INDIAN TECHNOCRAT LIMITED

CIN:U74140DL1980PLC010753

To

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G
Bandra Kurla Complex, Bandra (E),
Mumbai-400051

14.11.2019

Ref: Symbol: OSEINTRUST

Subject: Submission of Half-yearly Report of Oriental InfraTrust as on September 30, 2019

Dear Sir/ Madam,

Pursuant to Regulation 23 of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 read with all the Schedules and Circulars, as amended from time to time, please find enclosed herewith Half-yearly Report of Oriental InfraTrust approved by Audit Committee in its meeting held on 14.11.2019 for half year ended on September 30, 2019.

You are requested to take the same on record.

Yours Faithfully,
Indian Technocrat Limited (as the Investment Manager to Oriental Infratrust)

Gaurav Puri
Compliance Officer

INDIAN TECHNOCRAT LIMITED
itl
NEW DELHI

INDIAN TECHNOCRAT LIMITED

Reg. Off.: OSE Commercial Block, Hotel Aloft, Asset 5B, Aerocity, Hospitality District, IGI Airport, New Delhi-110037,
email ID: ose.secretarial@gmail.com& Tele. No.: 011-46044604, CIN:U74140DL1980PLC010753

HALF YEARLY REPORT FOR ORIENTAL INFRATRUST FOR PERIOD ENDED SEPTEMBER 30, 2019

We, Indian Technocrat Limited, Investment Manager of Oriental InfraTrust ("InvIT/Trust") here by submit the half yearly report for the period from June 24, 2019 to September 30, 2019.

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

Oriental InfraTrust Trust ("Trust") has been settled on June 15, 2018 as a contributory irrevocable trust under the provisions of the Indian Trusts Act, 1882.The Trust was registered as an Infrastructure Investment Trust under SEBI(Infrastructure Investment Trust) Regulations,2014 on March 26, 2019, having registration number IN/InvIT/18-19/0011. The investment objectives of the Trust are to carry on the activities of an InvIT, as permissible under the SEBI InvIT Regulations, to raise resources, directly through the Trust or indirectly, through Project Entities, and in accordance with the SEBI (INVIT) Regulations and to make investments in accordance with the directions of Investment Manager..

As on September 30, 2019 there are five road projects which are owned, operated and maintained by Project SPV which comprise of initial road asset comprising of approximately 621 Km of constructed and operational roads across 4 states of India.

On June 24, 2019, the Trust acquired 100% of the issued equity shares of all the 5 Project SPV. On June 24,2019 the beneficial management control of all the 5 Project SPV transferred to the Trust.

The Trust is listed on the NSE i.e. National Stock Exchange.

The Trust had generated Net Distributable Cash Flow from its assets during the quarter ended 30th September and distributed to the unitholders in form of Dividend, Interest and Capital Repayment. The total amount as approved by Board of Directors is Rs. 3.51 (rounded off) per unit.

Accordingly, the Summary of Financial Information on Standalone and Consolidated Financial Statement of the Trust are attached. The details are attached as **Annexure – 1.**

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

The Trust has five project road asset, comprising of following Project SPV. The Trust has acquired 100.00% of the equity shares in each of the Project SPVs from the Sponsors. As consideration for the acquisition of the equity shares of the Project SPVs, the Trust had issued Units to the Sponsors on closing date.

The following Initial Road Assets of Trust which are owned, operated and maintained by the Project SPVs consisting of approximately 621 km of constructed and operational roads across four states in India given below.

- the Nagpur Bye Pass Project: an approximately 117 km section of NH-7 including the Madhya Pradesh/ Maharashtra border to Nagpur section and the Nagpur to Hyderabad section in Maharashtra, which is owned, operated and maintained by Oriental Nagpur Bye Pass Construction Private Limited **("ONBPCPL");**

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- the Indore Khalghat Project: an approximately 72 km section of NH-3 between Indore and Khalghat in Madhya Pradesh, which is owned, operated and maintained by Oriental Pathway (Indore) Private Limited **("OPIPL");**

- the Etawah Chakeri Project: an approximately 160 km section of NH-2 between Etawah and Chakeri in Uttar Pradesh, which is owned, operated and maintained by Etawah-Chakeri (Kanpur) Highway Private Limited **("ECKHPL");**

- the Hungund Hospet Project: an approximately 97 km section of NH-13 between Hungund and Hospet in Karnataka, which is owned, operated and maintained by Hungund Hospet Highways Private Limited **("HHPL");** and

- the Nagpur Betul Project: an approximately 175 km section of NH-69 between Nagpur and Betul in Madhya Pradesh, which is owned and operated by Oriental Nagpur Betul Highway Private Limited **("ONBHL").**

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

For the year ended September 30, 2019, Project SPV had generated INR 6146.20 million in revenue from operations and INR 262.14 million in interest and other revenue.

For the period June 24, 2019 to September 30, 2019 Oriental Infratrust generated INR 6054.22million in revenue from operations and INR 233.76 millions in interest and other revenue.

4. Brief summary of the valuation as per the full valuation report as at the end of the year:Not applicable

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

6. Details of changes during the year pertaining to;

a. Addition and divestment of assets including the identity of the buyers or sellers, purchase or sale prices and brief details of valuation for such transactions: Not Applicable

b. Valuation of assets and NAV (as per the full valuation reports):Not Applicable

c. Borrowings or repayment of borrowings (standalone and consolidated):

As per Annexure 2

d. Credit Rating

Not applicable since there was no further borrowing at the Trust Level as required in accordance with SEBI InvIT regulations.

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

Details of Sponsor 1.

1. Oriental Structural Engineers Private Limited ("**OSEPL**") is one of the sponsor of the Trust. OSEPL was incorporated in India under the Companies Act, 1956 with corporate identity number U74210DL1971PTC005680. OSEPL was incorporated on June 18, 1971. OSEPL became a deemed public company on January 10, 1988 and was converted into a private company on March 6, 2002. OSEPL's registered office and corporate office is situated at OSE Commercial Block, Hotel Aloft, Asset 5B, Aerocity, Hospitality District, IGI Airport, New Delhi 110 037, India.

Background of OSEPL

OSEPL is an infrastructure development and construction company in India with experience in the construction of rigid and flexible pavements for roads, highways and airfields. Its experience extends to constructing bridges, flyovers and embankments with reinforced earth and earthwork. In the past four decades, OSEPL has executed pavement works, both rigid and flexible, major national/state highway projects in India and abroad.

OSEPL has experience of at least five years and the OSEPL is a developer with at least two completed road/highway projects.

Further, neither the OSEPL nor any of the promoters or directors of OSEPL: (i) are debarred from accessing the securities market by SEBI; (ii) are promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; or (iii) are in the list of wilful defaulters published by the RBI.

Directors of the Sponsor

Board of Directors of the Sponsor as on September 30, 2019 is mentioned below:

S.No	Name of Director	Director Identification Number
1.	Mr. Kanwaljit Singh Bakshi	00015595
2.	Capt. Prehlad Singh Sethi	00020926
3.	Mr. Sanjit Bakshi	00020852
4.	Mr. Ashok Kumar Aggarwal	00354479
5.	Mr. Vijay Chandra Verma	00175162
6.	Mr. Amit Burman	00042050

There has been no change in the directors of Sponsor 1

Details of Sponsor 2. Oriental Tollways Private Limited

1. Oriental Tollways Private Limited ("**OTPL**") is one of the sponsor of the Trust. OTPL was incorporated in India under the Companies Act, 1956 with corporate identity number U45203DL2008PTC184135. OTPL was incorporated on October 10, 2008. OTPL's registered office is situated at OSE Commercial Block, Hotel Aloft, Asset 5B, Aerocity, Hospitality District, IGI Airport, New Delhi 110 037, India.

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Background of OTPL

OTPL is presently a wholly owned subsidiary of and promoted by OSEPL. The business activity of OTPL involves holding investments of operating companies engaged in the infrastructure sector, and particularly, in roads and highways construction, operation and maintenance. Currently, OTPL holds investments in the special purpose vehicles engaged in the construction and development of highways and roads projects.

OTPL has experience of at least five years and OTPL is a developer with at least two completed road/highway projects. Further, neither OTPL nor any of the promoters or directors of OTPL: (i) are debarred from accessing
the securities market by SEBI; (ii) are promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; or (iii) are in the list of wilful defaulters published by the RBI.

Directors of the Sponsor 2

Board of Directors of the Sponsor as on September 30, 2019 is mentioned below:

S.No	Name of Director	Director Identification Number
1	Mr. Kanwaljit Singh Bakshi	00015595
2	Mr. Maninder Sethi	01132637

There has been no change in the directors of Sponsor 1 in the half year ended 30.09.2019

Details of Investment Manger

ITL is an advisory firm, providing multidisciplinary engineering consultancy. It also has experience in providing advisory services in the infrastructure sector, particularly, consultancy services for full cycle of project development, from conceptualization to completion and operation and maintenance services for a varied and diverse spectrum of projects.

Further, neither the Investment Manager, nor its promoters or directors:

(a) is debarred from accessing the securities market by the SEBI;

(b) is a promoter, director or person in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or infrastructure investment trust which is debarred from accessing the capital market under any order or directions made by the SEBI; or

(c) is in the list of the wilful defaulters published by the RBI

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Directors of the Investment Manager

The Board of Directors of the Investment Manager as on September 30, 2019 is mentioned below:

S. No	Name of Director	DIN
1	Sanjit Bakshi	00020852
2	Surinder Singh Kohli*	00169907
3	Deepak Dasgupta*	00457925

* Independent Directors

There has been change in the Directors of Investment Manager.

Mr Rajiv Uberoi has resigned w.e.f 01.07.2019.

Mr. Raman Kumar Kapuria has resigned w.e.f 24.06.2019.

Details of the Trustee

Axis Trustee Services Limited 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 is located at Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025 and corporate office is at The Ruby, 2nd Floor, SW, 29, Senapati Bapat Marg, Dadar West, Mumbai 400 028. .

Background of the Trustee

The Trustee is permitted to engage in various areas of debenture and bond trusteeships, including, advisory functions and management functions. The Trustee is also permitted to act as a security trustee and is involved in providing services in relation to security creation, compliance and holding security on behalf of lenders. The Trustee is also involved in providing services *inter alia* as: (i) a facility agent for structured transactions with advice on suitability of the transaction on operational aspects; (ii) an escrow agent; (iii) a trustee to alternative investment funds; (iv) a trustee to InvITs and REITs; (v) custodian of documents as a safe-keeper; and (vi) monitoring agency.

Further, neither Trustee nor any of the directors of the Trustee: (i) are debarred from accessing the securities market by SEBI; (ii) are promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; or (iii) are in the list of wilful defaulters published by the RBI.

Directors of the Trustee
The Board of Directors of the Trustee as on September 30, 2019 is mentioned below:

S. No	Name of Director	DIN
1	Sanjay Sinha	08253225
2	Rajesh Kumar Dahiya	07508488
3	Ram Bharose Lab Vaish	00150310
4.	Ganesh Sankaran	07580955

f. **Clauses in trust deed, investment management agreement or any other agreement entered into pertaining to activities of InvIT**

There has been no change in clauses of trust deed, investment management agreement or any other agreement entered into pertaining to activities of InvIT.

Proposed changes in Trust Deed, Disclosure of Information Policy and Distribution policy were approved by unitholders through postal ballot. This will be disclosed in next report.

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

The Government of India announced change in Tax Rate on Sep 20, 2019 by slashing the MAT from 18% to 15% and Corporate tax rate from 30% to 22% which will have an impact on the cash flows of underlying projects.

h. **Change in material contracts or any new risk performance of any contract pertaining to the InvIT.**

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

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

There are no litigations or actions by regulatory authorities or criminal matters against the Trust from June 24, 2019 to the date of this Report.

j. **Any other material change during the year - Nil**

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

Oriental Infratrust was formed on 15th June 2018. It was registered as an Infrastructure Investment Trust under SEBI (Infrastructure Investment Trust) Regulations 2015 on March 26, 2019. The Investment in Trust came on June 23,2019.

Accordingly, revenue details for last 5 years is not applicable to Trust.

8. **Update on development of under-construction projects, if any** – NIL

9. **Details of outstanding borrowings and deferred payments of InvIT including any credit rating(s), debt maturity profile, gearing ratios of the InvIT on a consolidated and standalone basis as at the end of the year** – Not applicable.

10. **The total operating expenses of the InvIT along with the detailed break-up, including all fees and charges paid to the Investment Manager and any other parties, if any during the year.** – As per Annexure 3

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

The Trust was formed on June 15, 2018 and was registered as an Infrastructure Investment Trust under SEBI (Infrastructure Investment Trust) Regulations, 2014 on March 26, 2019. It completed its first investment on June 23, 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. 3.51(rounded off) per unit on October 23, 2019 which was paid to all Unitholders on October 30, 2019.

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

The Trust had issued 23,060 MILLION Units of Rs. 100 each on June 4, 2019 which were listed on NSE Limited w.e.f. June 27, 2019. Since the date of listing, the Units have not been traded and accordingly the aforesaid data is not applicable as on September 30, 2019

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

(2) Details regarding the monies lent by the InvIT to the holding company or the special purpose vehicle in which it has investment in – The Trust had On-lend INR 1734.80 Cr to the Project SPV in accordance with Use of Proceeds Chapter of Placement Memorandum.

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

There was no buyback of Units by the Trust as on September 30 and till the date of this report.

15. Brief details of material and price sensitive information

During the Period, the Trust, from time to time, has been providing details of material and price sensitive information to the stock exchanges in accordance with InvIT Regulations.

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

Not Applicable

17. Risk factors

Attached as Annexure 4

18. Information of the contact person of the InvIT

Mr. Guarav Puri
Compliance Officer
Address: OSE Commercial Block, Hotel Aloft, Asset-5B
Aerocity, Hospitality District, IGI Airport, New Delhi-110037
Tel : 011-46044604
Email: gaurav.puri@orientalindia.com

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

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

Attached as Annexure 1

INDIAN TECHNOCRAT LIMITED NEW DELHI

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

Not Applicable

Yours Faithfully,
For Indian Technocrat Limited
(Investment Manager of Oriental Infratrust)

Manish Satnaliwala
Chief Financial Officer

INDIAN TECHNOCRAT LIMITED
NEW DELHI

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
21st Floor, DLF Square
Jacaranda Marg, DLF Phase II
Gurugram - 122 002
India

T +91 124 462 8000
F +91 124 462 8001

Independent Auditor's Review Report on Unaudited Standalone Half Yearly Results of the Trust Pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended)

To the Board of Directors of Indian Technocrat Limited (As the Investment Manager of Oriental InfraTrust)

1. We have reviewed the accompanying statement of unaudited standalone financial results of Oriental InfraTrust ('the Trust'), which comprises the Unaudited Standalone Statement of Profit and Loss (including Other Comprehensive Income), explanatory notes thereto and the additional disclosures as required by paragraph 6 of Annexure A to the SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 (hereinafter referred to as 'the SEBI Circular') for the half year ended 30 September 2019 ('the Statement'), being submitted by Indian Technocrat Limited ('the Investment Manager') pursuant to the requirements of Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (hereinafter referred to as 'the SEBI Regulations'), including relevant circulars issued by the SEBI from time to time.

2. The Statement, which is the responsibility of the Investment Manager and approved by the Investment Manager's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules, 2015 including Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') and other accounting principles generally accepted in India, and in accordance with the presentation and disclosure requirements of the SEBI Circular read with the Regulation 23 of the SEBI Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India (the 'ICAI'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing issued by the ICAI, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

WALKER CHANDIOK & CO LLP

Independent Auditor's Review Report on Unaudited Standalone Half Yearly Results of the Trust Pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (Cont'd)

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles of Ind AS specified in the Companies (Indian Accounting Standards) Rules, 2015 including Ind AS 34 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of the SEBI Circular read with the Regulation 23 of the SEBI Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. The Statement includes the financial information for the periods from 15 June 2018 to 30 September 2018, from 1 October 2018 to 31 March 2019, as at 31 March 2019 and as at 30 September 2018, which have been certified by the Investment Manager's Board of Directors and have not been subjected to either audit or review.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

Manish Agrawal
Partner
Membership No. 507000
UDIN 19507000AAAADF2194

Place: New Delhi
Date: 14 November 2019

Oriental InfraTrust

Unaudited Standalone Half Yearly Results of the Trust for the half year ended 30 September 2019

(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Income			
Revenue from operations	449.78	-	-
Other income	44.50	-	-
Total Income	**494.29**	**-**	**-**
Expenses			
Finance costs	0.01	0.00	0.00
Other expenses	384.77	-	-
Total Expense	**384.77**	**0.00**	**0.00**
Profit/(loss) before tax	**109.51**	**(0.00)**	**(0.00)**
Tax expense:			
Current tax	15.20	-	-
Deferred tax	-	-	-
Total tax expense	**15.20**	**-**	**-**
Profit /(loss) after tax	**94.31**	**(0.00)**	**(0.00)**
Other comprehensive income/(loss)	-	-	-
Total comprehensive income	**94.31**	**(0.00)**	**(0.00)**

ORIENTAL INFRATRUST ★ NEW DELHI ★

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

SIGNED FOR IDENTIFICATION PURPOSES

Oriental InfraTrust

Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

a. Statement of Net Distributable Cash Flows

S. No.	Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
		(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
1	**Net Distributable Cash Flows of the Project Entities**	2,063.71	-	-
2	Add: Any other income accruing at the Trust level and not captured above, including but not limited to interest/return on surplus cash, if any, invested by the Trust	39.51		
	Total cash inflow at the Trust level (A)	2,103.22	-	-
3	Less: Any payment of fees, interest and expense incurred at the Trust level, including but not limited to the fees of the Investment Manager and the Trustee	(2.01)		
4	Less: Amount invested in or lent to any of the Project Entities for service of debt or interest funded through internal accruals of the Trust, to the extent allowed under the SEBI InvIT Regulations. Such amount shall be decided by the IM Board in accordance with Annual Budget approved by the Unitholders in accordance with the Trust Deed; Provided that any amount lent by the Trust to the Project Entity (regardless of the source of funding used by the Trust) for repayment of Sponsor loans shall also be considered under this head	(57.59)		
	Total cash outflows / retention at the Trust level (B)	(59.60)	-	-
	Net Distributable Cash Flows (C)=(A+B)	2,043.62	-	-

b. Investment manager fees

Pursuant to the Investment Management Agreement dated 18 June 2018 as amended, Investment Manager is entitled to fees @ 0.75% of the net revenue of each subsidiary of the Trust, per annum. Consolidated Statement of Profit and Loss for the period ended 30 September 2019 includes amount of ₹ 65.46 million towards Investment Manager Fees. There are no changes during the year in the methodology for computation of fees paid to Investment Manager.

c. Statement of earnings per unit

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Profit / (loss) for the period (₹ millions)	94.31	(0.00)	(0.00)
Weighted average number of units outstanding for computation of basic and diluted earning per unit (Nos. millions)	315.44	-	-
Earning per unit (basic and diluted) (₹)	0.30		

d. Contingent Liabilities as at 30 September 2019 is Nil (31 March 2019 and 30 September 2018: Nil)

e. Commitments as at 30 September 2019 is Nil (31 March 2019 and 30 September 2018: Nil)

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ORIENTAL INFRATRUST ★ NEW DELHI ★

★ WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS

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Oriental InfraTrust

Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

f. Statement of Related Parties

I List of related parties as per the requirements of Ind AS 24 - "Related Party Disclosures"

A. Related parties where control exists

Subsidiaries

Oriental Nagpur Betul Highway Limited (ONBHL)
Oriental Nagpur Byepass Construction Private Limited (ONBCPL)
Etawah Chakeri (Kanpur) Highway Private Limited (ECKHPL)
OSE Hungund Hospet Highways Private Limited (OHHHPL) (Formerly known as GMR OSE Hungund Hospet
Oriental Pathways (Indore) Private Limited (OPIPL)

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations

A. Parties to Oriental InfraTrust

Oriental Structural Engineers Private Limited (OSEPL) - Sponsor I and Project Manager of Oriental InfraTrust
Oriental Tollways Private Limited (OTPL) - Sponsor II of Oriental InfraTrust
Indian Technocrat Limited (ITL) - Invetsment Manager (IM) of Oriental InfraTrust
Axis Trustee Services Limited (ATSL) - Trustee of Oriental InfraTrust

B. Promoters of the parties to Oriental InfraTrust specified in II(A) above

Mr. Kanwaljit Singh Bakshi - Promoter of OSEPL
Oriental Structural Engineers Private Limited (OSEPL) - Promoter of OTPL
Mr. Kanwaljit Singh Bakshi - Promoter of ITL
Axis Bank Limited - Promoter of ATSL

C. Associates of parties to Oriental InfraTrust specified in II(A) above *

Biaora To Dewas Highway Private Limited
Binjhabahal To Telebani Section (KM.414.00 To KM.491.71) of NH-6 (New NH-49) Highway Private Limited

* With whom the Trust or its subsidiaries had transactions during the periods reported

D. Directors of the parties to Oriental InfraTrust specified in II(A) above

(i) Directors of OSEPL
Mr. Kanwaljit Singh Bakshi
Mr. Sanjit Bakshi
Mr. Prehlad Singh Sethi
Mr. Amit Burman
Mr. Vijay Chandra Verma
Mr. Ashok Kumar Aggarwal

(ii) Directors of OTPL
Mr. Kanwaljit Singh Bakshi
Mr. Maninder Sethi

(iii) Directors of ITL
Mr. Sanjit Bakshi
Mr. Surinder Singh Kohli
Mr. Deepak Dasgupta
Mr. Rajeev Uberoi - uptill 1 July 2019

(iv) Directors of ATSL
Mr. Sanjay Sinha
Mr. Rajesh Kumar Dahiya
Mr. Ram Bharosey Lal Vaish
Mr. Ganesh Sankaran

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 2018 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Oriental Structural Engineers Private Limited (OSEPL)			
Transaction during the period			
Reimbursement of expenses	58.22	-	-
Intial settlement amount	-	0.01	0.01
Investment purchased			
Oriental Nagpur Betul Highway Limited (ONBHL)	3,383.27	-	-
Oriental Nagpur Byepass Construction Private Limited (ONBCPL)	6,114.99	-	-
Etawah Chakeri (Kanpur) Highway Private Limited (ECKHPL)	459.00	-	-
OSE Hungund Hospet Highways Private Limited (OHHHPL)	312.30	-	-
Oriental Pathways (Indore) Private Limited (OPIPL)	0.12	-	-

ORIENTAL INFRATRUST * NEW DELHI *

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

SIGNED FOR IDENTIFICATION PURPOSES

Oriental InfraTrust

Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 2018 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Balance outstanding at the end of the period			
Loans and advances	4.93	-	-
Intial settlement amount	0.02	0.02	0.01
Oriental Tollways Private Limited (OTPL)			
Transaction during the period			
Intial settlement amount	-	-	0.01
Investment purchased			
Oriental Nagpur Betul Highway Limited (ONBHL)	9,616.73	-	-
Oriental Nagpur Byepass Construction Private Limited (ONBCPL)	17,404.19	-	-
Etawah Chakeri (Kanpur) Highway Private Limited (ECKHPL)	441.00	-	-
OSE Hungund Hospet Highways Private Limited (OHHHPL)	888.84	-	-
Oriental Pathways (Indore) Private Limited (OPIPL)	2,027.45	-	-
Balance outstanding at the end of the period			
Intial settlement amount	0.01	0.01	0.01
Indian Technocrat Limited (ITL)			
Transaction during the period			
Investment manager fees	65.47	-	-
Balance outstanding at the end of the period			
Invetsment manager fees payable	65.47	-	-
Oriental Nagpur Betul Highway Limited			
Transaction during the period			
Loan given	4,103.52	-	-
Interest income on loan given	150.99	-	-
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries	13,000.00	-	-
Loan recievable	4,103.52	-	-
Interest recievable	150.99	-	-
Oriental Nagpur Byepass Construction Private Limited			
Transaction during the period			
Loan given	7,821.97	-	-
Interest income on loan given	298.80	-	-
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries	23,519.18	-	-
Loan recievable	7,821.97	-	-
Interest recievable	39.67	-	-
Etawah Chakeri Kanpur Highway Private Limited			
Transaction during the period			
Loan given	3,258.64	-	-
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries	900.00	-	-
Loan recievable	3,258.64	-	-
OSE Hungund Hospet Highways Private Limited			
Transaction during the period			
Loan given	2,199.02	-	-
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries	1,201.14	-	-
Loan recievable	2,199.02	-	-

Oriental InfraTrust

ORIENTAL INFRATRUST NEW DELHI

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

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Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016
(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 2018 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Oriental Pathways Indore Private Limited			
Transaction during the period			
Loan given	22.44	-	-
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries	2,027.56	-	-
Loan recievable	22.44	-	-

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Notes to the Unaudited Standalone Half Yearly Results of the Trust for the half year ended 30 September 2019
(All amounts in ₹ millions unless otherwise stated)

