)

Particulars	Book Value	Fair Value
A. Assets	18,354.73	18,801.60
B. Liabilities at Book value	7,765.23	7,765.23
C. Net Assets (A-B)	10,589.50	11,036.37
D. Number of Units (No. in Crore)	66.40	66.40
E NAV (C/D)	159.48	166.21

Note 1. The Trust has only one Project i.e. PIL. Hence separate project wise breakup of fair value of assets are not given.

B. Consolidated Statement of Total Returns at Fair Value as at 31st March 2019

(Rs. in Crore)

Particulars	For the period Ending 31st March, 2019
Total Comprehensive Income (As per the Statement of Profit and Loss)	(95.67)
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	446.87
Total Return	351.20

Note 1. Fair value of assets as at 31st March, 2019 and Other changes in fair value for the period then ended as disclosed in the above tables are derived based on the fair valuation reports issued by the independent valuer appointed under the InvIT Regulations.

C. Statement of Net Distributable Cash Flows (NDCFs) of PIL

Description	Rs. in crores
Profit /(loss) after tax as per Statement of profit and loss (standalone) (A)	**(65.34)**
Adjustments:-	
Add: Depreciation, impairment and amortisation as per statement of profit and loss. In case of impairment reversal, same needs to be deducted from profit and loss	21.04
Add: Interest and Additional Interest (as defined in the NCD terms) debited to Statement of profit and loss in respect of loans obtained / debentures issued to Trust (net of any reduction or interest chargeable by Project SPV to the Trust).	31.09
Add / (Less):- Dividend or other amounts distributed to the Trust to the extent debited to statement of profit and loss. In case of reversal of distribution same needs to be deducted	-
Add / (Less): Increase / decrease in net working capital deployed in the ordinary course of business.	(12.08)
Add / (Less): Loss/gain on sale of infrastructure assets	-
Add / (Less): Amount funded by/refunded to the Contractor as per terms of the O&M Agreement	-
Less: Amount determined as O&M Surplus as per the O&M Agreement and retained in PIPL	-
Add / (Less): Expenditure Component Sweep as defined in the NCD Terms	6.61
Add / (Less): Net CCP	27.46
Less:- Accrued dividend, if any, payable to holders of Preference Shares to the extent not debited to statement of profit and loss account	-
Less:- RIL Upside Share calculated in terms of the Pipeline Usage Agreement, to the extent not debited to statement of profit and loss account.	-
Add: Proceeds from sale of infrastructure assets adjusted for the following: -related debts settled or due to be settled from sale proceeds -directly attributable transaction costs -proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the SEBI InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently net of any profit / (loss) recognised in statement of profit and loss	-
Less: Capital expenditure, if any	-
Add / (Less): Any other item of non-cash expense / non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager, including but not limited to (a) Any decrease/increase in carrying amount of an asset or a liability recognised in statement of profit and loss and expenditure on measurement of the asset or the liability at fair value (b) Interest cost as per effective interest rate method (difference between accrued and actual paid) (c) Deferred tax (d) Lease rent recognised on straight line basis	23.00
Less: Amount reserved for expenditure / payments in the intervening period till next proposed distribution, if deemed necessary by the Investment Manager, invested in permitted investments including but not limited to (a) Amount reserved for major maintenance which has not been provided in statement of profit and loss (b) Amount retained /reserved for specified purposes including working capital requirements	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc./ cash set aside to comply with borrowing requirements under agreements including DSRA.	-
Add: Proceeds from external debt (principal) / redeemable preference shares / debentures, etc.	
Add/ (Less): Amounts added or retained to make the distributable cash flows in accordance with the Transaction Documents	-
Total Adjustments (B)	**97.12**
Net Distributable Cash Flows (C)=(A+B)	**31.78**

D. Statement of Net Distributable Cash Flows (NDCFs) of the Trust

Particulars	**Amount**
Cash flows received from Portfolio Assets in the form of interest	8.00
Cash flows received from Portfolio Assets in the form of dividend	-
Any other income accruing at the Trust level and not captured above, including but not limited to interest/return on s	
Cash flows/ Proceeds from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by	6.61
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted,	
Proceeds from the sale of assets of the Portfolio Assets not distributed pursuant to an earlier plan to re-invest, or if	-
Total cash flow at the InvIT level (A)	**14.61**
Less: one-time re-imbursement of expenses in relation to the Issue undertaken by the Sponsor on behalf of the Trust.	-
Less: Any payment of fees, interest and expense incurred at the Trust level, including but not limited to the fees of	-
Less: Net cash set aside to comply with DSRA requirement under loan agreements	-
Less: Costs/retentions associated with sale of assets of the Portfolio Assets	-
Relate debts settled or due to be settled from sale proceeds of Portfolio Assets	-
Transaction costs paid on sale of the assets of the Portfolio Assets; and	-
Capital gains taxes on sale of assets/shares in Portfolio Assets/other investments	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the SEBI InvIT	-
Less: Repayment of external debt at the Trust level and at the level of any of the underlying portfolio assets/special	
Less: Income tax (if applicable) at the standalone Trust level	-
Less: Amount invested in any of the InvIT Assets for service of debt or interest	-
Less: Reserve for debentures/ loans/ capex expenditure in the intervening period till next proposed distribution if	-
Total cash outflows/retention at the Trust level (B)	-
Net Distributable Cash Flows (C) = (A+B)	**14.61**

E. Related Party Disclosures

As per SEBI INVIT regulations, disclosure of transactions with related party are as given below.

List of Related Parties

Parties to the Trust (as per SEBI INVIT regulation)	Rapid Holdings 2 Pte Ltd (Sponsor) Penbrook Capital Advisors Pvt. ltd. (Investment manager) ECI India Managers Private Limited (Project Manager) Axis Trustee Services Ltd (Trustee)

Related party transactions during the period (Rs. in Crore)

Sr. No	Particulars	Relations	Period ending 31st March, 2019
1)	**Trustee Fee**		
	Axis Trustee Services Ltd.	Trustee	0.02
	Investment management fee		
	Penbrook Capital Advisors Pvt. Ltd.	Investment manager	0.40
	Units issued		
	Rapid Holdings 2 Pte Ltd	Sponsor	5,688.00
	Professional fee		
	Penbrook Capital Advisors Pvt. Ltd.	Investment manager	0.22
	Registration Expenses		
	Rapid Holdings 2 Pte Ltd	Sponsor	1.38

