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

ANZEN INDIA ENERGY YIELD PLUS TRUST

(Registered in the Republic of India as an irrevocable trust set up under the Indian Trusts Act, 1882, and registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, on January 18, 2022 having registration number IN/InvIT/21-22/0020)

Principal place of business: Plot no. 294/3, Edelweiss House, Off CST Road, Kalina, Santacruz East, Mumbai 400 098

Tel: +9122 4009 4400; **Compliance Officer**: Jalpa Parekh

E-mail: jalpa.parekh@edelweissalts.com; **Website**: www.anzenenergy.in

Sponsor **Sekura Energy Private Limited**	**Investment Manager** **Edelweiss Real Assets Managers Limited**	**Trustee** **Axis Trustee Services Limited**

Anzen India Energy Yield Plus Trust (the "**Anzen Trust**") is proposing an initial offer of up to [●] Units through a private placement at a price of ₹ [●] per Unit (the "**Issue Price**"), aggregating up to ₹ 8,950 million (the "**Issue**").

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

The Units are proposed to be listed on the National Stock Exchange of India Limited (the "**NSE**" or the "**Stock Exchange**") . In-principle approval for listing of the Units has been received from NSE on [●]. NSE is the Designated Stock Exchange. Application shall be made to the Stock Exchange for obtaining the final listing and trading approval for the Units to be Allotted pursuant to the Issue. The Stock Exchange assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Units to be Allotted pursuant to the Issue for trading on the Stock Exchange should not be taken as an indication of the merits of the Anzen Trust or of the Units.

This being an initial offer by the Anzen Trust, there has been no formal market for the Units. The Issue Price (determined and justified by the Investment Manager in consultation with the Lead Managers), should not be taken to be indicative of the market price of the Units after the Units are listed. No assurance can be given regarding an active or sustained market for trading in the Units or regarding the price at which the Units will be traded after listing. A copy of this Draft Placement Memorandum has been delivered to the Stock Exchange and a copy of the Placement Memorandum will be delivered to the Stock Exchange. This Draft Placement Memorandum has not been, and will not be, registered as a prospectus, will not be circulated or distributed to the public at large in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Units are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("**Rule 144A**") and referred to in this Draft Placement Memorandum as a "**U.S. QIB**") in transactions exempt from the registration requirements of the Securities Act, and (b) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the Securities Act ("**Regulation S**") and the applicable law of the jurisdictions where such offers and sales occur. The Units are transferable only in accordance with the restrictions described under the section titled "*Selling and Transfer Restrictions*" on page 284 of this Draft Placement Memorandum. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Placement Memorandum as "**QIBs.**

The Investment Manager, having made all reasonable inquiries confirms that this Draft Placement Memorandum contains all information with regard to the Anzen Trust, the Units and the Issue, which is material in the context of the Issue, that the information contained in this Draft Placement Memorandum is true, correct and adequate in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available with the Investment Manager and that there are no other facts, the omission of which makes this Draft Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

THE PLACEMENT MEMORANDUM SHALL BE PERSONAL TO EACH ELIGIBLE INVESTOR. THIS DRAFT PLACEMENT MEMORANDUM HAS BEEN PREPARED BY THE ANZEN TRUST SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. YOU MAY NOT, AND ARE NOT AUTHORIZED TO, (1) DELIVER THIS DRAFT PLACEMENT MEMORANDUM TO ANY OTHER PERSON; OR (2) REPRODUCE THIS DRAFT PLACEMENT MEMORANDUM IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DRAFT PLACEMENT MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INFRASTRUCTURE INVESTMENT TRUSTS) REGULATIONS, 2014 OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN THE UNITS INVOLVE RISKS AND PROSPECTIVE INVESTORS SHOULD NOT INVEST ANY FUNDS IN THE ISSUE UNLESS THEY CAN AFFORD TO TAKE THE RISK OF LOSING THEIR ENTIRE INVESTMENT. FOR MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TRUST, THE UNITS, THE ISSUE, AND THE PLACEMENT MEMORANDUM, INCLUDING THE RISKS INVOLVED. INVESTORS ARE ADVISED TO CAREFULLY READ THE PLACEMENT MEMORANDUM, INCLUDING THE SECTION ENTITLED "RISK FACTORS" AND "RIGHTS OF UNITHOLDERS" ON PAGES 60 AND 292, RESPECTIVELY, BEFORE MAKING AN INVESTMENT DECISION. THE UNITS HAVE NOT BEEN RECOMMENDED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") NOR DOES SEBI GUARANTEE ACCURACY OR ADEQUACY OF THE CONTENTS OF THE DRAFT PLACEMENT MEMORANDUM. EACH ELIGIBLE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS, ABOUT THE CONSEQUENCES OF AN INVESTMENT IN THE UNITS BEING ISSUED PURSUANT TO THE PLACEMENT MEMORANDUM.

Unless a serially numbered Placement Memorandum along with an Application Form is addressed to a particular Eligible Investor, no invitation to offer shall be deemed to have been made to such Eligible Investor to make an offer to subscribe to Units on private placement basis pursuant to the Issue. For further details, please see the section entitled "*Issue Information*" on page 297. The distribution of the Placement Memorandum or the disclosure of its contents without the Trustee's or Investment Manager's prior consent, to any person, other than to the addressees, shall be unauthorized and prohibited. Each addressee, by accepting delivery of the Placement Memorandum, shall agree to observe the foregoing restrictions and to make no copies of the Placement Memorandum or any documents referred to in the Placement Memorandum.

The information on the websites of the Sponsor, the Investment Manager, the Anzen Trust or the Lead Managers, as applicable, any website directly or indirectly linked to such websites, or the website of the Trustee, does not form part of this Draft Placement Memorandum and prospective investors should not rely on such information contained in, or available through, any such websites.

LEAD MANAGERS			**REGISTRAR AND UNIT TRANSFER AGENT**
Axis Capital Limited 1st Floor, Axis House C 2 Wadia International Centre Pandurang Budhkar Marg, Worli Mumbai - 400 025 Tel.: +91 22 4325 2183 Fax: +91 22 4325 3000 E-mail: anzen.invit@axiscapital.in Investor Grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Ankit Bhatia/Harish Patel SEBI Registration No.: INM000012029	**Credit Suisse Securities (India) Private Limited** 9th Floor, Ceejay House, Plot F, Shivsagar Estate, Worli Mumbai - 400 018 Tel: 022 6777 3885 Fax: 022 6777 3820 E-mail: list.anzeninvit@credit-suisse.com Investor Grievance E-mail: bnkg@credit-suisse.com Website: www.credit-suisse.com/in/en/investment-banking-apac/investment-banking-in-india/ipo.html Contact Person: Abhishek Joshi SEBI Registration No.: INM000011161	**Edelweiss Financial Services Limited*** 6th Floor, Edelweiss House Off C.S.T. Road, Kalina Mumbai - 400 098 Tel: +91 22 4009 4400 Fax: +91 22 4086 3610 E-mail: anzenindia@edelweissfin.com Investor Grievance E-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Lokesh Shah SEBI Registration No.: INM0000010650 ** Edelweiss Financial Services Limited is deemed to be our associate as per the SEBI Merchant Bankers Regulations. Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the SEBI Merchant Bankers Regulations, Edelweiss Financial Services Limited would be involved only in marketing of the Issue.*	**KFin Technologies Limited** ***(formerly known as "KFin Technologies Private Limited")*** Selenium, Tower B Plot No. 31 and 32, Financial District Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India Tel.: +91 40 6716 2222 Website: www.kfintech.com E-mail: anzen.invitpp@kfintech.com Investor grievance e-mail**:** einward.ris@kfintech.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221 CIN: U72400TG2017PLC117649

This Draft Placement Memorandum is dated July 22, 2022.

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NOTICE TO INVESTORS

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

The Lead Managers have not separately verified all information (financial, legal or otherwise) contained in this Draft Placement Memorandum. Accordingly, the Lead Managers or any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and accept no responsibility or liability as to the accuracy or completeness of the information contained in this Draft Placement Memorandum or any other information supplied in connection with the Issue or the distribution of the Units, other than in relation to themselves. Each Eligible Investor receiving this Draft Placement Memorandum acknowledges that such person has neither relied on the Lead Managers nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with their investigation of the accuracy of such information or such person's investment decision. Each Eligible Investor must rely on its own examination of the Anzen Trust and the merits and risks involved in investing in the Units. Eligible Investors should not construe the contents of this Draft Placement Memorandum as legal, tax, accounting or investment advice. Each Eligible Investor receiving this Draft Placement Memorandum acknowledges that in making an investment decision, such investor has relied solely on the information contained in this Draft Placement Memorandum and not on any other disclosure or representation by the Investment Manager, the Trustee, the Sponsor, the Lead Managers or any other party. Save as expressly stated in this Draft Placement Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance of the Anzen Trust.

No person is authorized to give any information or to make any representation not contained in this Draft Placement Memorandum and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of the Anzen Trust or by, or on behalf, of the Sponsor, the Investment Manager or the Lead Managers. The delivery of this Draft Placement Memorandum, at any time, does not imply that the information contained in it is correct as of any time subsequent to its date. This Draft Placement Memorandum shall not be relied upon by, and the Investment Manager, the Trustee, the Sponsor, the Project Manager and/or the Lead Managers shall not be liable to, any subsequent acquirer, transferee or investor of the Units.

This Draft Placement Memorandum is personal to each Eligible Investor.

The distribution of this Draft Placement Memorandum or the disclosure of its contents to any person, other than the Eligible Investors to whom it is addressed and those retained by such Eligible Investors to enable them to make a decision with respect to their purchase of the Units, is unauthorized and prohibited. Each Eligible Investor, by accepting delivery of this Draft Placement Memorandum, agrees to observe the foregoing restrictions and make no copies of this Draft Placement Memorandum or any other material in connection with the Issue or the Units.

Certain U.S. Matters

The Units to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission ("**SEC**"), any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Offer or the accuracy or adequacy of this Draft Placement Memorandum. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Units are being offered and sold (a) in the United States only to U.S. QIBs in transactions exempt from the registration requirements of the Securities Act, and (b) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. The Units are transferable only in accordance with the restrictions described under the section "*Selling and Transfer Restrictions*" on page 284 of this Draft Placement Memorandum. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Placement Memorandum as "**QIBs**".

Each purchaser of the Units offered by this Draft Placement Memorandum will be deemed to have made the representations, agreements and acknowledgments as described in this section entitled "*Notice to Investors - Representations by Eligible Investors"* on page 2 and in the section entitled "*Selling and Transfer Restrictions*" on page 284.

Notice to Investors in certain other jurisdictions

The distribution of this Draft Placement Memorandum and the issue of the Units in certain jurisdictions may be restricted by law. As such, this Draft Placement Memorandum does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Investment Manager or the Lead Managers which would permit an offer of the Units or distribution of this Draft Placement Memorandum in any jurisdiction, other than India. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Draft Placement Memorandum nor any Issue materials in connection with the Units be distributed or published in or from any country or jurisdiction that would require registration of the Units in such country or jurisdiction. Please see the section entitled "*Selling and Transfer Restrictions*" on page 284.

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

Representations by Eligible Investors

References herein to "you" or "your" is to each Eligible Investor in the Issue.

By purchasing, or subscribing to, the Units pursuant to the Issue, you are deemed to have represented to the Trustee, the Investment Manager, the Sponsor and the Lead Managers, and acknowledge and agree as follows:

1. You are an "Institutional Investor" as defined in Regulation 2(1)(ya) of InvIT Regulations or a "Body Corporate" as defined in Regulation 2(1)(d) of InvIT Regulations, and are eligible under applicable laws and regulations of India, and undertake (i) to acquire, hold, manage or dispose of any of the Units that are Allotted to you in accordance with InvIT Regulations, other applicable laws and under the laws of all relevant jurisdictions; and (ii) that you are entitled to acquire and have all necessary capacity and have obtained all necessary consents, governmental or otherwise and authorisations to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Draft Placement Memorandum) and will honour such obligations;

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

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

4. You are aware that the Units have not been, and will not be registered through a prospectus under the InvIT Regulations, or under any other law in force in India, and no Units will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than Institutional Investors and Bodies

Corporate. This Draft Placement Memorandum shall be filed with the Stock Exchange and SEBI and would be displayed on the website of the Stock Exchange;

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

6. None of the Sponsor, the Investment Manager, the Trustee or the Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates is making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not, up to the Allotment, be a client of the Lead Managers. None of the Sponsor, the Trustee, the Investment Manager, the Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients, or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity towards you;

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

8. You have been provided a serially numbered copy of this Draft Placement Memorandum and have read this Draft Placement Memorandum in its entirety, including, in particular, the section entitled "*Risk Factors*" on page 60;

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

10. You are permitted to acquire the Units under the laws of any applicable jurisdiction and that you have necessary capacity and authority, and have obtained all necessary consents and authorisations to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, on behalf of any person) and honour such obligations;

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

12. You have made, or are deemed to have made, as applicable, the representations provided in the section entitled "*Selling and Transfer Restrictions*" on page 284;

13. If you are in the United States, you (i) are not acquiring or subscribing for the Units as a result of any "general solicitation or general advertising" (within the meaning of Regulation D under the Securities Act) and (ii) understand and agree that x) offers and sales in the United States of the Units are being made in reliance on an exemption to the registration requirements of the Securities Act; y) the Units are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and may be eligible for resale or transfer under Rule 144 of the Securities Act; and z) the Units may not be deposited into an unrestricted depository receipt facility established or maintained by a depository bank unless and until such time as such Units are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

14. If you are outside the United States, you (i) are not acquiring or subscribing for the Units as a result of any "directed selling efforts" (as defined in Regulation S) and (ii) are acquiring or subscribing for the Units in an "offshore transaction" as defined in, and in reliance on, Regulation S;

15. If you are within the United States, you are a U.S. QIB, who is acquiring the Units for your own account or for the account of an institutional investor who also meets the definition of a U.S. QIB, for investment purposes only, and not with a view to, or for reoffer or resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part, and are not an affiliate of the Anzen Trust or a person acting on behalf of such an affiliate;

16. If you are outside the United States, you are subscribing for the Units in an "offshore transaction" as defined in Regulation S, and are not an affiliate of the Anzen Trust or the Lead Managers or a person acting on behalf of such an affiliate;

17. You understand and agree that the Units are transferable only in accordance with the restrictions described in the section entitled "*Selling and Transfer Restrictions*" on page 284, and you warrant that you will comply with such restrictions;

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

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

20. The Trustee, the Sponsor, the Investment Manager, the Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, advisors, agents or affiliates have not provided you with any legal, financial or tax advice or otherwise made any representations regarding the tax consequences of the Units (including but not limited to the Issue and the use of the proceeds of the Issue). You will obtain your own independent legal, financial or tax advice and will not rely on the Investment Manager, the Sponsor, the Trustee, the Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, advisors, agents or affiliates when evaluating the tax consequences in relation to the Units (including but not limited to the Issue and the use of the proceeds of the Issue). You waive and agree not to assert any claim against the Lead Managers, the Sponsor, the Trustee or the Investment Manager or any of their respective financial advisors, agents or affiliates with respect to the tax aspects of the Units or the Issue or as a result of any tax audits by tax authorities, in relation to the Units and the Issue, wherever situated;

21. You are not the Trustee, or the Valuer or an employee of the Valuer involved in the valuation of the Anzen Trust's Initial Portfolio Assets;

22. You are aware that (i) we have received in-principle approval from NSE dated [●], and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approval for listing and trading of the Units will be obtained in a timely manner, or at all. The Anzen Trust, the Trustee, the Investment Manager or the Sponsor, shall not be responsible for any delay or non-receipt of such final approval (except to the extent prescribed under the InvIT Regulations) or any loss arising from such delay or non-receipt;

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

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

25. You understand that the Units to be Allotted in this Issue will, when issued, be credited as fully paid and will rank *pari passu* in all respect with all other Units, including in respect of the right to receive all distributions declared, made or paid in respect of the Units after the Allotment. For details, please see the section entitled "*Distribution*" on page 209;

26. You agree to indemnify and hold the Trustee, Investment Manager, the Sponsor and the Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fee and expenses) arising out of or in connection with any breach of the representations and warranties in this section;

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

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

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

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

31. You have made, or are deemed to have made, as applicable, the representations provided in this section and each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times, up to and including the Allotment, listing and trading of the Units in the Issue; and

32. You are eligible to hold the Units, so Allotted. You are aware that your holding after the Allotment of the Units cannot exceed the investment level permissible as per any applicable law and regulations.

Available Information

The Investment Manager agrees to comply with any undertakings given by it from time to time in connection with the Units and, without prejudice to the generality of foregoing, shall furnish to the Unitholders all such information as may be required under the InvIT Regulations.

The Investment Manager agrees that, for so long as any Units are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Trust will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act, subject to compliance with applicable provisions of Indian law.

DEFINITIONS AND ABBREVIATIONS

This Draft Placement Memorandum uses the definitions and abbreviations provided below which you should consider when reading the information contained herein.

References to any legislation, act, regulations, rules, guidelines or policies shall be to such legislation, act, regulations, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made under that provision.

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

Notwithstanding the foregoing, the terms not defined but used in the sections entitled "Audited Special Purpose Combined Financial Statements", "Projections of Revenue from Operations and Cash Flow from Operating Activities", "Statement of Possible Tax Benefits" and "Legal and other Information" on pages 322, 362, 306 and 255, respectively, shall have the meanings ascribed to such terms in those respective sections.

In this Draft Placement Memorandum, unless the context otherwise requires, a reference to "we", "us" and "our" refers to the Anzen Trust and the Initial Portfolio Assets on a combined basis.

Anzen Trust Related Terms

Term	Description
Anzen Trust	Anzen India Energy Yield Plus Trust
Associate	Associate shall have the meaning under Regulation 2(1)(b) of the InvIT Regulations
Audited Special Purpose Combined Financial Statements	Audited special purpose combined financial statements of the Initial Portfolio Assets, which comprise the Combined Balance Sheets as at March 31, 2020, March 31, 2021 and March 31, 2022, the Combined Statements of Profit and Loss (including Other Comprehensive Income), the Combined Cash Flow Statements, the Combined Statements of Changes in Equity for the years ended, March 31, 2020, March 31, 2021 and March 31, 2022, the Combined Statement of Net Assets at Fair Value as at March 31, 2022, the Combined Statement of Total Returns at Fair Value for the year ended March 31, 2022 and a summary of significant accounting policies and other explanatory information
Auditors	S R B C & CO LLP, Chartered Accountants, the statutory auditors of the Anzen Trust
Capital Contribution	The total subscription amounts (either by way of cash or share swap or otherwise (including transfer of interest in the InvIT Assets by the Sponsor and any other entities)) received by the Anzen Trust from the Unitholders (including the Sponsor), for subscription of Units, in accordance with applicable law and the InvIT Documents, through private placement (as defined in the InvIT Regulations)
DMTCL	Darbhanga – Motihari Transmission Company Limited
DMTCL TSA	Transmission service agreement dated August 6, 2013 entered into between DMTCL, Maithan Power Limited, Grid Corporation of Orissa Ltd., Bihar State Electricity Board; Power Grid Corporation of India Limited, HDVC Pusauli, Damodar Valley Corporation; Power Department, Government of Sikkim; Jharkhand State Electricity Board; and West Bengal State Electricity Distribution Company Limited
EIYP	Edelweiss Infrastructure Yield Plus, an alternative investment fund having SEBI Registration Number IN/AIF1/17-18/0511 dated January 9, 2018, represented by its investment manager, Edelweiss Alternative Asset Advisors Limited
Holding Company	A holding company, as defined under Regulation 2(1)(sa) of the InvIT Regulations
Initial Portfolio Assets	Collectively, Darbhanga – Motihari Transmission Company Limited and NRSS -XXXI (B) Transmission Limited
Investment Management Agreement	The investment management agreement dated December 8, 2021 entered into between the Trustee and the Investment Manager
Investment Manager	Edelweiss Real Assets Managers Limited
Investment Objectives	The investment objectives of the Anzen Trust, as provided under the section entitled "*Overview of the Anzen Trust*" on page 18
InvIT Assets	The aggregate of the immovable, movable and other assets and cash (including cash equivalents) owned by the Anzen Trust (acting through the Trustee), whether directly, or through holding companies or SPVs, and includes all rights, interests and benefits arising from and incidental to ownership of such assets, in accordance with the InvIT Regulations and applicable law