1. Unaudited Standalone Balance Sheet

Particulars	As at 30 September 2019	As at 31 March 2019	As at 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
ASSETS			
Non-current assets			
Financial assets			
Investments	40,647.88	-	-
Current assets			
Financial assets			
Investments	189.47	-	-
Cash and cash equivalents	218.45	0.02	0.01
Loans	17,596.25	-	-
Others	4.93	-	-
Other current assets	4.67	-	-
Total assets	**58,661.65**	**0.02**	**0.01**
EQUITY AND LIABILITIES			
EQUITY			
Initial settlement amount	0.02	0.02	0.01
Unit capital	58,307.88	-	
Other equity	94.30	(0.00)	(0.00)
Total equity	**58,402.20**	**0.02**	**0.01**
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables			
Dues to micro small enterprises	-	-	-
Dues to others	242.89	-	-
Other current liabilities	5.35	-	-
Current tax liabilities (net)	11.20	-	-
Total liabilities	**259.45**	**-**	**-**
TOTAL EQUITY & LIABILITIES	**58,661.65**	**0.02**	**0.01**

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Notes to the Unaudited Standalone Half Yearly Results of the Trust for the half year ended 30 September 2019

(All amounts in ₹ millions unless otherwise stated)

2. Unaudited Standalone Cash Flow Statement

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
A. Cash flow from operating activities			
Profit/(loss) before tax	109.51	0.00	0.00
Adjustment for:			
Gain on sale of investments (net)	(4.47)	-	-
Interest income on loan to subsidiary companies	(449.78)	-	-
Interest received on bank deposits	(40.03)	-	-
Operating profit before working capital changes and other adjustments	**(384.77)**	**(0.00)**	**-**
Working capital changes and other adjustments:			
Other financial assets	(4.93)	-	-
Other current assets	(4.67)	-	-
Trade payables	242.89	-	-
Other current liabilities	5.35	-	-
Net cash used in operating activities before income tax	**(146.14)**	**(0.00)**	**-**
Income tax paid (net of refund)	(4.00)	-	-
Net cash used in operating activities (A)	**(150.14)**	**(0.00)**	**-**
B. Cash flow from investing activities:			
Loan to subsidiary companies	(17,405.59)	-	-
Proceeds from current investments	3,560.63	-	-
Purchase of current investments	(3,745.63)	-	-
Interest received from subsidiary loans	259.13	-	-
Interest received on bank deposits	40.03	-	-
Net cash used in investing activities (B)	**(17,291.43)**	**-**	**-**
C. Cash flow from financing activities:			
Proceeds from unit capital/initial settlement	17,660.00	0.01	0.01
Net cash flow from financing activities (C)	**17,660.00**	**0.01**	**0.01**
Net increase in cash and cash equivalent (A+B+C)	**218.43**	**0.01**	**0.01**

Notes :

(a) Cash and cash equivalents comprises of:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 30 September 2018
Cash and Cash equivalents at the beginning of the period	0.02	0.01	
Cash and Cash equivalents at the end of the period	218.45	0.02	0.01
Net increase in cash and cash equivalent	**218.43**	**0.01**	**0.01**

(b) The above Standalone Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

ORIENTAL INFRATRUST NEW DELHI

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Notes to the Unaudited Standalone Half Yearly Results of the Trust for the half year ended 30 September 2019

(All amounts in ₹ millions unless otherwise stated)

3. Unaudited Standalone Statement of Profit and Loss

Particulars	01 July 2019 to 30 September 2019
	(Refer note 12)
Income	
Revenue from operations	432.44
Other income	41.66
Total Income	**474.10**
Expenses	
Finance costs	0.01
Other expenses	51.20
Total Expense	**51.21**
Profit before tax	**422.89**
Tax expense:	
Current tax	14.21
Deferred tax charge	-
Total tax expense	**14.21**
Profit for the period	**408.68**
Other comprehensive income/(loss)	-
Total comprehensive income	**408.68**

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Notes to the Unaudited Standalone Half Yearly Results of the Trust for the half year ended 30 September 2019

(All amounts in ₹ millions unless otherwise stated)

4. Unaudited Standalone Cash Flow Statement

Particulars	01 July 2019 to 30 September 2019
	(Refer note 12)
A. Cash flow from operating activities	
Profit/(Loss) before tax	422.89
Adjustment for:	
Gain on sale of investments (net)	(4.47)
Interest income on loan to subsidiary companies	(432.44)
Interest received on bank deposits	(37.20)
Operating profit before working capital changes and other adjustments	**(51.21)**
Working capital changes and other adjustments:	
Other financial assets	(4.93)
Other current assets	(0.80)
Trade payables	(41.67)
Other current liabilities	1.65
Net cash used in operating activities before income tax	**(96.96)**
Income tax paid (net of refund)	(4.00)
Net cash used in operating activities (A)	**(100.96)**
B. Cash flow from investing activities:	
Loan to subsidiary companies	(3,557.59)
Invest in current bank deposits	3,500.00
Proceeds from current investments	3,560.63
Purchase of current investments	(3,745.63)
Interest received from subsidiary loans	259.13
Interest received on bank deposits	39.75
Net cash used in investing activities (B)	**56.28**
C. Cash flow from financing activities:	-
Net increase in cash and cash equivalent (A+B+C)	**(44.68)**

Notes :

(a) Cash and cash equivalents comprises of:

Particulars	As at 30 September 2019
Cash and Cash equivalents at the beginning of the period	263.13
Cash and Cash equivalents at the end of the period	218.45
Net increase in cash and cash equivalent	**(44.68)**

(b) The above Standalone Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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Oriental InfraTrust

Notes to the Unaudited Standalone Half Yearly Results of the Trust for the half year ended 30 September 2019
(All amounts in ₹ millions unless otherwise stated)

5 The unaudited standalone financial results of Oriental InfraTrust ('Trust') for the half year ended 30 September 2019 have been reviewed by the Audit Committee of Indian Technocrat Limited ('ITL') ('Investment Manager' of Trust) at their meeting held on 14 November 2019 and approved by the Board of Directors of the Investment Manager at their meeting held on 14 November 2019. The statutory auditors have issued an unmodified review report on these standalone financial results.

6 The unaudited standalone financial results comprises the standalone statement of profit and loss, explanatory notes and the additional disclosures as required in paragraph 6 of Annexure A to the SEBI Circular no. CIR/IMD/DF/127/2016 dated 29 November 2016 ('SEBI Circular') of the Trust for the half year ended 30 September 2019 ('standalone financial results'). The standalone financial results has been prepared in accordance with the recognition and measurement principles prescribed under Indian Accounting Standard-34 Interim Financial Reporting (Ind AS 34) read with rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS 34') as amended and the SEBI circular.

7 The Trust was registered as an irrevocable Trust under the provisions of the Indian Trusts Act, 1882 on 15 June 2018. Trust was registered as an Infrastructure Investment Trust under the InvIT Regulations on 26 March 2019 having registration number IN/ InvIT/ 18-19/ 0011. Accordingly, the financial information for the corresponding period in immediately preceding year is given from 15 June 2018 to 30 September 2018.

8 The standalone financial information:
i) as at and for the half year ended 31 March 2019; and
ii) as at 30 September 2018 and for the period 15 June 2018 to 30 September 2018
as reported in these standalone financial results have been certified by the Investment Manager of the Trust and not been subjected to audit or review.

9 The Trust has adopted IndAS 116 "Leases" effective 1 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrsopective method. The adoption of this standard did not have any material impact on these standalone financial results.

10 The Board of Directors of the Investment Manager have declared distribution of ₹ 3.51 (rounded off) per unit amounting to ₹ 2,043.60 millions in their meeting held on 23 October 2019.

11 The Trust has acquired the entire equity share capital of the following companies (Project SPV's) on 24 June 2019:
i) Oriental Pathways (Indore) Private Limited ('OPIPL')
ii) Oriental Nagpur Bye Pass Construction Private Limited ('ONBPCL')
iii) Oriental Nagpur Betul Highways Limited ('ONBHL')
iv) Etawah- Chakeri (Kanpur) Highway Private Limited ('ECKHPL')
v) OSE Hungund Hospet Highways Private Limited ('OHHHPL')

12 Figures for the quarter ended 30 September 2019 represents the balancing figures between the reviewed figures for the half year ended 30 September 2019 and reviewed figures for the quarter ended 30 June 2019.

13 Previous period figures have been reclassified/regrouped wherever necessary to conform to current period classification.

For and on behalf of Board of Directors of
Indian Technocrat Limited
(as Investment Manager of Oriental InfraTrust)

ORIENTAL INFRA TRUST * NEW DELHI *

Manish Satnaliwala
Chief Financial Officer

Sanjit Bakshi
Director
DIN: 00020852

Place: New Delhi
Date: 14 November 2019

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

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Independent Auditor's Review Report on Unaudited Consolidated Half Yearly Results of the Trust Pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended)

To the Board of Directors of Indian Technocrat Limited (As the Investment Manager of Oriental InfraTrust)

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Oriental InfraTrust ('the Trust') and its subsidiaries (the Trust and its subsidiaries together referred to as 'the Group'), (refer Annexure 1 for the list of subsidiaries included in the Statement) which comprises the Unaudited Statement of Profit and Loss (including Other Comprehensive Income), explanatory notes thereto and the additional disclosures as required by paragraph 6 of Annexure A to the SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 (hereinafter referred to as 'the SEBI Circular') for the half year ended 30 September 2019, being submitted by Indian Technocrat Limited ('the Investment Manager') pursuant to the requirements of Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (hereinafter referred to as 'the SEBI Regulations'), including relevant circulars issued by the SEBI from time to time.

2. This Statement, which is the responsibility of the Investment Manager and approved by the Investment Manager's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules, 2015 including Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') and other accounting principles generally accepted in India and in accordance with the presentation and disclosure requirements of the SEBI Circular read with Regulation 23 of the SEBI Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India (the 'ICAI'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing issued by the ICAI, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report on Unaudited Consolidated Half Yearly Results of the Trust Pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (Cont'd)

4. Based on our review conducted above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles of Ind AS specified in the Companies (Indian Accounting Standards) Rules, 2015 including Ind AS 34 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of the SEBI Circular read with the SEBI Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. The Statement includes the financial information for the periods from 15 June 2018 to 30 September 2018, from 1 October 2018 to 31 March 2019, as at 30 September 2018 and as at 31 March 2019 which have been certified by the Investment Manager's Board of Directors and have not been subjected to either audit or review.

6. We did not review the unaudited financial information of 5 subsidiaries included in the Statement, whose financial information reflects total revenues of ₹ 6,408.34 millions, total net profit after tax of ₹ 1,229.18 millions and total comprehensive income of ₹ 1,229.25 millions for the half year ended on 30 September 2019. These unaudited financial information have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review reports of such other auditors.

   Our conclusion is not modified in respect of this matter.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

Manish Agrawal
Partner
Membership No. 507000
UDIN 19507000AAAADI1624

Place: New Delhi
Date: 14 November 2019

Independent Auditor's Review Report on Unaudited Consolidated Half Yearly Results of the Trust Pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (Cont'd)

Annexure 1

List of subsidiaries included in the Statement

a. Oriental Pathways (Indore) Private Limited
b. Oriental Nagpur Bye Pass Construction Private Limited
c. Oriental Nagpur Betul Highway Limited
d. Etawah - Chakeri (Kanpur) Highway Private Limited
e. OSE Hungund Hospet Highways Private Limited

Oriental InfraTrust
Unaudited Consolidated Financial Results for the half year ended 30 September 2019
(All amounts in ₹ millions unless otherwise stated)

Statement of Profit and Loss

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 2018 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Income			
Revenue from operations	6,045.22	-	-
Other income	233.76	-	-
Total income	**6,278.98**	**-**	**-**
Expenses			
Sub-contracting expenses	84.88	-	-
Employee benefits expense	65.69	-	-
Finance costs	1,886.12	0.00	0.00
Depreciation and amortisation expense	961.51	-	-
Other expenses	878.90	-	-
Total expenses	**3,877.10**	**0.00**	**0.00**
Profit / (loss) before tax	2,401.89	(0.00)	(0.00)
Tax expense			
Current tax	519.47	-	-
Deferred tax	856.72	-	-
Total tax expense	**1,376.19**	**-**	**-**
Net profit / (loss) after tax	**1,025.69**	**(0.00)**	**(0.00)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit obligations	0.12	-	-
Income tax relating to these items	(0.05)	-	-
Total other comprehensive income	**0.07**	**-**	**-**
Total comprehensive income	**1,025.77**	**(0.00)**	**(0.00)**

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WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

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Oriental InfraTrust

Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

a. Statement of Net Distributable Cash Flows

i. Oriental InfraTrust

S. No.	Particulars	1 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
		(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
1	Net Distributable Cash Flows of the Project Entities	2,063.71	-	-
2	Add: Any other income accruing at the Trust level and not captured above, including but not limited to interest/return on surplus cash, if any, invested by the Trust	39.51		
	Total cash inflow at the Trust level (A)	**2,103.22**		
3	Less: Any payment of fees, interest and expense incurred at the Trust level, including but not limited to the fees of the Investment Manager and the Trustee	(2.01)	-	
4	Less: Amount invested in or lent to any of the Project Entities for service of debt or interest funded through internal accruals of the Trust, to the extent allowed under the SEBI InvIT Regulations. Such amount shall be decided by the IM Board in accordance with Annual Budget approved by the Unitholders in accordance with the Trust Deed; Provided that any amount lent by the Trust to the Project Entity (regardless of the source of funding used by the Trust) for repayment of Sponsor loans shall also be considered under this head	(57.59)	-	
	Total cash outflows / retention at the Trust level (B)	(59.60)	-	-
	Net Distributable Cash Flows (C)=(A+B)	2,043.62	-	-

(ii) Oriental Nagpur Betul Highway Limited ('ONBHL')

S. No.	Particulars	24 June 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
		(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
1	**Profit / (loss) after tax as per Statement of Profit and Loss (A)**	1,264.37	-	-
2	Add: Depreciation and amortisation as per Statement of Profit and Loss	4.51		
3	Add: Any amount received from tolls or annuities not recognised as income for the purposes of working out the Profit after tax	1,501.39		
4	Add/Less: Decrease / (increase) in working capital	(275.09)	-	
5	Add: Interest on loans (if any) from Trust	150.55		
6	Add: Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations	4,103.52		
7	Less: Any amount to be kept aside for DSRA, MMRA or any other reserve requirements as required by lenders	(210.00)	-	
8	Add: Proceeds from: • sale of, fixed assets (including investments) • repayment of any loans provided to any other party, to the extent the same are not already considered calculation of Profit after tax	3,632.70		
9	Add/less: Any other item of non-cash expense / non-cash income (net of actual cash flows for these items)	(258.64)	-	
10	Add/less: Any other income/expense not considered for the calculation of Profit after tax, if deemed necessary by the Investment Manager, after the InvIT closing date.	(478.46)		
11	Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc., if deemed necessary by the Investment Manager, net of any debt raised by refinancing of existing debt or/and any new debt raised	(5,076.02)		
12	Less: Any other adjustment to be undertaken by the IM Board to ensure that there is no double counting of the same item for the above calculations - (Loan advanced to Oriental Nagpur Bypass Construction Private Limited)	(2,950.00)		
	Total Adjustments (B)	144.48	-	
	Net Distributable Cash Flows (C)=(A+B)	1,408.85	-	-

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ORIENTAL INFRATRUST NEW DELHI

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

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Oriental InfraTrust

Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

a. Statement of Net Distributable Cash Flows

(iii) Oriental Nagpur Byepass Construction Private Limited ('ONBPCL')

S. No.	Particulars	24 June 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
		(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
1	Profit / (loss) after tax as per Statement of Profit and Loss (A)	1,075.23	-	-
2	Add: Depreciation and amortisation as per Statement of Profit and Loss	119.89	-	-
3	Add/Less: Decrease / (increase) in working capital	(1,819.06)	-	-
4	Add: Interest on loans (if any) from Trust	298.80	-	-
5	Add: Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations	7,821.97	-	-
6	Add: Proceeds from: • sale of, fixed assets (including investments) • repayment of any loans provided to any other party, to the extent the same are not already considered calculation of Profit after tax	223.42	-	-
7	Add: Cash released from DSRA/MMRA or any other reserve in lieu of providing bank guarantee	300.00	-	-
8	Add/less: Any other item of non-cash expense / non-cash income (net of actual cash flows for these items)	400.66	-	-
9	Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc., if deemed necessary by the Investment Manager, net of any debt raised by refinancing of existing debt or/and any new debt raised	(7,815.13)	-	-
10	Less: Payment toward: • Capital expenditure incurred on the projects (if any) including payment to contractors for their claims • payment of claims (or retention of any amounts relating to such claims) related to Sponsors under the Sale and Transfer Agreement (only to the extent such amounts are not already covered in the Capital Expenditure item mentioned above))	(0.93)	-	-
	Total Adjustments (B)	**(470.37)**	-	-
	Net Distributable Cash Flows (C)=(A+B)	**604.86**	-	-

	Net Distributable Cash Flows as per above	604.86	-	-
	Add: Proportionate principal repayment and interest payment proposed out of opening surplus as at 24 June 2019	50.00	-	-
	Net distributable cash flows	654.86	-	-

(iv) Etawah Chakeri (Kanpur) Highway Private Limited ('ECKHPL')

S. No.	Particulars	24 June 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
		(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
1	Profit / (loss) after tax as per Statement of Profit and Loss (A)	(1,296.40)	-	-
2	Add: Depreciation and amortisation as per Statement of Profit and Loss	355.58	-	-
3	Less: Any amount payable to concession granting authority as revenue share or premium if such amount has not already been considered for the determination of Profit after tax	(164.40)	-	-
4	Add/Less: Decrease / (increase) in working capital	6.36	-	-
5	Add: Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations	3,258.64	-	-
6	Less: Any amount to be kept aside for DSRA, MMRA or any other reserve requirements as required by lenders	(204.50)	-	-
7	Add: Proceeds from: • sale of, fixed assets (including investments) • repayment of any loans provided to any other party, to the extent the same are not already considered calculation of Profit after tax	227.73	-	-
8	Add/less: Any other item of non-cash expense / non-cash income (net of actual cash flows for these items)	1,345.45	-	-
9	Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc., if deemed necessary by the Investment Manager, net of any debt raised by refinancing of existing debt or/and any new debt raised	(3,677.90)	-	-
10	Less: Payment toward: • Capital expenditure incurred on the projects (if any) including payment to contractors for their claims • payment of claims (or retention of any amounts relating to such claims) related to Sponsors under the Sale and Transfer Agreement (only to the extent such amounts are not already covered in the Capital Expenditure item mentioned above))	(0.41)	-	-
	Total Adjustments (B)	**1,146.55**	-	-
	Net Distributable Cash Flows (C)=(A+B)	**(149.85)**	-	-

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

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Oriental InfraTrust

Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

a. Statement of Net Distributable Cash Flows

(v) OSE Hungund Hospet Highways Private Limited ('OHHHPL')

S. No.	Particulars	24 June 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
		(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
1	**Profit / (loss) after tax as per Statement of Profit and Loss (A)**	141.12	-	-
2	Add: Depreciation and amortisation as per Statement of Profit and Loss	55.93	-	-
3	Add/Less: Decrease / (increase) in working capital	9.22	-	-
4	Add: Interest on loans (if any) from Trust		-	-
5	Add: Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations	2,199.02	-	-
6	Less: Any amount to be kept aside for DSRA, MMRA or any other reserve requirements as required by lenders	(474.30)	-	-
7	Add/less: Any other item of non-cash expense / non-cash income (net of actual cash flows for these items)	(14.64)	-	-
8	Add/less: Any other income/expense not considered for the calculation of Profit after tax, if deemed necessary by the Investment Manager, after the InvIT closing date.	(1,724.72)	-	-
9	Less: Any other adjustment to be undertaken by the IM Board to ensure that there is no double counting of the same item for the above calculations - (Amount realised against sale of claims by SPV to Sponsor 1 been kept aside considering the same would be available for use after obtaining the approval of lenders of the SPV)	(224.00)	-	-
	Total Adjustments (B)	**(173.49)**	-	-
	Net Distributable Cash Flows (C)=(A+B)	**(32.37)**	-	-

(vi) Oriental Pathways (Indore) Private Limited ('OPIPL')

S. No.	Particulars	24 June 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
		(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
1	**Profit / (loss) after tax as per Statement of Profit and Loss (A)**	44.92	-	-
2	Add: Depreciation and amortisation as per Statement of Profit and Loss	75.51	-	-
3	Add/Less: Decrease / (increase) in working capital	(54.90)	-	-
4	Add: Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations	22.44	-	-
5	Less: Any amount to be kept aside for DSRA, MMRA or any other reserve requirements as required by lenders	(208.10)	-	-
6	Add: Proceeds from • sale of, fixed assets (including investments) • repayment of any loans provided to any other party, to the extent the same are not already considered calculation of Profit after tax	1,250.00	-	-
7	Add/less: Any other income/expense not considered for the calculation of Profit after tax, if deemed necessary by the Investment Manager, after the InvIT closing date.	60.84	-	-
8	Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc., if deemed necessary by the Investment Manager, net of any debt raised by refinancing of existing debt or/and any new debt raised	(142.95)	-	-
9	Less: Payment toward: • Capital expenditure incurred on the projects (if any) including payment to contractors for their claims • payment of claims (or retention of any amounts relating to such claims) related to Sponsors under the Sale and Transfer Agreement (only to the extent such amounts are not already covered in the Capital Expenditure item mentioned above))	(0.01)	-	-
10	Less: Any provision or reserve deemed necessary by the IM Board for expenses which may be due in the next quarter but for which there may not be commensurate amounts available by the date such expenses become due provided such expenses are already included as a part of annual budget approved in accordance with the Trust Deed - (A part of amount realised against sale of investment in project entity Bioara Dewas by SPV been kept aside for the purpose of repayment of term loan related to that investment)	(1,056.83)	-	-
	Total Adjustments (B)	**(54.00)**	-	-
	Net Distributable Cash Flows (C)=(A+B)	**(9.08)**	-	-

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Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

b. Project manager and Investment manager fees

(i) Project management fees

Pursuant to the Project Management Agreement dated 03 June 2019, Project Manager is entitled to a consideration, on a monthly basis, for the performance of Management, Tolling and Operation and Maintenance Services. Consolidated Statement of Profit and Loss for the six months period ended 30 September 2019 includes amount of ₹ 39.42 million towards Project Manager fees. There are no changes during the year in the methodology for computation of fees paid to Project Manager.

(ii) Investment management fees

Pursuant to the Investment Management Agreement dated 18 June 2018 as amended, Investment Manager is entitled to fees @ 0.75% of the net revenue of each SPV, per annum. Consolidated Statement of Profit and Loss for the period ended 30 September 2019 includes amount of ₹ 65.46 million towards Investment Manager Fees. There are no changes during the year in the methodology for computation of fees paid to Investment Manager.

c. Statement of earnings per unit ('EPU')

Basic EPU amounts are calculated by dividing the profit for the period attributable to Unit holders by the weighted average number of units outstanding during the period. Diluted EPU amounts are calculated by dividing the profit/(loss) attributable to unit holders by the weighted average number of units outstanding during the period plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

Particulars	1 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Profit / (loss) for the period (₹ millions)	1,025.77	(0.00)	(0.00)
Weighted average number of units outstanding for computation of basic and diluted earning per unit (Nos. millions)	315.44	-	
Earning per unit (basic and diluted) (₹)	**3.25**	-	-

d. Statement of contingent liabilities

Particulars	As at 30 September 2019	As at 31 March 2019	As at 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Income tax cases in relation to which subsidiaries of the Trust are in appeals	1,560.82	-	
Contingent liability in respect of works not completed *	630.00		
Total	2,190.82	-	-

* In one of the subsidiary of the Trust was required to complete certain work under Concession Agreement, which could not be completed due to the fact that some portions of land for service roads and other works was not handed over to the SPV by National Highways Authority of India ('NHAI'). The estimated cost for completing balance service roads and other works as on 11 September 2015 was ₹ 630.00 millions as per Engineering, Procurement and Construction ('EPC') contract entered by the SPV. The SPV had given adjustable advance to EPC contractor of ₹ 60.00 millions for these pending work. However, the contract with EPC contractor stands terminated in financial year ended 31 March 2016 due to inordinate delay in making available of balance land. The SPV will enter into fresh contract for balance work on competitive terms as and when required.

The SPV is eligible for escalation claim from NHAI for delay in handling over the land for service roads and another works. In the event that the land for balance work is not handed over by NHAI, SPV will be liable to pay the value of work not completed as per Concession Arrangement to NHAI.

e. Statement of commitments

Estimated project cost for construction of highway / toll plaza committed to be executed as at 30 September 2019: ₹ 111.62 million, 31 March 2019: ₹ Nil million and 30 September 2018: ₹ Nil millions.