(iii) **Balances at the end of period**

Sr. No	Particulars	Relations	Period ending 31st March, 2019
1)	**Reimbursement of Expense payable**		
	Rapid Holdings 2 Pte Ltd	Sponsor	1.38
	Penbrook Capital Advisors Pvt. ltd.	Investment Manager	0.67
	Trustee Fee Payable	Trustee	
	Axis Trustee Services Ltd.		0.02
	Units issued		
	Rapid Holdings 2 Pte Ltd	Sponsor	5,688.00

F. Contingent Liabilities and Commitments

(to the extent not provided for)

	(Rs. in Crore) **As at 31st March, 2019**
Contingent Liabilities	
Commitments	
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	16.04

Group Information

The Consolidated financial tatements comprise financial statements of Indıa Infrastructure Trust (the Trust/InvIT') and ıts subsidiaries (collectively, the Group) for the period from November 22, 2018 to March 31, 2019 (the period ended March 31, 2019)

India Infrastructure Trust (The "Trust"/"InvIT") is registered as a contributory irrevocable trust set up under the Indian Trusts Act, 1882 on November 22, 2018, and registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, on 23rd January, 2019 having registration number IN/InvIT/18-19/0008. It has its principal place of business at Unit 804, 8th Floor, A Wing, One BKC, Bandra Kurla Complex, Bandra (East), Mumbai 400051. Sponsor of the Trust is Rapid Holdings 2 Pte Ltd., a Group registered in Singapore. The Trustee to the Trust is Axis Trustee Services Limited (the "Trustee"). Investment Manager for the Trust is Penbrook Capital Advisors Pvt. Ltd. (the "Investment Manager"). The address of the registered office of the Investment Manager is 1, Peninsula Spenta, Mathuradas Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

The investment objectives of the Trust are to carry on the activities of an infrastructure investment tru t, as permissıble under the SEBI (Infrastructure investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("SEBI InvIT Regulations") by raising funds and making inve tments in accordance with the SEBI InvIT Regulations and the Trust Deed. The InvIT has received listing and trading approval for its Units w.e.f 20th March 2019 from the Stock Exchange vide BSE notice dated 19th March, 2019.

On 22nd March, 2019 Trust acquired 100% controllıng intere t ın Pıpeline Infrastructure Limited (PIL) (formerly known as Pipeline Infrastructure Private Limited), acquisition of equity hare was done on 18th March, 2019 Hence the subsidiaries accounts are for the peirod 22nd March, 2019 to 31st March, 2019.

PIL has acquired the ~1,480 km natural gas transmission pipeline, including dedicated lines (together with compressor stations and operation centres) (the "Pipeline") from Kakinada in Andhra Pradesh to Bharuch in Gujarat (the "Pipeline Business") from East West Pipeline Limited ("EWPL"). The Pipeline connects certain supply hubs and demand centres located in the eastern and western India for transportation of natural gas. It connects gas sources in the KG Basin and the HLPL LNG terminal at Hazira, Gujarat with existing markets in the eastern, western and northern regions of India, as well as to consumers along the route. The Pipeline include a network of 11 compressor stations and two operation centres, which incorporate modern telecommunication, emission control and operational systems for safe and efficient operations.

B. Significant Accounting Policies

B.1 Basis of Accounting and Preparation of Consolidated Financial Statements

The consolidated financial statements comprise of the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss including the statement of Other Comprehensive Income, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Unit Holders' Equity for the year then ended and the Consolidated Statement of Net Assets at fair value as at March 31, 2019 and a summary of significant accounting policies and other explanatory notes in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015,as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI InvIT Regulations. The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i) Derivative financial instruments
ii) Certain financial assets measured at fair value (e.g. Liquid mutual funds)
iii) Defined Benefit Plans - Plan Assets

The consolidated financial statements are presented in Indian Rupees Crore, except when otherwise indicated.

B.2 Basis of consolidation

The Group consolidates all entities which are controlled by it. The consolıdated financıal statements comprise the financıal statements of the Trust and its subsidiary as at 31st March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the Subsidiary

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Trust, i.e., period ended on 31st March 2019.

Consolidation Procedure :
i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date
iii) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

B.3 Use of estimates and judgements :
The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the consolidated financial statements and the reported amounts of income and expenses for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Key sources of estimation of uncertainty at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of goodwill, useful lives of property, plant and equipment and fair value measurements of financial instruments, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and provisions have been discussed in their respective policies.

B.4 Summary of Significant Accounting Policies
a Property, plant and equipment:
i) Property, plant and equipment are stated at cost net of recoverable less accumulated depreciation, amortisation and impairment loss, if any. Such cost includes purchase price and any cost directly attributable to bringing the assets to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the property, plant and equipment.
ii) Line pack gas has been considered as part of Property, plant and equipment.
iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.
iv) Depreciation on Property, plant and equipment is provided on straight line method over the useful life as per Schedule II to the Companies Act, 2013, except in case of certain Property, plant and equipment where original useful life is taken as 30 years and remaining useful life as 20 years as per its technical evaluation. Leasehold land is amortised over the period of lease; Line pack gas is not depreciated.
In respect of additions or extensions forming an integral part of existing assets, including incremental cost arising on account of translation of foreign currency liabilities for acquisition of property, plant and equipment, depreciation is provided over the residual life
v) The estimated useful lives, residual values, depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
vi) An item of property, plant and equipment is derecognised upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset. It is recognised in profit or loss.

Intangible Assets
Intangible Assets of Group are stated at cost of acquisition less accumulated amortisation. The cost includes purchase price (net of recoverable taxes, trade discount and rebates) and any cost directly attributable to bringing the assets to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Computer software is amortised over a period of 5 years on straight line method.

Intangible Assets acquired in business combination:
Intangible Assets acquired in business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Rights under Pipeline Authorisation are amortized over a period of twenty years, being the useful life.

Finance Costs
Finance costs, that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

Inventories
Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any Cost of inventorie comprises of cost of purchase, cost of conversion and other costs including incidental expenses net of recoverable taxes incurred in bringing them to their respective present location and condition. Cost of stores and spares, trading and other items are determined on weighted average basis.

Cash and cash equivalents
Cash and cash equivalents includes cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Group's cash management.

Impairment of Non - Financial Assets - property, plant and equipment and intangible assets
The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. The impairment loss recognised in prior accounting periods is reversed if there has been an increase in the recoverable value due to a change in the estimate.

Leases
Leases are classified as finance leases whenever the term of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lea e

Leased Assets: Assets held under finance leases are initially recognised as Assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset ranging from 18 years to 99 years. However, if there i no rea onable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

Provisions and Contingent liabilities
A provision is recognised when the Group ha a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Employee Benefits
Employee benefits include contributions to provident fund, gratuity fund, compensated absences and pension.