Term	Description
InvIT Documents	The Trust Deed, the Investment Management Agreement, the Project Implementation and Management Agreements, any other document, letter or agreement with respect to the Anzen Trust or the Units, executed for the purpose of the Anzen Trust, the offer documents and such other documents in connection therewith, as originally executed and amended, modified, supplemented or restated from time to time, together with the respective annexures, schedules and exhibits, if any
InvIT Loan	The loan proposed to be availed by the Anzen Trust for an aggregate principal amount of up to ₹ [●] million
JV Group or JV Partner	Such group or partner as may be defined in the ROFO Agreement
NRSS	NRSS -XXXI (B) Transmission Limited
NRSS TSA	Transmission services agreement dated January 02, 2014 entered into by NRSS with certain long term transmission customers as set out in this Draft Placement Memorandum including Uttar Pradesh Power Corporation Limited.
Parties to the Anzen Trust	Collectively, the Sponsor, the Trustee, the Investment Manager and the Project Manager
Project Implementation and Management Agreement	Collectively, the project implementation and management agreements, to be entered into amongst the Trustee, the Project Manager, the Investment Manager and the Initial Portfolio Assets
Project Manager	Sekura Energy Private Limited
Project SPVs	The Initial Portfolio Assets and other projects, as the context may require, which are owned by the Trust from time to time
Projections of Revenue from Operations and Cash Flow from Operating Activities	Projections of revenue from operations cash flows from operating activities and the underlying assumptions of the InvIT group, consisting of the Anzen Trust, NRSS, DMTCL and each of NRSS and DMTCL individually, for the years ending March 31, 2023, March 31, 2024 and March 31, 2025 along with the basis of preparation and other explanatory information and the significant assumptions
Related Parties	Related parties, as defined under Regulation 2(1)(zv) of the InvIT Regulations.
ROFO Agreement	Right of first offer agreement to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, EIYP, the Sponsor and the ROFO Assets
ROFO Assets	11 renewable energy projects held by EIYP and one renewable energy project held by the Sponsor
Securities Purchase Agreements	The securities purchase agreements to be entered into amongst EIYP, the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, the Sponsor and each of the Initial Portfolio Assets
Shared Services Agreement	Shared services agreement to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, the Project Manager, and each of the Initial Portfolio Assets
Sponsor or SEPL	Sekura Energy Private Limited
SPV(s)	Special purpose vehicles, as defined under Regulation 2(l)(zy) of the InvIT Regulations
Technical Consultants	Tata Projects Limited
Trust Deed	The trust deed dated November 1, 2021 entered into between the Sponsor and the Trustee
Trust Loan Agreement	Trust loan agreement to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, and each of the Initial Portfolio Assets
Trustee	Axis Trustee Services Limited
Unit	An undivided beneficial interest in the Anzen Trust, and all issued and allotted Units together represent the entire beneficial interest in the Anzen Trust
Unitholder	Any person who owns any Unit of the Anzen Trust
Valuation Report	The valuation report dated July 14, 2022 issued by the Valuer, which sets out its opinion as to the fair enterprise value of the Initial Portfolio Assets as on March 31, 2022
Valuer	S Sundararaman
We / us / our	Unless the context otherwise requires or implies, the Anzen Trust and the Initial Portfolio Assets

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of the Units, to successful Bidders on the basis of the Application Form submitted by them, by the Investment Manager, in consultation with the Lead Managers
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment or transfer of the Units to successful Bidders, pursuant to the Issue
Allottees	Bidders to whom Units are issued and Allotted pursuant to the Issue

Term	Description
Application Form	The serially numbered form pursuant to which Eligible Investors shall submit a Bid for the Units in the Issue
Bid(s)	Indication of interest of an Eligible Investor, as provided in the Application Form, to subscribe for the Units at the Issue Price, in terms of this Draft Placement Memorandum and the Application Form
Bid Amount	The amount payable by a Bidder for the number of Units Bid for at the Issue Price specified in this Draft Placement Memorandum
Bid/Issue Closing Date	[●], which is the last date up to which the Application Forms shall be accepted
Bid/Issue Opening Date	[●], which is the date on which the Application Forms shall be dispatched to Eligible Investors by the Registrar and the date from which, the Registrar shall accept Application Forms
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which Eligible Investors can submit their Bids
Bid Lot	A minimum of [●] Units and in multiples of [●] Units thereafter
Bidder	Any Eligible Investor, who makes a Bid pursuant to the terms of this Draft Placement Memorandum and the Application Form
Body Corporate / Bodies Corporate	Body Corporate / Bodies corporate as defined in Regulation 2(1)(d) of the InvIT Regulations
Business Day	Any day from Monday to Friday, excluding any public holiday
Cash Escrow Account	'No-lien' and 'non-interest bearing' account to be opened with the Escrow Collection Bank and in whose favour Bidders should transfer money through direct credit/NEFT/NECS/RTGS in respect of the Bid Amount when submitting a Bid
Cash Escrow Agreement	The cash escrow agreement to be entered into amongst the Anzen Trust (acting through the Trustee), the Trustee, the Sponsor, the Investment Manager, the Lead Manager, and the Escrow Collection Bank for, among others, collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Client ID	Client identification number maintained with one of the Depositories in relation to a demat account
Closing Date	The date on which Allotment of the Units pursuant to the Issue shall be made, i.e. on or about [●]
Demographic Details	Details of the Bidders, including the Bidder's address, investor status, occupation and bank account details
Designated Account	The account wherein the Bidders should transfer money through direct credit/NEFT/NECS/RTGS in respect of the Bid Amount when submitting a Bid
Designated Date	The date of credit of Units to the Eligible Investors' demat accounts
Designated Stock Exchange	NSE
Draft Placement Memorandum	This Draft Placement Memorandum dated July 22, 2022 in relation to the Issue, filed with SEBI and the Stock Exchange, issued in accordance with the InvIT Regulations, which does not contain the complete particulars of the Issue
Eligible Investors	Institutional Investors and Bodies Corporate, whether Indian or foreign, subject to applicable law
Escrow Collection Bank	[●]
Institutional Investors	Institutional investor as defined in Regulation 2(1)(ya) of the InvIT Regulations
Issue	The issue of up to [●] Units at an Issue Price of ₹ [●] per Unit, aggregating up to ₹ 8,950 million, on a private placement basis
Issue Price	₹ [●] per Unit, being the price at which Units will be Allotted to successful Bidders in terms of this Draft Placement Memorandum
Issue Proceeds	The proceeds of the Issue of up to ₹ 8,950 million For further details about the use of the Issue Proceeds and the Issue Expenses, please see the section entitled "*Use of Proceeds*" on page 201
Issue Size	The issue of up to [●] Units aggregating up to ₹ 8,950 million
Listing Agreement	The listing agreement to be entered into with the Stock Exchange by the Trust, in line with the format as specified under the Securities and Exchange Board of India circular number CIR/CFD/CMD/6/2015 dated October 13, 2015 on "Format of uniform Listing Agreement"
Listing Date	The date on which the Units will be listed on the Stock Exchange
Lead Managers	Axis Capital Limited, Credit Suisse Securities (India) Private Limited and Edelweiss Financial Services Limited* ** Edelweiss Financial Services Limited is deemed to be our associate as per the SEBI Merchant Bankers Regulations. Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A*

Term	Description
	of the SEBI Merchant Bankers Regulations, Edelweiss Financial Services Limited would be involved only in marketing of the Issue.
Minimum Bid Size	₹ 10 million
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Placement Agreement	The placement agreement dated July 22, 2022 entered into among the Anzen Trust (acting through the Trustee), the Trustee, the Investment Manager, the Sponsor and the Lead Managers
Placement Memorandum	The placement memorandum dated [●] to be issued in relation to this Issue in accordance with the InvIT Regulations
Qualified Institutional Buyers or QIB(s)	Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, which currently includes (i) a mutual fund, a VCF, an AIF and an FVCI registered with SEBI, (ii) an FPI, other than Category III FPI, registered with SEBI, (iii) a public financial institution as defined in section 2(72) of the Companies Act, 2013, (iv) a scheduled commercial bank, (v) a multilateral and bilateral development financial institution, (vi) a state industrial development corporation, (vii) an insurance company registered with the IRDAI, (viii) a provident fund with minimum corpus of ₹ 250 million, (ix) a pension fund with minimum corpus of ₹ 250 million, (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India, (xi) insurance funds set up and managed by army, navy or air force of the Union of India, (xii) insurance funds set up and managed by the Department of Posts, India, and (xiii) systemically important non-banking financial companies. For the avoidance of doubt, this term is not used herein as it is defined in Rule 144A
Registrar/ Unit Transfer Agent	KFin Technologies Limited
Working Day	Working Day, with reference to (a) Bid/Issue Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (b) the time period between the Bid/Issue Closing Date and the listing of the Units on the Stock Exchange, shall mean all trading days of Stock Exchange, excluding Sundays and bank holidays

Technical and Industry Related Terms

Term	Description
ARR	Aggregate Revenue Requirement
BOO	Build, own, operate
BOOM	Build, own, operate and maintain
BPC	Bid process co-ordinator
BPTA	Bulk Power Transmission Agreement
CARE	CARE Advisory Research and Training Limited
CARE Report	A report entitled "*Report on Renewables and Transmission Sector*" dated July 2022 issued by CARE
CEIG	Chief Electrical Inspector to Government
CERC	Central Electricity Regulatory Commission
COD	Commercial Operations Date
CTU	Central Transmission Utility
D/C	Double Circuit
DC	Direct Current
DIC	Designated inter-state transmission system customers
DISCOM	Distribution companies
EHS	Environment, Occupational Health and Safety
EHV	extra high voltage
EPC	Engineering, Procuring and Construction
GW	Giga watt
HVDC	High Voltage Direct Current
ISTS	Inter State Transmission Systems
LTTC	Long term transmission customer
MoP	Ministry of Power
MVA	Mega Volt Ampere
MW	Mega watt
NPCIL	Nuclear Power Corporation of India Limited
O&M	Operation and maintenance
PFC	Power Finance Corporation of India Limited
PGCIL	Power Grid Corporation of India Limited
PoC	Point of Connection
POSOCO	Power System Operation Corporation Limited
PPA	Power Purchase Agreement
REC	Rural Electrification Corporation of India Limited
RLDC	Regional Load Dispatch Centre
RSA	Revenue Sharing Agreement
SEB(s)	State Electricity Boards
SLDC	State Load Dispatch Centre
TBCB	Tariff Based Competitive Bidding
TSA	Transmission Services Agreement
TSP	Transmission Service Provider

Abbreviations

Term	**Description**
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
CAN	Confirmation of Allocation Note
CCEA	Cabinet Committee on Economic Affairs
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, as amended without reference to the provisions thereof that have ceased to have effect
Companies Act, 2013	Companies Act, 2013
Competition Act	Competition Act, 2002
Depositories Act	Depositories Act, 1996

Term	Description
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
Electricity Act	Electricity Act, 2003
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year or Fiscal Year or Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FVCI	Foreign venture capital investors, as defined under the SEBI FVCI Regulations
GAAR	General Anti-Avoidance Rules
GoI or Government	Government of India
ICAI	Institute of Chartered Accountants of India
Ind AS/Indian Accounting Standards	Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013, including any amendments or modifications thereto
Indian GAAP	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended) and the Companies (Accounts) Rules, 2014, as amended
Indian GAAS	Generally Accepted Auditing Standards in India
InvIT	Infrastructure Investment Trust
InvIT Regulations	Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and circulars, notifications, guidelines and clarifications issued thereunder
IRDAI	Insurance Regulatory and Development Authority of India
IRR	Internal Rate of Return
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MoEF	Ministry of Environment, Forest and Climate Change
NACH	National Automated Clearing House
NASD	National Association of Securities Dealers
NCDs	Non-convertible debentures
NEFT	National Electronic Funds Transfer
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCDs	Optionally convertible debentures
PAN	Permanent Account Number
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
ROFO	Right of First Offer
Rs./Rupees/INR/₹	Indian Rupees
RTGS	Real Time Gross Settlement
RTM	Regulated Tariff Mechanism
Rule 144A	Rule 144A under the Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956
SCR (SECC) Regulations	Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	U.S. Securities Act of 1933, as amended
Stock Exchange	NSE

Term	Description
U.S./USA/United States	United States of America
USD/US$	United States Dollars
VCF	Venture capital funds as defined under the SEBI VCF Regulations

PRESENTATION OF FINANCIAL DATA AND OTHER INFORMATION

Certain Conventions

All references in this Draft Placement Memorandum to "India" are to the Republic of India and all references to the "U.S.", or the "United States" are to the United States of America.

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

Financial Data

Unless stated otherwise, the financial information in this Draft Placement Memorandum is derived from the Audited Special Purpose Combined Financial Statements. The Anzen Trust was settled as a trust on, and will not acquire ownership of the Initial Portfolio Assets until immediately prior to the Allotment of the Units in the Issue. As of the date of this Draft Placement Memorandum, there is no available financial information of the Anzen Trust.

The Audited Special Purpose Combined Financial Statements have been prepared in accordance with the Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 read with the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India. For further details, please see the section entitled "*Audited Special Purpose Combined Financial Statements*" on page 322.

Further, this Draft Placement Memorandum includes projections of revenue from operations and cash flows from operating activities of the Trust on a combined basis and each of DMTCL and NRSS, individually, for the financial years ended March 31, 2023, March 31, 2024 and March 31, 2025, prepared in accordance with the basis of preparation as set out in Note II of projections of revenue from operations and cash flow from operating activities (the "**Projections of Revenue from Operations and Cash Flow from Operating Activities**"). For further details, please see the section entitled "*Projections of Revenue from Operations and Cash Flow from Operating Activities*" on page 362.

Further, this Draft Placement Memorandum includes summary of the (i) audited consolidated financial statements of the Sponsor, as of and for the financial years ended March 31, 2021 and March 31, 2020, (ii) audited standalone financial statements of the Sponsor for the period from April 6, 2018 to March 31, 2019, prepared in accordance with Ind AS and the Companies Act; and (iii) audited financial statements of the Investment Manager, as of and for the financial year March 31, 2022 prepared in accordance with Ind AS, derived from the consolidated or standalone financial statements (as specified above) of the Sponsor for the respective years and from the standalone financial statements of the Investment Manager for the respective year. For further details, please see the sections entitled "*Summary Financial Information of the Sponsor*" and "*Summary Financial Information of the Investment Manager*" on pages 29 and 36, respectively.

The financial year for the Anzen Trust, the Sponsor, the Investment Manager and the Initial Portfolio Assets, commences on April 1 and ends on March 31 of the next year, and accordingly, all references to a particular financial year or fiscal year, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

The degree to which the financial information included in this Draft Placement Memorandum will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP, Ind AS and the InvIT Regulations. The Investment Manager has not attempted to explain these differences or quantify their impact on the financial data included in this Draft Placement Memorandum, and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Placement Memorandum should accordingly be limited.

In this Draft Placement Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures and percentage figures have been rounded off to two decimal places.

Non-GAAP Measures

EBITDA and EBITDA Margin (together, "**Non-GAAP Measures**"), presented in this Draft Placement Memorandum are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, EBITDA and EBITDA Margin are not standardised

terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, the Investment Manager believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate our operating performance.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupees, the official currency of the Republic of India; and
- "USD" or "US$" or "$" or "U.S. dollars" are to United States Dollars, the official currency of the United States.

Except otherwise specified, certain numerical information in this Draft Placement Memorandum has been presented in "million" units. (i) One million represents 1,000,000; (ii) one billion represents 1,000,000,000; and (iii) One lakh represents 1,00,000.

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

Exchange Rates

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

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

(in ₹ per US$)

Currency	As of March 30, 2022	As of March 31, 2021	As of March 31, 2020
1 US$	75.80	73.50	75.38

Source: https://www.fbil.org.in/#/home
Note: If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day has been disclosed. The reference rates are rounded off to two decimal places.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Placement Memorandum has been obtained or derived from CARE Report as well as certain other publicly available sources. The Investment Manager has commissioned the CARE Report, to provide an independent estimation of the renewables and transmission sector, which is based on historical data and certain assumptions.

Industry publications as well as government publications generally state that the information contained in such publications has been obtained from various sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based solely on such information. The data used in these sources may have been re-classified for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section entitled "*Risk Factors- Industry information included in this Draft Placement Memorandum has been derived from an industry report commissioned and paid for by us exclusively in connection with the Issue*" on page 74.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Placement Memorandum that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "intend", "likely", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Anzen Trust are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding the Anzen Trust's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Anzen Trust's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Placement Memorandum that are not historical facts. These forward-looking statements and any other projections contained in this Draft Placement Memorandum (whether made by the Trustee, Investment Manager or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Anzen Trust's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Further, this Draft Placement Memorandum also includes the section entitled "*Projections of Revenue from Operating and Cash Flow from Operating Activities*" on page 362.

The Valuation Report included in this Draft Placement Memorandum, is based on certain projections and accordingly, should be read together with assumptions and notes thereto. For further details, please see the "*Valuation Report*" attached as Annexure A. The Technical Reports include projections and estimates in relation to routine and periodic maintenance, including operation and maintenance, and accordingly, should be read in conjunction with the relevant notes and assumptions thereto.

All forward-looking statements and financial projections are subject to risks, uncertainties and assumptions. Actual results may differ materially from those suggested by forward-looking statements and financial projections due to certain known or unknown risks or uncertainties associated with the Investment Manager's expectations with respect to, but not limited to, the actual growth in the infrastructure sector, the Investment Manager's ability to successfully implement the strategy, growth and expansion plans, technological changes, cash flow projections, exposure to market risks, general economic and political conditions in India, monetary and fiscal policies of India, inflation, deflation. foreign exchange rates, performance of financial markets in India or globally, changes in domestic laws, regulations and taxes, changes in competition in the infrastructure sector, the outcome of any legal or regulatory proceedings and the future impact of new accounting standards. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated.

Factors that could cause actual results, performance or achievements of the Anzen Trust to differ materially include, but are not limited to, those discussed under the sections entitled "*Risk Factors*", "*Industry Overview*", "*Business*" and "*Discussion and analysis by the Directors of the Investment Manager of the financial condition, results of operations and cash flows of the Initial Portfolio Assets of the Anzen Trust*", on pages 60, 140, 178 and 211, respectively. Some of the factors that could cause the Trust's actual results, performance or achievements to differ materially from those in the forward-looking statements, financial projections and financial information include, but are not limited to, the following:

- We may be unable to operate and maintain our power transmission projects to achieve the prescribed availability;
- Substantially all our revenue is derived from tariffs received from Long Term Transmission Customers;
- The ROFO Agreements are subject to various terms and conditions;
- We will assume certain liabilities of the Initial Portfolio Assets; and
- We may be unable to successfully undertake future acquisitions of renewable energy and transmission projects or efficiently manage the projects we may acquire in the future.

The forward-looking statements, Projections of Revenue from Operations and Cash Flow from Operating Activities, Valuation Report and Technical Reports reflect current views as of the date of this Draft Placement Memorandum and are not a guarantee of future performance or returns to Bidders. These statements and projections are based on certain beliefs and assumptions, which in turn are based on currently available information. Although the Investment Manager and the Sponsor believe that the expectations and the assumptions upon which such forward-looking statements are based, are reasonable at this time, none of the Investment Manager or the Sponsor can assure Bidders that such expectations will prove to be correct or accurate.

In accordance with the InvIT Regulations, the assumptions underlying the Projections of Revenue from Operations and Cash Flow from Operating Activities have been examined by the Auditors. The Projections of Revenue from Operations and Cash

Flow from Operating Activities have been prepared for inclusion in this Draft Placement Memorandum for the purposes of this Issue, using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur, and have been approved by the board of directors of the Investment Manager. Consequently, Bidders are cautioned that the Projections of Revenue from Operations and Cash Flow from Operating Activities may not be appropriate for purposes other than that described above. In any event, these statements speak only as of the date of this Draft Placement Memorandum or the respective dates indicated in this Draft Placement Memorandum.

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

THE ISSUE

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

Issue	Initial offer by way of fresh issue of up to [●] Units aggregating up to ₹ 8,950 million
Issue Price	₹ [●]
Minimum Bid Size	₹ 10 million
Bid/Issue Opening Date	[●]
Bid/Issue Closing Date	[●]
Sponsor	Sekura Energy Private Limited
Trustee	Axis Trustee Services Limited
Investment Manager	Edelweiss Real Assets Managers Limited
Project Manager	Sekura Energy Private Limited
Eligible Investors	Institutional Investors and Bodies Corporate, Indian or foreign, subject to applicable law
Authority for this Issue	This Issue was authorised, and approved by the board of directors of the Investment Manager on July 8, 2022.
Tenure of the Trust	The Anzen Trust shall remain in force perpetually until it is dissolved or terminated in accordance with the Trust Deed. For details, please see the section entitled "*Parties to the Anzen Trust*" on page 96.
Units issued and outstanding as of the date of this Draft Placement Memorandum	As of the date of this Draft Placement Memorandum, there are no issued and outstanding Units.
Units issued and outstanding immediately after this Issue	Up to [●] Units
Sponsor Units as on the date of the Placement Memorandum	Up to [●] Units The Units held by the Sponsor shall rank *pari passu* with, and have the same rights as the Units to be Allotted pursuant to this Issue. The Units to be held by the Sponsor have been allotted to the Sponsor pursuant to the resolution of the board of directors of the Investment Manager dated [●].
Distribution	Please see the section entitled "*Distribution*" on page 209
Indian Taxation	Please see the section entitled "*Statement of Possible Tax Benefits"* on page 306
Use of Proceeds	Please see the section entitled "*Use of Proceeds*" on page 201
Listing	Prior to this Issue, there has been no market for the Units. The Units are proposed to be listed on the Stock Exchange. In-principle approval for listing of the Units has been received from NSE on [●]. The Investment Manager shall apply to the Stock Exchange for the final listing and trading approval, after the Allotment and the credit of the Units to the demat accounts of the Allottees
Designated Stock Exchange	NSE
Closing Date	The date on which Allotment of the Units pursuant to this Issue shall be made, i.e. on or about [●]
Ranking	The Units being issued shall rank *pari passu* in all respects, including rights in respect of distribution. Please see the section entitled *"Rights of Unitholders"* on page 292
Lock-in and Rights of Unitholders	For details, please see the sections entitled "*Information Concerning the Units*" and "*Rights of Unitholders*" on pages 200 and 292, respectively
Risk Factors	Prior to making an investment decision, Bidders should consider carefully the matters discussed in the section entitled *"Risk Factors*" on page 60

The Issue is a private placement of Units under Regulation 14(2) of the InvIT Regulations. Upon listing of the Units on the Stock Exchange, the Units shall be traded only on the dematerialized segment of the Stock Exchange.