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ORIENTAL INFRATRUST ★ NEW DELHI ★

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

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Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

f. Statement of related parties

I List of related parties as per the requirements of Ind AS 24 - "Related Party Disclosures"

A. Related parties where control exists

Subsidiaries

Oriental Nagpur Betul Highway Limited (ONBHL)

Oriental Nagpur Byepass Construction Private Limited (ONBCPL)

Etawah Chakeri (Kanpur) Highway Private Limited (ECKHPL)

OSE Hungund Hospet Highways Private Limited (OHHHPL) (Formerly known as GMR OSE Hungund Hospet Highways Private Limited)

Oriental Pathways (Indore) Private Limited (OPIPL)

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations

A. Parties to Oriental InfraTrust

Oriental Structural Engineers Private Limited (OSEPL) - Sponsor I and Project Manager of Oriental InfraTrust

Oriental Tollways Private Limited (OTPL) - Sponsor II of Oriental InfraTrust

Indian Technocrat Limited (ITL) - Invetsment Manager (IM) of Oriental InfraTrust

Axis Trustee Services Limited (ATSL) - Trustee of Oriental InfraTrust

B. Promoters of the parties to Oriental InfraTrust specified in II(A) above

Mr. Kanwaljit Singh Bakshi - Promoter of OSEPL

Oriental Structural Engineers Private Limited (OSEPL) - Promoter of OTPL

Mr. Kanwaljit Singh Bakshi - Promoter of ITL

Axis Bank Limited - Promoter of ATSL

C. Associates of parties to Oriental InfraTrust specified in II(A) above *

Biaora To Dewas Highway Private Limited

Binjhabahal To Telebani Section (KM.414.00 To KM.491.71) of NH-6 (New NH-49) Highway Private Limited

* with whom the Trust or its subsidiaries had transactions during the periods reported

D. Directors of the parties to Oriental InfraTrust specified in II(A) above

(i) Directors of OSEPL:

Mr. Kanwaljit Singh Bakshi

Mr. Sanjit Bakshi

Mr. Prehlad Singh Sethi

Mr. Amit Burman

Mr. Vijay Chandra Verma

Mr. Ashok Kumar Aggarwal

(ii) Directors of OTPL:

Mr. Kanwaljit Singh Bakshi

Mr. Maninder Sethi

(iii) Directors of ITL:

Mr. Sanjit Bakshi

Mr. Surinder Singh Kohli

Mr. Deepak Dasgupta

Mr. Rajeev Uberoi - uptill 1 July 2019

(iv) Directors of ATSL:

Mr. Sanjay Sinha

Mr. Rajesh Kumar Dahiya

Mr. Ram Bharosey Lal Vaish

Mr. Ganesh Sankaran

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(All amounts in ₹ millions unless otherwise stated)

III. Transactions and outstanding balances with related parties

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Oriental Structural Engineers Private Limited ('OSE')			
Transactions during the period			
Change of scope and utility expenses			
ONBHL	31.89	-	-
HHHPL	52.30	-	-
Major maintenance and operation maintenance expense			
ONBPCPL	12.79	-	-
ONBHL	48.51	-	-
ONBHL	117.32	-	-
Short term borrowing repaid			
ONBPCPL	614.97	-	-
OPIPL	4.90	-	-
ONBHL	491.38	-	-
ECKHPL	23.64	-	-
HHHPL	1,304.03	-	-
Unwinding finance cost on interest free loan taken			
ONBPCPL	0.13	-	-
OPIPL	0.22	-	-
ONBHL	0.16	-	-
ECKHPL	2.98	-	-
Long term unsecured loan repaid			
ONBPCPL	74.72	-	-
OPIPL	8.94	-	-
ECKHPL	155.44	-	-
Income from sale pre-InvIT NHAI claims			
ONBPCPL	1,653.44	-	-
OPIPL	0.10	-	-
ONBHL	554.00	-	-
ECKHPL	87.00	-	-
HHHPL	224.00	-	-
Reimbursement of expenses			
ONBPCPL	0.04	-	-
OPIPL	0.05	-	-
ONBHL	0.61	-	-
ECKHPL	1.31	-	-
Oriental Infratrust	58.22	-	-
Advance gurantee expense			
OPIPL	3.39	-	-
ECKHPL	0.20	-	-
Sale of asset held for sale			
ONBHL	1,383.60	-	-
Intial settlement amount			
Oriental Infratrust	-	0.01	0.01
Provision accrued for project management expenses			
ONBPCPL	3.20	-	-
OPIPL	16.78	-	-
HHHPL	9.65	-	-

ORIENTAL INFRATRUST NEW DELHI

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Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

III. Transactions and outstanding balances with related parties

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Balances outstanding at the end of the period			
Trade and other payables			
ONBPCPL	652.58	-	-
OPIPL	56.16	-	-
ONBHL	50.66	-	-
ECKHPL	60.61	-	-
HHHPL	646.63	-	-
Mobilisation advance			
ONBPCPL	3.92	-	-
ONBHL	139.56	-	-
ECKHPL	60.19	-	-
HHHPL	48.90	-	-
Other receivable			
ONBPCPL	1,929.44	-	-
Oriental Infratrust	4.93	-	-
Advance guarantee receivable			
OPIPL	61.54	-	-
ECKHPL	5.82	-	-
Oriental Tollways Private Limited			
Transactions during the period			
Unwinding finance cost on interest free loan taken			
ONBHL	1.22	-	-
ECKHPL	19.36	-	-
Unwinding finance cost on corporate guarantee			
ECKHPL	0.19	-	-
Long term unsecured loan repaid			
ECKHPL	1,010.72	-	-
Intial settlement amount			
Oriental Infratrust	-	-	0.01
Unsecured loan paid			
ONBHL	937.77	-	-
HHHPL	366.70	-	-
Balances outstanding at the end of the period			
Trade and other payables			
ONBPCPL	0.92	-	-
OPIPL	0.70	-	-
ONBHL	4.78	-	-
ECKHPL	1.27	-	-
HHHPL	1.26	-	-
Advance guarantee expense			
ECKHPL	5.59	-	-

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Additional disclosure as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

(All amounts in ₹ millions unless otherwise stated)

III. Transactions and outstanding balances with related parties

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 18 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
Biaora To Dewas Highway Private Limited			
Transactions during the period			
Unwinding interest income on loan given			
OPIPL	1.43	-	-
ONBHL	4.16	-	-
LT loan repayment received			
OPIPL	56.51	-	-
ONBHL	253.96	-	-
Indian Technocrat Limited (ITL)			
Transactions during the period			
Investment manager fees			
Oriental Infratrust	65.47	-	-
Balances outstanding at the end of the period			
Invetsment manager fees payable			
Oriental Infratrust	65.47	-	-

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

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Notes to the Unaudited Consolidated Half Yearly Results of the Trust for the half year ended 30 September 2019

(All amounts in ₹ millions unless otherwise stated)

1. Unaudited Balance Sheet as at 30 September 2019

Particulars	As at 30 September 2019	As at 31 March 2019	As at 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
ASSETS			
Non-current assets			
Property, plant and equipment	237.52	-	-
Capital work-in-progress	12.19	-	-
Intangible assets	91,554.38	-	-
Financial assets			
Loans	5.48	-	-
Others	28,452.32	-	-
Deferred tax assets (net)	302.95	-	-
Non-current tax assets (net)	280.41	-	-
Other non-current assets	172.86	-	-
Total non-current assets	**121,018.12**	**-**	**-**
Current assets			
Financial assets			
Investments	4,592.15	-	-
Trade receivables	76.82	-	-
Cash and cash equivalents	701.09	0.02	0.01
Bank balances other than cash and cash equivalents above	5,256.44	-	-
Others	7,341.56	-	-
Other current assets	462.65	-	-
Total current assets	**18,430.71**	**0.02**	**0.01**
Total assets	**139,448.83**	**0.02**	**0.01**
EQUITY AND LIABILITIES			
EQUITY			
Initial settlement amount	0.02	0.02	0.01
Unit capital	58,307.88	-	-
Other equity	1,419.80	(0.00)	(0.00)
Total equity	**59,727.69**	**0.02**	**0.01**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	23,505.27	-	-
Other financial liabilities	11,261.82	-	-
Provisions	969.09	-	-
Deferred tax liabilities (net)	10,061.85	-	-
Total non-current liabilities	**45,798.02**	**-**	**-**
Current liabilities			
Financial liabilities			
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	-	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,843.63	-	-
Other financial liabilities	30,862.26	-	-
Other current liabilities	206.30	-	-
Provisions	700.95	-	-
Current tax liabilities (net)	309.97	-	-
Total current liabilities	**33,923.12**	**-**	**-**
Total liabilities	**79,721.14**	**-**	**-**
Total equity and liabilities	**139,448.83**	**0.02**	**0.01**

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Notes to the Unaudited Consolidated Half Yearly Results of the Trust for the half year ended 30 September 2019

(All amounts in ₹ millions unless otherwise stated)

2. **Unaudited Statement of Cash Flows as at 30 September 2019**

Particulars	01 April 2019 to 30 September 2019	01 October 2018 to 31 March 2019	15 June 2018 to 30 September 2018
	(Unaudited)	*(Refer note 8)*	*(Refer note 8)*
A. Cash flows from operating activities			
Profit/ (loss) before tax	2,401.89	(0.00)	(0.00)
Adjustments for:			
Depreciation and amortisation expense	961.51	-	-
Gain on sale/ fair valuation of investments (net)	(78.47)	-	-
Interest income	(1,280.53)	-	-
Remeasurement of defined benefit obligations (net of tax)	0.07	-	-
Unwinding finance cost on deferred payment to National Highway Authority of India ('NHAI') for purchase of right to charge users of toll road	299.79	-	-
Unwinding of discount on provisions and financial liabilities carried at amortised cost	54.54	-	-
Allowance for expected credit loss	4.29	-	-
Finance cost	1,512.16	-	-
Guarantee commission	3.77	-	-
Operating profit / (loss) before working capital changes and other adjustments	**3,879.02**	**(0.00)**	**(0.00)**
Working capital changes and other adjustments:			
Trade receivables	(4.98)	-	-
Financial assets	800.13	-	-
Loans	480.45	-	-
Other assets	(301.72)	-	-
Trade payables	110.33	-	-
Provisions	159.32	-	-
Financial liabilities	(171.20)	-	-
Other liabilities	84.00	-	-
Cash flow from / (used in) operating activities post working capital changes	**5,035.36**	**(0.00)**	**(0.00)**
Income tax paid (net)	(959.41)	-	-
Net cash generated from operating activities (A)	**4,075.96**	**(0.00)**	**(0.00)**
B. Cash flows from investing activities			
Acquisition of property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development	(1.35)	-	-
Proceeds from disposal of property, plant and equipment	1,383.60	-	-
Movement in bank deposits (net)	(1,268.55)	-	-
Purchase of current investments	(9,225.53)	-	-
Proceeds from sale of current investments	7,206.08	-	-
Interest received on bank deposits and others	148.72	-	-
Net cash used in investing activities (B)	**(1,757.02)**	**-**	**-**
C Cash flows from financing activities			
Repayment of current borrowings	(2,781.25)	-	-
Repayment of non-convertible debentures	(1,045.37)	-	-
Repayment of non-current borrowings	(13,878.01)	-	-
Units isssued during the period	17,659.98	-	-
Initial settlement amount issued during the period	-	0.01	0.01
Finance costs paid	(1,924.45)	-	-
Net cash (used in) / flow from financing activities (C)	**(1,969.10)**	**0.01**	**0.01**
D Net increase in cash and cash equivalent (A+B+C)	**349.84**	**0.01**	**0.01**
E Cash and cash equivalent at the beginning of the period	0.02	0.01	-
Cash and cash equivalents acquired in business combination	351.23	-	-
Cash and cash equivalent at the end of the period (D+E)	**701.09**	**0.02**	**0.01**

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Notes to the Unaudited Consolidated Half Yearly Results of the Trust for the half year ended 30 September 2019

(All amounts in ₹ millions unless otherwise stated)

3. Unaudited Consolidated Statement of Profit and Loss

Particulars	01 July 2019 to 30 September 2019
	(Refer note 13)
Income	
Revenue from operations	3,306.99
Other income	221.02
Total Income	**3,528.01**
Expenses	
Sub-contracting expenses	84.88
Employee benefits expense	60.50
Finance costs	1,692.06
Depreciation and amortisation expense	891.54
Other expenses	496.87
Total Expense	**3,225.85**
Profit before tax	**302.16**
Tax expense:	
Current tax	134.87
Deferred tax charge	442.97
Total tax expense	**577.84**
Loss for the period	**(275.68)**
Other comprehensive income	
Items that will not be reclassified to profit or loss	
Re-measurement gain on defined benefit obligations	0.14
Income tax relating to these items	(0.05)
Total other comprehensive income for the period	**0.09**
Total comprehensive income	**(275.59)**

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Notes to the Unaudited Consolidated Half Yearly Results of the Trust for the half year ended 30 September 2019
(All amounts in ₹ millions unless otherwise stated)

4. Unaudited Consolidated Cash Flow Statement

Particulars	**01 July 2019 to 30 September 2019**
	(Refer note 13)
A. Cash flow from operating activities	
Profit before tax	302.16
Adjustment for:	
Depreciation and amortisation expense	891.54
Gain on sale/fair valuation of investments (net)	(75.84)
Interest income	(1,189.57)
Remeasurement of defined benefit obligations (net of tax)	0.09
Unwinding finance cost on deferred payment to National Highway Authority of India ('NHAI') for purchase of right to charge users of toll road	278.50
Unwinding of discount on provisions and financial liabilities carried at amortised cost	48.35
Allowance for expected credit loss	4.29
Finance cost	1,349.66
Guarantee commission	3.51
Operating profit before working capital changes and other adjustments	**1,612.68**
Working capital changes and other adjustments:	
Trade receivables	(4.98)
Financial assets	3,311.47
Loans	305.50
Other assets	(296.18)
Trade payables	(205.21)
Provisions	147.29
Financial liabilities	(168.76)
Other liabilities	79.38
Net cash flow from operating activities before income tax	**4,781.19**
Income tax paid (net of refund)	(144.06)
Net cash used in operating activities (A)	**4,637.13**
B. Cash flow from investing activities:	
Acquisition of property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development	(1.35)
Movement in bank deposits (net)	2,862.31
Purchase of current investments	(9,214.49)
Proceeds from sale of current investments	6,606.89
Interest received on bank deposits and others	139.25
Net cash flow from investing activities (B)	**392.61**
C. Cash flow from financing activities:	
Repayment of current borrowings	(1,699.26)
Repayment of non-convertible debentures	(1,028.87)
Repayment of non-current borrowings	(497.19)
Finance costs paid	(1,619.05)
Net cash used in financing activities (C)	**(4,844.37)**
Net increase in cash and cash equivalent (A+B+C)	**185.38**

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Notes to the Unaudited Consolidated Half Yearly Results of the Trust for the half year ended 30 September 2019
(All amounts in ₹ millions unless otherwise stated)

4. Unaudited Consolidated Cash Flow Statement

Notes :

(a) Cash and cash equivalents comprises of:

Particulars	As at 30 September 2019
Cash and Cash equivalents at the beginning of the period	515.71
Cash and Cash equivalents at the end of the period	701.09
Net increase in cash and cash equivalent	**185.38**

(b) The above Standalone Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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ORIENTAL INFRATRUST * NEW DELHI *

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

SIGNED FOR IDENTIFICATION PURPOSES

Oriental InfraTrust

Notes to the Unaudited Consolidated Half Yearly Results of the Trust for the half year ended 30 September 2019

5 The unaudited consolidated financial results of Oriental InfraTrust ('Trust') for the half year ended 30 September 2019 have been reviewed by the Audit Committee of Indian Technocrat Limited ('ITL') ('Investment Manager' of Trust) at their meeting held on 14 November 2019 and approved by the Board of Directors of the Investment Manager at their meeting held on 14 November 2019. The statutory auditors have issued an unmodified review report on these consolidated financial results.

6 The unaudited consolidated financial results comprises the consolidated statement of profit and loss, explanatory notes and the additional disclosures as required in paragraph 6 of Annexure A to the SEBI Circular no. CIR/IMD/DF/127/2016 dated 29 November 2016 ('SEBI Circular') of the Trust for the half year ended 30 September 2019 ('consolidated financial results'). The consolidated financial results has been prepared in accordance with the recognition and measurement principles prescribed under Indian Accounting Standard-34 Interim Financial Reporting (Ind AS 34) read with rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS 34') as amended and the SEBI circular.

7 The Trust was registered as an irrevocable Trust under the provisions of the Indian Trusts Act, 1882 on 15 June 2018. Trust was registered as an Infrastructure Investment Trust under the InvIT Regulations on 26 March 2019 having registration number IN/ InvIT/ 18-19/ 0011. Accordingly, the financial information for the corresponding period in immediately preceding year is given from 15 June 2018 to 30 September 2018.

8 The consolidated financial information:
i) as at and for the half year ended 31 March 2019; and
ii) as at 30 September 2018 & for the period 15 June 2018 to 30 September 2018
as reported in these consolidated financial results have been certified by the Investment Manager of the Trust and not been subjected to audit or review.

9 The Trust has adopted IndAS 116 "Leases" effective 1 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method. The adoption of this standard did not have any material impact on these consolidated financial results.

10 The Board of Directors of the Investment Manager have declared distribution of Rs. 3.51 (rounded off) per unit amounting to ₹ 2,043.60 millions in their meeting held on 23 October 2019.

11 The Trust has acquired the entire equity share capital of the following companies (Project SPV's) on 24 June 2019:
i) Oriental Pathways (Indore) Private Limited ('OPIPL')
ii) Oriental Nagpur Bye Pass Construction Private Limited ('ONBPCL')
iii) Oriental Nagpur Betul Highways Limited ('ONBHL')
iv) Etawah- Chakeri (Kanpur) Highway Private Limited ('ECKHPL')
v) OSE Hungund Hospet Highways Private Limited ('OHHHPL')

Accordingly, the aforementioned subsidiaries has been consolidated w.e.f. 24 June 2019 in these consolidated financial results.

12 The Trust acquired all the 5 Project SPV's as stated above for an equity consideration of ₹ 40,647.87 millions. The Trust has carried out a fair valuation of the net assets of the Project SPV's as at the acquisition date and basis that recorded the assets, liabilities and resultant goodwill/capital reserve in these consolidated financial results.

13 Figures for the quarter ended 30 September 2019 represents the balancing figures between the reviewed figures for the half year ended 30 September 2019 and reviewed figures for the quarter ended 30 June 2019.

14 Previous period figures have been reclassified/regrouped wherever necessary to conform to current period classification.

For and on behalf of Board of Directors of
Indian Technocrat Limited
(as Investment Manager of Oriental Infra Trust)

Manish Satnaliwala
Chief Financial Officer

Sanjit Bakshi
Director
DIN: 00020852

Place: New Delhi
Date: 14 November 2019

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

ORIENTAL INFRA TRUST NEW DELHI

SIGNED FOR IDENTIFICATION PURPOSES

ANNEXURE - 2

Oriental Infratrust - Consolidated

(₹ in Crores)

Name of SPV	**O/S As On 23.06.2019**	**Repaid during the period**	**O/S As On 30.09.2019**
ONBCPL	966.17	966.17	-
ONBHL	2,524.73	97.25	2,427.48
OPIPL	391.86	12.05	379.82
ECKHPL	1,365.67	41.93	1,323.74
GOHHPL	1,028.70	5.40	1,023.30
Total	**6,277.13**	**1,122.79**	**5,154.33**

Oriental Infra Trust - Standalone

Particulars	**O/S As On 23.06.2019**	**Repaid during the period**	**O/S As On 30.09.2019**
	NIL	NIL	NIL
Total	**-**	**-**	**-**

ANNEXURE-3

Consolidated Oriental InfraTrust Operating Expense

All Amount in (INR Millions)

Description	UnAudited
Construction Contract Expneses	84.88
Project Manager Fees	9.65
Insurance Expenses	7.90
Investment Manager Fees	65.47
Operating Expenses	165.04
Employee Benefit Expenses	65.69
Audit Fees	3.22
Legal & Professional Fees	19.49
Travelling & Conveyance Expenses	2.35
Rating Fees	4.13
Administration and Other Expenses	8.86
Total Operating Expenses	**436.68**

ANNEXURE – 4

RISK FACTORS

An investment in the Units involves risks. Prospective investors should carefully consider all the information in this Placement Memorandum, including the risks and uncertainties described below, before making an investment in the Units. If any of the risks described below occurs, our business and prospects could be materially and adversely affected, the trading price of the Units could decrease and investors could lose all or part of their original investment. The risks and uncertainties described in this section may not be the only risks and uncertainties the Trust currently faces. Additional risks and uncertainties not presently known to the Trustee or the Investment Manager, or that the Trustee or the Investment Manager currently deem immaterial, may arise or may adversely affect our business, prospects, financial condition, cash flows, results of operations and the price of the Units. Unless otherwise stated in the relevant risk factors set forth below, the Trustee and the Investment Manager are not in a position to specify or quantify the financial or other risks mentioned herein.

*This Placement Memorandum also contains forward-looking statements (including the projections of revenue from operations and cash flows from operating activities of the Trust over the next three Financial Years (the "**Projections of Revenue from Operations and Cash Flow from Operating Activities**") that involve risks, uncertainties and assumptions. The actual results of the Trust and the Project SPVs (the "**Trust Group**") could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Memorandum.*

*In making an investment decision, prospective investors must rely upon their own examinations and the terms of the Offer, including the merits and the risks involved. To obtain a complete understanding, prospective investors should read this section in conjunction with the sections entitled "**Business**", "**Combined Financial Statements**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 236, 414 and 323, respectively, as well as all other information contained in this Placement Memorandum. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer.*

In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to the Trust Group. Furthermore, unless the context otherwise requires, the financial information used in this section is derived from the Special Purpose Combined Financial Statements.

Risks Related to our Organization and the Structure of the Trust

1. **The Trust is a newly settled trust with no established operating history and no historical financial information and, as a result, investors may not be able to assess its prospects on the basis of past records**

The Trust was established by way of a trust deed dated June 15, 2018 as amended by the amended and restated trust deed dated February 25, 2019 under the provisions of the Indian Trust Act, 1882 and it is registered as an infrastructure investment trust in accordance with the SEBI InvIT Regulations. Pursuant to the Formation Transactions, the Trust will acquire the entire equity shareholding of the Sponsors in the Project SPVs from the Sponsors in exchange for Units prior to the Allotment. Accordingly, the Trust does not have any operating history or historical financial information by which its past performance may be evaluated. This could make it difficult for investors to assess the future performance and prospects of the Trust. The Project SPVs might not be able to generate sufficient cash flows from the operations of their projects for the Trust to make distributions to the investors who hold the Units of the Trust (the "**Unitholders**") or such distributions might not be as anticipated under the Projections of Revenue from Operations and Cash Flow from Operating Activities.

2. **Our completion of the Formation Transactions pursuant to which we will acquire the Project SPVs is subject to certain conditions**

Our ability to complete the Formation Transactions is subject to certain conditions. These conditions include, but are not limited to, obtaining board resolutions necessary for consummation of the Formation Transactions and satisfying certain conditions mandated by the NHAI as well as the transfer of all demat and physical shares in accordance with the Share and Transfer Agreement. See the section titled "***Formation Transactions in relation to the Trust***" for more detail about such conditions.

Pursuant to the terms of the concession agreements entered into by the Project SPVs, the consent of the National Highways Authority of India (the "**NHAI**" or the "**Concessioning Authority**") is required to make additions to, amend or replace any of the financing arrangements entered into with the existing senior lenders of the Project

SPVs. As a result, the refinancing of a certain portion of the outstanding indebtedness of the Project SPVs, as described in this Placement Memorandum, will require the consent of the NHAI. Pursuant to our letter dated April 26, 2019, we have made an application to NHAI to approve the refinancing in accordance with the respective Concession Agreements, however, the NHAI has not specifically approved the proposed refinancing, and there can be no assurance that the NHAI will give its consent to the proposed refinancing.

Furthermore, the concession agreements require the submission to the NHAI, for its review and comments, all project agreements (including financing arrangements) to which the Project SPVs are a party prior to entry, amendment or replacement of such agreements, even if such agreements do not affect the financial liability or obligation of the NHAI. The Project SPVs, the Trust and Sponsors, as applicable, have submitted to the NHAI relevant applications and drafts of the Project Management Agreements, the Major Maintenance Agreements and On-Lending Agreements and have informed the NHAI about the Formation Transactions. In its letter to the Sponsors dated April 26, 2019, the NHAI has confirmed that the Trust will be considered a senior lender in case it has provided any debt not in the nature of a subordinate debt. However, there can be no assurance that the NHAI will approve any of arrangements as proposed in the applications of the Project SPVs, Sponsors and the Trust. See "*The terms of the Project Management Agreements, the Major Maintenance Agreements and On-Lending Agreements may change subject to comments provided by the NHAI.*"

Further, the senior lenders of the respective Project SPVs have created charges over the Initial Portfolio Assets. The security that has been created in favor of the senior lenders will be required to be released within an agreed period of time in order to complete the Formation Transactions. If such security is not released by the senior lenders within the contemplated timeline, we may not be able to complete the Formation Transaction in a timely manner or at all.

Our inability to complete the refinancing or any of the Formation Transactions in the manner described in this Placement Memorandum may materially and adversely impact our ability to complete the Offer within the anticipated time frame or at all. Under the SEBI InvIT Regulations, the Trust is prohibited from making an initial offer of units, unless the value of the assets held by the Trust prior to the Allotment of Units in the Offer equals to or exceeds ₹ 5,000 million. If the Trust is unable to complete the acquisition of assets worth at least ₹ 5,000 million, we will not be able to allot Units to investors pursuant to the Offer.