Short Term Employee Benefits
The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits
Defined Contribution Plans
A defined contribution plan is a post-employment benefit plan under which the Trust pays specified contributions to a separate entity The Trust makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Trust's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined Benefit Plans
The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.
Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Other Comprehensive Income.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.
Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.
Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

k Foreign Currency Transactions and Translation
Transactions and balances
i) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.
ii) Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss The exchange differences arising as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translatio of non monetary it ms measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

Revenue Recognition
The Group follows a comprehensive framework for determining whether, how much and when revenue is to be recognised. IndAS 115 provide for a single model for accounting for revenue arising from contract with customers, focusing on the identification & satisfaction of performance obligations.

') The Group earns revenue primarily from tran portation of gas. Income from transportation of gas is recognised on completion of delivery in respect of the quantity of gas delivered to cu tomers. In respect of quantity of gas received from customers under deferred delivery basis, income for the quantity of gas retained in the pipeline is recognised by way of deferred delivery charges for the period of holding the gas in the pipeline at a mutually agreed rate Income is accounted net of GST.

'i) Amount received upfront in lumpsum under Agreement from Cu tomers i recognised on a pro-rata basis over the period of the relevant Agreement
iii) Interest income from a financial asset is recognized when it i probable that the economic benefits will flow to the tru t and the amount of income can be measured reliably. Interest income i accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

iv) Dividend is recognised when the right to receive is established.

m **Current and non-current classification**

Assets and liabilities are presented in Balance Sheet based on current and non-current classification.
An asset is classified as current when it is
a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.
A liability is classified as current when it is
a) Expected to be settled in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or ca h equivalents Deferred tax assets and liabilities are classified as non-current assets and liabilities The Group has identified twelve months as its normal operating cycle

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible. The fair value of an asset or a liability is measured using th assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
Valuation techniques used are those that are appropriate in the circumstances and for which sufficient data are available to mea ure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 31.

Off-setting financial instrument

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to ettle on a net basis or realise the asset and settle the liability simultaneou ly. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or counterparty p **Business Combination**

Acquisitions of the businesses are accounted for by using the acquisition method. Consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets acquired by the Trust, liabilities incurred by the Trust to the former owners of the acquiree and the equity interest issued by Trust in exchange of control by the acquiree. Acquisition related costs are generally recognised in the statement of profit and loss as incurred.

Goodwill is measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Trust reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date Trust obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period is subject to a maximum of one year subsequent to the acquisition date.

q **Earnings per unit**

Basic earnings per unit is computed using the net profit for the period attributable to the unitholders' and weighted average number of units outstanding during the period.

Diluted earnings per unit is computed using the net profit for the period attributable to unitholder' and weighted average number of units and potential units outstanding during the period including unit options, convertible preference units and debentures, except where the result would be anti-dilutive. Potential units that are converted during the period are included in the calculation of diluted earnings per unit, from the beginning of the period or date of issuance of such potential units, to the date of conversion.

r **Financial instruments**

i) **Financial Assets**

A. **Initial recognition and measurement:**

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

B. **Classification and Subsequent measurement**

a) **Financial assets carried at amortised cost (AC)**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are measured at FVTPL unless they are measured at amortised cost or at FVTOCI on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at FVTPL are immediately recognised in statement of profit and loss. Investments in mutual funds are measured at FVTPL

d) **Impairment of financial assets**

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit and loss.

ii) **Financial liabilities**

A. **Initial recognition and measurement:**

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is as held- for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Profit or Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Profit or Loss. Any gain or loss on derecognition is also recognised in Profit or Loss.

iii) **Derecognition of financial instruments**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

iv) **Effective interest method**
The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating intere t income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

v) **Compound Financial Instruments**
The component parts of compound financial instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market intere t rate for imilar non convertible instruments. This amount is recognised as a liability on an amortised co t ba is using the effecti e intere t method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity net of income tax effects and i not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity When the conversion option remains unexercised at the maturity date of the compound financial instruments the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option

Transaction costs that relate to the issue of the compound financial instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the instrument using the effective interest method.

Goodwill on Consolidation

Goodwill that has an indefinite useful life are not subject to amortization and i te ted annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired And impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. For the purpose of assessing impairments, assets are grouped at the lowest levels for which there are separately identifiable cashflows which are largely independent of the cash inflows from other assets or group of assets (Cash generating unit)

Classification of Unitholders' fund
Under the provisions of the InvIT Regulations, Trust is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of tru t for each financial period. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20- Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the dividend payable to unit holders is recognised as liability when the same is approved by the Investment Manager

u **Cash dividend distribution to unit holders**

The Trust recognises a liability to make cash distributions to unit holders when the distribution is authorised and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

The preparation of the Combined Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) **Depreciation and useful lives of property plant and equipment**

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

b) **Provisions**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

c) **Fair values in business combinations**

The Group accounts for business combinations using the acquisition method of accounting. This method requires the application of fair values for both the consideration given and the assets and liabilities acquired. The calculation of fair values is often predicated on estimates and judgments including future cash flows discounted at an appropriate rate to reflect the risk inherent in the acquired assets and liabilities (refer to Note 32, Acquisition of Businesses for details of business combinations). The determination of the fair values may remain provisional for up to 12 months from the date of acquisition due to the time required to obtain independent valuations of individual assets and to complete assessments of provisions. When the accounting for a business combination has not been completed as at the reporting date, this is disclosed in the financial statements, including observations on the estimates and judgments made as of the reporting date.