In accordance with the InvIT Regulations, no Unitholder shall enjoy superior voting or any other rights over another Unitholder. Further, there shall not be multiple classes of Units. However, in the future, the Anzen Trust may issue subordinate units of the Anzen Trust only to the Sponsor and its Associates, in compliance with the InvIT Regulations, where such subordinate units of the Anzen Trust shall carry only inferior voting or other rights compared to the Units.

For further details in relation to this Issue, including the method of application, please see the section entitled "*Issue Information*" on page 297.

OVERVIEW OF THE ANZEN TRUST

The following overview is qualified in its entirety by, and is subject to, the more detailed information contained in, or referred to elsewhere, in this Draft Placement Memorandum. The statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results of the Anzen Trust to differ materially from those forecasted or projected in this Draft Placement Memorandum. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction of the accuracy of the underlying assumptions by the Anzen Trust, the Parties to the Anzen Trust or the Lead Managers or any other person or that these results will be achieved or are likely to be achieved. Investment in Units involves risks. Bidders are advised not to rely solely on this overview, however, should read this Draft Placement Memorandum in its entirety and, in particular, the section entitled "Risk Factors" on page 60.

Structure and description of the Trust

The Sponsor set up the Anzen Trust on November 1, 2021, as an irrevocable trust under the provisions of the Indian Trusts Act, 1882. The Anzen Trust was registered as an infrastructure investment trust under the InvIT Regulations on January 18, 2022 having registration number IN/InvIT/21-22/0020. The Sponsor has settled the Anzen Trust for an initial sum of ₹ 10,000. The Sponsor shall not have any beneficial interest in such initial sum of the Anzen Trust and such sum shall not be distributed to Sponsor under any circumstances.

For details of the registered office and contact person of the Sponsor, please see the section entitled *"General Information"* on page 92. For details with respect to Unitholders holding more than 5% of the Units, please see the section entitled "*Information Concerning the Units*" on page 200.

Further, Edelweiss Real Assets Managers Limited has been appointed as the Investment Manager, and Sekura Energy Private Limited has been appointed as the Project Manager to the Anzen Trust. For further details, please see the section entitled "*Parties to the Anzen Trust*" on page 96.

Investment Objectives

In terms of the Trust Deed, the investment objectives and strategy of the Anzen Trust is to carry on the activities of and make investments as an infrastructure investment trust as permissible in terms of the InvIT Regulations and applicable law, including in such special purpose vehicles, holding companies and/or securities in India as permitted under the InvIT Regulations and other applicable laws and as detailed in this Draft Placement Memorandum.

The Trustee shall ensure that the capital contribution in the Anzen Trust and other InvIT Assets shall be utilized solely for the purposes of making investments as stated above, meeting the investment objectives of the Anzen Trust and for the purposes of any expenses incidental to the investment objectives, in accordance with the InvIT Regulations and applicable law.

Investments by Anzen Trust shall be in compliance with the provisions of the InvIT Regulations and unless specifically provided under applicable law, Anzen Trust shall not carry out any other principal activity or trade, in contradiction of the restrictions and requirements under applicable law.

Fee and expenses

Annual Expenses

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

The estimated recurring expenses on an annual basis, including but not limited to, are as follows:

(₹ in million)

Payable by the Trust	Estimated Expenses*
Fee payable to Credit Rating Agency	2.62
Fee payable to the Valuer	1.30
Fee payable to the Auditors	14.00
Fee payable to Trustee	Please see Note 1 below
Fee payable to Investment Manager	Please see Note 2 below
Fee payable to Project Manager	Please see Note 3 below
Fee payable to the Registrar	0.33
Fee payable to the Stock Exchange and Depositories	0.08

**The above-mentioned expenses relate to the one full year of operation for the Anzen Trust.*

Note 1:

The Trustee shall be entitled to a fee of ₹ 1.2 million per annum (the "**Trusteeship Fee**"), which shall be paid annually to the Trustee for the services rendered to the Anzen Trust. The Trusteeship Fee shall be payable in two tranches, as follows: (i) an annual fee of ₹ 0.6 million shall be payable from the date of listing of the units of the Anzen Trust with the Initial Portfolio Assets; and (ii) an annual fee of ₹ 0.6 million shall be payable from the date of acquisition of the ROFO Assets by the Trust. In addition, the Trustee shall be entitled to recover from the Anzen Trust (i) any legitimate out of pocket expenses incurred in relation to its trusteeship of the Anzen Trust, subject to certain conditions; and (ii) any tax or duty (other than income tax) which is, or may become, leviable under applicable law on the Trusteeship Fee.

Note 2:

The Investment Manger shall be entitled to a fee of ₹ 55 million in relation to the Initial Portfolio Assets and shall be entitled to an additional fee amounting to 0.25% of gross block of future assets acquisition by the Anzen Trust (the "**IM Fee**"). The IM Fee shall be paid monthly to the Investment Manager for the services rendered to the Anzen Trust. Further, the Investment Manager shall be entitled to recover from the Anzen Trust any tax or duty or levies, including goods and services tax (other than income tax) which is, or may become, leviable under applicable law on the IM Fees.

Note 3:

With effect from the date of listing of the Units, the Project Manager shall be entitled to a fee amounting to 15% of the gross O&M expenses (excluding insurance and statutory cost) of the Initial Portfolio Assets, or such other fee as may be mutually agreed ("**PM Fee**"). The PM Fee shall be paid monthly to the Project Manager within fourteen business days from the end of each calendar month failing which the PM Fee, or any part thereof, which remains outstanding shall attract interest at the rate of 12% per annum on the outstanding amount.

Set-up expenses

The expenses in relation to setting up the Anzen Trust, being an aggregate of ₹ 1.12 million, have been borne by the Sponsor, on behalf of the Anzen Trust and shall be reimbursed by the Anzen Trust to the Sponsor.

Issue Expenses

The total expenses of this Issue are estimated to be up to ₹ [●] million. For details in relation to the Issue expenses, please see the section entitled "*Use of Proceeds*" on page 201.

Details of credit ratings

The Anzen Trust has been given an issuer rating of (i) "Provisional CRISIL AAA/Stable" (Assigned), for bank loan facilities aggregating to ₹7,500 million by CRISIL Ratings Limited, the rationale for which is available at the website: https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/AnzenIndiaEnergyYieldPlusTrust_July%2006,%202022_RR_296942.html; and (ii) "Provisional IND AAA/Stable" (Assigned), for a proposed bank loan aggregating to ₹7,500 million by India Ratings and Research, the rationale for which is available at the website: https://www.indiaratings.co.in/pressrelease/58903.

FORMATION TRANSACTIONS IN RELATION TO THE ANZEN TRUST

Details of arrangement pertaining to the Anzen Trust

The Anzen Trust's initial portfolio of assets comprises 2 SPVs to be acquired by the Anzen Trust from EIYP, namely (i) NRSS-XXXI (B) Transmission Limited ("**NRSS**"), and (ii) Darbhanga – Motihari Transmission Company Limited ("**DMTCL**"). The details of the Initial Portfolio Assets as of the date of this Draft Placement Memorandum are provided below:

1. NRSS-XXXI (B) Transmission Limited ("NRSS")

NRSS was incorporated on July 29, 2013 under the Companies Act, 1956 (CIN U40106MH2013PLC342540). Its registered office is located at 504 and 505, 5th Floor, Windsor, Off CST Road, Kalina, Santacruz (East), Mumbai 400 098, Maharashtra. The authorised capital of the company is ₹ 301,390,530 (divided into 30,139,053 equity shares of ₹ 10 each) and its issued subscribed and paid-up capital is ₹ 98,321,430 (divided into 9,832,143 equity shares of ₹ 10 each), as at the date of this Draft Placement Memorandum. The shareholding pattern of NRSS as at the date of this Draft Placement Memorandum is provided below:

Sr. No.	Shareholder's Name	No. of Equity Shares	Percentage (%)
1.	Edelweiss Infrastructure Yield Plus^	7,275,780	74.00
2.	Essel Infraprojects Limited*	2,556,358	26.00
3.	Subahoo Chordia**	1	Negligible
4.	Vinit Pawankumar Agrawal**	1	Negligible
5.	Avinash Prabhakar Rao **	1	Negligible
6.	Krishna Virendra Parekh**	1	Negligible
7.	Biren Sudhirbhai Fozdar**	1	Negligible
Total		**9,832,143**	**100.00**

***** *100% economic interest is held by EIYP. Further, NRSS has received approval from the relevant LTTC for the transfer of 26% equity shareholding of NRSS held by Essel Infraprojects Limited to EIYP and subsequently from EIYP to the Anzen Trust ("**Transfer**"). Accordingly, it is proposed that this Transfer will be undertaken prior to filing of the placement memorandum with SEBI.*

***Nominee of EIYP.*

^ Acquired from SEPL on June 30, 2022.

2. Darbhanga – Motihari Transmission Company Limited ("DMTCL")

DMTCL was incorporated on December 18, 2012 under the Companies Act, 1956 (CIN U40300MH2012PLC342541). Its registered office is located at 504 and 505, 5th Floor, Windsor, Off CST Road, Kalina, Santacruz (East), Mumbai 400 098, Maharashtra. The authorised capital of the company is ₹ 380,000,000 (divided into 38,000,000 equity shares of ₹ 10 each) and its issued subscribed and paid-up capital is ₹ 162,966,670 (divided into 16,296,667 equity shares of ₹ 10 each), as at the date of this Draft Placement Memorandum. The shareholding pattern of DMTCL as at the date of this Draft Placement Memorandum is provided below:

Sr. No.	Shareholder's Name*#	No. of Equity Shares	Percentage (%)
1.	Edelweiss Infrastructure Yield Plus^	12,059,527	74.00
2.	Essel Infraprojects Limited*	4,237,135	26.00
3.	Subahoo Chordia**	1	Negligible
4.	Vinit Pawankumar Agrawal**	1	Negligible
5.	Avinash Prabhakar Rao**	1	Negligible
6.	Krishna Virendra Parekh**	1	Negligible
7.	Biren Sudhirbhai Fozdar**	1	Negligible
Total		**16,296,667**	**100.00**

***To be acquired by EIYP post expiry of lock-in period, which will subsequently be acquired by the Trust. However, 100% economic interest is held by EIYP.*

*** Nominee of EIYP.*

^ Acquired from SEPL on June 30, 2022.

#The Trust (acting through the Trustee), the Trustee, the Investment Manager, SEPL, DMTCL and the other shareholders of DMTCL will enter into a letter agreement, pursuant to which the other shareholders of DMTCL shall agree, amongst others, that notwithstanding any provisions or any understanding in any other agreement or document entered into between Essel Infraprojects Limited and SEPL and its associates and holding entities, to not exercise any rights, in relation to their holding of the specified portion of the equity shares of DMTCL that prevent the Trust, the Investment Manager or DMTCL from complying with the provisions of applicable law, including the InvIT Regulations.

Acquisition of the Initial Portfolio Assets by the Anzen Trust

EIYP presently holds 74% of the equity shareholding of each of the Initial Portfolio Assets. However, 100% of the economic interest in each of the Initial Portfolio Assets is held by EIYP. Further, as of June 30, 2022, EIYP holds (i) 2,91,000 unsecured NCDs issued by DMTCL of a face value of ₹ 1,000 per NCD ("**NCDs**"); (ii) 87,710,000 OCDs issued by DMTCL of a face

value of ₹ 10 per OCD ("**DMTCL OCDs**"), and (iii) 63,243,500 OCDs issued by NRSS of a face value of ₹ 10 per OCD ("**NRSS OCDs**, together with the DMTCL OCDS referred to as "**OCDs**"). For further details in relation to the OCDs and NCDs, please see the section entitled "*Use of Proceeds*" on page 201.

Prior to the Allotment, the Anzen Trust, acting through the Trustee, proposes to acquire from the EIYP, and EIYP proposes to transfer to the Anzen Trust (i) the equity shareholding of each of the Initial Portfolio Assets in exchange for Units; and (ii) OCDs and NCDs as mentioned above, in exchange for cash, pursuant to the Securities Purchase Agreements (the "**Proposed Transfer**").

The Proposed Transfer shall be as set out below:

I. Equity Shareholding

Sr. No.	Name of the Initial Portfolio Asset	Percentage (%) of Pre-Issue security holding of EIYP	Percentage (%) of the proposed post-Issue security holding of the Anzen Trust
Equity Shareholding*			
1.	DMTCL	74.00	74.00
2.	NRSS^	74.00	74.00

***100% economic interest in DMTCL and NRSS, held by EIYP will also be transferred to the Anzen Trust.*

*^NRSS has received approval from the relevant LTTC for the transfer of 26% equity shareholding of NRSS held by Essel Infraprojects Limited to EIYP and subsequently from EIYP to the Anzen Trust ("**Transfer**"). Accordingly, it is proposed that this Transfer will be undertaken prior to filing of the placement memorandum with SEBI.*

II. OCDs and NCDs

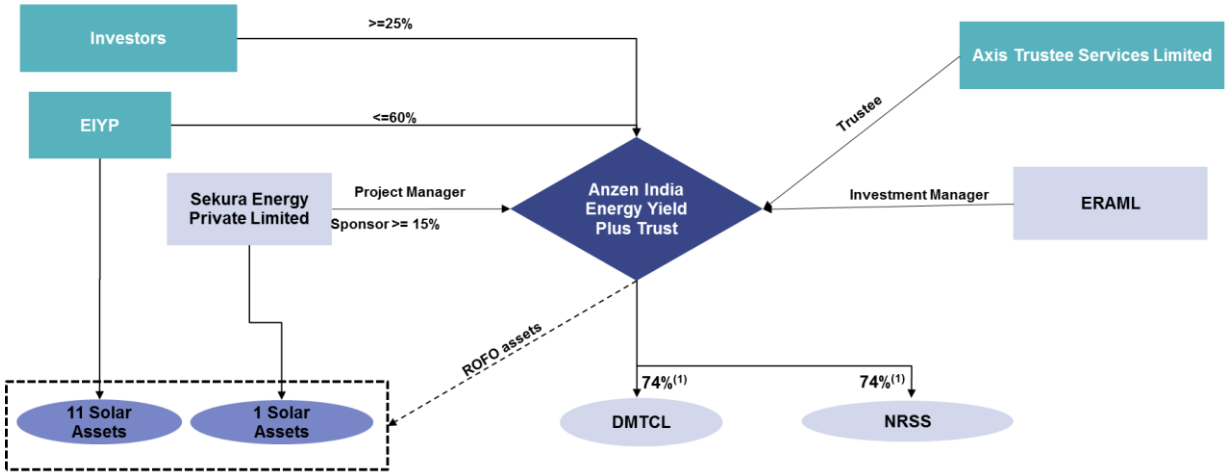
Sr. No.	Name of the Initial Portfolio Asset	Pre-Issue security holding of EIYP	Proposed post-Issue security holding of the Anzen Trust
Optionally Convertible Debentures			
1.	DMTCL	87,710,000 OCDs	87,710,000 OCDs
2.	NRSS	63,243,500 OCDs	63,243,500 OCDs
Non-Convertible Debentures			
3.	DMTCL	2,91,000 NCDs	2,91,000 NCDs

Utilisation of Issue Proceeds and InvIT Loan

Upon the listing of the Units, the Anzen Trust shall utilize the Issue Proceeds towards (i) providing loans to the Initial Portfolio Assets for repayment or pre-payment of debt, including any accrued interest, by way of redemption of non-convertible debentures issued by them, (ii) purchase of the optionally convertible debentures and non-convertible debentures issued by the Initial Portfolio Assets to EIYP, (iii) the creation of reserves, including reserves for servicing of debt, liabilities or meeting the Initial Portfolio Assets' payment obligations, and (iv) general purposes. For further details, please see the section entitled "*Use of Proceeds*" on page 201.

Proposed post-listing structure

The following structure illustrates the relationship between the Anzen Trust, the Trustee, the Sponsor (in its capacity as Sponsor and Project Manager), the Investment Manager and the Unitholders as on the Listing Date:



Notes:

- Initial portfolio – 2 transmission assets (NRSS and DMTCL)
- ROFO assets – 12 solar assets
- ERAML is Edelweiss Real Assets Managers Limited, a part of Edelweiss Alternatives

*Note: The balance 26% interest in DMTCL will be transferred once the lock in period expires as required under the transmission services agreement. Please note NRSS has received approval from the relevant LTTC for the transfer of 26% equity shareholding of NRSS held by Essel Infraprojects Limited to EIYP, and subsequently from EIYP to the Anzen Trust ("**Transfer**"). Accordingly, it is proposed that this Transfer will be undertaken prior to filing of the placement memorandum with SEBI.*

SUMMARY COMBINED FINANCIAL STATEMENTS

The following tables set forth the summary financial information derived from the Audited Special Purpose Combined Financial Statements which were prepared in accordance with the Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 read with the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, as of and for the Fiscals 2022, 2021 and 2020.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations. Accordingly, any reliance by persons not familiar with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations on the summary financial information presented below should be limited.

The summary financial information derived from the Combined Financial Statements, as presented below, should be read together with the section entitled "Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Assets of the Anzen Trust" on pages 211 in conjunction with the section entitled "Audited Special Purpose Combined Financial Statements" on page 322.

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Summary Combined Balance Sheet

(All amounts in Rupees millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	12,097.19	13,055.64	13,933.19
(b) Capital work-in-progress	46.59	5.15	93.99
(c) Goodwill	1,371.22	1,371.22	1,371.22
(d) Financial assets			
(i) Other financial assets	6.96	176.20	163.74
(e) Income tax assets (net)	11.40	12.33	12.65
(f) Other assets	-	0.86	20.30
Total non-current assets	**13,533.36**	**14,621.40**	**15,595.09**
(2) Current assets			
(a) Financial assets			
(i) Investments	272.37	325.66	225.84
(ii) Trade receivables	-	-	167.96
(iii) Cash and cash equivalents	43.53	81.12	32.99
(iv) Bank balances other than disclosed in note 8A above	1,231.97	1,096.75	838.41
(v) Other financial assets	603.45	584.86	554.73
(b) Other assets	18.60	19.64	23.24
Total current assets	**2,169.92**	**2,108.03**	**1,843.17**
Total assets	**15,703.28**	**16,729.43**	**17,438.26**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity capital	261.29	261.29	261.29
(b) Other equity	771.12	1,283.27	1,963.12
(c) Adjustment on combination of SPVs	(80.18)	(80.18)	(80.18)
Total equity	**952.23**	**1,464.38**	**2,144.23**
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13,757.23	14,210.31	14,424.19
(b) Provisions	1.86	1.46	0.81

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Total non-current liabilities	**13,759.09**	**14,211.77**	**14,425.00**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	466.00	429.00	400.00
(ii) Trade and other payables	20.93	48.09	51.26
(iii) Other financial liabilities	427.41	445.60	412.09
(b) Other liabilities	77.08	130.02	5.39
(c) Provisions	0.54	0.57	0.29
Total current liabilities	**991.96**	**1,053.28**	**869.03**
Total equity and liabilities	**15,703.28**	**16,729.43**	**17,438.26**

Summary Combined Statement of Profit and Loss

(All amounts in Rupees millions unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from contract with customers	2,218.01	2,176.17	2,296.14
Other income	25.07	69.67	33.54
Finance income	60.30	69.84	70.45
Total	**2,303.38**	**2,315.68**	**2,400.13**
EXPENSES			
Operation and maintenance expense	65.62	98.46	81.29
Employee benefit expense	14.95	13.19	8.77
Depreciation expense	1,073.75	1,131.78	1,231.40
Finance costs	1,498.53	1,524.70	1,525.19
Other expenses	162.78	227.30	184.36
Total	**2,815.63**	**2,995.43**	**3,031.01**
Loss before tax	**(512.25)**	**(679.75)**	**(630.88)**
Tax expense:			
(1) Current tax	-	-	-
(2) Deferred tax	-	-	-
Loss for the year [A]	**(512.25)**	**(679.75)**	**(630.88)**
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent period			
Re-measurement of defined benefit plans (net of tax INR Nil)	0.10	(0.10)	(0.16)
Total other comprehensive income for the year, net of tax [B]	**0.10**	**(0.10)**	**(0.16)**
Total comprehensive income for the year, net of tax [A+B]	**(512.15)**	**(679.85)**	**(631.04)**
Loss for the year			
Attributable to :			
Equity holders	(512.15)	(679.85)	(631.04)
Earnings per unit			