3. **The terms of the Project Management Agreements, the Major Maintenance Agreements and On-Lending Agreements may change subject to comments provided by the NHAI**

Pursuant to the terms of the respective concession agreements, the concessionaire is required to submit to NHAI, drafts of all project agreements or any amendments or replacements, pursuant to which NHAI has the right to review and provide comments within 15 days or 30 days as the case maybe. Accordingly, pursuant to a letter dated April 26, 2019, the respective Project SPVs have submitted the drafts of the Project Management Agreements, the Major Maintenance Agreements and On-Lending Agreements to the NHAI for its review and comments. The drafts of the Project Management Agreements, Major Maintenance Agreements and On-Lending Agreements may be required to be amended subject to any comments or observations received from the NHAI.

4. **BDHPL has not obtained consents from its lenders for utilizing the loan amount for repayment of aggregate loan outstanding to ONBHL and OPIPL, pursuant to the terms of the BDHPL Loan Agreement**

Pursuant to the terms of the BDHPL Loan Agreement, OSEPL has agreed to grant an unsecured and interest-free loan to BDHPL of an amount of ₹ 3,500.00 million (the "**OSEPL Loan**"). As per the terms of the BDHPL Loan Agreement, BDHPL has agreed that it will utilize the OSEPL Loan for repayment of (i) an aggregate outstanding loan of ₹ 2,250.00 million advanced by ONBHL (against securitization of future cash flows) as an unsecured and interest-free inter-corporate loan, to BDHPL; and (ii) an aggregate outstanding loan amount of ₹ 1,250.00 million advanced by OPIPL as an unsecured and interest-free inter-corporate loan, to BDHPL. For further details on the terms of the BDHPL Loan Agreement. For more information, see "*Related Party Transactions- BDHPL Loan Agreement*".

Pursuant to the terms of the financing arrangements entered by BDHPL with its lenders, the Sponsors have undertaken that all sponsor contributions and amounts funded by the Sponsors other than by way of equity will be subordinated to the facility granted by the senior lenders. Further, the terms of the financing arrangements require that no repayment or payment in respect of the sponsor's contribution shall be made unless the prior written approval of the lenders has been obtained. While one of the lenders has provided its consent with respect to the BDHPL Loan Agreement, the consent is subject to the consent of other consortium lenders. Since lender consents have not been obtained from all the lenders by BDHPL for undertaking transactions contemplated under the BDHPL Loan Agreement, all amounts received and paid by BDHPL pursuant to the BDHPL Loan Agreement will subject to the escrow waterfall mechanism set out under the financing arrangement entered with the lenders. As a result of not obtaining lender consents, BDHPL's ability to repay the amounts payable to ONBHL and OPIPL pursuant to the terms of the BDHPL Loan Agreement may be adversely impacted.

5. **Consents obtained from the lenders in relation to the Formation Transactions and other matters in connection with the Offer impose certain obligations on the Trust, including the creation of a pledge over a portion of the equity shares that will be held by the Trust in each Project SPV, and the provision of certain undertakings by the Trust. Any default under the existing financing arrangements by any of the Project SPVs could adversely impact the Trust's ability to continue to own a majority of each of the Project SPVs, its cash flows and its ability to make distributions to Unitholders. Further, shares of certain Project SPVs are pledged in favor of their lenders, who may exercise their rights under the respective share pledge agreements in the event of default under relevant financing agreements**

All of the Project SPVs have obtained consents from the senior lenders for the Offer and the Formation Transactions. The consents obtained from the senior lenders impose certain conditions and obligations on the Trust, including the creation of a pledge over a portion of the equity shares that will be held by the Trust in each Project SPV, an undertaking from OSEPL and OTPL that they will collectively hold 51% of the Trust, the condition that any loan availed by ONBHL from the Trust shall be subordinated to the NCDs and shall not have the right to call an event of default and the repayment of the debt within 120 days from the date of such transfer of the respective Project SPVs to the Trust. In addition, the consents also provide for certain undertakings by the Trust after the completion of the Formation Transaction. Please see the section titled "***Financial Indebtedness and Deferred Payments—Consents from the Lenders of the Project SPVs***" for further details of such conditions. Any non-compliance with the terms and conditions of such consents could result in a default under the existing financing arrangements and could adversely impact the Trust's ability to continue to own a majority of each of the Project SPVs, its cash flows and the net distributable cash flows to Unitholders.

In addition, 51% of the equity share capital of each of ONBPCPL, OPIPL, ECKHPL, HHPL and ONBHL have been pledged in favor of certain lenders and debenture holders to each such Project SPV. Pursuant to the Sale and Transfer Agreements, such pledges shall be released immediately prior to the transfer of the equity shares from the Sponsors to the Trust and will be required to be pledged by the Trust in favor of the lenders, immediately after such transfers. For details of the status of the consents from the lenders of the Project SPVs, see the section titled "***Financial Indebtedness and Deferred Payments — Consents from the Lenders of the Project SPVs***".

If there are any defaults in payment or any breach under the relevant financing agreements, the lenders may exercise their right to enforce the security interest under the financing agreements, including by taking ownership of the pledged shares, selling the pledged shares to any third-party purchaser, and exercising voting rights in respect of the pledged shares on any matter at any meeting of the members of the relevant Project SPVs. If any such event occurs, we may not be able to fully recognize revenue attributable to these Project SPVs, if at all. In addition, if we lose ownership or control of any of our Project SPVs, our business, results of operations and financial condition, and our ability to make distributions, would be adversely affected.

6. **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 or the financial condition of the Trust upon listing, and the valuation contained therein may not be indicative of the true value of the Project SPVs' assets**

Lata R Gujar More has been appointed as the Valuer to undertake independent appraisals of the Project SPVs. The Valuation Report which sets out the opinion as to the fair enterprise value of the Project SPVs as of December 31, 2018. In order to issue the Valuation Report, the Valuer based their assumptions regarding the concession periods, traffic volumes, toll rates, operation and maintenance costs, amortization, debt repayments and non-cash net working capital projections on information provided by and discussions with or on behalf of us, the Sponsors and the Investment Manager, and which reflects current expectations and views regarding future events and, therefore, necessarily involves known and unknown risks and uncertainties.

The Valuation Report is not an opinion on the commercial merits and structure of the Trust or the Project SPVs, nor is it an opinion, express or implied, as to the future trading price of the Units in or the financial condition of the Trust upon listing. The Valuation Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Trust or the Project SPVs or an investment in the Trust or the Units. The Valuation Report makes no representation or warranty, expressed or implied, in this regard. The Valuation Report does not confer rights or remedies upon investors or any other person, and does not constitute and should not be construed as any form of assurance as to the financial condition or future performance of the Trust or as to any other forward-looking statements included therein, including those relating to certain macro-economic factors, by or on behalf of the Sponsors, the Investment Manager, the Project Manager, the Trust or the Placement Agent. Further, we cannot assure you that the valuation prepared by the Valuer reflects the true value of the net future revenues of the Project SPVs or that other valuers would arrive at the same valuation. Accordingly, the valuation contained therein may not be indicative of the true value of the Project SPVs' assets. The Valuation Report has not been updated since the date of its issue, does not take into account any subsequent developments and should not be considered as a recommendation by the Sponsors, the Investment Manager, the Project Manager, the MM Manager, the Trust or the Placement Agent or any other party that any person should take any action based on the Valuation Report. Accordingly, investors should not rely on the Valuation Report in making an investment decision to purchase Units.

7. **The accuracy of statistical and other information with respect to the road infrastructure sector and the traffic reports commissioned by the Sponsors and/or the technical reports commissioned by the Investment Manager, which are based on certain estimates and assumptions that are subjective in nature, cannot be guaranteed**

Statistical and other information in this Placement Memorandum relating to India, the Indian economy or the road infrastructure sector have been derived from various government publications, research reports from reputable institutions and communications with various Indian government agencies that are believed to be reliable. However, such information might not be reliable or accurate. Further, certain data relating to the business of the Project SPVs has been assessed and quantified by the Project SPVs internally, as no other credible third party sources are available for such data. Such assessment is based on each Project SPV's understanding, experience and internal estimates of its business.

We have appointed Mott MacDonald which is a firm of independent technical consultants, as the traffic consultant (the "**Traffic Consultant**") to forecast the traffic volumes for the Project SPVs' projects and to prepare traffic reports, which are technical reports (the "**Traffic Reports**") specific to the relevant sub-sector, on the four road assets which will comprise the assets of the Trust upon formation (the "**Initial Road Assets**"). We have also appointed LEA Associates South Asia Private Limited, FP Project Management, Reotech Consultancy Services Private Limited and AECOM India Private Limited as the technical consultants (the "**Technical Consultants**") to prepare technical due diligence reports in relation to the Initial Road Assets (the "**Technical Reports**"). The Traffic Reports and Technical Reports are subject to various limitations and are based upon certain estimates, methodologies and assumptions that are subjective in nature and that are based, in part, on information provided by and discussions with or on behalf of us, the Sponsors and the Investment Manager. The Traffic Reports and the Technical Reports reflect current expectations and views regarding future events, and therefore, necessarily involve known and unknown risks and uncertainties. The Traffic Reports and Technical Reports contain forecasts, projections and other "forward-looking" statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties, including population growth, gross domestic product growth, vehicle ownership rates, per capita income, agricultural output and fuel consumption. As a result variation in traffic and revenue forecasts may have a higher range than expected. Additionally, these are long-term projections and do not take into account short-term or microeconomic factors which may impact or affect traffic volumes in the near term. Therefore, these projections may not take into account, reflect or portray any short-term effect of unforeseen situations which may arise during the term of the projects. For more details, see *"Technical Reports" and "Traffic Reports"*.

The future events referred to in the Traffic Reports and/or the Technical Reports involve risks, uncertainties and other factors which may cause the actual traffic volumes to be materially different from any future traffic volumes expressed or implied by the Traffic Reports and/or the Technical Reports. The estimates, methodologies and assumptions adopted by the Traffic Consultant and/or the Technical Consultants for the purposes of preparing the Traffic Reports and the Technical Reports might not prove to be accurate. If any of these assumptions is incorrect, future traffic volumes or conditions for the Initial Road Assets could be materially different from those that are set forth in the Traffic Reports and/or Technical Reports and this Placement Memorandum.

8. **The acquisition by the Trust of the Project SPVs from the Sponsors pursuant to the terms of the Sale and Transfer Agreements may be subject to certain risks, which may result in damages and losses, and conditions that may prevent the Trust from acquiring the Project SPVs or providing the Trust Loan to them.**

The Sponsors, in their capacity as the sellers of the Project SPVs under each of the Sale and Transfer Agreements, have agreed to indemnify the respective Project SPVs, the Investment Manager, and Trust for, among other things, any losses resulting from breach of representations and warranties and non-fulfilment of covenant or obligation to be performed under the Sale and Transfer Agreements, subject to the aggregate liability of the Sponsor being capped at 100.00% of the total consideration paid to the Sponsors for the acquisition of the Project SPVs, (the "**Consideration**"), in relation to fundamental representations and warranties and 12.50% of the Consideration in relation to certain non-fundamental representations and warranties. Such indemnity will apply if (a) the aggregate amount of the liability of the Sponsors for the sum of all claims made exceed ₹ 100 million ("**Claim Basket**"), at each time a claim is made; and (b) the amount of the liability of the Sponsors for each claim, forming part of such Claim Basket, is not less than ₹ 70 million ("**De Minimis Loss**"). Further, the indemnity in relation to fundamental warranties is not limited by time, however, indemnities for breach of non-fundamental warranties provided by the Sponsors are available for a period of two years from the date on which the closing occurs in accordance with the Sale and Transfer Agreement ("**Closing Date")**.

Further, OSEPL, in its capacity as the Project Manager and the Major Maintenance Agreement, has agreed to indemnify the Trust under the Project Management Agreement and the Major Maintenance Agreement provided that (i) in respect of the Project Management Agreement, the indemnity of the Project Manager is capped at 40% of the annual amount of the budget for the provision of services in respect of the project as mutually agreed between the Project SPV and the Project Manager for that particular Financial Year under the Project Management Agreement or ₹ 37 million, whichever is higher; and (ii) in respect of the Major Maintenance Agreement, the indemnity of the Major Maintenance Manager is capped at 20% of the average fee paid to the MM Manager for the last three Financial Years (including the current ongoing Financial Year) under the Major Maintenance Agreement or 20% of the highest quote for that Financial Year as set out in the schedule of Major Maintenance Agreement, whichever is higher.

The indemnities provided by the Sponsors under the Sale and Transfer Agreements, Project Management Agreement and the Major Maintenance Agreements are limited and any claims which exceed the amounts indemnified by the Sponsors, would have an adverse effect on the Trust and Project SPVs' financial performance.

Further, the Project SPVs may, from time to time, be receive letters from the NHAI imposing penalties and seeking claims for any deficiencies or non-compliance with the terms of the respective concession agreement or other project agreements or a claim or compensation under the terms of the respective agreement ("**NHAI Claims**"). While the respective Project SPVs may contest such claims raised by the NHAI, however, any adverse order against the Project SPV may adversely impact the financial condition of the Project SPV. Pursuant to the Sale and Transfer Agreement, the Sponsors have purchased the NHAI Claims arising out of actions that NHAI has or may have against the Project SPV, specifically on account of the respective concession agreement related to a period prior to the date on which the Allotment of Units pursuant to the Offer shall be made ("**InvIT Closing Date**"). The Sponsors have also purchased actions against NHAI on account of the EPC and O&M arrangement(s) in respect of the concession, relating to the period prior to the InvIT Closing Date.

However, the transfer and assignment of the NHAI Claims is subject to receipt of consents from the lenders to the respective Project SPVs. The non-receipt of consents from the lenders would result in the failure of assigning and transferring the NHAI Claims to the Sponsors. In such a scenario, if any of the penalties or outstanding claims is realized, there could be an adverse effect on the financial performance of the Trust. Further, the Trust may also have a limited recourse against the Sponsors and the Project SPVs, which may have a material and adverse effect on the business and financial condition of the Project SPVs, if the courts do not recognize the assignment or transfer of rights to recover claims or damages as a valid and enforceable contract.

9. **There are risks associated with the potential acquisition of the ROFO Assets by the Trust pursuant to the Future SPVs Acquisition Agreement**

The Sponsors have entered into the Future SPVs Acquisition Agreement with the Sponsors, pursuant to which the Sponsors have granted a right of first offer to the Trust to acquire the Future SPV of the Sponsor(s) (as defined under the Trust Deed) and the Existing Assets (as defined under the Future SPVs Acquisition Agreement). For more details, please see the sections titled "***Business — ROFO Assets" and "Related Party Transactions — Future SPVs Acquisition Agreement***".

The concession agreements entered into by the ROFO Assets require the Sponsors to maintain a specified percentage of equity shareholding, both during and up to two years after the construction period, and also necessitate the prior approval of NHAI before undertaking any "change in ownership" (as defined under the relevant concession agreement). As certain of these projects are currently under different phases of construction, such projects are subject to various construction related risks, including time and costs overruns and delays in obtaining regulatory approvals, which may delay or prevent the Sponsors from selling their shareholding in the ROFO Assets to the Trust pursuant to the Future SPVs Acquisition Agreement. Moreover, any future acquisition pursuant to the Future SPVs Acquisition Agreement will have to be undertaken by the Trust in compliance with, and subject to any restrictions prescribed under, the then prevailing policy framework for divestment of equity by concessionaires/developers, as set out by the NHAI.

Pursuant to the Future SPVs Acquisition Agreement, the Trust will undertake a diligence and valuation exercise prior to making an offer to buy such asset. For additional details, please see the section titled "***Related Party Transactions — Future SPVs Acquisition Agreement***". Accordingly, the ROFO Assets might not be free from defects or be subject to approval requirements and other restrictions when they are offered to the Trust under the Future SPV Acquisition Agreement and the Trust might decide not to acquire any of the ROFO Assets.

10. **The Trust and the Project SPVs are subject to restrictive covenants under their financing agreements that could limit our flexibility in managing our business or to use cash or other assets. In addition, some of the Project SPVs have not been in compliance with certain covenants prescribed under their financing agreements**

The financing agreements that the Project SPVs have entered into with certain banks and financial institutions contain certain restrictive covenants, including, but not limited to, requirements that they obtain consent from the lenders and debenture holders (in case of ONBHL and OPIPL) prior to:

- effecting any change in management/management control of the Project SPVs;
- effecting any change in capital structure (including shareholding pattern);
- raising any equity or preference share capital;
- making any capital expenditure other than permitted investments;
- the repayment of certain facilities prior to their stated maturity date;
- creating of any security interest in any of the secured property;
- escrow their future cash flows or create any lien or charge of whatsoever nature over the future cash flows for the benefit of anyone other than the lenders;
- incurring any other indebtedness, including the issuance of debentures or acceptance of deposits, other than permitted indebtedness;
- entering into any partnership, profit-sharing or royalty agreement;
- entering into any agreements in which the Project SPV's income or profit are shared with any other persons or any management contacts in which its business and operation are managed by any other persons;
- removing any person exercising substantial powers of management over the affairs of the Project SPVs in case of an event of default;
- amending the constitutional documents of the Project SPVs;
- making any dividend payments or making any other restricted payments (including redemption of any shares of any class, prepayment in relation to any indebtedness, payment of interest on unsecured loans, investment in any entity) except as permitted under the financing agreements;
- undertaking of any new project or making of any investment or taking any assets on lease;

- providing guarantees, indemnities or similar assurances in respect of indebtedness of any other person, (other than in the ordinary course of business);
- the repayment of any subordinated debt without prior consent of relevant lenders;
- creating any subsidiary;
- undertaking or permitting any scheme of arrangement or compromise with their creditors or shareholders;
- the appointment of receiver;
- the abandonment of the project; and
- changing the composition of the board of directors of any Project SPV.

In addition, these restrictive covenants may also affect some of the Trust's rights as the shareholder of the Project SPV and the Project SPV's ability to pay dividends if it is in breach of our obligations under the applicable financing agreement. For more details concerning material covenants of the relevant financing agreements, please see the section titled "***Financial Indebtedness And Deferred Payments***" in this Placement Memorandum.

Certain of the loan agreements entered into by the Project SPVs provide for the conversion by the lenders of their outstanding debt into equity, in accordance with the RBI circular dated June 10, 2015 on "*Strategic Debt Restructuring Scheme*" as amended from time to time, in an event of default. In case of an event of default, some lenders may elect to convert their debt into equity in the Project SPVs, and this may affect the debt to equity ratios maintained by the Project SPVs.

In case of any shortfall in project receivables, the relevant Project SPV may need to make good the shortfall from its own sources and/or arrange for the loan to be repaid through revenue shortfall loans from the relevant concession authority. Such financing agreements also require us to maintain certain financial ratios. In the event of any breach of any covenant contained in these financing agreements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may not be able to secure consents from, and/or negotiate revised terms with, the lenders on terms favorable to the Trust or at all.

Further, some of the financing agreements contain mandatory prepayment clauses, which require the utilization of cash surplus towards the prepayment of loans, if the debt service coverage ratio at the Project SPVs is above specified thresholds. The triggering of any such mandatory prepayment clauses will impact the ability of the Project SPVs to make payments to the Trust and accordingly impact the ability of the Trust to make distributions to the Unitholders.

Further, in the past, some of the Project SPVs have not been in compliance with certain covenants under their loan agreements, as set forth below:

- Repayment of principal and interests: the Project SPVs have delayed the repayment of the principal, interests and other charges for 0 to 89 days under their respective loan agreements with commercial banks and other financial institutions. The lenders have charged penal interests with respect to the delayed repayments.
- Maintenance of major maintenance reserve account: the Project SPVs (except for ONBHL) have not maintained major maintenance reserve accounts;
- Maintenance of debt service reserve account: the Project SPVs (except for ONBHL) have not maintained debt service reserve accounts;
- Maintenance of financial covenants: the Project SPVs have not maintained certain financial covenants; and
- Maintenance of debenture redemption reserve: the Project SPVs are required to create their respective debenture redemption reserves out of their profits which are available for the payment of dividends for the purposes of redemption of debentures. OPIPL has failed to create such debenture redemption reserve account because an appropriate profit was not available. ONBHL has created a debenture redemption

reserve account at 25% of current maturities of debenture instead of 25% of the total outstanding amount of debentures. ONBHL has made appropriate adjustments in respect of its debenture redemption reserve in the Financial Years 2017 and 2018.

Non-compliance with the above covenants may be considered an event of default under the relevant loan agreements. In case of an event of default, the lenders have the right to (a) declare the loan payable immediately; (b) enforce security interest; (c) transfer the assets of the borrower; (d) terminate the right of the borrower to make any withdrawals; (e) enter upon and take possession of the assets mortgaged; and (f) substitute themselves for the borrower under the project agreements and pursue other legal remedies. Until the date of this Placement Memorandum, the lenders have not declared an event of default.

Further, the Project SPVs might not be in compliance with the covenants for future periods. The Project SPVs have not specifically requested for waivers in relation to any past non-compliances and the declaration of an event of default by the Project SPVs' lenders for any earlier or continuing non-compliance of the covenants will have a material adverse effect on our business, financial condition and results of operations.

Furthermore, the financing agreements also contain cross default provisions, which could automatically trigger defaults under other financing agreements. Certain lenders are also entitled to accelerate the repayment of the loans at any time based on the lenders' assessment of the cash flows, subject to any approval required from the NHAI.

If the Project SPV is suspended under the concession in relation to any default by such Project SPV, at any time during such suspension, the senior lenders of each Project SPV have the right to request the NHAI to substitute the concessionaire in accordance with the substitution agreement.

Certain of these banks and financial institutions also have a right to appoint nominee directors under these financing agreements in the event of default. Pursuant to the provisions of certain loan facilities availed by us, the lenders are entitled to recall the loan at any time on demand or call notice, requiring the borrower to repay (either in full or in part) the amount outstanding on any particular day.

The Trust has also entered into a loan agreement (the "**IFC Loan Agreement**") with the International Financial Corporations ("**IFC**") under which the IFC has made certain loan facilities available to the Trust. If the Trust avails this loan facility, the Trust shall be subject to various covenants and conditions for disbursements under the IFC Loan Agreement The IFC Loan Agreement contains financial and other covenants that require the Trust to maintain certain financial ratios or impose certain restrictions prior to or concurrently with the IFC's disbursements of the IFC Loan Agreement or the conduct of the Trust and the Investment Manager's business. Our failure to comply with financial or restrictive covenants or periodic reporting requirements or at all may result in the declaration of an event of default by IFC, which may accelerate repayment of the IFC Loan Agreement. For further details, see the section entitled "***Financial Indebtedness and Deferred Payments***".

Any or all of the above restrictive covenants may restrict our ability to conduct business and any breach thereof may adversely affect our results of operations and financial condition.

11. **There have been non-compliances with respect to certain provisions of the Companies Act, 2013 by certain Project SPVs**

There have certain non-compliances with the provisions of Companies Act, 2013 by certain of the Project SPVs. For instance, certain Project SPVs have not appointed an internal auditor, as required under the provisions of the Companies Act, 2013.

While the Project SPVs are in the process of rectifying the aforementioned non-compliances and no legal proceedings or regulatory action has been initiated against the Project SPVs in relation to the aforementioned non-compliances as of the date of this Placement Memorandum, we cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to these non-compliances, which may have an adverse impact on our business, financial condition and reputation.

12. **Any payment by the Project SPVs, including in an event of termination of the relevant concession agreement, is subject to a mandatory escrow arrangement which restricts their flexibility to utilize the available funds**

The escrow arrangements mandated under the concession agreements require all monies that are received by each

Project SPV, including funds constituting the financing package, the fees collected from the operation of the toll road assets owned, operated and maintained by the Project SPVs and any termination payments received from the NHAI, to be deposited in an escrow account and utilized only in accordance with the order prescribed under the escrow agreement. The escrow arrangements typically prioritize the payment of all taxes due, followed by payment of expenses in connection with the construction of the project, operation and maintenance expenses including expenses for repair works, payment of concession fees, debt service payments, negative grant payable to the NHAI, reimbursement of expenditure incurred by the NHAI, any debt service payments, any payments and damages due and payable and any reserve requirements set forth in any financing agreements. For details of the escrow arrangements, please see the section titled "***Summary of the Concession Agreements***".

With respect to withdrawals on termination (on account of default by the concessionaire or due to a force majeure event), certain escrow arrangements prioritize the payment of all taxes due, followed by the payment of 90% of debt due to senior lenders, the payment of any outstanding concession fee (including any negative grant), the payment of damages and other payments such as premium in relation to the concession, retentions and payments arising out of liability for any defects, the remainder of debt due, operation and maintenance expenses and any other payments under the concession agreement, after which the balance may be withdrawn by the Project SPVs for their own purposes. Any shortfall in the termination payments received from the NHAI may prevent us from recovering our investments or returns in the relevant Project SPVs adequately or at all.

The Trust is currently not a party to, or a third party beneficiary under, the escrow agreements entered into by the Project SPVs and does not currently have any enforceable rights under such escrow agreements, including any right to instruct the escrow agent to make any payments, which may adversely affect the ability of the Trust to recover amounts to it. For details of the escrow arrangements, please see the section titled "***Summary of the Concession Agreements***".

13. The Trust must comply with Mandatory Policies as prescribed by certain MBFS Unitholders

Multilateral or bilateral development financial institutions or foreign government agencies or sovereign or sovereign related investors who become Unitholders of the Trust as defined in the respective mandatory policies ("**MBFS Unitholders**") have certain rights under the various policies of the Trust. These rights include:

- Right of inspection, monitoring and compliance audit;
- Right to additional reports and information; and
- Right of scrutiny of concession of public assets or services and PPPs.