D. STANDARDS ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Group from April 01, 2019.

a) Issue of Ind AS 116 - Leases

Ind AS 116 will supersede the current leases i.e. Ind AS 17- Leases. As per Ind AS 116, the lessor will have to bring to books all the non cancellable portion of operating leasing arrangement.

b) Amendment to Existing issued Ind AS

The MCA has also carried out amendments in following accounting standards:

1. Ind AS 101 - First time adoption of Indian Accounting Standards
2. Ind AS 103 - Business Combinations
3. Ind AS 107- Financial Instruments: Disclosures
4. Ind AS 109 - Financial Instruments
5. Ind AS 111 – Joint Arrangements
6. Ind AS 113 - Fair Value Measurement
7. Ind AS 115 - Revenue from Contracts with Customers
8. Ind AS 1 - Presentation of Financial Statements
9. Ind AS 2 - Inventories Accounting
10. Ind AS 7 - Statement of Cash Flows
11. Ind AS 12 - Income Taxes
12. Ind AS 16 - Property, Plant and Equipment
13. Ind AS 19 – Employee Benefits
14. Ind AS 21 - The Effect of Changes in Foreign Exchange Rates
15. Ind AS 23 - Borrowing Costs
16. Ind AS 28 - Investment in Associates and Joint Ventures
17. Ind AS 32 - Financial Instrument : Presentation
18. Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets
19. Ind AS 38 - Intangible Assets
20. Ind AS 40 - Investment Property

Application of above standards are not expected to have any significant impact on the Group's Financial Statements

(Rs. in Crore)

NOTE 1. PROPERTY, PLANT AND EQUIPMENT

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	Balance as at 22nd November 2018	Additions on account of acquisition of PIL on 22nd March 2019	Deductions	As at 31st March 2019	Balance as at 22nd November 2018	From 22nd November 2018 to 31st March 2019	Deductions	As at 31st March 2019	As at 31st March 2019
Tangible assets									
Own Assets									
Freehold Land	-	93.46	-	**93.46**	-	-	-	**-**	**93.46**
Buildings	-	361.58	-	**361.58**	-	0.44	-	**0.44**	**361.14**
Plant and Machinery	-	14,232.46	-	**14,232.46**	-	17.97	-	**17.97**	**14,214.49**
Furniture and Fixtures	-	0.99	-	**0.99**	-	0.01	-	**0.01**	**0.98**
Vehicles	-	0.23		**0.23**	-	0.08		**0.08**	**0.15**
Office Equipment	-	0.48	-	**0.48**	-	0.00	-	**0.00**	**0.48**
Line pack gas	-	78.14	-	**78.14**	-	-	-	**-**	**78.14**
Sub-Total	**-**	**14,767.34**	**-**	**14,767.34**	**-**	**18.50**	**-**	**18.50**	**14,748.84**
Leased Assets									
Leasehold Land	-	1.39	-	**1.39**	-	0.00	-	**0.00**	**1.39**
Sub-Total	**-**	**1.39**	**-**	**1.39**	**-**	**0.00**	**-**	**0.00**	**1.39**
Total (A)	**-**	**14,768.73**	**-**	**14,768.73**	**-**	**18.50**	**-**	**18.50**	**14,750.23**
Intangible assets									
Software*	-	0.86	-	**0.86**	-	0.02	-	0.02	**0.84**
Pipeline Authorisation (Refer note 33)	-	2,046.59	-	**2,046.59**	-	2.52		2.52	**2,044.07**
Total (B)	**-**	**2,047.45**	**-**	**2,047.45**	**-**	**2.54**	**-**	**2.54**	**2,044.91**
TOTAL (A+B)	**-**	**16,816.18**	**-**	**16,816.18**	**-**	**21.04**	**-**	**21.04**	**16,795.14**
Capital Work-in-Progress									**9.37**

* Other than internally generated

1.1 Freehold Land and Leasehold Land includes Rs.93.46 Crore and Rs. 1.39 Crore respectively in respect of which title deeds are in process of getting transferred in the name of PIL.

1.2 Building includes Rs. 67.11 Crore being building constructed on land not owned by the Group.

1.3 Refer note 28 for capital commitments

NOTE 2. NON-CURRENT FINANCIAL ASSETS

	(Rs. in Crore) As at 31st March, 2019
(Unsecured and Considered Good)	
Loans & Advances	
Security Deposits	1.45
Fair Valuation of Put Option*	4.42
TOTAL	**5.87**

*As per the terms agreed by the Trust, the Investment Manager, Pipeline Infrastructure Limited (PIL) and Reliance Industries Holdings Private Limited (RIHPL), Reliance Industries Limited(RIL) has the right, but not the obligation, to purchase the entire equity stake of the Trust in PIL after a specific term or occurrence of certain events for a consideration of Rs. 50 Crores or the fair value at the conversion date, whichever is lower. Correspondingly, the Trust has the right, but not the obligation, to sell its entire stake in PIL to RIL for a consideration of Rs. 50 Crores after a specific term or occurrence of certain events

NOTE 3. INVENTORIES

	(Rs in Crore) As at 31st March, 2019
Stock of Natural Gas and Fuel	12.91
Stores and Spares	177.57
TOTAL	**190.48**

3 1 Inventories are measured at lower of cost and net realisable value

NOTE 4. CURRENT INVESTMENTS

	(Rs. in Crore) As at 31st March, 2019
Investments measured at Fair Value through Profit and Loss	
In Mutual Funds - Unquoted, fully paid up	
Reliance Liquid Fund - Direct Plan Growth Plan - 4388.72 Units	2.00
TOTAL	**2.00**

NOTE 5. TRADE RECEIVABLES

	(Rs. in Crore) As at 31st March, 2019
(Unsecured and Considered Good)	
Trade Receivables	144.43
(Refer Note 31)	
TOTAL	**144.43**

5.1 The credit period on gas transportation services provided to the customers is 4 business days from day of invoicing In case of default, the customers are charged interest in accordance with the terms of the agreement with them

NOTE 6. CASH AND CASH EQUIVALENTS

	(Rs. in Crore) As at 31st March, 2019
Balance with Banks*	87.89
TOTAL	**87.89**

*Includes the escrow account having a balance of Rs.24.6 Crores as the conditions precedent to it have been fulfilled and consequently balance is freely available for utilisation.

NOTE 7. OTHER BANK BALANCES

	(Rs. in Crore) As at 31st March, 2019
Other Bank Balances*	
In bank deposits to the extent held as security against guarantees and other commitments	69.99
TOTAL	**69.99**

*Includes an amount of Rs. 69.47 crore in an escrow account which is maintained for collections on account of imbalance and overruns from the customers.

NOTE 8. OTHER CURRENT FINANCIAL ASSETS

	(Rs. in Crore) As at 31st March, 2019
(Unsecured and Considered Good)	
Deposits	-
Other Receivables	0.03
Others*	1.86
TOTAL	**1.89**

* Includes interest receivable on fixed deposits with banks

NOTE 9. OTHER CURRENT ASSETS

	(Rs. in Crore) As at 31st March, 2019
(Unsecured and Considered Good)	
Advance paid for Gratuity (Refer Note 22)	1.28
Balance with Customs, Goods and Services Tax etc.	75.10
Other Advances*	6.16
TOTAL	**82.54**

*Includes advances to vendors

(Rs. in Crore)

	As at 31st March, 2019
NOTE 10. UNIT CAPITAL	
10.1 Unit Capital	
Issued, subscribed and fully paid up unit capital 66,40,00,000 units of Rs. 100 each	**6,640.00**
TOTAL	**6,640.00**

Rights and Restrictions to Units

The Trsut has only one class of units Each unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in each financial year in accordance with the InvIT Regulations. The Investment Manager approves dividend distributions. The distribution will be in proportion to the number of units held by the unitholders. The Trust declares and pays dividends in Indian rupees.