Summary Combined Cash Flow Statement

(All amounts in Rupees millions unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities			
Loss before tax	(512.25)	(679.75)	(630.88)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation expenses	1,073.75	1,131.78	1,231.40
Finance income	(60.30)	(69.84)	(70.45)
Fair value gain on financial instrument at fair value through profit or loss	(1.38)	(1.42)	(0.63)
Income from investment in mutual fund	(13.23)	(7.73)	(12.99)
Loss on disposal of property, plant and equipment	4.66	82.08	-
Income from insurance claim	(8.77)	(57.75)	-
Liabilities no longer required written back	(0.03)	(2.77)	(11.76)
Finance costs	1,498.53	1,524.70	1,525.19
Operating profit before working capital changes	**1,980.98**	**1,919.30**	**2,029.88**
Working capital adjustment			
(Increase) / Decrease in other assets	1.06	3.59	141.11
(Increase) / Decrease in other financial assets	(27.05)	2.98	(39.59)
(Increase) / Decrease in trade receivables	-	167.96	(110.99)
Increase / (Decrease) in trade payables	(27.13)	(3.17)	(82.38)
Increase / (Decrease) in provisions	0.43	0.83	0.48
Increase / (Decrease) in other liabilities	(52.94)	127.40	15.15
Increase / (Decrease) in other financial liabilities	0.16	0.01	(2.12)
Cash flow generated from operations	**1,875.51**	**2,218.90**	**1,951.54**
Income tax paid (net of refund)	0.93	0.32	8.83
Net cash flow from operating activities [A]	**1,876.44**	**2,219.22**	**1,960.37**
Cash flow from investing activities			
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	(179.69)	(190.97)	(186.54)
Investment in fixed deposits with banks having maturity more than 3 months	(1,742.26)	(3,189.39)	(3,967.95)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Proceeds from maturity of fixed deposits with banks having maturity more than 3 months	1,765.33	2,930.90	3,273.81
Investment in mutual funds	(1,947.90)	(1,860.91)	(1,137.40)
Proceeds from sale of investment in mutual funds	2,015.80	1,770.26	1,189.60
Insurance claim received on disposal / discard of property, plant and equipment	44.02	22.50	-
Interest received (finance income)	49.41	59.67	58.00
Net cash flow from/(used in) investing activities [B]	**4.71**	**(457.94)**	**(770.48)**
Cash flow from financing activities			
Repayment of non convertible debentures (secured)	(429.00)	(400.00)	(1,587.01)
Proceeds from issue of optionally convertible debentures	-	-	1,578.60
Repayment of optionally convertible debentures	-	(69.06)	-
Proceeds from non convertible debentures (unsecured)	-	271.00	60.00
Payment of interest on NCD and OCD	(1,489.03)	(1,514.33)	(1,369.33)
Payment of other finance costs	(0.71)	(0.76)	(91.97)
Net cash flow used in financing activities [C]	**(1,918.74)**	**(1,713.15)**	**(1,409.71)**
Net increase / (decrease) in cash and cash equivalents [A+B+C]	**(37.59)**	**48.13**	**(219.82)**
Cash and cash equivalents at the beginning of the year (refer Note 8A)	81.12	32.99	252.81
Cash and cash equivalents at the end of the year (refer Note 8A)	43.53	81.12	32.99

SUMMARY FINANCIAL INFORMATION OF THE SPONSOR

The following tables set forth the summary financial information derived from the (i) audited consolidated financial statements of the Sponsor as of and for the financial years ended March 31, 2021 and March 31, 2020, and (ii) audited standalone financial statements of the Sponsor for the period from April 6, 2018 to March 31, 2019, which were prepared in accordance with Ind AS, as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under the Section 133 of the Companies Act. The audited consolidated financial statements as of and for the financial years ended March 31, 2021 and March 31, 2020, are not directly comparable with the audited standalone financial statements for the period from April 6, 2018 to March 31, 2019, given that the Sponsor did not have any subsidiaries in such prior periods.

The summary financial information of the Sponsor is included in this Draft Placement Memorandum as per the requirements of the InvIT Regulations.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS and the Companies Act. Accordingly, any reliance by persons not familiar with Indian accounting practices, Ind AS and the Companies Act on the summary financial information presented below should be limited.

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Sekura Energy Private Limited

Summary Balance Sheet

(All amounts are in INR lakhs, unless otherwise stated)

Particulars	As at March 31, 2021 (Consolidated)	As at March 31, 2020 (Consolidated)	As at March 31, 2019 (Standalone)
I. ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	3,87,351.99	1,39,361.90	10.91
(b) Right of use asset – lease	19,655.30	214.28	268.99
(c) Capital work-in-progress	51.44	939.88	
(d) Goodwill on consolidation	15,350.12	13,712.21	
(e) Other intangible assets	8.47	0.43	1.17
(f) Intangible assets under development	1.00	-	
(g) Financial assets			
(i) Investments in joint ventures	2,769.62	-	
(ii) Other financial assets	3,599.18	1,613.10	24.09
(h) Income tax assets (net)	252.09	208.69	
(i) Deferred tax assets (net)	2,887.33	-	
(j) Other non-current assets	3,037.41	202.96	
Total Non-current assets	**4,34,963.95**	**1,56,253.45**	**305.16**
2. Current assets			
(a) Financial assets			
(i) Investments	7,084.43	4,398.82	45.77
(ii) Trade receivables	5,461.76	1,678.57	
(iii) Cash and cash equivalents	15,302.22	1,118.98	14.02
(iv) Bank balances other than (iii) above	22,563.89	7,662.52	
(v) Other financial assets	13,097.78	5,639.39	0.32
(b) Current tax assets (net)	257.05	-	-
(c) Other current assets	1,135.99	241.98	28.74
Total current assets	**64,903.12**	**20,740.26**	**88.85**
TOTAL ASSETS	**4,99,867.07**	**1,76,993.71**	**394.01**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	875.00	875.00	275.00
(b) Instrument considered entirely as equity - compulsorily convertible debentures (CCDs)	49,558.43	24,306.94	100.00
(c) Other equity	(11,591.08)	(5,250.27)	(343.70)
(d) Non-controlling shareholders' interest	7,780.76	-	
Total equity	**46,623.11**	**19,931.67**	**31.30**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	3,56,211.25	1,44,564.07	
(ii) Lease liabilities	2,294.67	174.64	214.70
(iii) Other financial liabilities	1,369.46	840.46	
(b) Provisions	832.17	20.45	4.59
(c) Deferred tax liabilities (net)	1,794.25	-	
Total non-current liabilities	**3,62,501.80**	**1,45,599.62**	**219.29**
Current liabilities			

Particulars	As at March 31, 2021 (Consolidated)	As at March 31, 2020 (Consolidated)	As at March 31, 2019 (Standalone)
(a) Financial liabilities			
(i) Lease liabilities	82.04	40.05	32.94
(ii) Trade payables			
(a) Total outstanding dues of micro and small enterprises	190.07	15.75	-
(b) Total outstanding dues of creditors other than micro and small enterprises	515.26	704.88	89.72
(iii) Other financial liabilities	88,361.14	10,596.38	-
(b) Other current liabilities	1,587.69	102.37	20.73
(c) Provisions	5.96	2.99	0.03
(e) Liabilities for current tax (net)		-	
Total current liabilities	**90,742.16**	**11,462.42**	**143.42**
TOTAL LIABILITIES	**4,53,243.96**	**1,57,062.04**	**362.71**
TOTAL EQUITY AND LIABILITIES	**4,99,867.07**	**1,76,993.71**	**394.01**

Sekura Energy Private Limited

Summary Statement of Profit and Loss

(All amounts are in INR lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2021 (Consolidated)	For the year ended March 31, 2020 (Consolidated)	For the period from April 6, 2018 to March 31, 2019 (Standalone)
Revenue from operations	22,660.02	19,459.93	-
Other income	1,557.45	1,138.57	2.57
Total income (A)	**24,217.47**	**20,598.50**	**2.57**
Expenses:			
Operation and maintenance costs	1,018.72	486.90	-
Employee benefit expenses	1,006.65	625.84	178.80
Other expenses	2,349.86	2,254.67	162.12
Total expenses (B)	**4,375.23**	**3,367.41**	**340.92**
Earnings before interest, tax, depreciation and amortisation(C) = (A-B)	**19,842.24**	**17,231.09**	**(338.35)**
Finance costs	16,040.75	14,535.61	0.14
Depreciation and amortization expense	11,693.84	10,443.26	5.21
Loss before tax for the year (D)	**(7,892.35)**	**(7,747.78)**	**(343.70)**
Tax expense:			
(i) Current tax	(34.70)	-	
(ii) Deferred tax	(7.79)	-	
Total tax expense (E)	**(42.49)**	**-**	**-**
Net loss for the year before share in profit / (loss) after tax of joint ventures (F) = (D - E)	**(7,849.86)**	**(7,747.78)**	**(343.70)**
Share in profit after tax of joint ventures, net (G)	91.11	-	
Net loss for the year (H) = (F+G)	**(7,758.75)**	**(7,747.78)**	**(343.70)**
Other comprehensive income:			
Items that will not be reclassified to profit and loss in subsequent years:			
Remeasurement of post-employment benefits obligations	(2.38)	(1.25)	
Items that will be reclassified to profit and loss in subsequent years:			
Net movement in effective portion of cash flow hedges	(398.94)	-	
Total other comprehensive income for the year (I)	**(401.32)**	**(1.25)**	
Total comprehensive income for the year (J) = (H+I)	**(8,160.07)**	**(7,749.03)**	
Net loss for the year attributable to:			

Particulars	For the year ended March 31, 2021 (Consolidated)	For the year ended March 31, 2020 (Consolidated)	For the period from April 6, 2018 to March 31, 2019 (Standalone)
- owners of the Company	(7,696.64)	(7,747.78)	
- non-controlling shareholders' interest	(62.11)	-	
Other comprehensive income for the year attributable to:			
- owners of the Company	(197.86)	(1.25)	
- non-controlling shareholders' interest	(203.46)	-	
Total comprehensive income for the year attributable to:			
- owners of the Company	(7,894.50)	(7,749.03)	
- non-controlling shareholders' interest	(265.57)	-	
Earnings per equity share (face value of INR 10 each) (in INR)			
Basic	(88.67)	(120.19)	(45.10)
Diluted	(88.67)	(120.19)	(45.10)

Sekura Energy Private Limited

Summary Statement of Cash Flows

(All amounts are in INR lakhs, unless otherwise stated)

	Particulars	For the year ended March 31, 2021 (Consolidated)	For the year ended March 31, 2020 (Consolidated)	For the period from April 6, 2018 to March 31, 2019 (Standalone)
A	**Cash flows from operating activities**			
	Net loss before tax	(7,892.35)	(7,747.78)	(343.70)
	Adjustments for :			
	Depreciation and amortization expense	11,693.84	10,443.26	5.21
	Interest income	(706.64)	(687.34)	(0.02)
	Interest income on income tax refund	(3.34)	-	(1.67)
	Gain on sale of investments in mutual funds (net)	(117.15)	(222.62)	
	Finance cost	15,889.47	14,226.52	-
	Finance income	(3.59)	-	
	Unrealised gain on fair valuation of mutual funds, net	(40.68)	(40.69)	(0.29)
	Loss on sale / discard of property, plant and equipment	827.38	-	
	Provision / liabilities no longer required written back	(28.55)	-	
	Gain on modification of financial liabilities	(72.38)	-	
	Loss on derivative contracts	0.13	-	
	Income from insurance claim	(577.51)	-	
	Allowance for bad and doubtful debts	187.71	0.35	
	Interest on hold back of purchase consideration	151.28	111.14	
	Balance written off	0.13	-	
	Operating profit before changes in working capital	**19,307.75**	**16,082.84**	**(340.47)**
	Movement in working capital :			
	(Increase) / decrease in other financial assets	(660.18)	(5,527.73)	(50.32)
	(Increase) / decrease in other assets	(369.26)	3,806.64	(28.74)
	(Increase) / decrease in trade receivables	1,846.55	1,734.00	
	(Decrease) / increase in trade and other payables	(649.91)	466.29	91.97
	(Decrease) / increase in other financial liabilities	(1,369.20)	(807.60)	
	(Decrease) / increase in other current liabilities	1,480.84	111.64	20.73
	(Decrease) / increase in provisions	28.62	13.00	4.62
	Working capital changes	**307.46**	**(203.76)**	**38.26**
	Cash generated from operations	**19,615.21**	**15,879.08**	**(302.21)**
	Taxes paid, net of refund	(30.97)	(139.32)	-
	Net cash flows from operating activities (A)	**19,584.24**	**15,739.76**	**(302.21)**
B	**Cash flows from investing activities**			
	Payment for purchase of property, plant and equipment and intangible assets	(2,037.01)	(1,921.36)	(12.73)
	Insurance claim received on disposal / discard of property, plant and equipment	225.00	-	
	Payment for investment in mutual fund	(20,230.08)	(21,265.24)	(275.20)
	Proceeds from sale of investment in mutual fund	17,702.56	19,848.63	231.39
	Payment for investment in fixed deposits	(32,729.79)	(51,704.68)	-
	Proceeds on maturity of fixed deposits	29,411.90	49,307.02	-
	Payment for acquisition of equity interest in subsidiaries and joint ventures	(21,036.15)	(21,002.08)	-
	Interest received	608.70	687.20	0.02

	Net cash flows used in investing activities (B)	**(28,084.87)**	**(26,050.51)**	**(56.52)**
C	**Cash flows from financing activities**			
	Proceeds from issue of share capital	-	600.00	275.00
	Proceeds from issue of compulsory convertible debentures	25,251.49	24,206.94	100.00
	Proceeds from issue of non-convertible/ optionally convertible debentures	2,710.00	16,386.00	-
	Proceeds from term loan	933.61	-	
	Repayment of term loan	(537.80)	-	
	Repayment of non-convertible debentures (secured)	(4,005.63)	(16,571.25)	
	Repayment of optionally convertible debentures	(690.64)	-	
	Payment of principal portion of lease liabilities	(49.80)	(32.95)	(2.25)
	Payment of interest portion of lease liabilities	(37.38)	(35.05)	
	Dividend distribution tax paid on CCPS	(0.01)	-	
	Finance cost paid	(16,554.22)	(16,020.14)	
	Net cash flows from financing activities (C)	**7,019.62**	**8,533.55**	**372.75**
	Net (decrease) in cash and cash equivalents (A+B+C)	(1,481.01)	(1,777.20)	14.02
	Cash and cash equivalents at the beginning of year	1,118.98	14.02	
	Cash and cash equivalents on acquisition of interest in subsidiaries	15,664.25	2,882.16	
	Cash and cash equivalents at the end of year	**15,302.22**	**1,118.98**	**14.02**
	Note:			
Cash and cash equivalents comprise of :		**As at March 31, 2021**	**As at March 31, 2020**	**For the period from April 6, 2018 to March 31, 2019 (Standalone)**
	Balance with banks			
	- in current account	15,302.22	367.28	14.00
	- in fixed deposits (maturity less than 3 months)	-	751.61	
	Cash on hand	-	0.09	0.02
		15,302.22	**1,118.98**	**14.02**

SUMMARY FINANCIAL INFORMATION OF THE INVESTMENT MANAGER

The following tables set forth the summary financial information derived from the audited financial statements of the Investment Manager, which was prepared in accordance with Ind AS, as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under the Section 133 of the Companies Act, as of and for the fiscal 2022.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations. Accordingly, any reliance by persons not familiar with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations on the summary financial information presented below should be limited.

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Edelweiss Real Assets Managers Limited
Summary Balance Sheet

(INR)

Particulars	As at March 31, 2022
ASSETS	
Financial assets	
(a) Cash and cash equivalents	**10,49,58,810**
(b) Stock in trade	
(b) Bank balances other than cash and cash equivalents	
(b) Trade receivables	**34,000**
(c) Loans	**-**
(c) Investments	**-**
(d) Other financial assets	**-**
	10,49,92,810
Non-financial assets	
(a) Current tax assets	**38,356**
(b) Deferred tax assets (net)	**-**
(c) Property, Plant and Equipment	**-**
(d) Capital work-in-progress	**-**
(d) Right to use assets	**-**
(e) Other Intangible assets	**-**
(b) Other non- financial assets	**1,39,326**
	1,77,682
TOTAL ASSETS	**10,51,70,492**
LIABILITIES	
Financial liabilities	
(a) Derivative financial instruments	
(a) Payables	
(I) Trade payables	
(i) total outstanding dues of micro enterprises and small enterprises	**-**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**3,12,605**
(b) Borrowings (other than debt securities)	**-**
(b) Lease liabilities	**-**
(b) Other financial liabilities	**20,19,342**
	23,31,947
Non-financial liabilities	
(a) Provisions	**2,41,900**
(b) Other non-financial liabilities	**8,28,686**
	10,70,586

Particulars	As at March 31, 2022
EQUITY AND LIABILITIES	
Equity	
(a) Equity share capital	**6,10,000**
(b) Other equity	**10,11,57,959**
	10,17,67,959
TOTAL LIABILITIES AND EQUITY	**10,51,70,492**

Edelweiss Real Assets Managers Limited
Summary Statement of Profit and Loss

(INR)

Particulars	For the period June 25, 2021 to March 31, 2022
Revenue from operations	
Interest income on Fixed Deposit	**4,99,999**
Fee and commission income	**-**
Net gain on fair value changes	**-**
Total Revenue from operations	**4,99,999**
Other income	**-**
Total Revenue	**4,99,999**
Expenses	
Finance costs	**78,170**
Net loss on fair value changes	**-**
Employee benefits expense	**84,33,795**
Depreciation, amortisation and impairment	**-**
Other expenses	**6,77,075**
Total expenses	**91,89,040**
Profit / (loss) before exceptional items and tax	**(86,89,041)**
Exceptional items	**-**
Share of (loss)/ profit in Associates companies	
Profit before tax	**(86,89,041)**
Tax expenses:	
Current tax	-
Current tax	**-**
Short / (Excess) provisions for earlier years	**-**
Deferred tax	**-**
(2) MAT credit entitlement	
(2) Deferred tax (net)	
Profit/(loss) for the period/year from continuing operations	**(86,89,041)**
Profit/ (Loss) from discontinuing operations	
Tax expense of discontinuing operations	

Particulars	For the period June 25, 2021 to March 31, 2022
Profit/ (Loss) from discontinuing operations (after tax)	
Profit after tax	**(86,89,041)**
Other Comprehensive Income	
Items that will not be reclassified to profit or loss	
Remeasurement gain / (loss) on defined benefit plans (OCI)	**(43,000)**
Less: Income tax relating to items that will not be reclassified to profit or loss	**-**
Other Comprehensive Income	**(43,000)**
Total Comprehensive Income	**(87,32,041)**
Earnings per equity share (Face value of INR 10 each):	
(1) Basic	**(157.23)**
(2) Diluted	**(157.23)**

Edelweiss Real Assets Managers Limited
Summary Cash Flow Statement

(INR)

Particulars	For the period June 25, 2021 to March 31, 2022
Cash flow from operating activities	
Profit before tax	**(86,89,041)**
Adjustments for	
Depreciation and amortisation expense	**-**
Depreciation and amortisation expense on ROU assets	**-**
Realised fair value Loss on financial instruments	**-**
UnRealised fair value (Gain)/Loss on financial instruments	**-**
Loss on sale/write-off of fixed assets	**-**
Reversal of prior period Expense on Employee Stock Appreciation Rights (SAR)	**-**
(Profit) on Termination of Lease- INDAS 116 and Lease waiver	**-**
Gratuity and compensated expenses	**2,41,900**
Interest income	**(4,99,999)**
Interest expense	**78,170**
Operating cash flow before working capital changes	**(88,68,970)**
Adjustments for	
(Increase)/Decrease in trade receivables	**(34,000)**
Decrease in Other Financial/Non Financial Assets	**(1,39,326)**
Decrease/(Increase) in loans and advances	**-**
(Increase)/Decrease in Trade payable	**3,12,605**
Decrease in liabilities and provisions	**28,05,028**
Cash generated from / (used in) operations	**(59,24,663)**
Taxes refund received / (paid) (net of refunds)	**(38,356)**
Net cash generated from / (used in) operating activities - A	**(59,63,019)**
Cash flow from investing activities	
Purchase of tangible and intangible assets (Refer Note 3 below)	**-**
Proceeds from sale of tangible and intangible assets	**-**
Purchase of current and non-current investments	**-**

Particulars	For the period June 25, 2021 to March 31, 2022
ROU Asset/Lease Liabilities	-
Proceeds from Sale/redemption of current and non-current investments	-
Interest received	**4,99,999**
Net cash generated from investing activities - B	**4,99,999**
Cash flow from financing activities	
Borrowings received / (repaid)	-
Interest paid on borrowings	-
Finance Cost Paid	**(78,170)**
Proceesds from fresh issue of equity shares	**11,05,00,000**
Net cash (used in) / generated from financing activities - C	**11,04,21,830**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**10,49,58,810**
Cash and cash equivalents as at the beginning of the year	-
Cash and cash equivalents as at the end of the period	**10,49,58,810**

SUMMARY OF INDUSTRY

The information contained in this section, unless otherwise specified, is derived from a report titled "Industry Research Report on Renewables and Transmission Sector" dated July, 2022 prepared and issued by CareEdge Research & Training Ltd (the "CARE Report") commissioned by and paid for by us in connection with the Offer. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness, and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. See "Presentation of Financial Data and Other Information – Industry and Market Data" on page 14.