Unitholders who are not MBFS Unitholders may not have the right to participate in or enforce actions against an entity that is in breach of a Mandatory Policy, which an MBFS Unitholder is entitled to. The consequences of breach of mandatory policies is set out in the respective InvIT Documents. For further details, please see the section titled "***Policies of the Trust and the Investment Manager.***"

Risks Related to Our Business and Industry

14. Our failure to extend applicable concession agreements or our inability to identify and acquire the ROFO Assets or new road assets that generate comparable or higher revenue, profits or cash flows than the Project SPVs may have a material adverse impact on our business, financial condition and results of operations and our ability to make distributions

The concession agreements of the Project SPVs stipulate a limited concession period. Certain concession agreements also provide that if the actual traffic volume exceeds the target traffic volume on a defined date, the NHAI may reduce the concession period according to a formula specified in the concession agreement or require the Project SPV to perform additional capital expenditures in exchange for compensation agreed in the concession agreement. For example, with respect to the ONBPCPL, if the actual traffic volume on the target date exceeds the target traffic volume, the concession period may be reduced by 0.75% for every 1% excess in actual traffic volume as compared to the target traffic volume, provided that the aggregate reduction does not exceed 10% of the original concession period. For each of the Project SPVs, we have assumed that we will continue to operate the relevant project until the last date of the concession period as per the relevant concession agreement and have not made provisions for any reduction in the concession periods in the projections included in this Placement Memorandum.

As of December 31, 2018, the concession agreements of the Project SPVs had residual periods ranging from approximately 8 years to 18 years. For further details on the residual concession period of each of the Initial Road Assets, see the section titled "***Business***".

We might not be able to acquire the ROFO Assets or new road assets upon the expiry of the Project SPVs' existing concession agreements or at any time thereafter. Accordingly, the number of assets forming part of our portfolio and the revenue generated by them may vary from time to time. Further, even if the ROFO Assets or new road assets are added to our portfolio, such road assets might not be able to generate comparable or higher cash flows, revenues and profits than the Project SPVs whose concession periods have expired. If the Project SPVs are unable to extend their concession agreements, or if we are unable to acquire new road assets that generate comparable or higher cash flows, revenue or profits than the Project SPVs, our business, financial condition and results of operations and our ability to make distributions to the Unitholders may be materially and adversely affected and the Trust may ultimately be delisted and wound up upon the completion of all the concessions of the Project SPVs. For further details, see the section titled "***Business***".

15. **A decline in traffic volumes and revenue would materially and adversely affect our business, prospects, financial condition, cash flows, results of operations and our ability to make distributions to the Unitholders**

The Project SPVs currently operate the Initial Road Assets. Toll revenues depend on toll receipts, which in turn depend on toll fees and traffic volumes on the toll roads. Traffic volumes and consequently our revenue are directly or indirectly affected by a number of factors, many of which are outside of our control, including:

- inflation in India;
- toll fees;
- fuel prices in India;
- the frequency of traveler use (including the impact of seasonal holidays) and the extent to which users find new or existing methods of avoiding tolls;
- the number and affordability of automobiles;
- the quality, convenience and travel efficiency of existing or new alternative routes outside of our network of toll roads;
- the convenience and extent of a toll road's connections with other parts of the local, state and national highway networks;
- the availability and cost of alternative means of transportation, including rail networks and air transport;
- the level of commercial, industrial and residential development in areas served by the Project SPVs' projects and any positive or negative impact of such development; and
- adverse weather conditions.

Certain of the Project SPVs' concession agreements provide for an extension in the concession period if the actual traffic volumes are or continue to be significantly lower than the target traffic volumes set forth in the respective concession agreements. However, the NHAI might not actually extend the concession period. Based on the current estimates provided in the Traffic Report, the Traffic Consultant expects that the concession period is likely to increase with respect to certain projects. The Traffic Reports are subject to certain qualifications and assumptions and any extension may differ from the Traffic Consultant's estimate depending on actual traffic volumes on the target date. The concession agreements provide for a dispute resolution process in case a dispute arises relating to traffic sampling during this process.

Furthermore, traffic volumes and toll revenues are subject to multiple factors as described above and can fluctuate significantly from month to month depending on various circumstances and may not match any projected traffic volumes and revenues. We cannot assure you that the traffic volumes or the toll revenues therefrom will remain constant, grow or match any projections contained in this Placement Memorandum. If the actual traffic volumes are or continue to be significantly less than the projected traffic volumes, the revenue generated from toll receipts may be significantly lower than anticipated and may materially and adversely affect our business, prospects, financial condition, cash flows, results of operations and our ability to make distributions to the Unitholders.

16. **The Project SPVs have incurred losses on a combined basis in the Financial Year 2017 and for the nine months ended December 31, 2018 and any losses in the future could adversely affect our business, financial condition and results of operations, our ability to make distributions and the trading price of our Units**

The Project SPVs have incurred losses on a combined basis in the Financial Year 2017 and for the nine months ended December 31, 2018. Further, under the Companies Act, 2013, companies that do not generate "distributable profits" are not permitted to pay dividends. Accordingly, any Project SPVs that fails to generate such distributable profits will not be permitted to pay dividends to the Trust. For further details on distributions, see "— ***We may not be able to make distributions to the Unitholders or the level of distributions may fall***"Any losses in the future could adversely affect our business, financial condition and results of operations, our ability to make distributions and the trading price of the Units. For further details, see the sections titled "***Combined Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***".

17. **The Project SPVs may be subject to claims under their contracts with EPC contractors**

The Project SPVs have subcontracted construction work at their respective projects to EPC contractors (such contracts, the "**EPC Contracts**") including the Sponsors. For each of these projects, we have experienced construction delays for various reasons, including, in some cases, delays arising from the non-availability of land to relevant Project SPVs for the construction of main carriageways, service roads and other work. As a result of such delays, there has been an increase in the cost of construction of the affected projects. In certain cases, such increased costs have been borne by the EPC contractor who may be entitled to claim such increased costs from the relevant Project SPV under the applicable EPC Contract. The EPC contractor's ability to claim such increased costs from the Project SPV is typically subject to the Project SPV's realization of the claim amounts from the NHAI on an actual basis.

18. **The Project SPVs' road concessions may be terminated prematurely under certain circumstances**

Upon completion of the Formation Transactions, the road concessions of the Project SPVs will comprise our principal assets. We will need a continuing concession right from the NHAI to continue the operation of a particular road concession. The NHAI may revoke a concession for reasons set forth in the relevant concession agreement, including, but not limited to, one or more of the following:

- any failure by the relevant Project SPV to augment the capacity of the project if the average daily traffic exceeds the traffic capacity for which the project was designed;
- any failure by the relevant Project SPV to make any payments, including negative grants, concession fees or additional concession fees, to the NHAI in a timely manner;
- any failure by the relevant Project SPV to comply with operational or maintenance standards;
- any abandonment of operations at the relevant Project SPV, without prior written consent of the NHAI;
- any occurrence of an event of default under any financing document which has not been cured by the respective Project SPVs within the cure period as provided in the respective financing-related agreements;
- any continuation of a force majeure event, such as an act of God, act of war, expropriation or compulsory acquisition of any project assets by the government, industrial strikes, and civil commotions, boycotts and political agitations, beyond a specified time, usually 180 days within a continuous period of 365 days; and
- any failure by the relevant Project SPV to comply with any provision of the concession agreement, financing agreements, EPC contracts, O&M contracts and other agreements which cause a material adverse effect on the NHAI in the manner stipulated in the relevant concession agreement.

Further, under certain concession agreements, the NHAI has a right to terminate the concession agreements for any failure by the relevant Project SPVs to participate in, or match the bid of, the successful bid in the event of any proposed augmentation of capacity of the Initial Road Assets.

In particular, the Project SPVs are required to undertake maintenance of the Initial Road Assets within periods as specified in the respective concession agreements. However, the Project SPVs may fail to comply with those maintenance obligations, including for reasons outside their control, such as any failure of the major maintenance manager (the "**MM Manager**") to undertake the stipulated maintenance work in a timely manner, or at all. In general, under the concession agreements, if the work is not completed by a Project SPV within the period stipulated under the relevant concession agreement and the NHAI deems such delay to be a material breach or material default under the relevant concession agreement, then the NHAI has the right to (a) suspend the rights of the Project SPV, including the right to collect tolls and other fees, (b) claim compensation for all direct, additional costs suffered or incurred by the NHAI arising out of such default, (c) impose a penalty for non-compliance or (d) terminate the relevant concession agreement. Further, the NHAI conducts periodic and specific inspection and examination of the project sites which may have adverse consequences on the project. If any of the concession agreements is terminated, the right to collect tolls is suspended or any Project SPV is required to pay any such compensation or damages under any of the concession agreements, our business, prospects, financial condition, cash flows and results of operations may be materially and adversely affected. For further details of the maintenance obligations, suspension and termination events under the concession agreements, see the sections titled "***Summary of the Concession Agreements***" and "***Parties to the Trust – The Project Manager and MM Manger – OSEPL – Key Terms of the Major Maintenance Agreement***"

If a concession agreement is terminated by the NHAI due to a default by a Project SPV or a force majeure event, or by the Project SPV due to a default by the NHAI, such Project SPV is entitled to termination payments or otherwise from the NHAI in accordance with the terms of the relevant concession agreement. For further details on the termination of the concession agreements, the termination payments, and the definition of "default" as contemplated under the relevant concession agreements, see the section titled "***Summary of Concession Agreements***".

One of the Project SPVs have entered into supplementary concession agreements with the NHAI pursuant to which the Project SPVs has relinquished its claim against the NHAI with respect to certain ongoing dispute. In the event that NHAI sets aside the supplementary concession agreements, the Project SPVs could face additional claims from the NHAI with respect to past defaults. Further, in the event any of the Project SPVs seek to raise claims against the NHAI with respect to the breaches listed in the supplementary agreements so having been waived, such Project SPVs may be in breach of the provisions of such supplementary agreements.

In addition, the NHAI, acting in the public interest, may decide to terminate the concession agreements prematurely, buy back certain road assets for capacity augmentation, shift toll plazas or invoke the indirect political event clauses under the relevant concession agreements. For example, in 2014, the NHAI submitted proposals to acquire each of the OPIPL and the ONBPCPL projects. Subsequently, the NHAI withdrew its proposal to acquire the OPIPL project by entering into a supplementary agreement with OPIPL, the project SPV for the OPIPL project. With respect to the ONBPCPL project, the NHAI suggested relocating a temporary toll plaza near Mansar, which was originally set up pursuant to a Supreme Court order to a different location. The NHAI conducted a traffic survey in July 2017 to estimate the financial implications of relocating the Mansar toll plaza and has shared the results of the survey with ONBPCPL, the Project SPV for the Nagpur Bye Pass project. ONBPCPL, in its letter dated December 31, 2018 to the NHAI, agreed to relocate the toll plaza as requested by the NHAI and also agreed to a one-time settlement of losses in the toll revenue due to the shifting of the toll plaza. Subsequently, ONBPCPL has relocated the toll plaza as per NHAI's request. However, there is no assurance that these actions will suffice to cause the NHAI to withdraw its proposal to acquire the Nagpur Bye Pass project or abide by the outcome of the traffic survey in July 2017 and the NHAI may submit similar or potentially different proposals with respect to these or other road assets in the future. Any loss of a road asset as a result of such NHAI action may adversely affect our revenue, cash flows and financial performance.

19. **Changes in the policies adopted by governmental entities or in the relationships of any member of the Trust Group with the Government or State Governments could materially and adversely affect our business, prospects, financial performance, cash flows and results of operations**

The Project SPVs derive almost all of their revenue from their respective concession agreements with the NHAI and must maintain good relationships with the NHAI, the Government of India (the "**Government**") and state governments in India ("**State Governments**"). We expect that, after the conclusion of the Formation Transactions, we will continue to depend on policies relating to the terms of the concessions and other incentives that we will receive from governmental entities in respect of the Initial Road Assets and any future projects. In addition, we expect to benefit from, and depend on, the NHAI and various Government and State Government entities in terms of policies, incentives, budgetary allocations and other resources provided by these entities for the road industry in general. Any adverse change in any existing governmental policies, incentives, allocations or resources, or any change in our relationships with governmental entities, could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations. For example, the NHAI issued a circular in August 2017 which required concessionaires to repay any excess amount which was collected from multiple axle vehicles as overload penalties above the amount stipulated by the NHAI. The circular has been contested by another concessionaire and we have not had any correspondence with the NHAI regarding this. However, if the NHAI decides to claim such penalties, we may become liable for excess overload penalties with respect to our road projects, our business, financial performance and results of operations might be adversely affected. Further, the Project SPVs have in the past and expect to continue to file claims against the NHAI or claims have been and may be made against the Project SPVs by the NHAI in relation to disputes arising out of the concession agreements. The outcome of such claims or legal proceedings, if any, with respect to the Project SPVs arising out of the concession agreements may have a materially adverse impact on the Project SPVs. For details, see the sections titled "***Legal and Other Information***" and "***Regulations and Policies***".

Additionally, the roads in which governmental entities participate in may be subject to delays, extensive internal processes, policy changes, changes due to local, national and internal political pressures and changes in governmental or external budgetary allocation and insufficiency of funds. Since governmental entities are responsible for awarding concessions and are a party to the development and operation of the awarded projects, our business will directly and significantly depend on their support. Any withdrawal of support or adverse changes in their policies, even if not quantifiable monetarily, may lead to the Project SPVs' agreements being restructured or renegotiated or the concession period being decreased, which could materially and adversely affect the Project SPVs' financing, capital expenditure, revenues, development or operations.

20. **Newly constructed roads or existing alternate routes may compete with the Initial Road Assets and result in diversion of the vehicular traffic, resulting in a reduction in our revenue from toll receipts**

Under the terms of the concession agreements entered into by each of the Project SPVs and the NHAI, the Government and State Governments have the right to construct and open additional roads which may serve as alternate routes to the Initial Road Assets after the expiry of between 8 and 12 years from the appointed date, depending on terms of the concession. The construction of such alternative roads and highways may result in a diversion of vehicular traffic from the Initial Road Assets and a reduction of revenue from toll receipts. For example, the Agra Lucknow Expressway is an alternative state highway to the Etawah Chakeri Project. We have informed the NHAI to compensate for the revenue loss arising as a result of the alternative road. However, the NHAI might not provide such compensation or, if provided, the compensation might not be sufficient to cover our loss of revenue. Also, the construction of any additional roads or any changes in policies that impact existing routes that compete with the Initial Road Assets could materially and adversely affect our revenues and operations. For further details on the terms of the concession agreements, see the section titled "***Summary of the Concession Agreements***".

Furthermore, local roads and state highways may be improved so as to serve as alternate routes to the Initial Road Assets, and tolls may or may not be charged on such local roads and state highways. The existence or improvement of such alternative roads and highways may also result in a diversion of vehicular traffic from the Initial Road Assets and a reduction of revenue from toll receipts, which may materially and adversely affect our business, financial condition and results of operations. For additional information on alternate routes, please see "***Traffic Reports***".

21. **Our ability to negotiate the standard form of concession agreement may be limited, and the concession agreements contain certain other restrictive terms and conditions which may be subject to varying interpretations**

We entered into concession agreements with NHAI and have limited ability to negotiate the terms of these contracts which are based on a model concession agreement prescribed by the NHAI. For example, the toll fees under the concession agreements are fixed, subject to annual adjustments to account for inflation as specified in the concession agreements. In addition, the operation and maintenance standards and specifications require the Project SPVs to incur operation and maintenance costs on a regular and periodic basis. The model concession agreement prescribed by the NHAI also provides for a fixed term concession and, although some concession agreements provide for an extension or reduction of the concession period based on certain factors, including actual traffic volumes on the target date, the concession agreements do not provide for renewal of the concession agreement after the expiry of the term.

The form of the concession agreement has evolved within the last decade and there is limited guidance available on the interpretation of a number of terms and conditions of such concession agreements. In addition, certain terms of the concession agreements, such as those related to an augmentation in the capacity of the toll roads, substitution of the NHAI in any or all of the project agreements, termination payments by the NHAI, construction of additional competing roads by the NHAI, the Government or State Governments and payment of compensation by the NHAI for changes in law are subject to interpretation. Accordingly, the interpretation of certain terms and conditions in the concession agreements of the Project SPVs by the NHAI, the courts or regulators may be different from our interpretation of such terms and conditions.

The terms and conditions of the concession agreements contain restrictive terms and conditions. For example, certain concession agreements contain provisions that mandate substitution clauses in the project agreements in which the lenders to a Project SPV may substitute the Project SPV with new concessionaires approved by the NHAI in the event of a default by the Project SPV under the relevant concession agreement, financing agreements or other project agreements. Additionally, pursuant to a circular dated January 29, 2014 issued by the NHAI, the NHAI or lenders may substitute the Project SPV in the event of a "financial default" by such Project SPV, which includes situations in which the NHAI or lenders have reason to believe that the Project SPV is likely to face financial distress and is likely to default in its compliance with the terms of the relevant concession agreement. While approving such substitution, the NHAI may also impose a penalty on the defaulting Project SPV, subject to a cap of 1% of the total project cost.

Under the terms and conditions of certain concession agreements, we are required to bear construction costs or delays in certain cases, including:

- For any delays in achieving project milestones: under certain concession agreements, we are required to pay damages to the NHAI the amount equivalent to 0.1% of performance guarantees with respect to any delay for each day up to the COD. For example, ONBPCPL has a delay in the completion of the project which was also caused by the unavailability of the relevant land and may be liable for under the concession agreement.

- For any delay in commencing work involving a change of scope order: under certain concession agreements, we are required to pay costs arising out of such change of scope order up to 0.25% of the total project cost. The NHAI may make an advance payment equal to 20% of such costs within seven days of issuing a change of scope order, but we may be liable to pay interests on the advance payment made by the NHAI if there is any delay in commencing work. For example, in September 2016, the NHAI required ONBPCPL to pay interests on the advance payment for its delay in the commencement of work involving a change of scope.

- For failure to complete any construction work involving a negative change of scope: we are required to repay 80% of saved costs if we fail to complete any construction due to a force majeure event or for reasons solely attributable to the NHAI. As of March 31, 2018, we have submitted a negative change of scope work to the NHAI in relation to which we may have net payables of ₹ 117.62 million and ₹ 90.11 million with respect to the Nagpur Bye Pass project and the Nagpur Betul project, respectively. In respect of the Nagpur Betul project an independent engineer recommended a negative change of scope of ₹ 224.19 million pursuant to a letter dated May 10, 2019.

The terms of the Project SPVs' concession agreements require the Project SPVs to indemnify the NHAI for losses arising out of the design, engineering, construction, procurement, operation and maintenance of the toll road or arising out of breach of the obligations of the Project SPVs under the concession agreements.

In the event the NHAI or a lender invokes any restrictive term or condition in the concession agreements, or the NHAI, a court, or regulator interprets any term or condition in an adverse manner, such invocation or interpretation may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations. For further details on the terms of the concession agreements, see the section titled "***Summary of the Concession Agreements***".

Further, the Project SPV's concession agreements are illiquid in nature, among other reasons, on account of market conditions, the residual periods of the concession agreements, various approvals, consents and confirmations required by the NHAI as per the concession agreements, and a scarcity of disposal options and/or potential acquirers. As a result, it may be difficult for us to realize, sell or dispose of our shareholdings in the Project SPVs at an attractive price, or at the appropriate time, or at all, and such illiquidity may have a material, adverse effect on our market value, business, prospects, financial condition, cash flows and results of operations.

22. **As the terms and conditions of the concession agreements are generally fixed, we may be subject to increases in costs, including operation and maintenance costs, which we cannot recover by increasing toll fees**

The terms and conditions of the concession agreements are fixed and are not negotiable during the concession period. The Project SPVs' operation and maintenance[1] costs were ₹ 500.76 million, ₹ 205.41 million, ₹ 225.50 million and ₹ 167.65 million, respectively, representing 3.52%, 1.40%, 1.44% and 1.31% of our total expenses and 4.67%, 1.92%, 2.03% and 1.78% of toll revenue[2], in each case on a combined historical basis for the Financial Years 2016, 2017 and 2018 and for the nine months ended December 31, 2018, respectively.

The costs of operating and maintaining the Initial Road Assets may increase due to factors beyond the Project SPVs' and the Trust's control, including, among others things:

- increase in the cost of labor, insurance, cost of compliance with statutory norms and costs pertaining to environment, health, safety and social ("**EHSS**");
- increase in the cost of raw materials such as black metal, steel, cement, bitumen, oils and lubricants and other items;
- the Project SPVs being required to restore their project roads in the event of any landslides, floods, cyclones, droughts, road subsidence, other natural disasters, accidents or other events causing structural damage or compromising safety which may not be fully compensated by insurance;
- increase in electricity tariff rates or other fuel costs resulting in an increase in the cost of energy;
- changes in Government policies requiring the reduction or abolition of toll collection;
- adverse weather conditions which may not be fully compensated by insurance;
- unforeseen legal, tax and accounting liabilities relating to acquired assets; and
- other unforeseen operational and maintenance costs.

From time to time, we may be required by the NHAI to bear additional operating and maintenance costs involving our projects. For example, the NHAI, in its letter dated May 31, 2018, has asked ECKHPL to ensure lighting of a 23 kilometer elevated section of the project highway of the Etawah Chakeri Project. ECKHPL has submitted its objection to the NHAI on the ground that this is not within the scope of the concession and a change of scope order must be issued under the applicable concession agreement. If the NHAI disagrees or issues such change of scope order, ECKHPL may be required to bear electricity charges as well as other one-off and recurring costs relating to the lighting of the elevated section of the project highway. For the nine months ended December 31, 2018, the Project SPVs had provisions for major maintenance obligation of ₹ 3,048.59 million.

If our costs increase, we may be unable to offset such increases with higher revenues by increasing toll fees due to the restrictions of the concession agreements. Any significant increase in operation and maintenance costs beyond the amounts budgeted for by us, or any failure to meet quality standards, may reduce our profits, could expose us to penalties imposed by the NHAI and could have a material, adverse effect on our business, financial condition and results of operations. Such events may also impact the ability of the Project SPVs to service the debt obtained from the Trust and our ability to make distributions to the Unitholders. As such, the inability to change the terms and conditions, including the toll fees of the concession during the concession period, may materially and adversely affect our operational and financial flexibility. For further details on the terms of the concession agreements, see the section titled "***Business – Details of the Project SPVs and the Initial Road***

[1] Refers to toll operation and maintenance expenses. See Note 37 to the Combined Financial Statements.

[2] Includes income arising out of toll collection, interest income on annuity receivables from the NHAI and claim from the NHAI - Demonetization.

Assets".

23. **Inflation or deflation may materially and adversely affect our results of operations and financial condition**

An increase in inflation in India could cause a rise in our operation and maintenance costs. If this continues, we may be unable to reduce our costs or pass our increased costs on to our customers and our results of operations and financial condition may be materially and adversely affected.

The toll rates specified under the concession agreements for the Project SPVs and specified in the toll notification are subject to revision on account of inflation. For example, the toll rates for certain projects may increase annually based on the NHAI's escalation formula if the growth in the wholesale price index is positive. In case of deflation, the toll rates may be adjusted downwards for the Project SPVs. Such downward adjustment may decrease our income from toll collection and our results of operations and financial condition may be materially and adversely affected. For details, see the section titled "***Management's Discussion and Analysis of the Financial Condition and Results of Operations – Results of Operations***".

24. **Certain actions of the Project SPVs require the prior approval of the NHAI, and the NHAI might not approve such actions in a timely manner or at all**

Certain terms and conditions in the Project SPVs' concession agreements, financing agreements, and our other approvals require the NHAI prior written approval to be obtained for one or more of the following actions, among others:

- any amendment, modification or replacement by the Project SPV of any of the project agreements (including financing agreements and the EPC Contracts) relating to the operation of the Initial Road Assets to which the Project SPV is a party if the amendment, modification or replacement of such agreement increases or imposes any financial liability or obligation on the NHAI;

- the creation of any encumbrance or security interest over, or transfer of rights and benefits of the Project SPVs under, the concession agreements or any project agreements;

- the selection or replacement of any operation and maintenance contractor and execution of the operation and maintenance agreements;

- any replacement of the Project Manager; and

- any change in ownership of any Project SPV during the operation of the Trust.

We have applied for certain required approvals from the NHAI, certain of these approvals are currently pending. However, the NHAI might not approve such actions in a timely manner or at all. Furthermore, we will also have to ensure adherence with the conditions prescribed by the NHAI in its letter dated January 4, 2019, by way of which, the NHAI permitted the transfer of the shares held by the Sponsors in the Project SPVs to the Trust. The conditions prescribed under the aforesaid the NHAI approval include, amongst others, the prior approval of the NHAI before the replacement of the Project Manager; certain restrictions on the utilization of the proceeds of the divested equity; and no relaxation with respect to the limitations placed on the quantum of termination payments. For further details, please see the section titled "***Regulatory Approvals***".

Furthermore, NHAI concession agreements typically require the submission to the NHAI, for its review and comments, all project agreements to which a Project SPV is a party prior to entry, amendment or replacement of such agreements, even if such agreements do not affect the financial liability or obligations of the NHAI.