A Unitholder has no equitable or proprietary interest in the projects of Group and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof). A Unitholder's right is limited to the right to require due administration of Group in accordance with the provisions of the Tru t Deed and the Investment Management Agreement.

The unit holders(s) shall not have any personal liability or obligation with respect to the Trust.

10.2 Information on unitholders holding more than 5% of Unit Capital

		As at 31st March, 2019	
Name of Unitholder	**Relationship**	**No of Units held**	**Percentage**
Rapid Holdings 2 Pte. Ltd.	Sponsor	56,88,00,000	**85.66%**
ICICI Prudential Equity & Debt Fund	Unitholder	3,50,00,000	**5.27%**

10.3 Reconciliation of the units outstanding at the beginning and at the end of the reporting period :

Particulars	**As at 1st March, 2019 No. of Units**
Units	
Units at the beginning of the period	-
Issued during the period	**66,40,00,000**
Units at the end of the period	**66,40,00,000**

(Rs. in Crore

		As at 31st March, 2019
NOTE 11. OTHER EQUITY		
Equity component of compound financial instruments		
0.1% Compulsorily Convertible Preference Shares Issued during the period by PIL	4,000.00	
0.1% Redeemable Preference Shares Issued during the period by PIL (Refer note 13.2)	45.17	4,045.17
Retained Earnings		
Profit / (Loss) for the period 22nd March, 2019 to 31st March 2019	(95.67)	(95.67)
TOTAL		3,949.50

11.1 **0.1% Compulsorily Convertible Preference Shares [CCPS]**

(a) Reconciliation of the shares out tanding at the beginning and at the end of the reporting period :

	As at 31st March, 2019 No. of Shares
CCPS at the beginning of the period	-
Add: Issued during the period	400 00 00 000
CCPS at the end of the period	400 00 00 000

(b) The details of CCPS holders holding more than 5% shares and details of shares held by holding company or holding company of holding company or by subsidiaries / associates of holding company :

Name of holders of CCPS	As at 31st March, 2019 No. of Shares	% held
Reliance Industrial Investments And Holdings Limited	400 00 00 000	100%

(c) Every 254 (nos.) CCPS shall be converted into 1 (nos.) Equity Shares of Rs. 10 each on the expiry of 20 years from date of allotment of CCPS. If the PIL grants to shareholders any bonus, rights, options or other rights per share to subscribe for or acquire shares, the conversion ratio will automatically stand suitably adjusted.

Date of allotment	**No. of Shares**
22nd March, 2019	400 00 00 000
Total	**400 00 00 000**

(d) Rights and Restrictions to CCPS
(i) CCPS of the PIL have priority over the Equity Shares of the PIL for receiving dividend
(ii) In the event of liquidation or winding-up of the PIL, the CCPS shall immediately convert into Equity Shares in the manner set out above, which Equity Shares shall rank pari passu with the other Equity Share issued by the PIL at such point in time.
(iii) The preference shareholders will not have voting rights even if the dividend is not paid for a consecutive period of two years.

11.2 **Debenture Redemption Reserve:**
In terms of provisions of Section 71 of the Companies Act, 2013 read with Rule 18(7) of The Companies (Share Capital and Debenture) Rules, 2014, the Group is required to provide for Debenture Redemption Reserve (DRR), however in view of the loss for the current period no amount has been provided for DRR.

(Rs. in Crore)

	As at 31st March, 2019 Non Current	Current
NOTE 12. BORROWINGS		
DEBENTURES - AT AMORTISED COST		
Secured		
Non Convertible Debentures (NCD) (63,700 NCDs of Rs. 10,00,000 each)	**6,338.15**	
TOTAL	**6,338.15**	**-**

12.1 **Debentures :**

1) **Secured by**

First pari-passu charge on. Pledge over investment to NCDs of PIL held by the Trust so as to provide a cover of 1.5x of the outstanding balance of the borrowing (balance of PIL shall be subject to a negative lien and may not be secured or disposed of);

Pledge of, on a first ranking basis, all of the Trust's rights, title, interest, benefits, claims and demands whatsoever in, to, under, or in respect of the Collateral, existing now or hereinafter, delivered as Security for due discharge, redemption and repayment of the Secured Obligations, upon the terms and conditions and in accordance with the procedure set forth in the hypothecation agreement.

Hypothecation of the rights, title, interests, benefits claims and demands, present and future of the Issuer in, to, or in respect of the Receivables, the Accounts and all the amounts lying therein, from time to time, together with the Designated Bank Account Credit Balance.

2) Coupon rate of 9.2786% payable quarterly.

3) All the above NCDs have been redeemed by India Infrastructure Trust on 23rd April, 2019.

(Rs. in Crore)

NOTE 13. OTHER NON CURRENT FINANCIAL LIABILITIES

	As at 31st March, 2019
Liability Component of Compound Financial Instrument	
0.1% Redeemable Preference Shares Issued during the period by PIL	**4.83**
Call Option with RIL for PIL Shares*	**42.70**
TOTAL	**47.53**

13.1 *Refer Note 2 for explanation to call option

13.2 **<u>0.1% Cumulative Redeemable Preference Shares of Rs. 10 each (RPS):</u>**

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at 31st March, 2019**
RPS at the beginning of the period	-
RPS issued during the period	**5 00 00 000**
RPS at the end of the period	**5 00 00 000**

(b) The details of Shareholders holding more than 5% shares and details of shares held by holding company or holding company of holding company or by subsidiaries / associates of holding company :

Name of holders of RPS	**As at 31st March, 2019**	
	No. of Shares	**% held**
Reliance Industrial Investments and Holdings Limited	**5 00 00 000**	**100.00%**

(c) RPS have term of 30 years from date of allotment and shall be redeemed at par. Further 10 % of such RPS shall be redeemed per year from 21st year onwards on a proportionate basis.

(d) Rights and Restrictions to RPS

RPS of the PIL have priority over the Equity Shares of the PIL in proportion to their holding.

i) For receiving dividend

ii) For repayment of capital in the event of liquidation of the PIL

and will have the right to surplus assets either on winding-up or liquidation or otherwise

The RPS shareholders will not have voting rights even if dividend has not been paid by the PIL for 2 (two) periods.