Overview of the Power Sector in India

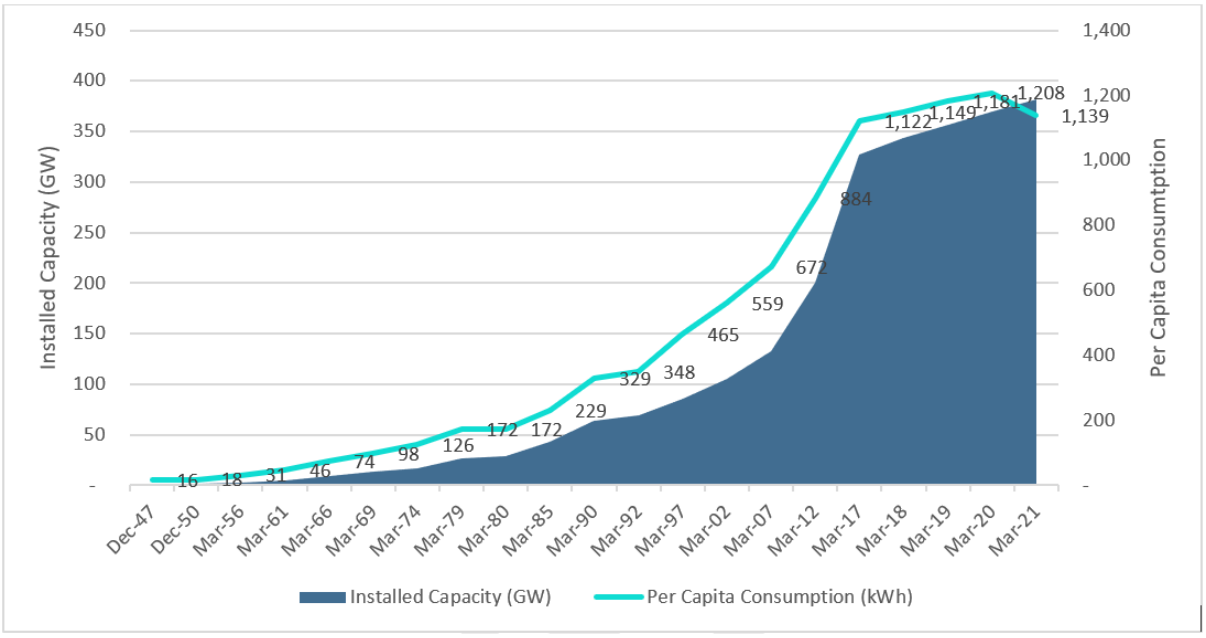
Power is one of the most critical components of infrastructure, crucial to the economic growth and well-being of nations. The existence and development of adequate infrastructure is essential for the sustained growth of the Indian economy.

The electricity industry is divided into three segments:

- Generation
- Transmission
- Distribution

Generation is the process of producing electricity from various fuels in generating stations (generation plants). Transmission utilities transport large amounts of electricity from power plants to distribution substations via a grid and at high voltages. Through a distribution network, distribution utilities deliver electricity from substations to individual consumers. The retail step is distribution, which runs at lower voltages.

Growth of Electricity Sector in India - Installed Capacity and Per Capita Consumption*



Source: CEA
(*) Per Capita Consumption = Gross Electricity availability/Midyear Population

Power Demand in India

Historically, power demand has been on the rise in the last decade (with Fiscal 2021 being an exception due to the COVID-19 pandemic) (see Table 3 below).

Peak energy demand grew at a compounded annual growth rate ("**CAGR**") of 4 percent from 148 GW in Fiscal 2014 to 203 GW in Fiscal 2022, while peak supply grew at a CAGR of 5 percent over the same period. As a result, the peak shortage dropped from 3 GW to 1 GW.

With the onset of the COVID-19 pandemic, the first half of Fiscal 2020 witnessed a decline in power demand. However, with the gradual reopening of the economy despite localized lockdowns, the power demand has continued to gradually rise over the

past 2 years. Lockdowns and restrictions implemented as a response to the COVID-19 pandemic led to lower demand and generation of electricity since the pandemic had curtailed commercial and business activity. During the current year, due to easing of lockdowns, the sector witnessed growth, and there has been a rise in power demand.

Overview of the Indian Power Generation Industry

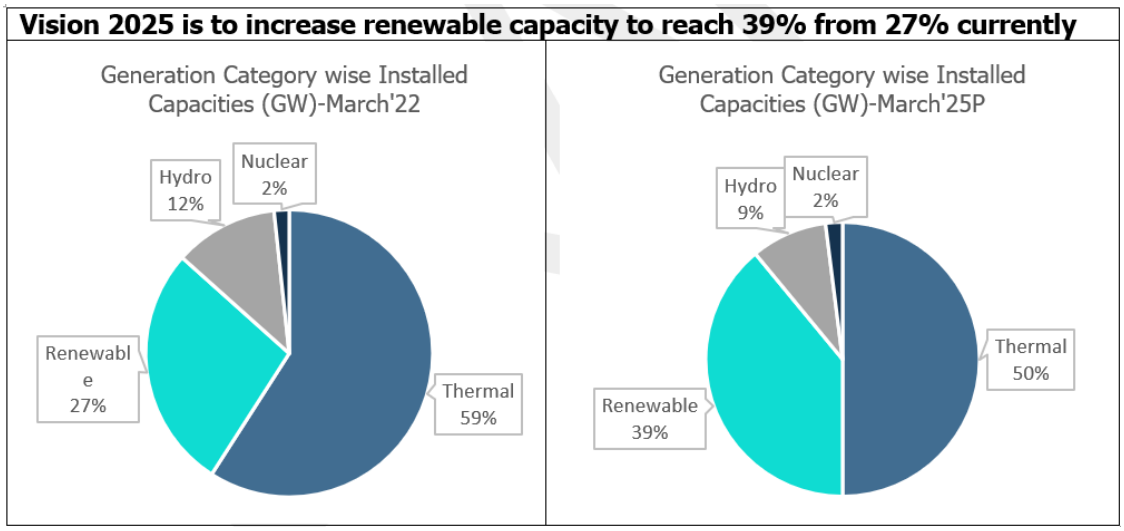
Installed capacity

With an installed power capacity of 399 GW as of March 2022, India is the world's third-largest producer and second-largest user of energy.

While conventional sources currently account for 73% of installed capacity, with the Government of India's ("**GoI**") ambitious projects and targets, power generated from Renewable Energy Sources ("**RES**"), which currently accounts for 27% of installed capacity, is expected to quickly overtake power generated from conventional sources. With a consistent focus on the renewable sector, the percentage share of installed capacity is expected to shift towards renewable capacity. (See Chart 6)

The installed capacity of renewables has grown to over 100 GW as of September 2021, and as of March 2022 is 110 GW. The total potential of renewable power in India is estimated to be 1000 GW.

Share of Installed Capacity as of March 2022



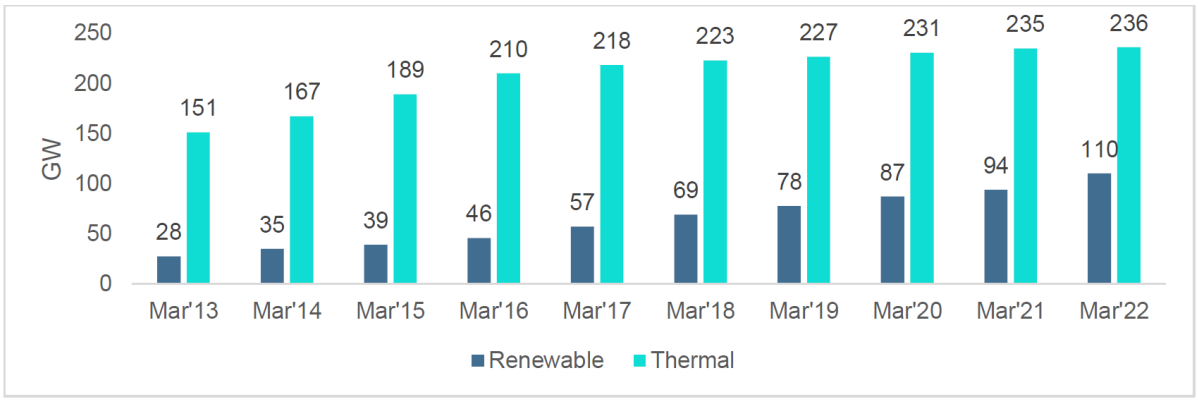
Source: CEA, CareEdge Research

The 26th Conference of Parties on climate change ("**COP 26**") target by GoI states that by 2030, the non-fossil fuel energy capacity should be 500 GW, and 50% of the energy requirement should be fulfilled by RES. In addition, the aim is to reduce the carbon intensity of the economy by 45% and reduce the total projected carbon emission by 1 billion tonnes. This reiterates India's commitment to renewable-focused energy additions in the future.

Renewable Generation

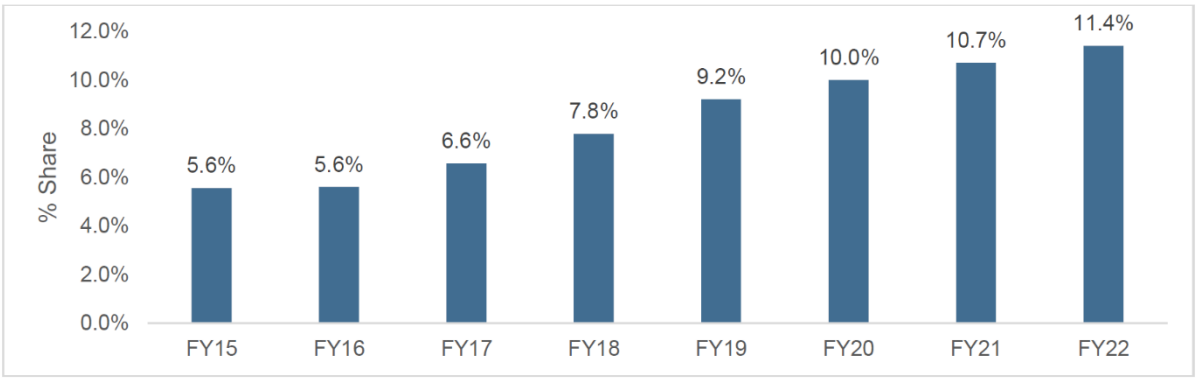
Thermal power has traditionally been the preferred source of power over the years, but a strong government focus on renewable energy, combined with lower tariffs (due to lower capital costs and improved efficiency) has aided the expansion of India's renewable energy capacity. The share of renewables in total power generation increased from 5.56% in Fiscal 2015 to 11.43% in Fiscal 2022. The CAGR in installed capacity for the last five years was 2% whereas for renewables it was 14%, indicating a shifting trend from thermal to renewables.

Installed Capacity – Renewable v/s Thermal



Source: CEA

Share of Renewables in total power generation

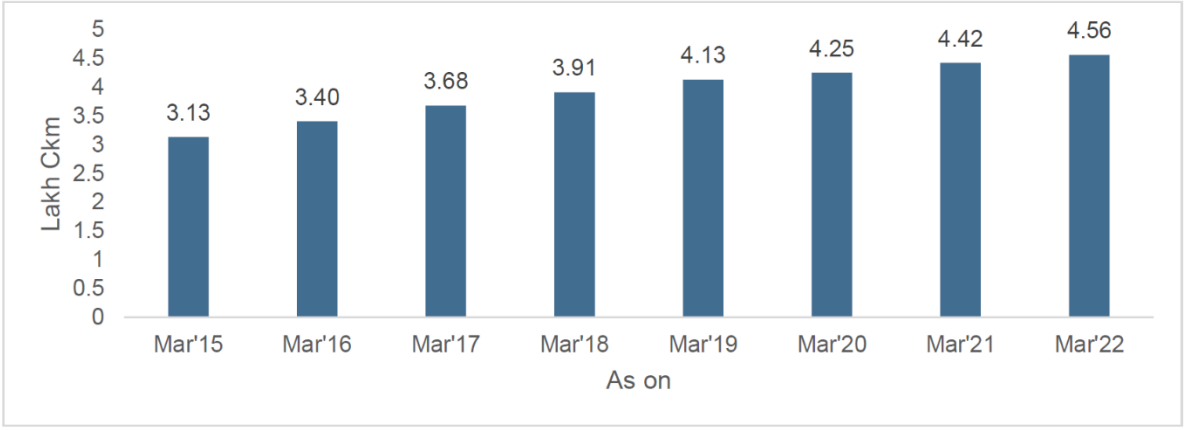


Overview of Indian Power Transmission Industry

The transmission sector plays a vital role in the power system value chain. The increase in generation capacity, integration of renewable energy and the focus of the government on providing electricity to rural areas, has led to an extensive expansion of the country's transmission and distribution system across the country. Along with this, there has also been an increase in demand for transmission networks to carry bulk power over longer distances, and at the same time optimize losses and improve grid connectivity.

The transmission line network grew at a CAGR of approximately 6% from FY2015 to FY2022. Transmission line additions over the years are shown in the chart below:

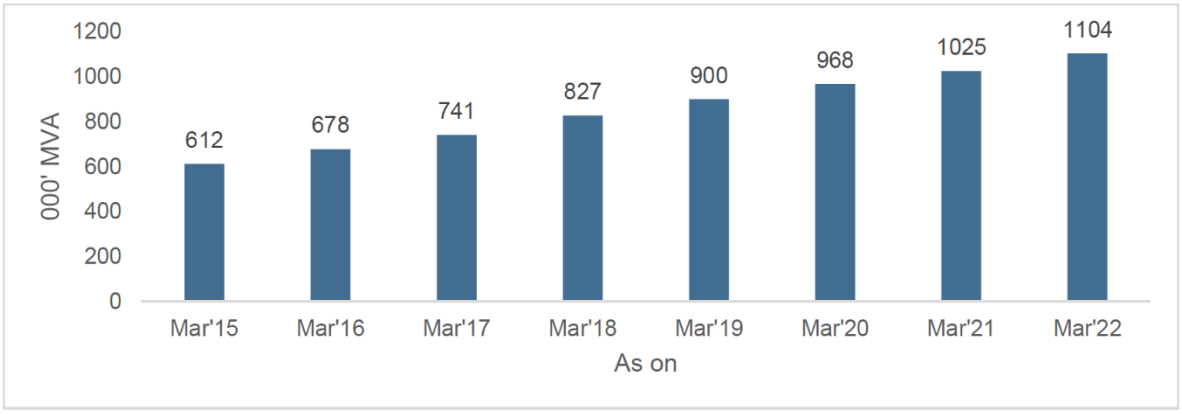
Transmission line network (220 kV and above)



Source: CEA

The substation line network grew at a CAGR of approximately 9% to 11.0 lakh MVA as of March 2022 from 6.12 lakh MVA as of March 2015. Growth in the substation network is shown in the chart below:

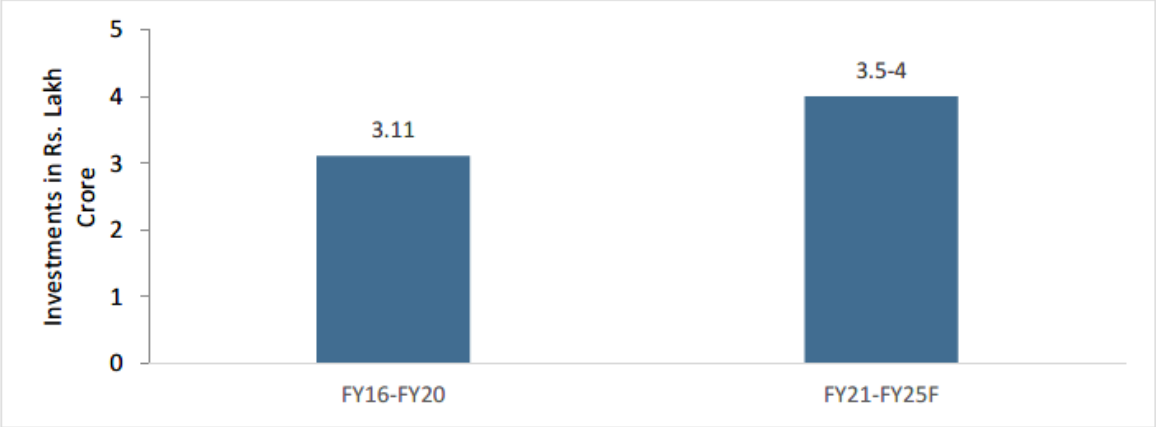
Substation line network



Source: Ministry of Power

India's vision of achieving 445 GW by 2030 also offers enormous growth opportunities for the addition of transmission capacity both at inter-state and intra-state levels. Government thrust on various policies and regulatory reforms in the power sector are expected to bring new business opportunities.

Expected Investments in the transmission sector



Source: Sterlite Power Annual Report

Private participation and investments in the renewable and transmission sector

For Renewable Energy

Renewable energy capacity additions are primarily from private sector participants and renewable energy development is highly fragmented. The top 11 players with an aggregate capacity of 39 GW constituted more than one-third of the installed capacities as of March 2022. The remaining players, around 64% of the market, are highly fragmented and hence the capacities are distributed across multiple players with small capacity.

Capacity of top 11 renewable generation companies in India

	Company	Operational Installed Capacity
		(GW)
1	Renew Power Limited	10.60
2	Adani Green Energy Ltd.	5.41
3	Greenko Energy Holdings	4.20
4	ACME Cleantech Solutions Pvt Ltd	1.50

	Company	Operational Installed Capacity
		(GW)
5	Azure Power Global Ltd.	2.60
6	Tata Power Company Ltd.	4.60
7	Sembcorp Energy India Ltd.	3.30
8	Sprng Energy Pvt Ltd.	2.13
9	Mytrah Energy India Pvt. Ltd.	1.80
10	CLP India Pvt Ltd.	1.17
11	Hero Future Energies Pvt. Ltd.	1.5 0
	Total	39.0

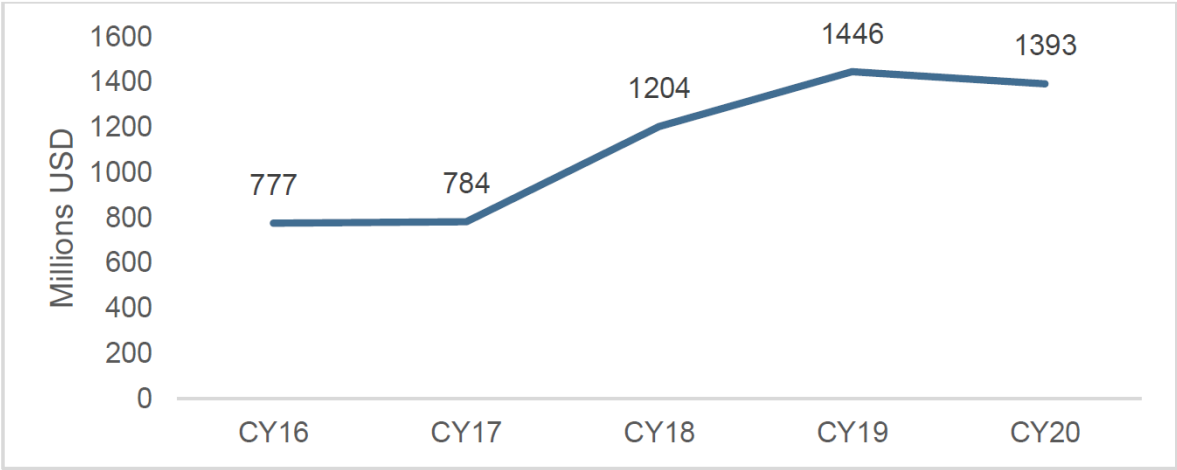
Source: CareEdge Research

In Fiscal 2021, investments in the renewable sector in India declined by 24% to US$6.4 billion from US$8.4 billion in Fiscal 2020. Currently, investments in the sector are rising due to revival of the energy demand and commitments by various organizations to exit fossil fuel investments.

In Fiscal 2022, there were investments worth US$14.5 billion in the renewable sector, increasing 125% from the previous year.

In Fiscal 2022, new players like Reliance New Energy and Vector Green entered the market. Over 57 percent of capital investment came from five renewable energy companies, SoftBank (SB) Energy Corp., ReNew Power Limited, Vector Green, REC Ltd., and Azure Power Global Ltd. in Fiscal 2022, while 43 percent came from five investors: AGEL, Reliance New Energy Solar, a consortium of banks (led by ANZ, Credit Agricole, DBS Bank, HSBC, and MUFG), RMG and Global Power Synergy Public Company (GPSC) of Thailand. The major investments were through bonds totaling to US$4 billion.