The restrictions described above may impose constraints on our flexibility to conduct our business. Furthermore, if as a result of these restrictions, we are unable to pursue a favorable course of action or to respond to an unfavorable event, condition or circumstance, our business, prospects, financial condition, cash flows and results of operations may be materially and adversely affected. For further details on the terms of the concession agreements, see the section titled "***Summary of the Concession Agreements***".

25. **Leakage of the toll fees on the Project SPVs' roads may materially and adversely affect our revenues and financial condition**

The Project SPVs' toll receipts primarily depend on the integrity of toll-collection systems and the willingness of road users to pay toll fees. While each of the Project SPVs has an integrated toll-collection system in place, the level of revenues derived from collection of tolls may be reduced by leakage through toll evasion, theft, fraud or technical defaults in the Project SPVs' toll systems or forced violations by users of the Initial Road Assets.

The Project SPVs may also, at times, need to allow users of the Initial Road Assets to pass through without paying applicable tolls due to heavy traffic build-up, or may be unable to collect tolls due to political protests or other agitations relating to tolling. In addition, in certain circumstances, the governmental authorities or Indian courts could seek to suspend toll-collection for or during certain periods, in full or in part, on the Initial Road Assets, which suspension would result in a reduction in our revenues. For example, pursuant to the demonetization of certain high-value currency denominations in November 2016, the Government of India announced a temporary suspension of toll collection in November 2016 at all our toll roads, where toll collection was suspended for a period of 23 days. Further, toll-collection errors may amount to a loss of revenue as there is an inherent risk of under-collection of toll fees given that most users of toll roads pay in cash. Any significant failure by us to monitor and control leakage in toll-collection systems could have a material, adverse effect on our business, prospects, financial condition, cash flows, results of operations and our ability to make distributions. See the section titled "***Business – Operations***" for further details on measures in place to protect the integrity of toll-collection systems.

26. **The Government of India had implemented certain currency measures which affected our business, prospects, financial condition, cash flows and results of operations**

In response to the rising incidence of counterfeit currency notes and money illegally obtained and/or not declared for tax purposes, or black money, the Government of India and the Reserve Bank of India issued notifications stating that currency notes in denominations of ₹ 1,000 and ₹ 500 ceased to be legal tender with effect from November 9, 2016. Holders of such currency notes were required to deposit such notes with bank branches and post offices or use them for only specified activities until time periods specified by the Government of India. Limits were also been imposed on the exchange or withdrawal from bank accounts and automated teller machines ("**ATMs**") of valid currency notes for a specified period of time.

While new currency notes in denominations of ₹ 2,000 and ₹ 500 were introduced, the immediate impact of these measures has been a decrease in cash liquidity among the public in India. The effects of these measures in the long term are unclear, but may include a negative impact on the country's growth rate.

Pursuant to the demonetization of certain high-value currency denominations in November 2016, the Government of India announced a temporary suspension of toll collection from November 9, 2016 until December 2, 2016 at all our toll roads, where toll collection was suspended for a period of 12 days (according to the Traffic Consultant). The NHAI issued office orders dated November 29, 2016 and December 6, 2016 and a circular dated November 21, 2016 to specify the compensation mechanism for toll road operators in relation to such demonetization. Accordingly, the Project SPVs were unable to collect tolls during this period.

As of October 31, 2018, the Project SPVs have claimed compensation from the NHAI for toll losses during this period of ₹ 315.5 million as the Project SPVs were unable to service debt, pay operation and maintenance costs and other direct costs as a result of the suspension of the toll collection. The claim amounts have been recognized as other operating income for Financial Year 2018 *(for details, see the section titled* ***"Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Year 2018 Compared to Financial Year 2017")****.*

The NHAI has paid the Project SPVs an amount of ₹ 212.13 million as compensation as of December 31, 2018. The remaining amount of ₹ 51.56 million is yet to be received as of December 31, 2018.

27. **We might not be able to successfully finance or undertake future acquisitions of road assets or efficiently manage the infrastructure road assets we have acquired or may acquire in the future**

Our growth strategy in the future may involve strategic acquisitions of toll roads and other road assets, including pursuant to the Future SPVs Acquisition Agreement. We may not be able to identify or conclude appropriate or viable acquisitions in a timely manner. The success of our future acquisitions will depend upon several factors, including:

- our ability to identify, finance and acquire operational toll roads and other road assets on a cost-effective basis;
- our ability to integrate acquired personnel, operations, products and technologies into our organization effectively;
- unanticipated problems or legal liabilities of the acquired businesses; and
- tax or accounting issues relating to the acquired businesses.

We might not be able to achieve the strategic purpose of such acquisitions or operational integration or an acceptable return on such investments, which may materially and adversely affect our profits, financial condition and distributions.

Further, the Trust is required to distribute 100% of its net distributable cash flows to the Unitholders in accordance with the distribution policy, unless decided otherwise by the Unitholders. Accordingly, the Trust's ability to undertake any future acquisition will depend on the ability of the Trust to raise further funds from investors through a fresh issue of Units and/or to raise debt financing from banks or other eligible lenders, and will be subject to the leverage ratios stipulated in the SEBI InvIT Regulations and applicable laws.

Furthermore, concession agreements for future road projects may also contain terms and conditions that are more restrictive than those under the Project SPVs' concession agreements for the Initial Road Assets. These restrictions may reduce our flexibility in managing our business or projects and could in turn materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

We will depend on certain directors, executive officers and key employees of the Investment Manager, the Project Manager and the Project SPVs, and such entities may be unable to retain such personnel or to replace them with similarly qualified personnel.

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

28. The Project SPVs may be directed by the NHAI to undertake additional construction work and therefore, may be required to perform additional construction work and/or incur capital expenditure

A concession agreement may be revoked by the NHAI if there is any failure by the relevant Project SPV to comply with a material term of the relevant concession agreement, such as the Project SPVs' failure to receive the final completion certificates which are subject to certain conditions As of the date of this Placement Memorandum, all of the Projects, except for the Nagpur Betul project, have received their final completion certificates. The Project SPVs' receipt of final completion certificates is subject to the completion of either (i) remaining construction as specified in the concession agreements (or supplementary agreements); or (ii) completion of all conditions specified under the provisional completion certificates. The projects where additional construction is required under their respective concession agreements are:

- Etawah Chakeri Project: a 46.530 kilometer stretch of service road between Km 323.475 and Km. 459.500, 3 foot-over bridges, 5 gantry signboards, 9 high-mast lightings, street lights of 34.349 kilometers between Km 323.475 and Km 461.000, 3 truck lay-bys and other ancillary work as may be required by NHAI in accordance with the concession agreement;
- Indore Khalghat Project: a 43 meter stretch of service road between Km 37.522 to Km 37.565 and a 265 meter stretch between Km 70.070 and Km 70.355 which has been delayed due to the non-availability of land; and

- Nagpur Betul Project: the construction of a toll plaza in the Maharashtra section of the project highway.

If the Project SPV is unable to complete the pending items listed in the provisional certificate or the remaining construction, the Project SPV may be subject to a notice of default and the concession agreement may be terminated. For more details of the conditions specified in the Project SPVs' provisional completion certificates, please see the section titled "***Regulatory Approvals – Approvals in Relation to the Project SPVs***".

In accordance with the terms and conditions of the concession agreements, the Project SPVs may be required to undertake additional development of the Initial Road Assets after a predetermined period in accordance with their respective concession agreements. For example, under the relevant concession agreement, the NHAI may submit a plan to widen the existing four lanes of the project highway. Under its concession agreement with the NHAI, if the Project SPV chooses not to submit its proposal for such plan or if it submits an offer but is not the preferred bidder or fails or declines to match the preferred offer, the NHAI has a right to terminate the concession agreement. In addition, there may be additional change of scope work required by the NHAI in the future which may have an adverse impact on the revenues, profitability and results of operations the Project SPVs and the Trust. Further, the Project SPVs' concession agreements may impose penalties or provide for termination of such agreement for late or non-completion of such additional development of the Initial Road Assets.

Our business, prospects, financial condition, cash flows and results of operations may be materially and adversely affected if the completion of such additional development of the Initial Road Assets and the conditions specified in the provisional completion certificates are delayed or not achieved in the specified manner.

Further, all potential liabilities that may arise from delays or shortfall in performance of contractors might not be accurately estimated as part of the planned costs of the certain development of the Initial Road Assets or conditions specified in the provisional completion certificates, or that the damages that may be claimed from such contractors will be adequate to compensate any loss of revenues or profits resulting from such delays, shortfalls or disruptions. Such risks may increase if completion is delayed for an extended period. If we fail to manage any of the aforesaid risks or any unforeseen risks effectively, our revenues, profitability and results of operations could be materially and adversely affected. For further details on the events that may require the Project SPVs to undertake certain development of the Initial Road Assets as contemplated under the relevant concession agreements, see the section titled "***Summary of the Concession Agreements***".

20. ECKHPL is required to pay annual premiums in consideration for being granted the right to build and operate the Etawah Chakeri Project. Failure to make such payments could result in the termination of the relevant concession agreement by the NHAI

The Etawah Chakeri Project concession agreement requires ECKHPL to make a premium payment to the NHAI for securing the right to build and operate the project. These premium payments are of a fixed amount for the first year of the concession period and have subsequent increments of 5% per annum of the concession period. The premium amount for first year was calculated on the basis of projected traffic for the project. Due to the slow economic growth in India in recent years, the NHAI adopted a scheme of premium restructuring whereby the premium payable to the NHAI could be deferred over a few years and would be payable along with interest at the RBI Bank Rate plus 2%. The deferment was limited and fixed by the NHAI based on estimated shortfall after meeting debt obligations and operational expenses. Pursuant to a supplementary agreement to its concession agreement, ECKHPL agreed to such premium restructuring. As per conditions of the deferment, if the revenue deficit at each year end is less by more than 5% of the projections submitted for deferment of premium, the Project SPV shall be liable to pay a penalty of 2.5% additional interest on over and above the interest at the RBI Bank Rate plus 2%. For example, for the Financial Year 2016, the NHAI has demanded an additional premium payment and interests (including penal interests) of ₹ 340.7 million and ₹ 69.20 million. These amount have been paid by the Project SPV. The reconciliation for the Financial Year 2017, 2018 and 2019 by the NHAI has not been carried out and ECKHPL may be liable to pay any additional premium and penalty as demanded by the NHAI. For further details, see the section titled "***Regulatory Approvals***".

ECKHPL is not permitted to provide any return on equity to its shareholders, including by making any dividend payments, until the outstanding deferred premium obligations with interest are fully met and until the premium equals or exceeds the originally quoted premium for that year, and must share its toll-collection data with the NHAI on a real-time basis. The failure of ECKHPL to make such payments could result in the termination of the relevant concession agreement, which could have a material, adverse effect on our business, financial condition and results of operations. For further details, see the section titled "***Summary of the Concession Agreements***"

30. **Our insurance policies may not provide adequate protection against various risks associated with our operations**

Road infrastructure development project contracts are subject to various risks that we may not be insured against, adequately or at all, including:

- changes in governmental and regulatory policies;
- shortages of, or adverse price movement for, construction materials;
- design and engineering defects;
- breakdown, failure or substandard performance of the road assets and other equipment;
- improper installation or operation of the road assets and other equipment;
- labor disturbances;
- public agitations/demonstrations;
- terrorism and acts of war;
- inclement weather and natural disasters;
- environmental hazards, including flooding, cyclones, droughts, tsunamis and landslides; and
- adverse developments in the overall economic environment in India.

Further, we are subject to various risks in the operation of the Initial Road Assets, including on account of accidents on the Initial Road Assets.

The Project SPVs' principal types of insurance coverage include fire and allied perils insurance, contractor all-risk for under construction projects, money insurance for toll collection, third party liability for operation of roads, loss of profit and insurance for earthquake, terrorism and acts of god. Despite our efforts to take insurance policies which are in line with our business requirements, such insurance coverage might not be adequate to cover all risks or losses that may arise or we might not be able to procure adequate insurance coverage at commercially reasonable rates in the future.

Our insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent we suffer damage or loss which is not covered by insurance, or exceed our insurance coverage, such damage or loss would have to be borne by us. Material losses in excess of insurance proceeds (if any at all) could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

31. **The Project SPVs, the Sponsors, the Project Manager, the Trustee and their respective Associates are involved in certain legal and other proceedings, which may not be decided in their favor**

The Project SPVs, the Sponsors, the Project Manager and the Trustee are involved in legal proceedings or claims which are pending at different levels of adjudication before various courts, tribunals and regulatory authorities. Unfavorable outcomes or developments relating to these proceedings may have a material, adverse effect on our or their respective business, prospects, financial condition, cash flows and results of operations. If the courts or tribunals rule against the Project SPVs, the Sponsors, the Project Manager, their respective Associates (as defined in SEBI InvIT Regulations) or the Trustee, we or such entities may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase expenses and liabilities. Upon completion of the Formation Transaction, we will be responsible for legal proceedings against the Project SPVs. Sponsors may provide certain indemnities under the relevant Sale and Transfer Agreement, but the relevant Project SPV or the Trust might not be able to successfully bring a claim against the Sponsors under the relevant Sale and Transfer Agreements or such indemnities will be adequate to satisfy all the losses, damages, costs and expenses suffered by the Trust Group arising from such proceedings or the consequences thereof. For details of certain material outstanding legal proceedings, see the section titled "***Legal and Other Information***".

32. **We will depend on various third parties to undertake certain activities in relation to the operation and maintenance of the Initial Road Assets. Any delay, default or unsatisfactory performance by these third parties could materially and adversely affect our ability to effectively operate or maintain the Initial Road Assets**

We will depend on the availability and skills of third-party employees and contractors pertaining to the operation and maintenance of the Initial Road Assets. The services of such third parties might not be available at reasonable rates in the areas in which we conduct our operations. We may also be exposed to risks relating to the ability of such third parties to obtain requisite approvals for the operation and maintenance activities, as well as the quality of their services, equipment and supplies. In particular, failure to ensure the reliability and sustainability of toll collectors who are required to man the toll booths continuously may materially and adversely affect our overall level of net revenue. Further, our results of operations could be materially and adversely affected by disruptions caused by strikes, work stoppages, increased wage demands or labor union action by the employees of such third parties. For details of such civil and criminal proceedings, please see the section titled "***Legal and Other Information***".

We might be liable for accidents on our projects due to defects in design and quality of construction of our projects during their construction and operation. In addition, under certain of the Project SPVs' concession agreements, the consent of the NHAI is required for any selection or replacement of the Project Manager. Any delay, default or unsatisfactory performance by these third parties could materially and adversely affect our ability to manage the operation and maintenance of the Initial Road Assets under the concession agreements in a timely manner or at all. Any of the foregoing factors could have a material, adverse effect on our business, financial condition, reputation and results of operations.

33. **The Project SPVs may be held liable for the payment of wages to the contract laborers engaged indirectly in our operations.**

The Project SPVs appoint independent contractors who, in turn, engage on-site contract labor to perform certain operations. All of the Project SPVs have obtained licenses under the Contract Labor (Regulation and Abolition) Act, 1970 ("**Contract Labor Act**") where workmen are employed through contractors or agencies licensed under the Contract Labor Act. Although the Project SPVs do not engage these laborers directly, in the event of default by any independent contractor, such Project SPV may be held responsible for any wage payments, including statutory health and welfare payments benefits that must be made to such laborers. Any violation of the provisions of the Contract Labor Act by the contractor or a Project SPV may result in penalties pursuant to the provisions of the Contract Labor Act. If any of the Project SPVs are required to pay the wages of the contracted workmen and subjected to other penalties under the Contract Labor Act, the reputation, results of operations, cash flows and financial condition of the Trust could be adversely affected.

34. **The Special Purpose Combined Financial Statements and the Revenue, Profit and Cash Flows Projections presented in this Placement Memorandum may not be indicative of the Trust's future financial condition and results of operations**

Upon completion of the Formation Transactions, our only assets will be our shareholding in the Project SPVs and any debt financing provided by the Trust to the Project SPVs. We will rely on cash flows from, interest payments, principal repayment, dividends, buybacks of equity shares of the Project SPVs (net of applicable taxes and expenses) from the entities held by us, which initially will comprise the Trust Group, in order to make distributions to the Unitholders. For the purpose of this Placement Memorandum, the Special Purpose Combined Financial Statements have been prepared so as to present the financial position, results of operations and cash flows of the Project SPVs on a combined historical basis for the Financial Years 2016, 2017 and 2018 and the nine months ended December 31, 2018. The Special Purpose Combined Financial Statements have been prepared for the sole purpose of the Offer and may not necessarily represent our consolidated financial position, results of operations and cash flows had the Trust Group been in existence during the periods presented, nor do they give an indication of our financial results, cash flows and financial position in the future.

After the date of the listing (the "**Listing Date**") and admission to trading of the units of the Trust on the NSE (the "**Listing**"), there may be certain changes to our cost structure, level of indebtedness and operations. Our cost structure after the Listing Date may differ in certain significant respects from our cost structure as indicated in the Special Purpose Combined Financial Statements.

Further, for the purpose of preparation of our Special Purpose Combined Financial Statements included in this

Placement Memorandum and the Revenue, Profit and Cash Flows Projections, the transition date to Ind AS is considered as April 1, 2015 for the Trust Group (for details, see the section titled "***Financial Statements – Note 2 – Basis of preparation***"). Going forward, for the purposes of the preparation of our consolidated financial statements after the listing of the Units, the actual transition date to Ind AS will be April 1, 2015, as applicable to the Project SPVs.

Furthermore, in connection with our acquisition of the Project SPVs, certain of our assets and liabilities will be fair-valued at the time of exchange (which will be done post-Issue) for the purpose of a purchase price allocation exercise required under Ind AS for financial reporting purposes. In addition, the future consolidated financial statements of the Trust will be prepared on the basis of Ind AS 103 "*Business Combinations*", which is different from the accounting treatment used for the preparation of the Special Purpose Combined Financial Statements. For further details, see the section titled "***Combined Financial Statements***".

The financial projections contained in this Placement Memorandum are based on historical financial information and certain estimates and assumptions. There can be no assurance that the Project SPVs will be able to generate sufficient cash from the operations of the projects for the Trust to make distributions to the Unitholders or that such distributions will be in line with those set out in the Revenue, Profit and Cash Flows Projections. The future financial performance of the Trust could vary materially from the financial projections and some of such projections' underlying assumptions might change or not materialise as expected. Unfavorable events or circumstances not anticipated may also arise. There can be no assurance that the assumptions will be realised or actual distributions will be as anticipated.

35. **Our contingent liabilities could adversely affect our results of operations, cash flows and financial condition**

The following table sets forth certain information relating to our contingent liabilities on a combined basis as of December 31, 2018, per the Special Purpose Combined Financial Statements:

Item No.	Particulars	(In ₹ millions)
1.	Penalty levied by NHAI for delay in periodic maintenance	193.63
2.	Income tax liability that may arise in respect of which the Project SPVs are in appeals	1,531.30
3.	Claim raised by NHAI pertaining to negative change in scope under dispute	251.07
	Total	**1,976.00**

We have also recognized a contingent liability of ₹ 630.00 million in respect of works not yet completed, such figure being equal to the estimated cost of completing the service roads and other works as on September 11, 2015 as set out in the relevant EPC contract.

If any of aforementioned contingent liabilities materialize, it could adversely impact our results of operations, cash flows and financial condition. For further details, see the section titled "***Combined Financial Statements***".

36. **Our actual results may be materially different from the expectations expressed or implied in the Projections of Revenue from Operations and Cash Flow from Operating Activities and the assumptions in the section titled "Projections of Revenue from Operations and Cash Flow from Operating Activities" of this Placement Memorandum are inherently uncertain and are subject to significant business, economic, financial, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those projected**

This Placement Memorandum contains forward-looking statements regarding, among other things, the projections of revenue, profit and cash flows for projection years 2020, 2021 and 2022 for the Trust. The Projections of Revenue from Operations and Cash Flow from Operating Activities are only estimates of possible future operating results and are not guarantees of future performance. The Projections of Revenue from Operations and Cash Flow from Operating Activities are based on a variety of estimates and assumptions are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial risks, uncertainties, contingency and other factors, many of which are beyond our control.

Such risks, uncertainties, contingencies and other factors may cause the actual results or performance of the Trust Group to be materially different from any future results or performance expressed or implied by the Projections of Revenue from Operations and Cash Flow from Operating Activities. Our revenue will be depend on the cash flows from dividends, buyback of SPV shares, and principal and interest payments (net of applicable taxes and expenses) from the Project SPVs, whose revenue in turn depends on a number of factors, including the receipt of toll revenues, which may decrease for a number of reasons including traffic volumes and continuity of concessions. Accordingly, we might not be able to achieve the Projections of Revenue from Operations and Cash Flow from Operating Activities or make the planned/expected distributions set out in the section entitled "***Projections of Revenue from Operations and Cash Flow from Operating Activities***".

If we do not achieve the projected operating results, we may not be able to make the expected distributions, in which case the market price of the Units may decline materially. We will not, and disclaim any obligation to, furnish updated business plans or projections to the Unitholders, or to otherwise make public such information. As a result, you should not rely upon the Projections of Revenue from Operations and Cash Flow from Operating Activities in making an investment decision given the possibility that actual results may differ materially from the underlying estimates and assumptions. For further details, see the section titled "***Projections of Revenue from Operations and Cash Flow from Operating Activities***".

37. **Our business will be subject to seasonal fluctuations that may affect our cash flows**

Our cash flows will be affected by seasonal factors, which may materially and adversely affect traffic volumes. Traffic volumes tend to decrease during the monsoon season and conversely tend to increase during holiday seasons. The monsoon season may also restrict our ability to carry on activities related to our operation and maintenance of the Initial Road Assets. Such events may result in delays in periodic maintenance and reduce productivity, thereby materially and adversely affecting our business, financial condition and results of operations.

38. **The Initial Road Assets are concentrated in the road industry in India, and our business could be adversely affected by an economic downturn in that sector or industry**

Upon completion of the Formation Transactions, the Initial Road Assets will comprise four operating toll roads in India. Income from toll collection generated by the Initial Road Assets represented approximately 42.26%, 44.33%, 44.63% and 44.02% of the Project SPVs' total income on a combined historical basis for the Financial Years 2016, 2017 and 2018 and for the nine months ended December 31, 2018, respectively. In addition, income from annuities with respect to the Nagpur Betul Project represented of 34.67%, 32.39%, 27.70% and 28.89% of its total income for the Financial Years ended March 31, 2016, 2017, 2018 and the nine months ended December 31, 2018, respectively. This concentration may expose us to the risk of economic downturns in the road industry to a greater extent than if our assets were more diversified across other industries in the infrastructure sector or other sectors of the economy.

39. **Political and other agitations against the collection of tolls may affect our ability to collect tolls over prolonged periods, which could have a material, adverse effect on our business, results of operation and financial condition.**

Over the past few years, there have been agitations by political parties and local community members against the collection of tolls on local road and state highway projects across Maharashtra. These agitations have often turned violent and resulted in the destruction of toll-collection booths and other related property. If such events spread to the Project SPVs' projects, which are located on the national highways, it may limit our ability to collect tolls over a prolonged period and may have a material, adverse effect on our business, financial condition and results of operations. Further, the Project SPVs' concession agreements and insurance policies provide that in the event that the Project SPVs' ability to collect tolls is disrupted as a result of political and other agitations over a specified period, either party to the concession agreement may terminate the agreement. The concession agreements provide for a specified payment mechanism in the case of such termination, but the Project SPVs might not receive such payments from the NHAI and/or insurance companies in a timely manner or at all, or such payments might not be adequate to recover our investment or return, which may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

40. **The cost of implementing new technologies and/or refurbishing existing equipment for operating, maintaining and monitoring our projects could materially and adversely affect our business, financial condition and results of operations**

Our future success will depend in part on our ability to respond to technological advances and emerging standards and practices on a cost-effective and timely basis. In addition, rapid and frequent technology and market-demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures or write-downs of assets. Any failure by us to successfully adopt such technologies in a cost-effective and timely manner could increase our costs. Additionally, governmental authorities may require adherence with certain technologies in the execution of projects and we might not be able to implement the same in a timely manner, or at all. For instance, pursuant to a circular dated November 21, 2016 issued by the NHAI as a result of demonetization of ₹ 500 and ₹ 1,000 currency denominations by the Government of India, the Project SPVs were recently required to install point of sales systems to facilitate toll collection by November 23, 2016 and make provisions for prepaid payment instruments/aggregators for toll collection. Any of the foregoing circumstances could materially and adversely affect our business, financial condition and results of operations.

In addition, some of the equipment used by the Project SPVs at the projects have pre-determined useful lives and the Project SPVs are required to replace or refurbish such equipment at periodical intervals. Such replacement or refurbishment might not be undertaken in a cost effective manner and any increased costs to the Project SPVs as a result of such replacement or refurbishment will affect the profit margins of the Project SPVs and adversely affect their cash flows.

41. **Compliance with the European Union Directive on Alternative Investment Fund Managers may increase administrative and regulatory burdens on the Investment Manager and the Trust**

As used herein, the "*AIFMD*" refers to Directive 2011/61/EU of the European Parliament and of the Council of June 8 2011 on Alternative Investment Fund Managers, together with EU Commission delegated Regulation (EU) No. 231/2013 of December 19, 2012, supplementary Directive 2011/61/EU of the European Parliament and of the Council, and the national laws transposing Directive 2011/61/EU in any EEA Member State in which the Trust is marketed.