(e) The RPS has been issued for consideration other than cash as part consideration, out of the total consideration of Rs.650 crore, for acquisition of pipeline from EWPL persuamt to scheme of arrangement.

(Rs. in Crore)

NOTE 14. DEFERRED TAX LIABILITIES (NET)

	As at 31st March, 2019
The movement on the deferred tax account is as follows:	
At the start of the period	
Charge / (credit) to Statement of Profit and Loss	**23.00**
On account of acquisition	**952.00**
At the end of the period	**975.00**

Component of Deferred tax liabilities

Deferred tax liabilities in relation to:	
On acquisition	
Property, Plant and Equipment	**615.00**
Intangible Assets	**337.00**
Charged to profit and loss	
Property, Plant and Equipment	**20.00**
Intangible Assets	**3.00**
As at March 31, 2019	
Property, Plant and Equipment	**635.00**
Intangible Assets	**340.00**
TOTAL	**975.00**

NOTE 15. OTHER NON CURRENT LIABILITIES

	(Rs. in Crore **As at 31st March, 2019**
Others	
Income Received In Advance	**2.67**
Other Payables	**72.54**
TOTAL	**75.21**

*Includes Imbalance and Overrun Charges (As per sub-regulation (10) of regulation (13) of notification no G.S.R. 541E dated 17th July, 2008 issued and amended from time to time by Petrol and Natural Gas Regulatory Board ("PNGRB"), the Group has maintained an escrow account for charges collected on account of imbalance and overruns from the customers. The same will be utilised as per the directions issued by PNGRB.)

NOTE 16. TRADE PAYABLES

	(Rs. in Crore) **As at 31st March, 2019**
Micro and Small Enterprises	**0.31**
Others	**127.49**
TOTAL	**127.80**

16.1 There are no amounts over due during the period for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

NOTE 17. OTHER CURRENT FINANCIAL LIABILITIES

	(Rs. in Crore **As at 31st March, 2019**
Interest accrued and not due on NCD	**13.25**
TOTAL	**13.25**

NOTE 18. OTHER CURRENT LIABILITIES

	(Rs. in Crore) **As at 31st March, 2019**
Income Received In Advance	**86.68**
Other payables	**101.04**
TOTAL	**187.72**

* Includes Statutory dues, Security deposits received and Advances from customers.

NOTE 19. SHORT TERM PROVISIONS

	(Rs. in Cror **As at 31st March, 2019**
Provision for Leave encashment/ Superannuation (Refer Note 22)	**0.88**
TOTAL	**0.88**

	(Rs. in Crore) **Period ended 31st March, 2019**	in Cr 2017
NOTE 20. REVENUE FROM OPERATIONS		
Income from Services		
Income from Transportation of Gas	**27.18**	
Other Operating Income	**0.73**	
TOTAL	**27.91**	

19.1 The PIL derives revenues primarily from operation of PIL Pipeline comprising of Income from transportation of gas and Other Operating Income.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those services.

	(Rs. in Crore) **Period ended 31st March, 2019**	in Cr 2017
NOTE 21. OTHER INCOME		
Interest Income		
From Fixed Deposits	**0.16**	
From Others	**0.07**	
Profit on sale of investment	**0.06**	
Other Non-Operating Income	**0.02**	
Fair Valuation of Put Option*	**4.42**	
TOTAL	**4.73**	

*Refer Note 2 for explanation of the put option

	(Rs. in Crore) **Period ended 31st March, 2019**	in Cr 2017
NOTE 22. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	**0.30**	
Contribution to Provided Fund and other Fund	**0.02**	
Staff welfare expenses	**0.07**	
TOTAL	**0.39**	

21 1 **Disclosure as per Indian Accounting Standard 19 "Employee Benefits" are given below :**

	Period ended 31st March, 2019
Defined Contribution Plan	
Contribution to defined Contribution Plan, recognised as expense for the period are as under:	
Employer's Contribution to Provident Fund	0 01
Employer's Contribution to Superannuation Fund	0.00
Employer's Contribution to Pension Scheme	0 00

Defined Benefit Plan

The Group operated a post retirement benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation

Gratuity (Funded)

The Group makes annual contributions under the Employees Gratuity scheme to a fund administered by Trustees covering all eligible employees. The plan provides for lump sum payments to employees whose right to receive gratuity had vested at the time of resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service except in case of death.

The details in respect of the status of funding and the amounts recognised in the Group's financial statements for the period ended 31st March, 2019, for these defined benefit schemes are as under:

Reconciliation of opening and closing balances of Defined Benefit Obligation	Period ended 31st March, 2019
a. Defined Benefit Obligation acquired	2.24
b. Current Service Cost	-
c. Interest Cost	
d. Liability Transferred In/ Acquisitions	
e. Actuarial (gain) / loss	
f. Benefits paid	-
g. Defined Benefit Obligation at end of the period	**2.24**

ii) Reconciliation of opening and closing balances of fair value of Plan Assets

Reconciliation of opening and closing balances of fair value of Plan Assets	Period ended 31st March, 2019
a Fair value of Plan Assets acquired	3.51
b. Expected Return on Plan Assets	-
c Actuarial Gain / (Loss)	
d. Assets Transferred In/Acquisitions	
e. Employer Contributions	
f. Benefits paid	
g. Fair value of Plan Assets at the end of the period / year	**3.51**
h Actual Return on Plan assets	-

iii) Reconciliation of fair value of assets and obligations

	Period ended 31st March, 2019
a. Fair value of Plan Assets at end of the period	3.51
b. Present value of Obligation as at end of the period	2.24
c. Amount recognised in the Balance Sheet [Surplus / (Deficit)]	1.27

iv) Expenses recognised during the period

	Period ended 31st March, 2019
a. Current Service Cost	-
b. Interest Cost	
c. Expected Return on Plan Assets	
d. Actuarial (Gain)/Loss recognised in Other Comprehensive Income	
e. Expenses recognised during the period	

Investment Details

Particulars of Investments - Gratuity (%)

The Gratuity Trust has taken Gratuity Policies from various Insurance Companies, therefore percentage of investments in GOI Securities, Public Financial Institutions etc. are not ascertainable.

vi) Actuarial Assumptions

Mortality Table (IALM)

	Gratuity (Funded) Period ended 31st March, 2019
	2006-08 (Ultimate)
Discount Rate	8.00%
Salary escalation	6.00%
Employee turnover	2.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The expected rate of return on plan assets is determined considering RBI Bond Interest rate or historical return on plan assets.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Group's policy for Plan Assets Management.

vii) Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows)	9 years
Expected cash flows over the next (valued on undiscounted basis):	
1 year	0.22
2 to 5 years	0.72
6 to 10 years	0.94
More than 10 years	3.73

viii) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary

	Decrease	Increase
Change in discounting rate (delta effect of -/+ 0.5%)	0.11	(0.10)
Change in rate of salary increase (delta effect of -/+ 0.5%)	(0.10)	0.11
Change in rate of Attrition rate (delta effect of -/+ 25%)	(0.01)	0.01

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

These plans typically expose the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Leave encashment plan and compensated absences:

The Group provides for leave encashment / compensated absences based on an independent actuarial valuation at the balance sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The actuarial assumptions on compensated absences considered are same as the table (vi) above.