Interest from International Investors

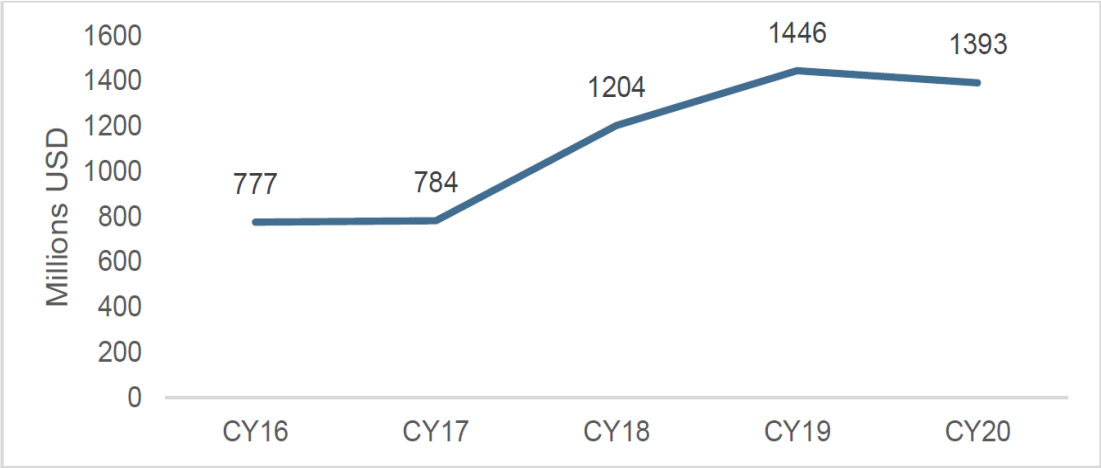


The funding offers in Fiscal 2021 and Fiscal 2022 suggest that almost all of the cash flowed via acquisition. The biggest deal was SB Energy's exit from India's renewable energy sector with a sale of $3.5 billion in assets followed by Engie, ACME and Fortum agreements. A closer look reveals the nature of the investment deals, with most other big deals packaged as debt, equity investment, or green bonds, followed by mezzanine financing.

- **FDI**

  To boost investment in the renewable energy sector, the GoI has taken various measures including permitting Foreign Direct Investment ("**FDI**") up to 100% under the automatic route, strengthening Power Purchase Agreements ("**PPAs**"), and mandating Letter of Credit ("**LC**") as a payment security mechanism for timely payments to renewable energy generators. FDI trends in recent years have grown sharply as seen in chart below:

FDI trend in recent years (million US$)



Source: Action Plan by Standing Committee on Energy (2020-21), MNRE

Key global investments in India are as follows:

- **Development finance institutions**, such as the International Finance Corporation ("**IFC**"), Deutsche Investitions- und Entwicklungs gesellschaft ("**DEG**"), and Asian Development Bank ("**ADB**") have been active in funding renewable energy projects in India through foreign currency loans. Development finance institutions such as the IFC provide equity funds to large and small-scale renewable energy projects.
- **Sovereign wealth funds**, namely Khazanah Nasional (*Malaysia*) and Temasek (*Singapore*) which have international exposure to the renewable energy sector, have started making their presence known and are now actively looking for investment opportunities in India's renewable energy space.
- **Global Pension Funds**,
    - La Caisse de dépôt et Placement du Québec ("**CDPQ**") has increased its stake in Azure Power Global Ltd. ("**Azure Power**"), a leading player in solar energy, to 40% through a US$100 million contribution to the company's recent capital raising. CDPQ is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans.
    - Canada Pension Plan Investment Board ("**CPPIB**") is set to buy SoftBank's 80% shareholding in SB Energy Holdings for $425 million.
- **Global investors** including:
    - Brookfield, Omers, Mubadala, and Abu Dhabi Investment Authority ("**ADIA**") have invested around $500 million to 600 million (₹3,500 crore to ₹4,200 crore) in the renewable energy platform of Tata Power. French Oil Company in Adani Green Energy Ltd. ("**AGEL**") also invested for a 20% minority stake. The value of investment was $222 million. The companies set up a solar development joint venture with an enterprise value of $2.22 million.
- L&T Infrastructure Company Ltd ("**LTIF**") is set to receive a $100 million external commercial borrowing loan from Asian Infrastructure Investment Bank ("**AIIB**"). The loan proceeds will be used to lend large and mid-scale wind and solar power infrastructure projects in India. AIIB is a multilateral development bank that invests in sustainable infrastructure.
- **Green Bonds and Sustainable Bonds**

  Green bonds are a new type of capital market instrument that potentially provide innovative ways for investors to invest in renewables. Given institutional investors' strong preference for indirect investments, preferably via listed and rated instruments, green bonds serve as a link between these capital providers and renewable energy assets.

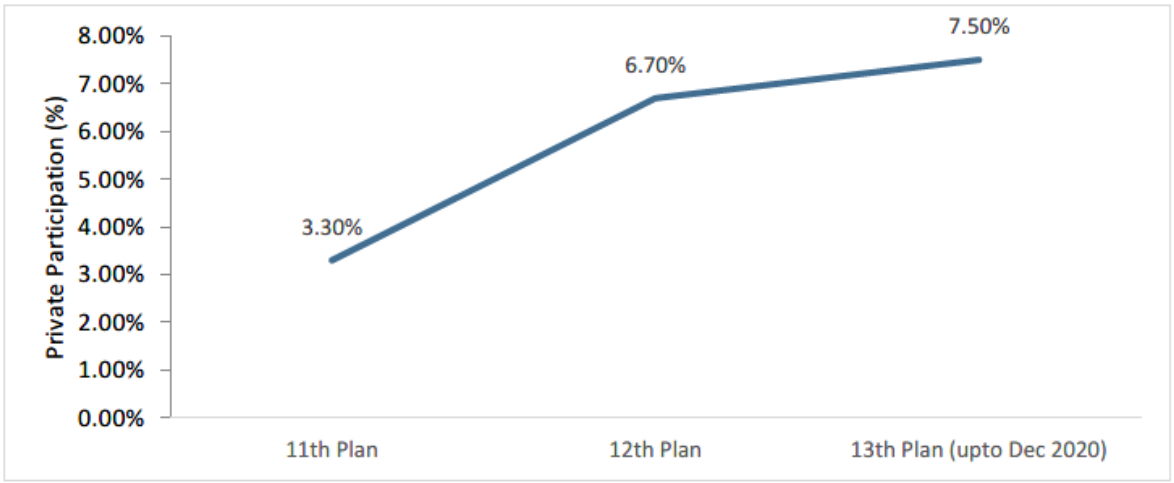
  According to Forbes India, the green bond market has grown dramatically in recent years, with issuances rising from US$857 million in 2015 to US$3525 million in 2021 (January to May).

In April 2021, ReNew Power raised money from green bonds with a tenor of 7.25 years at a fixed interest rate of 4.5% per annum, and this was soon trumped in August 2021 by the US$414 million 2026 green bond issue by Azure Power Global at a record low 3.57% p.a. In August 2021, Vector Green raised bonds for a value of US$ 1 billion for solar energy for 3 years, and which were the first AAA-rated green bond. Power Finance Corporation (PFC) raised US$353 million from a green bond at 1.84% coupon rate for a period of seven years.

Indian Railway Finance Corporation (IRFC) raised US$500 million from a green bond with a tenor of 10 years and a coupon rate of 3.57% for the purpose of building renewable energy capacity. While AGEL raised US$750 million through three-year notes at the holding company level in September 2021 at the coupon rate of 4.3%.

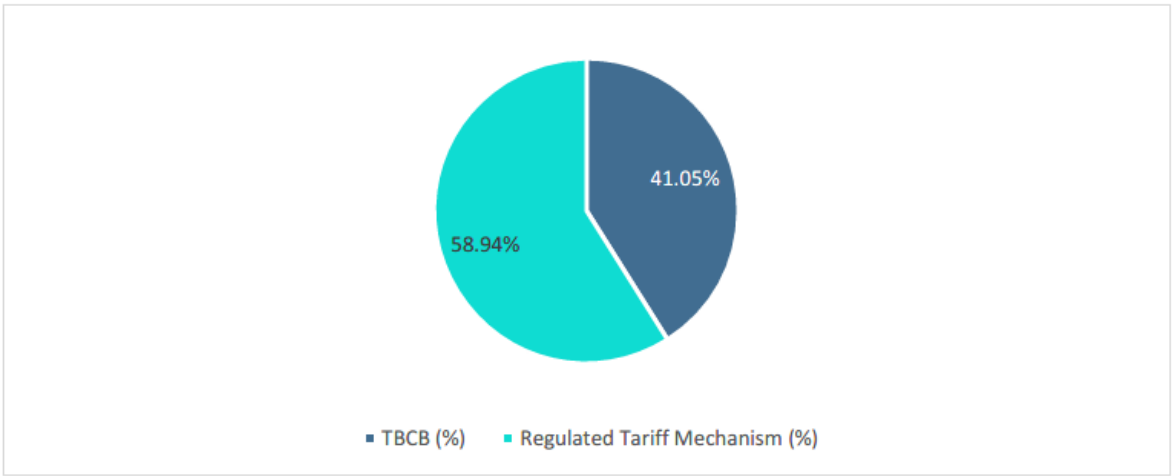
Private Sector Participation

Private Sector Participation in the transmission sector decimal



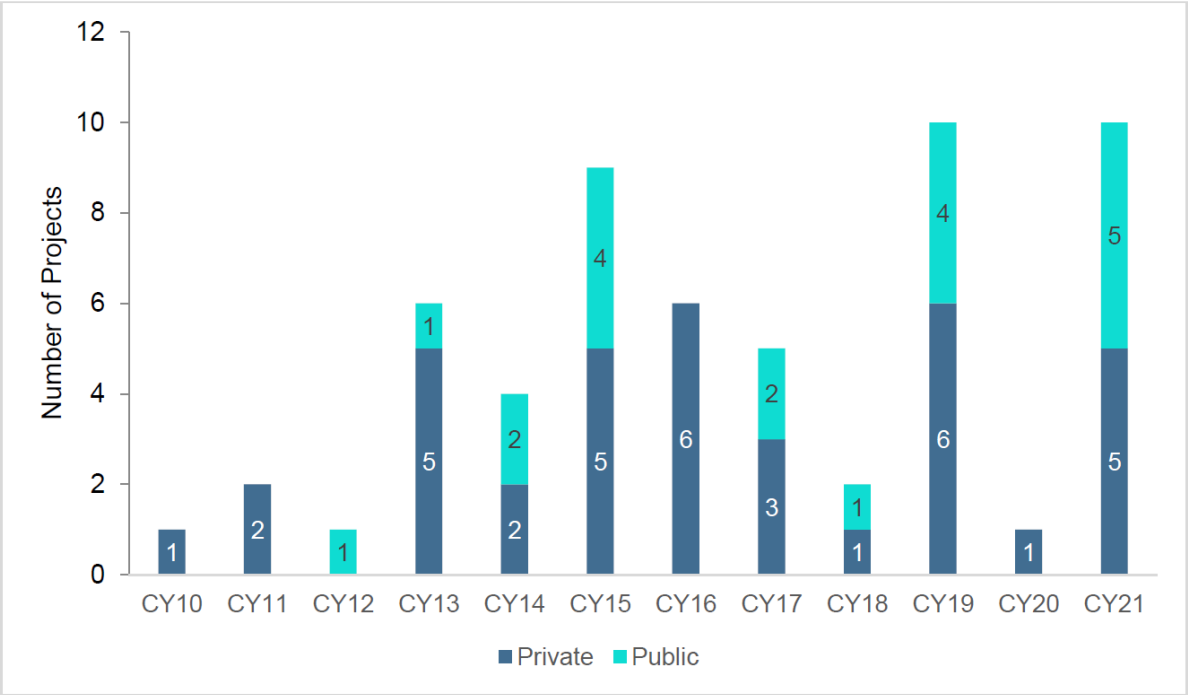
Source: Sterlite Power Annual Report 2021

Share of TBCB projects in total bidding



Source: Transmission System Development in India Research Report by Teri

Pace of Private Participation



Source: CareEdge Research

SOLAR GENERATION SECTOR

Global Solar Market

Global Solar PV Capacity Additions

In 2022, solar photovoltaic ("**PV**") capacity additions are estimated to be 190 GW, which account for 60% of the increase in global renewable capacity. This is a 25% increase from the previous year. PV has become the most cost-effective choice for energy generation in many nations, particularly those with abundant natural resources and low-cost financing. As a result, businesses are increasingly opting for bilateral agreements with large-scale solar PV plants to satisfy their energy needs. The costs are expected to remain higher than pre-pandemic levels for solar PV and wind due to higher commodity and freight costs. However, competitiveness is expected to improve due to a sharper increase in coal and natural gas prices.

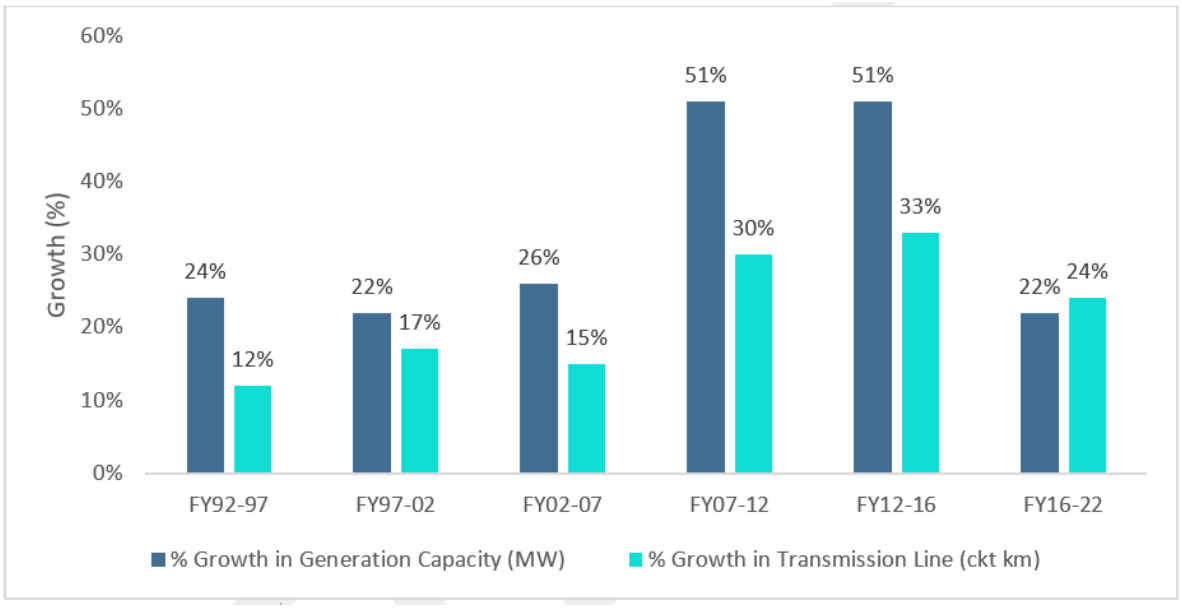
The current global energy crisis has added a new urgency to accelerate the green energy transitions. Solar PV and wind have the potential to reduce the European Union's power dependency on Russian natural gas by 2023. Russia supplies around 45% of the European Union's gas import for industry, homes, and electricity. The investment costs of Solar PV and wind are expected to rise due to increase in commodity prices in the wake of Russia's invasion.

Solar PV is forecast to reach 200 GW in 2023, breaking all previous records.

TRANSMISSION SECTOR

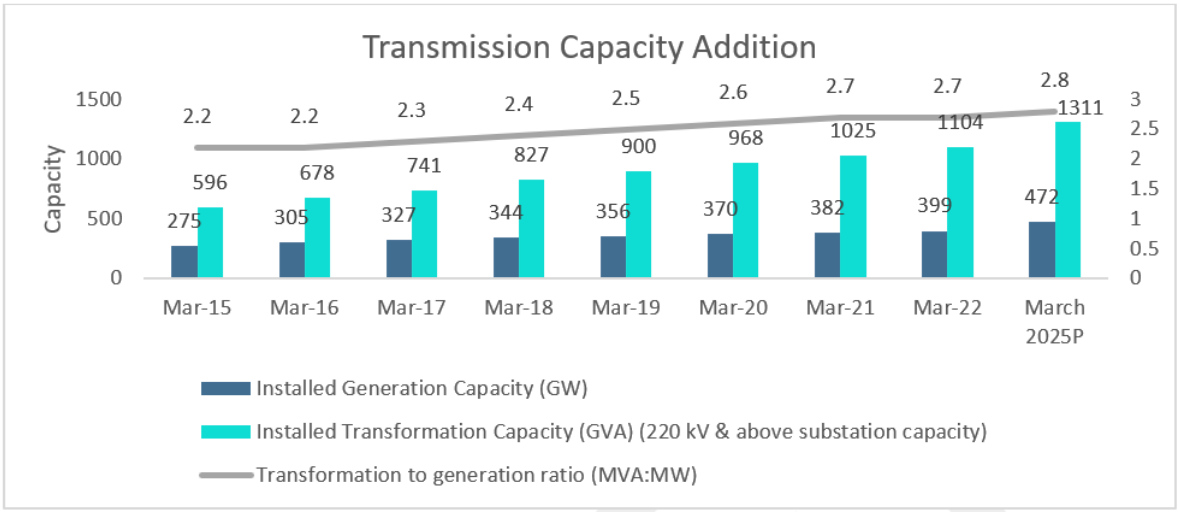
Review for Transmission Infrastructure growth

Trends in % Growth in Generation and Transmission Capacity



Source: CEA, CareEdge Research

Trends in Transformation to Generation Ratio

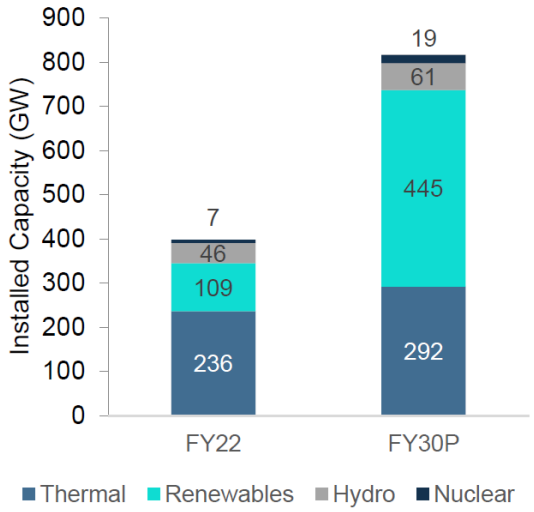


Source: CEA, CareEdge Research

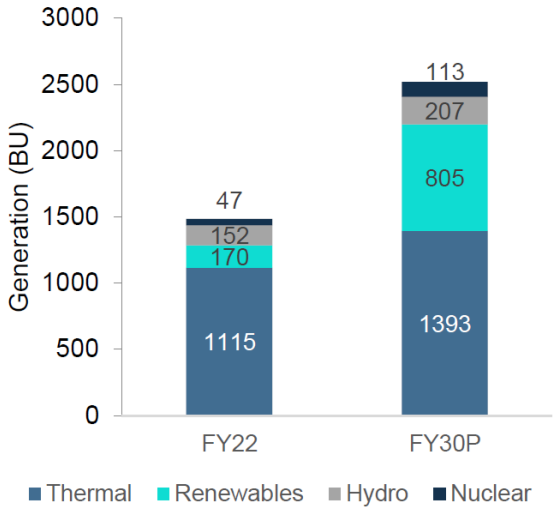
System strengthening

Need for system strengthening with increase in renewable capacities

Installed Capacity – Changing mix



Generation – Changing Mix



Source: CEA

System Strengthening Initiatives

- **Green Energy Corridor ("GEC")**

  To facilitate the transfer of renewable energy from renewable-rich states to other states and absorption of renewable power within the host state, transmission system strengthening is essential at both intra-state and interstate levels. Intra-state transmission system strengthening activities entail the establishment of pooling stations at the 132 kV, 220 kV and 400 kV levels and associated transmission lines. Meanwhile, interstate transmission strengthening mainly comprises the development of high-capacity hybrid corridors. Phase I of the GEC is already under implementation for the addition of 9700 ckm transmission lines and 22600 MVA capacity of substations with an estimated cost of ₹10,142 crore. Phase II of the GEC was approved in January 2022 and the transmission systems will be created over a five-year period from FY22-FY26. The total cost for the scheme is estimated to be ₹12,031 crore.

Benefits of transmission business in terms of risk-return profile

The risk-return profile of the power transmission sector is better compared to other infrastructure sectors. The better risk-return profile of the transmission sector has led to an increase in private sector participation in the sector, with a share of 7.5% in total investments in Fiscal 2021, up from 0% in Fiscal 2007. Increased competition has resulted in private companies leveraging their competitiveness and increasing their advantage.

The risk-return profile can be further understood through the credit risk of a project life cycle.

Availability based tariff regime

Returns from various infrastructure projects such as roads, ports and power generation rely strongly on the operational performance of the assets. The operational performance is again dependent on factors over which the developers have very limited control. For example, in the road sector, the profits are dependent on the collection of toll revenues, and in the port sector, the risk of cargo traffic, while the power generation sector is dependent on the availability of fuel and offtake by distribution companies.

Revenue recovery for transmission developers is not based on the volume of power flowing through the transmission assets. The developer of the transmission line receives an incentive payment (if availability is more than 98.5% for HVDC and more than 99.75% for HVAC) in the ratio of transmission charges paid or actual charges payable at the end of the contract year. In case of low availability, the developer must pay a penalty under the transmission service agreement ("**TSA**"). Maintaining availability more than the targeted availability gives extra motivation to the developers as they can claim incentives for high availability, and it ensures that there is adequate line availability. Advanced use of technologies such as helicopters for live aerial patrolling will also ensure higher transmission network availability. Hence, so long as line availability is met, the revenue recovery is not based on the power flowing through the transmission assets.