Among other things, the AIFMD regulates and imposes regulatory obligations in respect of the active marketing in the EEA by AIFMs (irrespective of whether they have their registered office in an EEA Member State or elsewhere) of AIFs (whether established in an EEA Member State or elsewhere). The Investment Manager is a Non-EEA AIFM for the purposes of the AIFMD. Non-EEA AIFMs are currently not able to become authorized under the AIFMD. In order to market to investors resident, domiciled or with a registered office in the EEA, non-EEA AIFMs must market AIFs in accordance with the applicable national private placement regimes of the EEA member states in which they wish to market and comply with a sub-set of requirements under the AIFMD (which are much more limited in scope than those applicable to AIFMs that are established in the EEA). Such limited requirements are: (i) "point-of-sale" disclosures, (ii) ongoing investor disclosures required pursuant to Articles 23(4) and (5) of the AIFMD (as to which, please see below), (iv) provision of information relating to the Trust's investments and its assets under management to the regulators of any EEA Member State into which Units in the Trust are actively marketed, and (v) the "asset-stripping" rules (in the event that the Trust acquires control of an EEA based portfolio company).

The information in respect of the Trust required to be disclosed pursuant to Articles 23(4) and (5) of the AIFMD will be made available to each Unitholder, as follows: (a) the percentage of the Trust's assets which are subject to special arrangements arising from their illiquid nature will be notified to the Unitholders; (b) any new arrangements for managing the liquidity of the Trust will be provided without undue delay in a disclosure notice delivered to each Unitholder; (c) the current risk profile of the Trust and the risk management systems employed by the Investment Manager to manage those risks may be provided in each annual report of the Trust; (d) any changes to the maximum level of leverage which the Investment Manager may employ on behalf of the Trust, as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement, will be provided without undue delay in a disclosure notice delivered to each Unitholder; and (e) the total amount of leverage employed by the Trust may be provided in each annual report of the Trust.

In addition, it is possible that some EEA member states will elect in the future to restrict or prohibit the marketing of non-EEA AIFs to investors based in those jurisdictions. Any such restrictions or prohibitions may make it more difficult for the Trust to raise its targeted amount of commitments.

In light of the foregoing, the AIFMD could adversely impact the Investment Manager or the Trust by, among other things, increasing the regulatory burden and costs of doing business in the EEA members states, imposing extensive disclosure obligations on companies located in EEA member states, if any, in which the Trust invests, and potentially disadvantaging the Trust as an investor in portfolio companies located in EEA member states as compared to competitors (e.g., those not in the alternative investment space) that may not be in scope of the

AIFMD. ESMA has recently also consulted on the possible extension of the passport for marketing and managing under AIFMD to non-EEA based managers (the marketing and managing passports under AIFMD are currently only available to certain types of EEA based managers).

ESMA provided advice to the European Commission in July 2015 and July 2016 on whether, amongst other things, the passporting regime should be extended to the management and/or marketing of AIFs by non-EEA AIFMs. The European Commission is currently considering whether the passport should be extended. It is currently not clear what the impact would be for the Investment Manager or the Trust of any decision by the European Commission to extend the passporting regime. If the AIFMD national private placement regimes (where implemented) continue to exist in parallel with an extension of the passporting regime, then the Investment Manager may continue to market under AIFMD national private placement regimes, or choose to "opt-in" to rely on the passporting regime (which would likely mean an increase in regulatory and compliance costs to comply with the conditions of the passporting regime). If the AIFMD national private placement regimes are removed, then the Investment Manager would likely need to "opt-in" to the passporting regime for any AIFMD marketing of the Trust (which would likely mean an increase in regulatory and compliance costs for the Trust).

42. **Compliance with, and changes in, safety, health and environmental laws and regulations in India may materially and adversely affect our business**

Our business is subject to environmental, social, health and safety regulations and standards and various labor, workplace and related laws and regulations in India and requirements under the concession agreements and certain InvIT documents. Any changes in, or amendments to, these standards or laws and regulations could further regulate our business and could require us to incur additional, unanticipated expenses in order to comply with these changed standards. If we fail to meet safety, health, social and environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil and criminal proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us. Penalties imposed by regulatory authorities on us or third parties upon whom we depend may also disrupt our business and operations. For further details, please see the section titled "***Regulations and Policies***".

We might become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future. Clean-up and remediation costs, as well as damages, payment of fines or other penalties, other liabilities and related litigation, could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

43. **We may be unable to renew or maintain the statutory and regulatory permits and approvals required to operate the Initial Road Assets**

The Project SPVs are required to obtain and maintain certain permits, approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by various regulatory and governmental authorities for operating the Initial Road Assets. If the Project SPVs and/or the third-party contractor(s) fail to obtain or maintain them, or if there is any delay in obtaining or renewing them, our business, financial condition and results of operations could be materially and adversely affected. Further, these permits, approvals, licenses, registrations and permissions could be subject to several conditions, and we might not be able to meet such conditions or be able to prove compliance with such conditions to the statutory authorities. This could lead to the cancellation, revocation or suspension of relevant permits, licenses or approvals, which may result in the interruption of our operations and may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations. For further details, please see the section titled "***Regulatory Approvals***".

44. **A portion of the investments proposed to be made in the Project SPVs by way of an issue of debt from the proceeds of the Offer, are intended to be used to prepay/repay certain loans and advances taken by the Project SPVs from the Sponsors and external lenders**

A portion of the investments proposed to be made in the Project SPVs by way of an issue of debt from the proceeds of the Offer, are intended to be used to prepay/repay certain unsecured loans and advances provided by the Sponsors and external lenders to the Project SPVs. The deployment of the Net Proceeds will be at the discretion of the Investment Manager and is not subject to any monitoring by any independent agency. For further details of the utilization of the Net Proceeds, see the section titled "***Use of Proceeds***".

45. **We will, have entered and may continue to enter into related-party transactions. We might have achieved more favorable terms if such transactions had been not entered into with related parties**

We will, have entered and may continue to enter into transactions with related parties. For example, upon completion of the Formation Transactions, the Trust (acting through the Trustee), the Investment Manager and the Project SPVs (except for ONBHL) will have entered into the Project Management Agreement and the Major Maintenance Agreement with OSEPL relating to the appointment of OSEPL as the Project Manager and the MM Manager, respectively, and performance of respective services to be provided by OSEPL as the Project Manager and the MM Manager in respect of the projects in accordance with the SEBI InvIT Regulations. The procedure with respect to such related party transactions is subject to modification by law, which may have a material, adverse effect on the Trust. Further, although there are benefits from the related party transactions such as commitment and ownership of OSEPL on the projects, we might have achieved more favorable terms had such transactions not been entered into with related parties. The transactions that we will enter into may involve conflicts of interest which may be detrimental to us. Such transactions, individually or in the aggregate, could have a material, adverse effect on our business, financial condition and results of operations. See the section titled "***Related Party Transactions***".

46. **Reliance on professionals and consultants may impact the conduct of business and performance of the Trust Group**

The road sector is subject to local (including gram sabha/panchayat) and municipal level laws, taxes and compliances, in addition to the central and state level legal and tax compliances. Exposure to such laws and compliances would vary from project to project and thus the Investment Manager would seek advice from consultants and professionals having relevant experience and rendering services in respect of such matters and rely on decisions taken by members of the investment committee. The performance of the Trust may be impacted by the nature and quality of advice and services rendered by such local consultants and professionals.

47. **This Placement Memorandum contains information from the CARE report which we have commissioned**

The information in the section entitled "*Industry Overview*" in this Placement Memorandum is based on the CARE Report and other publicly available information. We commissioned the CARE Report for the purposes of confirming our understanding of the industry in connection with the Offer. Neither we, nor the Trustee, the Sponsors, the Placement Agent, the Investment Manager nor any other person connected with the Offer has verified the information in the CARE Report. Further, the CARE Report has been prepared based on information as of specific dates and may no longer be current or reflect current trends. Opinions in the CARE Report based on estimates, projections, forecasts and assumptions may prove to be incorrect.

48. **The Investment Manager may make assumptions about the acquisition of a road project. Such assumptions may be incorrect and may cause delays in completion and/or increase in costs for the Trust**

In deciding whether to acquire a particular road project in the future, the Investment Manager may make certain assumptions regarding the expected future performance of that road project. The Investment Manager may underestimate the costs necessary to bring the project up to the standards established for its intended market position or may be unable to increase traffic on such project as quickly as expected or at all. Any substantial or unanticipated delays or expenses could adversely affect the investment returns from these projects and impair the Trust's operating results, liquidity and financial conditions. There is also the risk that inadequate supervision over local contractors, architects or engineers may result in poor quality construction or the diversion of funds intended for construction. The quality of construction generally may not be commensurate with international standards.

Risks Related to the Trust's Relationships with the Sponsors and the Investment Manager relating to the Acquisition of Future Assets

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

After the completion of the Offer, the Sponsors will own issued and outstanding Units and will be entitled to collectively vote up to 49% as a Unitholder on all matters other than matters where it is a related party and not permitted to vote under the SEBI InvIT Regulations. Although the Investment Manager will have an independent board of directors, the Sponsors will nonetheless be in a position to exercise significant influence in matters which require the approval of the Unitholders by virtue of its ownership of Units in the Trust. OSEPL will also act as the Project Manager and the MM Manager to the Project SPVs. The Trust may also utilize the services of the Sponsors as an EPC contractor in relation to any future construction obligations that may arise in relation to certain of the Project SPVs. The interests of the Sponsors may conflict with the interests of our other Unitholders and the Sponsors may, for business considerations or otherwise, seek to benefit itself instead of the Trust or the interests of the other Unitholders. The Sponsors have the ability to nominate a director on the Board of the Investment Manager. Accordingly, the Investment Manager and Project Manager may also be subject to conflicts of interest with respect to the Trust. These conflicts may be harmful to our interests or the interests of our other Unitholders, which may impact our business, financial condition and results of operations.

We will also rely on the Sponsors to comply with their obligations under the various transaction agreements to which it is a party including the Future SPVs Acquisition Agreement. Pursuant to the Future SPVs Acquisition Agreement, the Sponsors have agreed to provide us with rights of first offer with respect to certain road assets located in India which are held or which may be acquired or developed by the Sponsors and their existing or future subsidiaries. In addition, we expect to rely on the Sponsors' expertise in executing BOT projects in case of any additional work which we may be required to carry out for any of the Project SPVs or other assets. In the event that the Sponsors do not continue to focus on the infrastructure development sector or the road industry, do not add road assets to their portfolio, do not source new projects effectively or at all or terminates the Future SPVs Acquisition Agreement, we may not be able to acquire new projects from the Sponsors, which may have a material, adverse effect on our business strategy, financial condition and results of operations.

50. **The Future SPVs Acquisition Agreement will terminate in certain circumstances and shall be subject to the terms of the concession agreement and applicable law**

The rights of the Trust under the Future SPVs Acquisition Agreement are effective as at the Listing Date, but the Future SPVs Acquisition Agreement may be terminated, subject to approval of the Unitholders, if any of the following events occur:

- there is mutual consent of the parties to the Future SPVs Acquisition Agreement, in writing; or
- if the Trust ceases to be listed on the any of the designated stock exchanges.

The rights of the Trust (acting through the Trustee and the Investment Manager) and the obligations of the Sponsors under the Future SPVs Acquisition Agreement will also be subject to compliance with the terms of the relevant concession agreements (and the consent of the NHAI, if applicable) and applicable laws. The transfer of the shares in such future roads may also require approvals from other governmental authorities, lenders or other relevant third parties. Such approvals might not be granted in time or at all. The laws applicable at the time of the proposed transfer might not require compliance with any additional conditions by the Trust, the Sponsors or such road. The Trust will not be able to benefit from the Future SPVs Acquisition Agreement if the conditions to the Future SPVs Acquisition Agreement remaining in full force and effect are not satisfied. The termination of the Future SPVs Acquisition Agreement will adversely affect the Trust's ability to implement its acquisition growth strategy.

51. **The Sponsors operate other road assets and other infrastructure assets, and anything that impacts the business and results of operations may have a material, adverse effect on the Trust and the trading price of the Units**

In addition to the road assets that are being transferred by the Sponsors to us pursuant to the Formation Transactions, as of the date of this Placement Memorandum, the Sponsors had two more under-construction road projects (the Biaora Dewas and Binjhabahal Telebani projects), three project which have been recently awarded (the Rajiv Chowk Sohna, Villupuram Puducherry and Kallagam Meensurutti projects) and two projects which are completed and revenue generating (the Agra Bharatpur and Kondhali Talegaon projects). We have entered into the Future SPVs Acquisition Agreement with the Sponsors, pursuant to which the Sponsors have agreed to provide us with rights of first offer with respect to these road assets as well as any road assets the Sponsors may acquire in the future, in each case so long as those road assets meet certain criteria specified in the InvIT Documents. For more information about the Future SPVs Acquisition Agreement, see the sections titled "***Our Business — ROFO Assets***" and "***Related Party Transactions – Future SPVs Acquisition Agreement***". The Trust expects to pursue third party acquisition opportunities.Because of our relationship with the Sponsors, their existing road assets and their future road assets, anything that impacts the business and results of operations may have a material, adverse effect on the Trust and the trading price of the Units.

52. **Reliance on the Investment Manager**

The day-to-day operations of the Trust will be managed by the Investment Manager. Investors will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Trust (which would be taken by the investment and finance committee constituted by the Investment Manager). Investors must rely entirely on the Investment Manager to conduct and manage the affairs of the Trust. The success of the Trust would depend on the ability of the Investment Manager to effectively implement the strategy of the Trust. If the Investment Manager becomes unable to participate in the performance of services to the Trust, the consequence to the Trust could be material and adverse. The success of the Trust will also depend to a large extent upon the ability of the Investment Manager to source, select, complete and realize appropriate investments. Except to the limited extent as specified in the Trust Documents, the Investors will have no right to participate in the management of the Trust or in decisions made by the Trust or the Investment Manager on its behalf. The monitoring of the investments will be done by the Investment Manager. As a result, Investors will have almost no control over their investments in the Trust or their prospects.

53. **The Investment Manager may not be able to implement its investment or corporate strategies**

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

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

The Investment Manager might not be able to implement these strategies successfully or that it will be able to expand our portfolio at any specified rate or to any specified size or to maintain distributions at projected levels. The Investment Manager may not be able to make acquisitions or investments on favorable terms or within a desired time frame, and it may not be able to manage the operations of its underlying assets in a profitable manner. Factors that may affect this risk may include, but are not limited to, changes in the regulatory framework in India, competition for assets, partial award of concessions or licenses favoring local or other competitors of the Trust, changes in the Indian regulatory or legal environment or macro-economic conditions. If the Investment Manager is unable to implement these strategies successfully or expand our portfolio, we will nonetheless be required to pay the Investment Manager a management fee of 0.75% of the net revenue (e.g. gross revenue less any amount payable to the NHAI as a revenue share or premium and net of a goods and services tax (the "**GST**"), if any) of the Project SPVs, exclusive of taxes, in accordance with the terms of appointment of the Investment Manager. Such fee will be paid to the Investment Manager bi-annually based on our net revenue for the previous six months.

Even if the Investment Manager is able to successfully grow the operating business of the underlying assets and to acquire roads and other eligible infrastructure projects in India as desired, the Investment Manager might not achieve its intended return on such acquisitions or capital investments. Furthermore, the Investment Manager's investment mandate involves a higher level of risk as compared to a portfolio which has a more diverse range of investments. The Investment Manager may only be removed by a resolution of the Unitholders (excluding the Sponsor) such that the votes cast in favor of the resolution are not less than 50% (in case of removal for cause) or 60% (in case of removal without cause) of the total votes cast.

Further, in terms of the engagement letter of the Investment Manager, the fee payable to the Investment Manager shall be equivalent to 0.75% of the net revenue of the Project SPVs. There is no cap on the amount payable to the Investment Manager per annum as management fee. The payment of fees is not linked to the consolidated net profit of the Trust but to net revenue. Accordingly, the Trust will have to pay investment management fees to the Investment Manager even if the Trust is making losses.

Further, the project management/operating and maintenance expenses associated with a road asset are primarily based upon the actual wear-and-tear of the road, and depend upon a number of factors like climatic conditions during the year, quantum of rainfall, ability of maintenance team to control and repair damages at an early stage, quality of construction, etc. While such operating and maintenance expenses may be estimated based on prevailing rates, as have been provided in the Traffic Reports, the actual operating and maintenance expenses for each of the Project SPVs vary each year based on actual wear-and-tear of the underlying toll road and other exigencies.

Accordingly, the fees payable to the Project Manager (which are on the basis of estimates for each ensuing year) may vary each year based upon the operating and maintenance work that is actually required to be undertaken by the Project Manager with respect to each of the Project SPVs, and accordingly, cannot be a flat rate or decided upfront for all periods. 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 Sponsors, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Trust.

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

54. **The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust. The Investment Manager might not be able to comply with such requirements**

The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust in accordance with the SEBI InvIT Regulations. These requirements include, among other things, (a) making investment decisions with respect to the underlying assets or projects of the Trust, (b) overseeing the activities of the Project Manager, (c) investing and declaring distributions in accordance with the SEBI InvIT Regulations, (d) submitting reports to the Trustee and (e) ensuring the audit of the Trust's accounts. Under the SEBI InvIT Regulations, the SEBI also has the right to inspect documents, accounts and records relating to the activity of the Trust, Project SPVs or parties to the InvIT and may issue directions in the nature of, *inter alia*, (i) requiring the Trust to delist its Units and surrender its certificate of registration; (ii) requiring the Trust to wind-up; (iii) requiring the Trust to sell its assets; (iv) requiring the Trust or parties to the Trust to take such action as may be in the interest of investors; or (v) prohibiting the Trust or parties to the Trust from operating in the capital market or from accessing the capital market for a specified period. The failure on the part of the Investment Manager to comply with such requirements in a timely manner or at all could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to India

55. **Our business depends 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 a material, adverse effect on our business**

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

- any increase in interest rates or inflation in India;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India;
- prevailing income, consumption and saving conditions among consumers and corporations in India;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;

- political instability, terrorism or military conflict in India, including increased tensions on the Indian borders, or in countries in the region or globally, including in India's various neighboring countries;
- the occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions;
- the balance of trade movements, including export demand and movements in key imports, including oil and oil products;
- annual rainfall which affects agricultural production; and
- other significant regulatory or economic developments in or affecting India or its infrastructure sector.

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

Furthermore, the Indian economy and Indian financial market are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Investors' reactions to developments in one country can have a material, adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

56. **Our performance is linked to the stability of policies and the political situation in India**

The Government of India and State Governments have traditionally exercised, and continue to exercise, significant influence over many aspects of the economy. As a result, our 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.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. The current Government continues India's current economic and financial sector liberalization and deregulation policies. However, such policies might not continue and a significant change in the Government's policies in the future could affect business and economic conditions in India and could also materially and adversely affect our business, financial condition and results of operations.

Any political instability in India may materially and adversely affect the Indian securities markets in general, which could also materially and adversely affect the trading price of the Units. Any political instability could delay the reform of the Indian economy and could have a material, adverse effect on the market for the Units. Protests against privatization could slow down the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the road infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in our Units could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

57. **Significant increases in the price or shortages in the supply of crude oil and products derived therefrom, including petrol and diesel fuel, could materially and adversely affect the volume of traffic at the projects operated by the Project SPVs and the Indian economy in general, including the infrastructure sector**

India imports a significant majority of its requirements of crude oil. Crude oil prices are volatile and are subject to a number of factors, including the level of global production and political factors, such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil reserves are located. Any significant increase in the price of or shortages in the supply of crude oil could materially and adversely affect the volume of traffic at the projects operated by the Project SPVs and materially and adversely affect the Indian economy in general, including the infrastructure sector, which could have a material, adverse effect on our business, financial condition and results of operations. We may face limitations and risks associated with debt financing and refinancing

58. Our ability to raise additional debt capital may be constrained by Indian law

Indian entities are subject to regulatory restrictions in relation to borrowing in foreign currencies, including restrictions in relation to eligibility, amount of borrowings which may be incurred, end-use and creation of security, and may require the prior approval of Indian regulatory authorities. Such restrictions could limit our ability to raise financing on competitive terms and refinance existing indebtedness. Additionally, our ability to borrow money against the security of our immovable assets in India is subject to the FEMA and exchange control regulations in India and may require the prior approval of the Indian regulatory authorities. Any approval required to raise borrowings might not be granted without onerous conditions, or at all. Such limitations on debt may have a material, adverse effect on our business growth, financial condition, cash flows and results of operations.

As per the SEBI InvIT Regulations, the aggregate consolidated borrowings and deferred payments of an infrastructure investment trust cannot exceed 49% or 70% (as applicable) of the value of the assets. Further, as an Indian trust, we are subject to exchange controls that regulate borrowing in foreign currencies. As per the master directions issued by the Reserve Bank of India on external commercial borrowings (the "**ECB Master Directions**"), overseas borrowing by an infrastructure investment trust is permitted subject to the conditions and limits contained therein. Such regulatory restrictions limit our financing sources for projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. For example, as a Trust, we cannot issue debentures under the current regulatory framework. In addition, any required regulatory approvals for borrowing in foreign currencies might not be granted to us without onerous conditions, or at all. Limitations on foreign debt may have a material, adverse effect on our business growth, financial condition and results of operations.

59. Any downgrading of India's sovereign debt rating by a domestic or international rating agency could materially and adversely affect our ability to obtain financing and, in turn, our business and financial performance

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside of our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may materially and adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which any such additional financing is available. This could have a material, adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Units.

60. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have an adverse effect on the business, financial condition and results of operations of the Project SPVs and the price of the Units.

Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets in which the Units trade, as well as adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect the businesses of the Project SPVs.

India has experienced communal disturbances, terrorist attacks, general strikes and riots during recent years. If such events recur, the business of the Trust may be adversely affected. Asia has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk.

Events of this nature in the future, as well as social and civil unrest within other countries, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including the Units.

61. India is vulnerable to natural disasters that could severely disrupt the normal operation of the Project SPVs.

India has experienced natural calamities, such as tsunamis, floods, droughts and earthquakes in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. Unforeseen circumstances of below normal rainfall and other natural calamities could also have a negative impact on the

Indian economy. Because the Projects are located in India, the business and operations of the Project SPVs could be interrupted or delayed as a result of a natural disaster in India, which could affect the business, financial condition and results of operations of the Project SPVs and the price of the Units.

62. **An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect the business of the Trust.**

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on travel within India and cause a decline in traffic volumes which could have an adverse effect on toll collections by the Projects and any future toll based projects that Trust may acquire. As such, there can be no assurance that any outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have an adverse effect on the business, financial condition and results of operations of the Trust and the price of the Units.

63. **It may not be possible for the Unitholders to enforce foreign judgments**

The Trustee, the Investment Manager and the Sponsors are incorporated in India and the Trust is settled and registered in India. All of our assets are located in India and we may, from time to time, invest in toll roads in India. Where investors wish to enforce foreign judgments in India, where our assets are or will be located, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, including Singapore. In order to be enforceable, a judgment obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Code of Civil Procedure, 1908 ("**Civil Code**"). Furthermore, the Civil Code only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgment. Judgments or decrees from jurisdictions not recognized as a reciprocating territory by India cannot be enforced or executed in India except through a fresh suit upon judgment. Even if we or a Unitholder were to obtain a judgment in such a jurisdiction, we or it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. In addition, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a judgment rendered by a foreign court if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate outside India any amount recovered pursuant to the execution of the judgment.

Consequently, it may not be possible to enforce in an Indian court any judgment obtained in a foreign court, or effect service of process outside of India, against Indian companies, their directors and executive officers, and any other parties resident in India. Additionally, a suit brought in an Indian court in relation to a foreign judgment might not be disposed of in a timely manner.

64. **We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could materially and adversely affect our business**

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset-and turnover-based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the

"**CCI**"). Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which set out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India.

In the event any of the Project SPVs or the Trust enters into any agreements or transactions that have an appreciable adverse effect on competition in the relevant market in India, the provisions of the Competition Act will be applicable. Any prohibition or substantial penalties levied under the Competition Act could materially and adversely affect our financial condition and results of operations. Any adverse impact on our financial condition or operations due to the Competition Act may have a material adverse impact on our business, prospects, financial condition, cash flows, results of operations and our ability to make distributions to the Unitholders.

65. **Changing laws, rules and regulations and legal uncertainties may materially and adversely affect our business, financial condition and results of operations**

Our business, financial condition and results of operations could be materially and adversely affected by any change in laws or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. The Government of India or State Governments might implement new regulations and policies which will require the Trust Group to obtain additional approvals and licenses from governmental and other regulatory bodies or impose onerous requirements and conditions on our operations. The Investment Manager cannot predict the terms of any new policy, and such policy might be onerous. For example, the Government revised the wage ceiling limit for the coverage of employees under the Employees State Insurance Act, 1948 (which applies to the Project SPVs), which has been challenged by certain companies and the Builders Association of India and is stayed by the courts until the next order. The revised wage ceiling limit might not be set aside by the courts. The Government, in a circular published in 2015, decided to extend the applicability of the Employee State Insurance Scheme to construction workers. This has been stayed by the Supreme Court and might not be set aside.