NOTE 23. FINANCE COSTS

	(Rs. in Crore) **Period ended 31st March, 2019**
Interest Expenses	**14.77**
TOTAL	**14.77**

(Rs. in Crore)

	Period ended 31st March, 2019
NOTE 24. OTHER EXPENSES	
OPERATION AND MAINTAINANCE EXPENSES	
Stores and Spare	0.35
Electricity, Power and Fuel	1.96
Repairs - Machinery	0.60
Transmission Charges**	13.72
Other Operational Expenses	0.22
ADMINISTRATION EXPENSES	
Insurance	0.14
Rent	0.02
Repairs - Others	0.02
Rates and Taxes	5.89
Contracted and others services	0.03
Travelling and Conveyance	0.13
Payment to Auditors	0.23
Professional Fees	2.25
Letter of credit and bank charges	0.02
General Expenses	0.82
Fair Value of Call Option*	42.70
	69.10

*Refer Note 2 for explanation of the call option

** Transmission to third party pipeline

NOTE 25. EARNINGS PER UNIT (EPU)

i)	Net Profit / (Loss) as per Statement of Profit and Loss attributable to Unit Shareholders (Rs. in Crore)	**(95.67)**
ii)	Weighted Average number of Units used as denominator for calculating Basic EPU	**5 10 76 923**
iii)	Weighted Average number of Potential Units	**12 11 387**
iv)	Total Weighted Average number of Units used as denominator for calculating Diluted EPU	**5 22 88 310**
v)	Earnings per unit of face value of Rs 10 each	
	- For Basic (Rs.)	**(18.73)**
	- For Diluted (Rs.)	**(18.73)**

Since the effect of potential unit is anti-dilutive, basic and diluted EPU is same.

NOTE 26. RELATED PARTY DISCLOSURES

As per SEBI INVIT regulations, disclosure of transactions with related party are as given below.

List of Related Parties

Parties to the Trust * (as per SEBI INVIT regulation)	Rapid Holdings 2 Pte Ltd (Sponsor)
	Penbrook Capital Advisors Pvt. ltd. (Investment manager)
	ECI India Managers Private Limited (Project Manager)
	Axis Trustee Services Ltd (Trustee)

Related party transactions during the period

(Rs. in Crore)

Sr. No	**Particulars**	**Relationships**	**Period ending 31st March, 2019**
1)	**Trustee Fee**		
	Axis Trustee Services Ltd	Trustee	0.02
	Investment management fee		
	Penbrook Capital Advisors Pvt. Ltd.	Investment manager	0.40
3)	**Units issued**		
	Rapid Holdings 2 Pte Ltd	Sponsor	5,688.00
4)	**Professional fee**		
	Penbrook Capital Advisors Pvt. Ltd.	Investment manager	0.22
5)	**Registration Expenses**		
	Rapid Holdings 2 Pte Ltd	Sponsor	1.38

(iii) **Balances at the end of period**

Sr. No	**Particulars**	**Relations**	**Period ending 31st March, 2019**
1)	**Reimbursement of Expense payable**		
	Rapid Holdings 2 Pte Ltd	Sponsor	1.38
	Penbrook Capital Advisors Pvt. ltd.	Investment Manager	0.67
2)	**Trustee Fee Payable**	Trustee	
	Axis Trustee Services Ltd.		0.02
3)	**Units issued**		
	Rapid Holdings 2 Pte Ltd	Sponsor	5,688.00

NOTE 27. TAXATION

Current tax

In accordance with section 10 (23FC) of the Income Tax Act, the income of Trust in the form of interest received or receivable from its Project Special Purpose Vehicle i.e. PIL is exempt from tax. Accordingly the Trust is not required to provide any current tax liability.

Additionally, in view of the loss of PIL for the current period , no provision for current tax has been considered.

Further, deferred tax assets on carry forward losses is not being created since there is no reasonable certainty of reversal of the same in the near future.

	(Rs. in Crore) **As at** **31st March, 2019**
NOTE 28. CONTINGENT LIABILITITIES AND COMMITMENTS	
(to the extent not provided for)	
Contingent Liabilities	-
Commitments	
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	**16.04**

NOTE 29. SEGMENT REPORTING

The Trust's activities comprise of owning and investing in Infrastructure SPVs to generate cash flows for distribution to unitholders. The Trust has only one project SPV PIL. The PIL's activities comprise of transportation of natural gas in certain states in India. Based on the guiding principles given in Ind AS 108 on "Segment Reporting", this activity falls within a single business and geographical segment and accordingly the disclosures of Ind AS 108 have not been separately given.

Revenues from one customer represents more than 10% of the Group's revenue for the period

	(Rs in Crore) **Period ended** **31st March, 2019**
Customer A	**18.99**

NOTE 30. CAPITAL MANAGEMENT

The Group adheres to disciplined Capital Management framework which is underpinned by the following guiding

a) The Group has financial strength to ensure AAA ratings

b) Ensure financial flexibility and diversify sources of financing and their maturities to minimize liquidity risk while

c) Leverage optimally in order to maximize shareholder returns while maintaining strength and flexibility of the

This framework is adjusted based on underlying macro-economic factors affecting business environment financial market conditions and interest rates environment.

The gearing ratio at end of the reporting period was as follows:

	(Rs. in Crore) **As at 31st March, 2019**
Borrowings*	6,338.15
Cash and Marketable Securities	89.89
Net Debt (A)	**6,248.26**
Total Equity (As per Balance Sheet) (B)	**10,589.50**
Net Gearing (A/B)	**0.59**

* inclusive of upfront arranger fee of Rs.31 85 crores.