Key upcoming transmission lines in India

The Indian electricity transmission sector is gearing up to face the changing power demand and energy mix in the country. To meet the peak load, huge investments are required for strengthening and ramping up the country's transmission infrastructure. Initially, between 2010-11 and 2014-15, the pace of awards was slow with only 14 TBCB projects being awarded. However, the pace of awards has increased significantly since. TBCB projects picked up from Fiscal 2017, and between 2015-16 and 2020-21 38 projects were awarded. Presently, 37 projects awarded under the TBCB route have been commissioned.

COMPETITIVE LANDSCAPE OF ENERGY/POWER INVITS IN INDIA

Comparison of Transmission assets with infrastructure assets

	Power transmission	Solar power generation	Wind power generation	Conventional Generation	Roads	Ports	Commercial Real Estate
Revenue Stability.....	High	High	High	Low	Low	Medium	Low
Counterparty risk	Medium	Medium	Medium	High	High	High	High
Operational risk	Low	Low	Medium	High	High	Medium	Medium
Future Growth Potential.....	High	High	High	Low	Medium	Low	Low
Threat of New Entrants.....	Low	High	High	High	High	Medium	High

Source: CareEdge Research

As seen from table above, transmission assets are attractive assets compared to other asset classes among InvITs. Infrastructure assets may be broadly classified into super-core, core and core-plus based on the revenue visibility. Super-core assets refer to highly regulated assets with high revenue visibility with long term contracts and strong counterparties. Core and core-plus have comparatively lesser revenue visibility and lesser term contracts. Transmission assets may be categorized as super-core assets given their highly regulated nature, strong counterparty risks (particularly for central utilities) and payment security mechanism supported by point of connection mechanism. Comparatively, roads and commercial real estate may be classified in the core and core-plus category, given their exposure to demand risk and the limited tenure of contracts.

SUMMARY OF BUSINESS

Overview

We are an infrastructure investment trust ("**InvIT**") established to own power transmission and renewable energy assets in India as permissible under the InvIT Regulations. Anzen India Energy Yield Plus Trust (the "**Anzen Trust**") was established on November 1, 2021, by our Sponsor, Sekura Energy Private Limited, and were registered with SEBI on January 18, 2022, pursuant to the InvIT Regulations. Our Sponsor has experience in designing and engineering, operations and maintenance and managing power transmission and renewable energy projects across India, and is the project manager of two power transmission assets and 12 renewable energy assets in India.

Given our financial position, support of and experience from our Sponsor and the robust regulatory framework for power transmission and renewable energy generation in India, we believe that we are well-positioned to take advantage of the growth potential of India's energy sector. Edelweiss Infrastructure Yield Plus Fund ("**EIYP**"), of which our Sponsor is a 100.00% owned entity, owns (i) a 74.00% equity shareholding and certain debt securities (along with 100.00% economic interest) in each of DMTCL and NRSS, the two inter-state power transmission projects, with a total network of 427.4 kms power transmission lines of 854.9 ckm and two substations, having 1,400 MVA of transformation capacity across three states in India (the "**Initial Portfolio Assets**"); and (ii) a 74.00% equity shareholding and certain debt securities (along with 74.00% economic interest) in 11 renewable energy assets with a cumulative generation capacity of 623.2 MWp. Our Sponsor, directly and through its affiliate entities, owns a 74.00% equity shareholding and certain debt securities (along with 74.00% economic interest) in one other renewable energy asset with a generation capacity of 190 MWp. The 12 renewable energy projects together have an aggregate generation capacity of 813.2 MWp (the "**ROFO Assets**"). We will initially acquire EIYP's 74.00% equity shareholding and certain debt securities (along with 100.00% economic interest) in the two Initial Portfolio Assets. Pursuant to the 'right of first offer agreement' to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, the Sponsor and EIYP (the "**ROFO Agreement**"), the Anzen Trust has a 'right of first offer' to acquire: (i) 74.00% equity shareholding and debt securities as specified in the ROFO Agreement (along with 74.00% economic interest) in 11 renewable energy projects from EIYP, and (ii) 74.00% equity shareholding and debt securities as specified in the ROFO Agreement (along with 74.00% economic interest) in one renewable energy project from the Sponsor or its affiliates. For further details on the ROFO Agreement, see "*Related Party Transactions"* on page 235.

The two Initial Portfolio Assets were initially awarded under the 'tariff based competitive bidding' mechanism ("**TBCB**") on a 'build-own-operate-maintain' ("**BOOM**") basis. For further information on EIYP's interest in the Initial Portfolio Assets, see " – *The Initial Portfolio Assets*" on page 185. The power transmission projects earn revenue pursuant to long-term transmission service agreements ("**TSAs**"). These projects receive availability-based tariffs under the TSAs, irrespective of the quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including the Initial Portfolio Assets, is predetermined and contracted for the period of the TSA, which is 35 years from the scheduled commercial operation date ("**Scheduled COD**") of the asset. The actual CODs for DMTCL and NRSS were August 10, 2017 and March 27, 2017 respectively, and as provided in various orders issued by CERC (i.e. see "*Legal and Other Information*" on page 255), the Scheduled CODs shall stand extended till the actual CODs.

Transmission charges under the TSAs are billed and collected pursuant to the 'point of connection' ("**PoC**") mechanism, a regulatory payment pooling system offered to Inter State Transmission Systems ("**ISTS**"), such as the systems operated by the Initial Portfolio Assets. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Initial Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream and minimize receivables risk (for further details, see "*Industry Overview*" on page 140). Tariffs for our ROFO Assets are predetermined for a period of 25 years from their respective scheduled COD at a per unit rate, as set out in " – *ROFO Assets*" on page 192.

We are focused on providing stable and sustainable distributions to our Unitholders. In accordance with the InvIT Regulations, each financial year we are required to distribute at least 90% of our net cash available for distribution to our Unitholders at least once every quarter in a financial year. For further details in relation to distribution, see "*Distribution*" on page 209. Following utilization of the Issue Proceeds, our aggregate consolidated borrowings and deferred payments net of cash and cash equivalents will be below 70% of the total value of Anzen Trust's assets, as prescribed under the InvIT Regulations.

Competitive Strengths

Stable cash flows from Initial Portfolio Assets with minimal counterparty and operational risks

We derive our revenue for electricity transmission from contracted charges under long-term TSAs, creating stable, predictable and low-risk revenue and cash flows for our power transmission business. The transmission charges for each Initial Portfolio Asset are contracted for the period of the TSA, which is 35 years from its respective Scheduled COD. The transmission charges consist of fixed 'non-escalable' transmission charges for a period of 35 years, exposing us to minimal price risk from transmission charge resetting, thereby providing long-term revenue visibility. In addition, the Initial Portfolio Assets are contracted to generate a fixed revenue, as tariffs under the TSAs are fixed for the entire duration of the term of the TSA, i.e. 35 years from the date of the Scheduled COD. In accordance with the original TSAs signed, the non-escalable transmission charges

amount to ₹2,034.41 million. There was also a one-time revenue earned from additional tariffs received from CERC orders received in our favor which amounted to a one time arrear of ₹168.98 million (comprising of ₹66.31 million attributable to NRSS and ₹102.67 million attributable to DMTCL) and a year-on-year increase of ₹63.49 million across the Initial Portfolio Assets (without incentive).

Inter-state power transmission projects receive transmission charges based on their availability, (including in case of outages due to a *force majeure* event), subject to requisite approvals and irrespective of the quantum of power transmitted through the system. Maintaining annual availability in excess of 98% also gives us the right to claim incentives under the terms of the respective TSAs, and the amount of incentive revenue earned increases as the availability levels increase, with the incentive capped at an availability of 99.75%. From the respective Scheduled CODs until March 31, 2022, each of the Initial Portfolio Assets has been certified to have achieved an annual average availability of more than 98%, for which the Initial Portfolio Assets have earned incentive revenue in accordance with the respective TSAs. In Fiscal 2022, DMTCL has been certified to have achieved an annual availability of 99.98% and NRSS has been certified to have achieved an annual availability of 99.94%. In Fiscal 2022, the aggregate annual incentive revenue from the Initial Portfolio Assets amounted to ₹73.3 million.

Tariffs under the TSAs are billed, collected, and disbursed pursuant to the PoC mechanism, in accordance with the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 ("**CERC Sharing Regulations**"). Under the PoC mechanism, payments are made to a central payment pool being the central transmission utility ("**CTU**") and the proceeds are distributed proportionately to all transmission services providers, such as the Initial Portfolio Assets, ensuring limited counterparty risk. Any shortfall in collection of transmission charges by the CTU is shared on a pro rata basis by all transmission service providers. This mechanism diversifies counter party risk, ensures a stable cash flow independent of asset utilization and provides payment security.

Power transmission projects are strategic and critical assets since they play a vital role in the power supply value chain. These projects are characterized by low levels of operational risk as once commissioned, expenditure for operations and maintenance ("**O&M**") is relatively low, thereby giving us the benefit of owning the Initial Portfolio Assets without incurring significant additional operational costs. In particular, by carrying out preventive and predictive maintenance works, and following prudent O&M practices, the useful life of our transmission lines can be extended beyond 50 years, according to the Technical Report. Each Initial Portfolio Asset is also expected to enter into a Project Implementation and Management Agreement with our Sponsor in the capacity as Project Manager pursuant to which our Sponsor/Project Manager shall be responsible for operations, maintenance, and upkeep required for the Initial Portfolio Assets. Our O&M functions are managed by an experienced team comprising senior professionals and industry veterans with significant cross-functional and techno-commercial work experience with reputed domestic and multinational utilities, consultants, and OEMs, see "*Parties to the Anzen Trust – The Project Manager"* on page 121. The scope proposed under the Project Implementation and Management Agreement includes routine O&M and preventive maintenance and breakdown rectification work. Under the proposed Project Implementation and Management Agreement, consideration for O&M services is contemplated to be a fixed amount that will be payable monthly. The Project Manager may deploy manpower and staff as may be required for performance of services where required and engage sub-contractors for this purpose. The Project Manager shall employ sub-contractors who are competent to undertake the services and are adequately trained including on compliance with any health, safety, and environment-related policies and anti-bribery and corruption related policies. For further information on our O&M capabilities, see "- *Operations and Maintenance*" on page 196. We believe that in addition to the Project Manager's experience and expertise, this arrangement will provide us with necessary expertise for the O&M of such assets, visibility of maintenance costs and, therefore, steady and predictable cash flows.

Strong financial position, strategic assets with long residual life

We believe our financial position will help us fund our future expansion plans. DMTCL and NRSS have each been given a credit rating of IND AAA/Stable by India Ratings and CARE Ratings in July 2021 and September 2021, respectively. Our revenue from contract with customers for Fiscals 2020, 2021, and 2022, was ₹2,296.14 million, ₹2,176.17 million, and ₹2,218.01 million, respectively. Our EBITDA for Fiscal 2020, 2021, and 2022, was ₹2,055.26 million, ₹1,906.89 million, and ₹1,999.73 million, respectively. Post formation of the InvIT, we intend to lower our consolidated debt positions (relative to our assets) to enable us to finance the growth of our business without substantial dilution to our Unitholders in the near future and to ensure compliance with the InvIT Regulations. In addition, the security of payments for the transmission service by the Initial Portfolio Assets, as ensured under the terms of the TSAs and the CERC Sharing Regulations, results in low receivables risk, ensures timely payment and increases our financial strength.

Power transmission projects are strategic and critical assets since they operate as vital links in the power supply value chain. The Initial Portfolio Assets comprise grid assets and assets linked with inter-state power transmission covering both demand and supply centric regions of Northern India and Eastern India.

The average remaining term of the TSAs entered into by the Initial Portfolio Assets is over 30 years as at March 31, 2022. The long residual life of the Initial Portfolio Assets provides long and stable visibility of cash flows.

Use of technology and global practices to improve efficiencies

Technology has emerged as a key business enabler and plays an important role in improving efficiencies. We envisaged the need to build efficiencies into all aspects of our operations and have developed and rolled out a technology roadmap for our assets. Some of our key initiatives include:

- Establishing remote connectivity between our substations and our central control and analytics center ("**CAC**") at the Project Manager's office in Mumbai (Maharashtra), that we use to monitor and supervise key O&M functions;
- Automating our maintenance management system through a software application linked to our CAC;
- Installing wind speed and direction sensors at certain regions to continuously measure and monitor wind speeds;
- Initiating a pilot project to train drones to replace physical inspections with drone based inspections;
- Using drones to conduct pre- and post-monsoon topographical contour surveys to map the change in river course for proactive maintenance on riverbanks;
- Using software applications across various aspects and processes including: to record SHE related incidents, near-hits, track/report status of closure and ESG parameters; enable teams to mandatorily participate in evaluation sessions on SOPs, policies; update, report, and track statutory and contractual compliances; process purchase orders/work orders and payments; for treasury management and invoice processing; payroll processing, recruitments, leave management, appraisals, and other HR related matters; consolidated document repository through document management system on SharePoint, etc.;
- Deploying a hand-held laser range finder to assess safe clearance of trees from the transmission lines;
- Deploying instrument calibration tools for in-house calibration of instruments (pressure gauges, pressure switches);
- Deploying power line fault locators and signature analysis systems at sites to reduce delays in identifying faults and to measure the fitness level of transmission lines as necessary; and
- Using thermo vision cameras at substations and transmission lines to identify hot spots for prompt action.

Access to a pipeline of renewable energy assets

We intend to leverage the experience and expertise of our Sponsor in operating, maintaining and managing power transmission and renewable energy projects, and access EIYP's pipeline of renewable energy projects to gain a competitive advantage within the renewable energy industry in India. Pursuant to the ROFO Agreement, we have a 'right of first offer' to acquire 12 renewable energy assets, comprising 11 renewable energy assets from EIYP and one renewable energy asset from the Sponsor or its affiliates, with an aggregate generation capacity of 813.2 MWp. EIYP, of which our Sponsor is a 100.00% owned entity, is engaged in investment activities primarily with an objective of generating stable returns and earning long-term capital appreciation. EIYP's portfolio includes 11 solar assets across five states of Rajasthan, Punjab, Telangana, Uttar Pradesh and Andhra Pradesh, generating 623.2 MW of DC power, and the Sponsor's portfolio includes one renewable energy asset located in Rajasthan generating 190 MW of DC power. These are long-term utility scale renewable energy assets that are contracted for the period of their power purchase agreements ("**PPAs**"), being 25 years from their respective scheduled COD. Leveraging our Sponsor's experience and EIYP's pipeline also provides us access to their long-term industry relationships with stakeholders to gain cost efficient access to funds. We believe our affiliation with our Sponsor along with its affiliates will allow us to pursue marquee and high-quality renewable assets beyond the ROFO Assets and engage effectively with regulators and central and state off-takers.

Managed by an experienced team with expertise in managing infrastructure assets with strong support from the Sponsor

We are managed by qualified personnel of Edelweiss Real Assets Managers Limited ("**ERAML**"), our Investment Manager, that is led by a professional team having extensive experience in the infrastructure sector, including the power sector, project finance and asset management with the key personnel having a combined experience of more than 30 years in fund management and advisory services. ERAML is a part of the Edelweiss Alternative Asset Advisors ("**EAAA**") business, and benefits from EAAA's experience of over a decade in the Indian private debt and real asset industry. EAAA's funds span four strategies – performing credit, real estate credit, special situations and infrastructure yield, and it manages funds for both domestic and offshore investors. EAAA's clients include global institutional investors such as pension funds, insurance companies, large family offices and ultra-high net worth individuals. Accordingly, we expect to benefit from the industry and management expertise of our Investment Manager, by receiving strategic guidance from them and access to capital markets and value accretive acquisition opportunities. Our Investment Manager's board comprises Sunil Mitra, Shiva Kumar, and Prabhakar Panda as independent directors, reinforcing its strong corporate governance framework and access to key industry relationships, that we believe will drive our growth. For further details on the Investment Manager, please see the section entitled "*Parties to the Anzen Trust*" on page 96. We draw on the knowledge of our board of directors, who bring us expertise in the areas of corporate governance, business strategy, and operational and financial capabilities, among others.

We are also supported by the experience and expertise of Sekura Energy Private Limited, our Sponsor, which provides us with a significant competitive advantage within the Indian power transmission and renewable energy industry. Our Sponsor is engaged in identifying, designing, developing, constructing, integrating, assembling and financing power plants in the field of solar energy by applying technologies and other businesses in connection with it. Our Sponsor also benefits from experienced directors on its board, with each of its directors possessing several years of industry and management experience and professional qualifications. Our Sponsor's management team has a strong understanding of the transmission and renewable energy business. The experienced team is well-positioned in asset development, technical operations, commercial construction and asset management across the renewable energy and conventional energy sectors. Drawing on this depth of experience and the experience of its subsidiary i.e. Solaire Surya Urja Private Limited ("**SSUPL**"), our Sponsor has established a strong track record of operating and maintaining projects and power plants in the field of solar energy. We seek to benefit from the Sponsor's experience and expertise across all stages of project operations and acquisitions within India's complex regulatory framework (including, among others, strategic acquisition, O&M, refinancing and receivables management).

Strong corporate governance and risk management

The InvIT Regulations set out the statutory requirements for, among other things, the board composition of an investment manager. We believe that Unitholders will benefit from the strong corporate governance requirements of the InvIT Regulations. For further details, see "*Corporate Governance*" on page 131. Key features of our corporate governance structure are as follows:

- Three members of the board of our Investment Manager are independent directors, namely, Prabhakar Panda, Sunil Mitra and Shiva Kumar, who have extensive experience in the infrastructure sector, including the power sector and asset management. Prabhakar Panda has been involved in the field of project appraisal, financial management, business development and administration for over 24 years, Sunil Mitra has over 35 years of experience in the public sector, where he headed important policy initiatives in public finance at the national level, and Shiva Kumar has over 40 years of experience across both public and private sector banking, financial services and the insurance industry. For further details, see "*Parties to the Anzen Trust – The Investment Manager – Edelweiss Real Assets Managers Limited*" on page 109.
- The Investment Manager has constituted crucial committees of the board, including, the stakeholders' relationship committee, audit committee, risk management committee, and the nomination and remuneration committee.
- All related party transactions with the Sponsor are to be approved by the audit committee of the Investment Manager.
- All acquisitions made by the Trust must be approved by our Unitholders, in accordance with the InvIT Regulations.

Business Strategy

Value accretive growth through acquisitions

The use of renewable energy in India has been experiencing staggering growth. Going forward, it is expected that the growth in renewable energy capacity additions will be healthy. Such expansion plans require large scale development in the transmission sector as large solar and wind power plants are usually located in remote areas with limited infrastructure to support generation and transmission. Renewable energy is not well distributed across states. The GOI has already implemented measures to develop the transmission capacity to support renewable capacity additions in India, which include the setting up of solar pooling stations and integrating solar and wind projects into the National Grid under "Green Energy Corridors" (*Source: CARE Report*).

The Indian renewable energy sector has also been witnessing a trend of consolidation. To boost investment in the renewable energy sector, the government has taken various measures including permitting foreign direct investment of up to 100% under the automatic route, strengthening of power purchase agreements, and mandating letters of credit as payment security mechanism for timely payments to renewable energy generators (*Source: CARE Report*).

Participation of the private sector has been growing in the transmission sector with approximately 7.5% participation in the year ended March 31, 2021 (up to December 2020) compared to no participation in Fiscal 2007. To boost private participation in the sector, the central government notified power transmission schemes to be undertaken through tariff-based competitive bidding ("**TBCB**") route. With the introduction of TBCB and viability gap funding schemes for intra-state projects, the private sector's share in the transmission sector has gradually increased over the years. Moreover, favorable risk return profile of transmission projects will further boost private participation (*Source: CARE Report*).

We intend to leverage these sectoral tailwinds to grow our operations by capitalizing on our Investment Manager's value accretive acquisition strategy. We aim to focus on acquiring power transmission and renewable energy projects and such other assets in the energy space with similar risk profiles (including, among others, energy storage assets) which provide long-term, regular, and predictable cash flows, demonstrate potential to maintain or enhance returns to Unitholders and the potential for long-term capital growth in accordance with our investment objectives. In addition to potentially acquiring the ROFO Assets from EIYP and our Sponsor, we may also acquire power transmission and solar projects from other third parties. Assets that

we may acquire may also involve early-stage projects that have not yet generated regular and predictable cash flows. We believe that our experienced operational and management teams will lead us to identify, structure, execute, and integrate acquisitions effectively based on our demonstrated ability to successfully acquire energy projects.

Focus on diversification along with synergies

We are focused on the Indian market, where we believe there is a significant opportunity for growth. Our Initial Portfolio Assets comprise long-term TSAs with the CTU. The ROFO Assets comprise long-term PPAs with six off-takers including central off-takers, NTPC, SECI, and NVVN, and state off-takers, TSSPDCL and PSPCL, providing us revenue visibility and stability. Apart from state off-takers, we intend to diversify and further our growth with a focus on retaining a healthy mix of credit worthy off-takers including central off-takers.

We intend to pursue diversified growth and expand our portfolio to other sources of renewable energy such as wind energy and energy storage projects. Our target is to expand our portfolio by acquiring projects such that we are able to derive synergies with our existing projects by increasing our economies of scale. We propose to leverage a diversified asset base to negotiate favorable terms with equipment manufacturers, O&M service providers, and sub-contractors, and optimize our use of resources in terms of personnel, equipment maintenance, and asset monitoring technologies.