In addition, the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the "**Land Acquisition Act 2013**") came into force with effect from January 1, 2014. The Land Acquisition Act 2013 provides for certain restrictions on land acquisition and also provides for certain rehabilitation and resettlement benefits to every family affected by an acquisition. The Rights to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement (Social Impact Assessment and Consent) Rules, 2014 were notified by the Ministry of Rural Development on August 8, 2014.

66. **Significant differences could exist between Ind AS and other accounting principles, such as Indian GAAP and IFRS, which may affect investors' assessments of the Trust's financial condition.**

The Special Purpose Combined Financial Statements included in this Placement Memorandum have been prepared in accordance with Ind AS. The impact of Indian GAAP or IFRS on such financial information included in this Placement Memorandum has not been quantified and the Special Purpose Combined Financial Statements have been prepared without reconciliation to any other body of accounting principles. Each of Indian GAAP and IFRS differs in significant respects from Ind AS. Accordingly, the degree to which the Special Purpose Combined Financial Statements included in this Placement Memorandum will provide meaningful information is dependent on the reader's level of familiarity with the relevant accounting practices. Any reliance by persons not familiar with such accounting practices on the financial disclosures presented in this Placement Memorandum should accordingly be limited.

Risks Related to Ownership of the Units

67. **The price of the Units may decline after the Offer**

The Offer Price will be determined by the Investment Manager in consultation with the Placement Agent. The Offer Price may not be indicative of the market price of the Units upon completion of the Offer. The market price of the Units may also be highly volatile and could be subject to wide fluctuations. If the market price of the Units declines significantly, investors may be unable to resell their Units at or above their purchase price, if at all. The market price of the Units might fluctuate or decline significantly in the future. The market price of the Units will depend on many factors, including, among others:

- the perceived prospects of our business and investments and the market for toll roads and other infrastructure projects;

- differences between our actual financial and operating results and those expected by investors and analysts;

- the perceived prospects of future toll roads and other infrastructure projects that may be added to our portfolio in accordance with our investment mandate;

- changes in research analysts' recommendations or projections;

- changes in general economic or market conditions;

- the market value of our assets;

- the perceived attractiveness of the Units against those of other business trusts, equity or debt securities;

- the balance of buyers and sellers of the Units;

- the size and liquidity of the Indian business trusts market;

- any changes to the regulatory system, including the tax system, both generally and specifically in relation to India business trusts;

- the ability of the Investment Manager to implement successfully its investment and growth strategies;

- foreign exchange rates;

- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets;

- variations in our quarterly operating results;

- difficulty in assessing our performance against either domestic or international benchmarks, as there are few listed comparables;

- publication of research reports about us, other road businesses, the road industry in general or other relevant sectors, or the failure of securities analysts to cover the Units after the Offer;

- additions or departures of key management personnel of the Trust and/or the Trust Group;

- changes in the amounts of our distributions, if any, and changes in the distribution payment policy or failure to execute the existing distribution policy;

- actions by the Unitholders;

- changes in market valuations of similar business entities or companies;

- announcements by us or our competitors of significant contracts, acquisitions, disposals, strategic partnerships, joint ventures or capital commitments;

- speculation in the press or investment community; and

- changes or proposed changes in laws or regulations affecting the road industry and infrastructure development in India or enforcement of these laws and regulations, or announcements relating to these matters.

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

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

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

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

The Trust's distributions will be based on the net distributable cash flows ("**NDCF**") available for distribution and not on whether the Trust makes an accounting profit or loss. The SEBI InvIT Regulations provide that not less than 90% of NDCF of each Project SPV are required to be distributed to the Trust in proportion of its holding in each of the Project SPVs subject to applicable provisions of the Companies Act. Further, as per the Distribution Policy, 100% of NDCF is required to be distributed to Unitholders. The Investment Manager shall declare and distribute the distributable income within 30 days from the end of each quarter of a Financial Year, such that the distributable income shall be distributed by the Trustee no later than 15 days from the date of declaration of such distributable income by the Investment Manager in accordance with the SEBI InvIT Regulations and the InvIT Documents. Notwithstanding anything contained therein, the Investment Manager shall have the right to declare distributions during the first quarter, after the Closing Date. For further details, please see the sections titled ***"Policies of the Trust and the Investment Manager – Distribution Policy" and "Distribution"***.

The Trust will rely on the receipt of interest, dividends, principal repayments and buy back of shares (net of applicable taxes and expenses) and certain tax benefits thereon from the Project SPVs in order to make distributions to the Unitholders. The Trust might not have sufficient distributable or realized profits, surplus or tax benefits on its income, interests, profits, dividends or receipts in any future period to make distributions every three months or at all. The ability of the Project SPVs to pay dividends, make interest payments and repay shareholder loans may be affected by a number of factors including, among other things:

- their respective businesses and financial positions;
- insufficient cash flows received from the assets;
- applicable laws and regulations, which may restrict the payment of dividends by the Project SPVs;
- operating losses incurred by the Project SPVs in any Financial Year;
- tax benefits on interest payments that the Project SPVs earned, any repayments made by the Project SPVs to the Trust, dividends and other forms of earnings / profits that the Trust paid to the Unitholders;
- the amounts (net of all taxes and expenses) received by the Trust from the Project SPVs in connection with loans made available to the Project SPVs by the Trust;
- changes in accounting standards, taxation laws and regulations, laws and regulations in respect of foreign exchange repatriation of funds, corporation laws and regulations relating thereto; and
- the terms of agreements, including any concession agreements or financing agreements, to which they are, or may become, a party.

Further, the method of calculation of NDCF is subject to change. Any change in the applicable laws in India or elsewhere (including, for example, tax laws and foreign exchange controls) may limit the Trust's ability to pay or maintain distributions to the Unitholders. For example, under current laws and regulations, dividends that may be paid by the Project SPVs to the Trust will be exempt from the dividend distribution tax. Such dividends might not remain exempt from the dividend distribution tax. Furthermore, the Trust might not be able to pay or maintain the levels of distributions or that the level of distributions will increase over time, or that future acquisitions will increase the Trust's distributable free cash flow to the Unitholders. Any reduction in, or elimination or taxation of, payments of distributions could materially and adversely affect the market price of the Units.

In addition, the financing agreements entered into by Project SPVs with certain banks and financial institutions contain certain restrictive covenants, including, but not limited to, requirements that they obtain consent from the lenders prior to making any dividend payments to the Trust. Any failure to obtain such consents in a timely manner or at all would impede our ability to make distributions to the Unitholders on a regular basis or at all and have a negative impact on the frequency and timing of such distributions, both of which could materially and adversely affect the market price of the Units.

As per the Sale and Transfer Agreement(s), in the event of extension of any concession period, the Trust maybe required to transfer the relevant Project SPV to Sponsor 1 to provide the benefit of the claims of Sponsor 1. Pending necessary approvals (including from lenders) for the transfer, the Trust will set aside all income generated by such Project SPV during such period in an escrow account. Thus, during pendency of such transfer, the income generated by such Project SPV will be set aside in a separate escrow account, for the benefit of Sponsor 1, subject to applicable law. This amount set aside in the escrow account will not be available for distribution to the Unitholders.

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

The Trust is an irrevocable trust registered under the Registration Act and it may only be extinguished (i) if it is impossible to continue with the Trust or if the Trustee, on the advice of the Investment Manager, deems it impracticable to continue with the Trust; (ii) on the written recommendation of the Investment Manager and upon obtaining the prior written consent of such number of the Unitholders as is required under the SEBI InvIT Regulations; (iii) if the Units of the Trust are delisted from the Stock Exchanges; (iv) if the SEBI passes a direction for the winding up of the Trust or the delisting of the Units; or (v) in the event the Trust becomes illegal. Under the Trust Deed, in the event of dissolution, the net assets of the Trust, remaining after settlement of all liabilities, and the retention of any reserves which the Trustee deems to be necessary to discharge contingent or unforeseen liabilities, shall be paid to the Unitholders. Should the Trust be dissolved, depending on the circumstances and the terms upon which assets of the Trust are disposed of, a Unitholder might not recover all or any part of his investment.

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

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

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

The Investment Manager may require additional debt financing or the issuance of additional Units in order to support the operating business or to make acquisitions and investments. If obtained, any such additional debt financing may decrease distributable income, and any issuance of additional Units may dilute existing Unitholders' entitlement to distributions. Pursuant to the SEBI InvIT Regulations, the Trust is required to obtain a credit rating and Unitholders' approval for further borrowing, if the consolidated borrowings of the Trust (excluding cash and cash equivalents) exceeds 25% of the value of its assets. As of the date of this Placement Memorandum, the Trust has not obtained any such credit rating, and its ability to raise financing after Listing, may be restricted to this extent. For further details, please see the section titled ***"Policies of the Trust and the Investment Manager – Acquisition and Funding Policy"***.

We are not required to offer pre-emptive rights to existing Unitholders when issuing new Units. Compliance with securities laws or other regulatory provisions in some jurisdictions may prevent certain investors from participating in any future rights issuances and thereby result in dilution of their existing holdings in Units.

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

There is no market for the Units prior to the Offer and an active market for the Units may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, that there will be liquidity of that market for the Units. As the Units will be sold through a private placement in a Minimum Bid Size (₹ 260 million), there may be a lack of liquidity and a limited market for the Units. The price of the Units may be volatile, and investors may be unable to resell the Units at or above the Offer Price, or at all. Although it is currently intended that the Units will be listed on the Stock Exchanges, there is no guarantee of the continued listing of the Units. There is no assurance that the Trust will continue to satisfy the listing requirements for InvITs. Further, it may be difficult to assess the Trust's performance against domestic benchmarks.

73. **Any future issuance of Units by us or sales of Units by the Sponsors or any of other significant Unitholders may materially and adversely affect the trading price of the Units**

Any future issuance of Units by us could dilute investors' holdings of Units. Any such future issuance of Units may also materially and adversely affect the trading price of the Units, and could impact our ability to raise capital through an offering of our securities. We might issue further Units. In addition, any perception by investors that such issuances might occur could also affect the trading price of the Units.

Upon completion of the Offer, 352,478,789 Units (constituting 60.5% of the total number of Units expected to be in issue after the completion of the Offer) will be held by the Sponsors assuming full subscription in the Offer. For more details, please see the section titled "***Information Concerning the Units***".

Units will be tradable on the stock exchanges. If the Sponsors (following the lapse of their lock-up arrangements or pursuant to any applicable waivers), directly or indirectly, sells or is perceived as intending to sell a substantial number of their Units, or if a secondary offering of the Units is undertaken, the market price for the Units could be materially and adversely affected. These sales may also make it more difficult for us to raise capital through the Offer of new units at a time and at a price we deem appropriate.

74. **Fluctuations in the exchange rate of the Indian Rupee with respect to other currencies will affect the foreign currency equivalent of the value of the Units and any distributions**

Fluctuations in the exchange rates between the Indian Rupee and other currencies will affect the foreign currency equivalent of the Indian Rupee price of the Units. Such fluctuations will also affect the amount that holders of the Units will receive in foreign currency upon conversion of any cash distributions or other distributions paid in Indian Rupees by us on the Units, and any proceeds paid in Indian Rupees from any sale of the Units in the secondary trading market.

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

Under the Investment Management Agreement, the Investment Manager's liability for any loss, damage, liability, obligation, fine, cost, penalty, charge, extra expense and/or claim actually incurred or arising out of, relating to or resulting from the Investment Management Agreement is capped at three times the annual amount of management fees paid to the Investment Manager (except in the case of fraud, gross negligence or willful misconduct). Pursuant to the Trust Deed, the Trustee and the Investment Manager are not liable to account for any payment made or suffered by the Trustee or the Investment Manager in good faith for taxes or any charges arising out of or relating to any transactions. Further, the Trustee's liability for any loss, damage, liability, obligation, fine, cost, penalty, charge, extra expense and/or claim actually incurred or arising out of, relating to or resulting from the Trust Deed is capped at three times the annual amount of fees paid to the Trustee, except in situations where such liability is a result of fraud, gross negligence or willful misconduct by the Trustee. The Investment Management Agreement provides that the Investment Manager and their directors and employees are entitled to be indemnified out of the trust fund against all taxes and other liabilities, claims, reasonable costs, losses, damages and reasonable expenses (including reasonable attorney's fees and costs) ("**Losses**") incurred in connection with the Trust, unless arising out of fraud, gross negligence, willful misconduct by the Investment Manager or due to a breach on the part of the Investment Manager of applicable laws or the terms of any transaction documents relating to the Trust. The indemnification for the Losses is capped at three times the annual amount of management fees paid to the Investment Manager. As a result, the Trust's rights and the rights of the Unitholders to recover claims against the Investment Manager are limited and the liability of the Investment Manager and the Trustee are limited under the terms of these agreements and the Unitholders may not be able to recover claims against the Trustee or the Investment Manager, including claims with respect to any offer documents relating to the Offer. For further details, please see the section titled "***Parties to the Trust - The Investment Manager – Indian Technocrat Limited - Key Terms of the Investment Management Agreement***".

Risks Related to Tax

76. **Changes in legislation or the rules relating to tax regimes could materially and adversely affect our business, prospects and results of operations**

There have been two recent major reforms in Indian tax laws, namely the introduction of the GST and provisions relating to general anti-avoidance rules ("**GAAR**").

The GST regime came into effect on July 1, 2017, combining taxes and levies by the Government and State Governments into a unified rate structure. Given the limited availability of information in the public domain concerning the GST, there can be no assurances as to the tax regime following implementation of the GST. Any application of existing law or future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable. For example, since October 13, 2017, we have been exempt from the GST on our annuity income. However, due to the introduction of the GST regime on July 1, 2017, there is an ambiguity regarding the annuity income of the Nagpur Betul Project in August 2017 and ONBHL might be liable to pay the GST on its annuity income. ONBHL might be able to recover the amount of its GST payment from the NHAI under the change of law provisions of the concession agreement. Further, there are uncertainties in the applications, interpretation or implementation of the GST regime.

The GAAR regime came into effect on April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit, amongst other consequences, including on the interest paid by the Project SPVs on the debt from the Trust. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to the Trust or any member of the Trust Group, it may have a material adverse tax impact on the Trust Group.

The Investment Manager has not determined the impact of such existing or proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

77. **Some of our road assets enjoy certain benefits under Section 80-IA of the Income Tax Act and any change in these tax benefits applicable to us may materially and adversely affect our results of operations**

Currently, surface transport infrastructure development projects, including road concession projects, enjoy certain benefits under Section 80-IA of the Income Tax Act. In accordance with and subject to the condition specified in this section, the Project SPVs are entitled to certain benefits for all of the operational infrastructure projects and would be entitled to a deduction of 100% of the profits derived from the development or operation and maintenance or development, operation and maintenance of the toll roads for any 10 consecutive tax assessment years out of 20 years, beginning from the year in which the Project SPV develops and begins to operate the infrastructure facility. The incentives for Section 80-IA of the Income Tax Act are available for a period of 10 consecutive tax years out of a block of 20 years from the year of commencement of operations. However, the Project SPVs would be liable to pay tax on their respective book profits under the minimum alternative tax provisions at the rate of 18.5% (plus applicable surcharge and cess). When the tax incentives expire or terminate, our tax liability may increase, thereby impacting our profitability. Further, the India tax authorities may disallow the deduction availed if the conditions specified are not complied with or the computation of the profits and gains of the eligible business is not in accordance with the manner prescribed and such projects might continue to enjoy the tax benefits. This may affect the overall tax liabilities of the Project SPVs and result in significant additional taxes becoming payable thereby resulting in a material, adverse effect on our business, financial condition, cash flows and results of operations and consequently may have a material, adverse impact on our distributions. For example, ONBHL has claimed deductions under Section 80-IA for interest income on deposits made pursuant to the requirements of the relevant term loan agreements and debenture trust deeds of the Project SPV. Such deductions were made on the basis that such interest income was business income for the Project SPV because there were no surplus funds invested by the Project SPV to earn interest income and, therefore, eligible for the tax incentives provided by Section 80-IA. However, there can be no assurance that the Indian tax authorities will agree with our treatment of such interest income. If the Indian tax authorities disagree with our treatment of such interest income, we may be subject to penalties and further tax assessments, and our business, financial condition and results of operations may be materially and adversely affected.

In addition, we may be liable for additional tax assessments if the Indian tax authorities disagree with our determination of book profits for the purposes of calculating our minimum alternate tax liability. For example, we may be subject to interest and penalty payments with respect to our minimum alternate tax calculations for OPIPL and ONBHL. OPIPL and ONBHL have not made adjustments of provisions for major maintenance and minimum alternate tax credit for the 2016-2017 taxable year and for the 2016-2017 and 2017-18 taxable years, respectively. Also, based on an external tax advice, ONBHL has not made adjustments for deemed capital contribution in other equity pursuant to the provisions of Section 115JB (2C) of the Income Tax Act, 1961. If the Indian tax authorities disagree with our treatment of book profits for the purposes of calculating our minimum alternate tax liability, we may be subject to interest and penalty payments and our business, financial conditions and results of operations and our ability to make distributions to the Unitholders may be materially affected.

78. **Entities operating in India are subject to a variety of Government and State Government tax regimes and surcharges and changes in legislation or the rules relating to such tax regimes and surcharges could materially and adversely affect our business**

Tax and other levies imposed by the Government of India and State Governments that affect our liability include: (i) income tax; (ii) wealth tax (which was withdrawn with effect from January 1, 2016); (iii) excise duty; (iv) value added tax/central sales tax; (v) service tax; (vi) stamp duty; and (vii) other special taxes and surcharges that are introduced on a temporary or permanent basis from time to time. In some cases, these taxes and other levies may be changed from year to year and the Indian courts which interpret tax legislation may apply such interpretations with retroactive effect. Also, the Government in certain situations has the authority to change tax laws retrospectively. In lieu of certain indirect tax legislation, the GST has been introduced in India and may have significant but as yet unknown consequences for us.

In addition, the Income Tax Act contains a provision in respect of the GAAR indicating that these rules have been made effective from April 1, 2017. GAAR is a broad set of provisions which grant powers to India tax authorities to invalidate any arrangement for tax purposes if the main purpose of entering into the transaction by the tax payer is to obtain a tax benefit. Besides the "tax benefit", the transaction should meet any one of the following specified additional tests:

- creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
- results, directly or indirectly, in the misuse, or abuse, of the provisions of the Income Tax Act;
- lacks commercial substance or is deemed to lack commercial substance as prescribed under the Income Tax Act in whole or in part; and
- is entered into, or carried out, by means which are, or in a manner which is, not ordinarily employed for bona fide purposes.

Such transactions are declared as impermissible avoidance arrangements and the consequence in relation to tax arising from such arrangements, including denial of a tax benefit or a benefit under a tax treaty, shall be determined according to the circumstances of the case. The Rules notified with respect to GAAR prescribe that these shall not be applicable to FIIs in accordance with the SEBI (Foreign Institutional Investors Regulations) 1995 subject to the fulfillment of certain conditions. GAAR may have a material adverse tax impact on the Trust Group and the Unitholders.

Any increase in the rates of corporate income tax, dividend distribution tax, withholding tax on payment of interest or MAT, any changes to tax holidays, deductions, tax depreciation and other sections of the Income Tax Act and any introduction of new taxes or withdrawal of any exemption could materially and adversely affect the Project SPVs and may have a material, adverse effect on the business, prospects, financial condition, cash flows and results of operations of the Project SPV, which may in turn have a significant and material impact on distributions to be made by the Project SPVs. Under the Income Tax Act, no deduction is allowed on expenditure (including interest) which is not incurred for the purpose of a business or earning income, or is incurred for earning a tax-exempt income, in computing the taxable income of the Project SPVs. In the event that any such deduction is not allowed, tax may be levied at the prevailing tax rates on the amount of disallowance, together with interest on the tax payable. Further, with effect from April 1, 2017, the penalty for under-reporting of the income shall be a sum equal to (a) 50% of the amount of tax payable or, (b) in cases where the under-reporting of income is a consequence to any misreporting the penalty is two times the amount of tax payable.

79. **Investors may be subject to Indian taxes arising out of capital gains on the sale of Units**

Under current Indian tax laws, capital gains arising from the sale of Units in an Indian trust are generally taxable in India. Any gain realized on the sale of listed Units on a stock exchange held for more than 36 months will not be subject to capital gains tax in India if securities transaction tax (the "**STT**") has been paid on the transaction, unless such gain is in excess of ₹ 100,000. In such a case, as a result of the Finance Act 2018, any long term capital gains arising in the hands of a person on the sale of units of a business trust on which STT has been paid on the transaction is chargeable to tax in India (without indexation) at a rate of 10%. Further, gains realized on the sale of listed Units on a stock exchange held for less than 36 months will be subject to capital gains tax in India even if STT is paid. STT will be levied on and collected by a recognized stock exchange on which the Units are sold and will subsequently be paid to the central government. Any gain realized on the sale of the Units held for more than 36 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realized on the sale of listed Units held for a period of 36 months or less will be subject to short-term capital gains tax in India. Gains arising from the sale of the Units by a non-resident unitholder within the meaning of the provisions of the Income Tax Act 1961 will be liable to taxation in India or the country of which the seller is a resident as provided under a treaty between India and the country of residence. The above statements are based on the current tax laws.

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

Tax laws and regulations are subject to differing interpretations by tax authorities. Differing interpretations of tax and other fiscal laws and regulations may exist within governmental ministries, including tax administrations and appellate authorities, thus creating uncertainty and potential unexpected results. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action by the governmental or tax authorities, may result in tax risks in the jurisdictions in which we operate being significantly higher than expected. For example, transactions between the Project SPVs and their respective associated enterprises are required to be carried out at arm's length pricing and comply with the transfer pricing under the Income Tax Act, 1961. Any failure to comply with such rules, including any failure to maintain required documentation or furnish required information to the tax regulator, may result in penalties of 2% of the value of the relevant transaction. We have in the past experienced discrepancies with respect to information provided to tax authorities regarding the Etawah Chakeri Project (in relation to which we have informed the tax authorities). Further, we may be liable for additional tax resulting from an increase of book profits with respect to the Nagpur Betul project. For the 2014-2015 taxable year, the India tax authority has issued a draft order with respect to the Nagpur Betul Project to enhance the total income by ₹ 87.3 million. Although ONBPCPL has appealed against the order by filing an objection with the dispute resolution panel under the Income Tax Act 1961, if the final order is not in favor of the ONBPCPL, the proposed increase may have an additional tax implication of ₹ 22.8 million. If we experience similar issues in the future or if tax authorities reassess or reopen inquiries into prior instances of non-compliance, we may be subject to penalties and our business and financial conditions may be materially and adversely affected.

Our Investment Manager intends to take measures to ensure that it is in compliance with all relevant tax laws. However, the tax authorities might take a position that differs from the position taken by us with regard to our tax treatment of various items. For example, based on an external tax advice, we have deducted our toll revenue of ₹ 2,303.9 million with respect to the Etawah Chakeri Project for the four lanes of the project highway (from the appointed date to the scheduled completion date) from the construction costs of additional two lanes. However, these lanes have been operational from the date that we were appointed for the project and, therefore, the revenue from such lanes may be deemed to be taxable by the Indian tax authorities. The income tax authorities have raised a demand of ₹ 537.5 million for the 2014-2015 taxable year with respect to the Etawah Chakeri Project by treating a net toll charges receipt of ₹ 1,087.4 million as revenue instead of deducting it from the capital cost of construction. The income tax authorities have also treated a fixed deposit interests of ₹ 7.89 million as revenue instead of deducting it from the capital cost of construction. ECKHPL has appealed against such treatment. In addition, for the 2011-2012 taxable year, the income tax authorities have issued an order demanding ₹ 397.0 million for a premium of ₹ 900 million received on the issuance of shares. ECKPHL has appealed against such treatment arguing that this was a capital receipt rather an income.

Also, we have received a grant by way of an equity contribution from NHAI for costs we incurred for construction and development of the project highway with respect to the Nagpur Bye Pass Project. We have not made a upfront tax payment but reduced such amount from the construction costs of road and the net cost amortized for tax purposes as we believe that such grant is a capital receipt and not taxable revenue in the hands of the Project SPV. As a road project represents a capital asset, a grant received with respect to a road asset is integrally connected with the construction of such a capital asset and the amount of a grant received with respect to a road asset should be reduced from the related construction cost. We also believe that amortization should be claimed on the net amount. We note that the grant we received was non-refundable and have reduced such amount from the cost of intangible assets pursuant to Ind AS 11. If the Indian tax authorities disagree with our treatment of such revenues or grant or take different a view with regard to our tax treatment of other items, we may be subject to interest and penalty payments and our business, financial conditions and results of operations and our ability to make distributions to the Unitholders may be materially affected.

Further, certain assessments and appeals regarding income tax, GST, service tax, VAT and cess with respect to the Project SPVs for the past taxable years have not been completed and are still pending. There is no assurance that such assessments and appeals may result in favorable outcomes for the project SPVs. Liabilities arising out of pending assessments, appeals or re-opening of assessment of prior years may have an adverse effect on our business, financial conditions and results of operations.