NOTE 31. FINANCIAL INSTRUMENTS

Valuation
Following financial instruments are initially recognized and subsequently re-measured at fair value as described below.

a) The fair value of investment in Mutual Funds is measured at NAV.
b) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.
c) Option contracts are assigned prices u ing formula Black-Scholes model which is based on volatility in interest rate and comparable stock

Fair value measurement hierarchy:

(Rs. in Crore)

Particulars	As at 31st March, 2019			
	Carrying Amount	Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost*				
Security Deposits	1.45			
Trade Receivables	144 43			
Cash and Cash Equivalents	87.89			
Other Bank Balances	69.99			
Other Current Financial Assets	1.89			
At FVTPL				
Investments	2.00		2.00	
Fair value of put option	4.42			4.42
Financial Liabilities				
At Amortised Cost*				
Borrowing	6,338.15			
Trade Payable	127.80			
Other Financial Liabilities	13.25			
Other Non Current Financial Liabilitie	4.83			
At FVTPL				
Fair value of call option	42.70			42.70

Management believes the carrying value approximates the fair value

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and
Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs based on unobservable market data

Foreign Currency Risk
The following table shows foreign currency exposures in USD and EUR on financial instruments at the end of the reporting period. The exposure to foreign currency for all other currencies are not material.

(Rs. in Crore)

Foreign Currency Exposure

Particulars	As at 31st March, 2019	
	USD	EUR
Trade and Other Payables	**4.17**	**1.44**
Net Exposure	**4.17**	**1.44**

Sensitivity analysis of 1% change in exchange rate at the end of reporting period net of hedges

(Rs. in Crore)

Foreign Currency Sensitivity

Particulars	As at 31st March, 2019	
	USD	EUR
1% Depreciation in INR		
Impact on Equity		
Impact on P&L	(0.04)	(0.01)
Total	**(0.04)**	**(0.01)**
1% Appreciation in INR		
Impact on Equity		
Impact on P&L	0.04	0.01
Total	**0.04**	**0.01**

Interest Rate Risk

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows

(Rs. in Crore)

Interest Rate Exposure

Particulars	**As at 31st March, 2019**
Loan	
Long term Floating Loan	
Long term Fixed Loan	6,338.15
Total	**6,338.15**

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial in trument fails to perform or pay the amounts due causing financial loss to the Group. Credit risk arises from Group's activities in investments and outstanding receivables from customers

The Group has a prudent and conservative process for managing it credit risk ari ing in the course of its business activities.

Liquidity Risk

Liquidity risk arises from the Group's inability to meet its cash flow commitments on time. Group's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a disciplined cash management system Group's liquidity is managed centrally with operating units forecasting their cash and liquidity requirements.

The Group's liquidity is managed centrally with operating units forecasting their cash and liquidity requirements. Treasury pools the cash surpluses from across the different operating units and then arranges to either fund the net deficit or invest the net surplus in the market.

(Rs. in Crore)

Maturity Profile of Loans as on 31 March, 2019

Particulars	Below 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Total
Non Derivative Liabilities							
Long Term Loans*	-	-	-	-	-	6,370.00 *	6,370.00
Total Borrowings	**-**	**-**	**-**	**-**	**-**	**6,370.00**	**6,370.00**

*The Group has redeemed entire NCD issued for Rs. 6,370 crores on 23rd April, 2019

**Upfront arranger fee of Rs. 31.85 crores is not included.

NOTE 32. EVENT SUBSEQUENT TO THE DATE OF BALANCE SHEET

1) On 6th April, 2019 , the InvIT committee of the Investment Manager of the Trust approved a distribution of Rs. 0.9738 per unit as Return of Capital. 13th April, 2019 was declared as record date for distribution to unit holder and the same was paid on 16th April, 2019.

2) The Trust has redeemed entire NCD issued for Rs. 6,370 crores on 23rd April, 2019. The same NCD holders have subscribed to the NCDs issued by PIL on 24th April, 2019 consequently

3) There have been no breaches in the financial covenants with respect to borrowings.

NOTE 33. NOTE ON BUSINESS COMBINATION

On 22nd March 2019, the Trust acquired 100 % equity stake in PIL for a purchase consideration of Rs. 50 crore Further an amount of R 12,950 crore was invested through non convertible debentures. PIL had earlier acquired the pipeline business of East West Pipeline Limited (earlier known as Reliance Gas Transportation Infrastructure Limited) ("EWPL"). Rapid Holdings 2 Pte Ltd. is the sponsor of the InvIT.

PIL operate the 1,480 km common carrier pipeline to transport natural ga produced by Reliance BP from the KG basin on the ea t coast and links to users on the we t coast. It also transports gas from other sources including RLNG (regasified liquefied natural gas) terminals along the stretch of the pipeline and is connected to pipelines of other operators such as state-run GAIL (India) Ltd and Gujarat State Petronet Ltd for onward delivery nationwide

The acquisition has been accounted as per Ind AS 110 consolidated Financial Statement and Ind AS 103 Business Combinations For thi purpo the trust has done a Purchase Price Allocation (PPA) and allocated the con ideration paid to the fair value of assets acquired and the liabilities taken over

Since the initial accounting for a business combination is incomplete by the end of the reporting period, the Group has reported provisional amounts for the property plant and equipment, intangible assets including Pipeline Authori ation, recognition of financial instruments, assets/liabilities arising out of the Pipeline Usage agreement, consequent implications on deferred tax and goodwill for which the accounting is incomplete. These provisional amounts will be adjusted during the measurement period,(i.e. upto March 21 2020) or additional assets or liabilities will be recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known would have affected the amounts recognized as of that date. The measurement shall not exceed one year from the acquisition date.

The following table summarizes the effect of the business combination in terms of purchase consideration to be paid by Trust and the amount of assets and liabilities acquired and their fair values at the acquisition date:

Particulars	**Rs. in crore**
Consideration	
Non Convertible Debentures	12,950.00
Equity	50.00
TOTAL	**13,000.00**
Assets acquired	
Property, Plant and Equipment	14,769.00
Intangible Assets	2,046.59
Goodwill	952.00
Net working capital	234.41
TOTAL (A)	**18,002.00**
Liabilities assumed	
Compound financial instruments	4,050.00
Deferred tax liabilities	952.00
TOTAL (B)	**5,002.00**
NET ASSETS ACQUIRED (A-B)	**13,000.00**

NOTE 34. PREVIOUS PERIOD'S FIGURE

The current financial statements have been prepared for a period from 22nd November, 2018, i.e., date of formation of the Trust to 31st March, 2019 and from 22nd March, 2019 to 31st March, 2019 for the subsidiary. Hence, this being the first financial statements previous period figures are not applicable.

NOTE 35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors of Investment Manager to the Trust in its meeting held on 30th May, 2019