The Initial Portfolio Assets currently comprise power transmission projects spread across states of Bihar, Punjab and Haryana, and the ROFO Assets comprise solar projects spread across Rajasthan, Andhra Pradesh, Uttar Pradesh, Telangana, and Punjab. We intend to improve this mix by further adding diversification of geography and off-takers going forward as well and consider states in India which can provide suitable stable cash flows, weather conditions, and sustainable tariffs. We believe we can leverage our Initial Portfolio Assets and our experience in the power transmission industry to optimize the performance of our renewable energy projects through active intervention in the maintenance of evacuation infrastructure connected to our assets. Our overall objective is to ensure that there is substantial balance life remaining in the portfolio, so as to ensure long term predictable and stable cash flows. We will evaluate opportunities based on our targeted returns, operational scale, and diversification criteria.

Pursue value addition strategies to improve risk adjusted returns

We have appointed the Sponsor, in its capacity as Project Manager, to undertake operations and management of the Initial Portfolio Assets in furtherance of which the Project Manager and Initial Portfolio Assets are expected to enter into Project Implementation and Management Agreements to provide comprehensive operation and maintenance services in respect of the Initial Portfolio Assets. We have also adopted comprehensive procedures for asset management, operations and maintenance, ESG management, financial management including treasury management; human resource management, and safety, health environment, and quality management with an objective of incorporating industry best practices. Our aim is to employ both preventive and corrective measures in order to optimize the long-term performance of each Initial Portfolio Asset and any assets we may acquire in the future and ensure timely and effective management focus and attention, to improve overall operational efficiency. For instance, DMTCL's annual availability in excess of the prescribed availability of 98% had increased significantly from 0.3 in Fiscal 2019 (pre-acquisition by our Sponsor), to 1.8, 2.0, and 1.9 in Fiscals 2020, 2021, and 2022, respectively (post-acquisition by our Sponsor).

All our O&M practices including our technical, safety, health and environment, and risk management protocols are aligned to industry practices and validated through independent audits and accreditations under ISO14001 (Environment Management System), ISO45001 (Occupational Health & Safety Management System), ISO27001 (International Standard for Information Security), and ISO55001 (International Standard for Asset Management). Our standard operating procedures (SOPs) have all been developed in-house based on collective team experience and reviewed by experts including senior executives of India's central transmission licensee and ISO auditors. In addition, sustainability of our approach and practices are periodically monitored by an internal team of trained and certified ISO55001 lead ISO auditors (certified by Bureau Veritas (India) Private Limited).

We propose to leverage these initiatives together with the use of technology in monitoring our assets through the central control and analytics center, software application-based maintenance management system, drone-based inspections, cell phone-based applications, compliance management, invoicing management, and other software-based applications to further improve risk adjusted returns for our operations. We believe that having established procedures in place helps reduce the overall operational costs and increase efficiencies, which will in turn improve our financial performance. We intend to regularly review maintenance methodologies and system performance and examine for optimization of resource deployment through the infrastructure.

Focus on ESG

We have increasingly focused on environmental, social, and governance ("**ESG**") aspects to remain relevant and operate a business that is viable in the long-term. As businesses are exposed to the anticipated risk of climate change, apart from traditional risks associated with the business, we continue to orient our operations as an ESG-focused enterprise.

Furthermore, in keeping with our Sponsor's vision, mission, and values, we have also adopted and implemented a Safety, Health, Environment, and Quality Policy (the "**SHEQ Policy**") which sets out our commitment towards safety, health, environment, and quality. The SHEQ Policy aims to ensure the implementation of good industry practices, procedures and processes across our sites and corporate offices, as well as in the operation of our subsidiaries to ensure safe and sustainable operations and the maintenance and performance of our assets across technical, ESG and financial parameters.

To achieve the objectives set out in the Policy, we have issued various standard operating procedures in line with good industry practices and implemented, among others, procedures such as lock-out and tag-out; arc flash protection; chemical safety; fall protection; safety signages; marking of dangerous zones; spill control; waste management and insulation rescue sticks. Performance statistics are also tracked on a regular basis to ensure accountability. Various training programmes have been conducted across our corporate office and at operating sites to educate and train our employees on the use of these procedures. Such training programmes also build a culture of understanding, appreciating and valuing the importance of matters pertaining to safety, health and environment.

The management systems of the Sponsor and its subsidiaries, DMTCL and NRSS, have also been approved by Lloyd's Register, to standards such as ISO14001:2015 (Environment Management System), ISO45001:2015 (Occupational Healthy and Safety), ISO27001:2013 (Security Techniques), and ISO55001:2014 (Asset Management).

We will continue to focus on our ESG goals, by reinforcing our commitment to renewable energy, maximizing energy efficiency, reducing our carbon footprint, and enhancing sustainability. Under the backdrop of supportive regulatory and industry trends in India's renewable energy sector, we intend to continue to strengthen our position in our renewable energy businesses, develop a diversified portfolio of renewable energy projects and focus on new geographical clusters to increase our economies of scale. We intend to leverage our experience in executing large renewable energy projects to further win bids for firm power energy solutions. We will continue to evaluate accretive acquisition opportunities based on our targeted returns, available synergies, and off-taker criteria.

We also place significant emphasis on social and economic development by maximizing value retention in the local economy generating local employment and local content opportunities, including through training and developing human resources, seeking to maximize local procurement, protecting and contributing to environmental sustainability, and ensuring the health and safety of our workforce in the communities where we operate.

Maintain an optimal capital structure to maximize distributions

We seek to achieve an optimal capital structure for our projects and will source funds from multiple sources, including from domestic and international markets. Immediately on completion of the Issue, our aggregate consolidated borrowings and deferred payments net of cash and cash equivalents will be below 70% of the total value of the Anzen Trust's assets, as prescribed under the InvIT Regulations. We also intend to optimize our leverage to retain enough flexibility to provide sustainable and predictable cash flows while evaluating potential acquisition opportunities in the future.

After the completion of the Issue, we believe that we will have sufficient equity capital and ability to add additional debt to support acquisition of additional assets while maintaining an optimum capital structure. We will seek to employ appropriate financing policies and also diversify our funding sources with an objective of minimizing our overall cost of capital. We will seek to optimize our debt and equity mix in such a manner that the aggregate consolidated borrowings and deferred payments of the Trust, net of cash and cash equivalents, will be in accordance with the SEBI InvIT Regulations. Further, any additional debt beyond 25% of the value of the InvIT Assets will be raised only upon compliance with the conditions set out in the SEBI InvIT Regulations. If it is in the interests of the Unitholders, the Investment Manager may also pursue growth opportunities that require raising additional capital through the issuance of new Units.

RISK FACTORS

An investment in the Units involves a high degree of risk. Before investing in the Units, you should pay particular attention to the fact that the Anzen Trust, the Parties to the Anzen Trust, the Initial Portfolio Assets and each of their activities are governed by the legal, regulatory and business environment in India, which differs from that which prevails in other countries. You should carefully consider the risks described below as well as other information as disclosed in this Draft Placement Memorandum before making an investment in the Units. The risks described in this section are those that the Anzen Trust, the Sponsor and the Investment Manager consider to be the most significant to our business, prospects, financial condition, results of operations and cash flows, and are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us, the Sponsor and/or the Investment Manager, or that they currently believe to be immaterial, may also have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. If any or a combination of the following events occur, or if other risks that are not currently known or are now deemed immaterial give rise to similar events, our business, prospects, financial condition, results of operations and cash flows could materially suffer, the value of the Units could decline and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, the Anzen Trust, the Sponsor and the Investment Manager cannot quantify the financial or other implication of any of the risks mentioned herein.

This Draft Placement Memorandum contains forward-looking statements (including Projections of Revenue from Operations and Cash Flow from Operating Activities) that involve risks, uncertainties and assumptions. Our actual results may 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 Draft Placement Memorandum, including the section entitled "Forward-Looking Statements" on page 15.

To obtain a complete understanding, prospective investors should read this section together with the sections entitled "Business" on page 178 and "Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Assets of the Anzen Trust" on page 211, as well as the other financial and statistical information contained in this Draft Placement Memorandum.

In making an investment decision, you must rely upon your own examination and the terms of the Issue, including the merits and the risks involved. You should consult your tax, financial and legal advisors about the particular consequences of investing in the Issue.

In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to the Anzen Trust and the Initial Portfolio Assets on a consolidated basis. Furthermore, unless the context otherwise requires, the financial information used in this section is derived from our Audited Special Purpose Combined Financial Statements.

Risks relating to our Business

1. We may be unable to operate and maintain our power transmission projects to achieve the prescribed availability.

We operate our power transmission projects under an availability-based tariff regime. Inter-state power transmission projects receive tariffs on the basis of availability, irrespective of the quantum of power transmitted through the system. The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 provide specific guidance on the calculation of availability, and take into account the elements in the transmission system (including transmission lines and substations) as well as the reason for any outages, with force majeure outages being excluded from such calculation. If our availability falls below the minimum required threshold (being 95%) for a particular project, we are subject to a penalty computed in accordance with the formula specified in the TSAs, which shall be apportioned in the ratio of the transmission charges paid or actually payable by our Long Term Transmission Customers ("**LTTCs**") existing at the end of the relevant contract year.

We may be unable to operate and maintain our power transmission projects to achieve prescribed availability due to a number of factors, which include:

- failure to obtain, maintain or renew permits and licenses or meet any conditions specified therein;
- operator error, improper installation or mishandling of equipment;
- breakdown or failure of power transmission systems and inability to obtain appropriate replacements or ensure timely availability of spare parts;
- inability to gain access to certain routes to carry out maintenance operations due to ROW issues;
- flaws in equipment design or construction of power lines or substations;
- work stoppages or labour disturbances or disputes;

- performance of equipment below expected levels of output or efficiency;
- environmental issues affecting the operations of transmission systems;
- planned or unplanned power outages;
- theft of equipment and line material;
- claims on projects and litigations, proceedings, judgments or awards arising therefrom, including termination of the TSAs for any defaults committed; and
- force majeure and catastrophic events, including fires, explosions, landslides, storms, floods, significant changes in the course of rivers and/ or wind zones in the terrains on which we operate, social unrest, earthquakes and terrorist acts, pandemic, etc.

The power transmission projects comprising the Initial Portfolio Assets pass through various terrains, including geographically remote areas with difficult terrain, which poses particular challenges for their operation and maintenance, including security and accessibility. Accidents or malfunctions involving transmission lines or sub-stations on such terrains, including failure of transmission towers, power conductors or insulators, may disrupt transmission of electricity and result in availability being below expected levels. For instance, four towers of DMTCL got washed away previously due to a major river changing its course. As the incident was approved as a *force majeure* event under the TSA, our availability levels, and consequently our revenue, remained unimpacted as the transmission lines that were disrupted continued to be deemed available by the relevant regulatory authorities in India. While impacted towers were subsequently moved to pile foundations without impacting our revenue, there can be no assurance that such incidents will not occur in the future or that they will not significantly impact availability levels and/ or revenue. For further details, see *"Risk Factors - We may experience loss of tariffs and incur significant repair and replacement costs on the occurrence of certain force majeure events"* on page 74.

In addition, power transmission projects rely on equipment that is built by third parties, and which is subject to malfunction. Although, in certain cases, manufacturers provide warranties and performance guarantees, and may be required to compensate us for certain equipment failures, engineering and design defects, such arrangements are subject to time limits and fixed liability caps, and they may not fully compensate us for the damage incurred or for penalty payments which may be imposed on us due to any reduced availability below required levels. In the event warranties under the various supplier contracts (which largely have standard contractual conditions with warranty periods ranging from 12 to 24 months, but which may differ with respect to technical specifications from project to project) for our Initial Portfolio Assets expire, we may not be compensated for equipment failures, engineering and design defects from such suppliers. We cannot assure you that we will be compensated in all situations where the equipment is defective, or where such defects negatively impact the transmission services and availability under the TSAs.

If any of these risks or any similar risk materialises, our ability to operate and maintain power transmission projects to achieve the prescribed availability threshold of 98%, as provided under the TSAs entered into by the Initial Portfolio Assets could be adversely affected. We may also face reputational risks and be subject to potential claims by various counterparties under the relevant TSAs. In addition, an Initial Portfolio Asset may have its license cancelled by CERC or its TSA terminated by LTTCs for failure to operate and maintain the power transmission projects in accordance with prescribed requirements. Any of these circumstances could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

2. Substantially all our revenue is derived from tariffs received from Long Term Transmission Customers ("LTTCs").

Our Initial Portfolio Assets recover their approved electricity transmission charges from transmission charges collected by the CTU on behalf of the inter-state transmission service providers, including the Initial Portfolio Assets. The CTU bills and collects transmission charges from LTTCs on a regular basis, and pays such transmission charges to the transmission licensees, including the Initial Portfolio Assets. The proceeds are distributed proportionately to each of the inter-state transmission system ("**ISTS**") licensees, including the Initial Portfolio Assets. Any shortfall in collection of transmission charges by the CTU is shared on a pro-rata basis by all transmission service providers, including the Initial Portfolio Assets. The payment mechanism is structured to incentivise the LTTCs to make timely payments through rebates, and a surcharge is levied on delayed payments by LTTCs. For further details, see *"Business"* and "*Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Assets of the Anzen Trust*" on pages 178 and 211, respectively.

The LTTCs under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 (the "**CERC Sharing Regulations**") include, amongst others, generating stations, State Transmission Utilities ("**STUs**"), distribution licensees including state electricity boards or its successor companies, electricity departments of various states, bulk consumers and any other entity directly connected to the ISTS. Some of these customers have experienced periods of financial weakness in the past. A failure or delay on the part of any LTTC to make timely payments to the CTU could affect the capability of the CTU to make the corresponding payments to transmission licensees, including our Initial

Portfolio Assets. The payments received by the CTU from the LTTCs are distributed proportionally to the transmission licensees. A number of factors which are beyond our control and which affect the business, prospects, financial condition, results of operations or cash flows of the LTTCs could result in the delay or failure of our Initial Portfolio Assets to receive payments of transmission charges.

3. The ROFO Agreements are subject to various terms and conditions.

Under the ROFO Agreement, we have the right to acquire the 74.00% equity shareholding and debt securities as specified in the ROFO Agreement (along with 74.00% economic interest) of our Sponsor or any affiliates of our Sponsor including EIYP (the "**Sellers**") in 12 companies that operate solar assets generating 813.2 MW of DC power (the "**ROFO Assets**"). For details on the ROFO Agreement, see "*Related Party Transactions – ROFO Agreement*" on page 240. Furthermore, the remaining 26.00% equity shareholding of each of the ROFO Assets is held by entities of the JV Group in accordance with their respective joint venture agreements, and the ROFO Agreement neither provides the Trust a right to acquire such 26.00% equity shareholding in the ROFO Assets, nor is the JV Group party to, or in any way is bound by, the ROFO Agreement. Our Investment Manager cannot assure you that the terms of the offer made by us will be acceptable to the Sellers or the relevant joint venture partners, or that we will be able to successfully acquire 100% of the equity shareholding in the ROFO Assets or that we will be able to acquire any of the ROFO Assets at all. Such right of first offer will be available to the Trust from such date which is 6 months from the Trust listing date and will be available until December 31, 2027.

The eventual cost of the acquisition of the ROFO Assets will be subject to the requirements set out under the InvIT Regulations. Our Investment Manager cannot assure you that it could not achieve more favorable terms if such transactions were not entered into with related parties. Additionally, the consummation of the ROFO Agreement may also be subject to us and the ROFO Assets obtaining various third-party approvals including from lenders and prior regulatory approvals, as applicable. Our Investment Manager cannot assure you that such approvals will be obtained in time, or at all, or that the approvals will be provided without the stipulation of conditions, which may be onerous in nature. In the event the Sponsor, EIYP and/or its Affiliate (collectively, the "**Seller Entity**") proposes to sell all the securities of the ROFO SPVs' ("**ROFO Securities**") to the Anzen Trust, the Seller Entity, as the case may be, shall be required to intimate the JV partner in accordance with the agreement entered into with the JV Group ("**JV Agreement**"). In the event the intimation is provided to the JV Group prior to December 31, 2025, the right to sell the ROFO Securities will be with the JV Group. However, in the event where the Seller Entity intends to sell the ROFO Securities on or after December 31, 2025, then the Anzen Trust shall purchase the ROFO Securities in the manner specified in the JV Agreement.

Finally, the ROFO Agreement shall automatically terminate on the occurrence of the following:

- By mutual consent of the parties of the ROFO Agreement; and
- If the Sponsor and its affiliates cease to be Unitholders of the Trust.

Our Investment Manager cannot assure you that we will be able to exercise such rights and that such rights will be exercised by us in a timely manner, or at all. For further details on the ROFO Agreements, see "*Related Party Transactions – Acquisition of the Future Assets by the Anzen Trust*" on page 240.

In case we are unable to acquire 100% of the equity shareholding in the ROFO Assets, the minority shareholder may continue to have certain affirmative vote and other rights in accordance with joint venture agreement or shareholder agreement (as the case may be) subject to the provisions InvIT Regulations. We cannot control or influence the actions of the JV Group who may at any time have economic, business or legal interests or goals that are inconsistent with ours. These affirmative vote and rights that they may exercise under the joint venture agreements may therefore restrict our ability to operate our business and if they take certain actions that we do not agree with, our operations may be adversely affected, which would have a material adverse effect on our business, results of operations, cash flows and financial condition.

4. We will assume certain liabilities of the Initial Portfolio Assets.

Pursuant to the Securities Purchase Agreements we will assume certain liabilities of the Initial Portfolio Assets. For details on financial liabilities, contingent liabilities and capital commitments pertaining to the Initial Portfolio Assets see "*Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Assets of the Anzen Trust*" on page 211. While our Investment Manager has conducted due diligence on the Initial Portfolio Assets with the objective of identifying any material liabilities, it may not have been able to identify all such liabilities prior to the consummation of the transactions. Our Investment Manager has relied on independent third parties to conduct a portion of such due diligence (including in relation to title verification and valuation of the Initial Portfolio Assets) and to the extent that such third parties miscalculate or fail to identify risks and liabilities associated with the Initial Portfolio Asset in question, the Initial Portfolio Assets may be affected by defects in title, or the valuation of the Initial Portfolio Assets may not be an accurate representation of their value.

Furthermore, the terms of the Securities Purchase Agreements contain limited representations and warranties, some of which are qualified by any disclosure in this Draft Placement Memorandum as well as by the respective parties' knowledge under the

respective Securities Purchase Agreement. The indemnities under the Securities Purchase Agreements include financial and time limitations which may adversely affect the ability of our Investment Manager to recover monetary compensation. For further details, see "*Related Party Transactions – Acquisition of Initial Portfolio Assets by the Anzen Trust*" on page 237.

Any losses or liabilities suffered by us in relation to the Initial Portfolio Assets which we are unable to recover under these agreements will adversely affect our results of operations and cash flows, the trading price of the Units and the ability of our Investment Manager to make distributions to the Unitholders.

5. ***We may be unable to successfully undertake future acquisitions of renewable energy and transmission projects or efficiently manage the projects we may acquire in the future.***

Our growth strategy involves strategic acquisitions of renewable energy and transmission projects. We may not be able to accurately evaluate or identify suitable investment opportunities, particularly with the increase in competition for renewable energy projects. We may also be unable to conclude appropriate or viable acquisitions in a timely manner. For instance, pursuant to the ROFO Agreement, we have a 'right of first offer' to acquire majority equity shareholding in 12 renewable energy assets located across five states of Rajasthan, Punjab, Telangana, Uttar Pradesh, and Andhra Pradesh, generating approximately 813.2 MW of DC power. There can be no assurance that such ROFO will be exercised and that the ROFO Assets will be acquired as anticipated. See "*Risk Factors - The ROFO Agreements are subject to various terms and conditions*" on page 62.

Except in respect of transactions which require prior Unitholders' approval in accordance with InvIT Regulations, or the approval of an issuance of Units to fund the future acquisitions, our Unitholders may not have the opportunity to evaluate the Investment Manager's decisions regarding specific strategies used or the acquisitions made on our behalf, or the terms of any such acquisitions, including in respect of the ROFO Assets.

Furthermore, there can be no assurance that we will be able to achieve the strategic purpose of such acquisitions or operational integration with such newly acquired projects. As of the date of this Draft Placement Memorandum, our business and operations are restricted to power transmission projects. None of the Investment Manager and its directors and employees has experience in investment management activities for an InvIT. The Investment Manager may not be able to make acquisitions or investments or divestments of projects on favourable terms or within a desired time frame. Even if the Investment Manager was able to successfully make additional acquisitions or investments, there can be no assurance that such acquisitions or investments will produce incremental distributions to our Unitholders. We may also be exposed to liability with the acquisition of additional projects.

Additionally, the ROFO Assets might not be sold to us even if we agree with EIYP, the Sponsor and their affiliates on the price and other terms of the sale if any requisite consents from lenders and third parties are not obtained. As renewable energy projects are illiquid in nature, it also may make it difficult for us to sell these projects due to factors such as non-performance.

Acquisitions involve a number of risks, including the inability to secure or repay the financing required to acquire large projects, the failure to retain key personnel of the acquired business and the failure of the acquired business to achieve expected results. Eligible acquisition opportunities from third parties that meet the eligibility criteria under the Trust Deed may not materialise and the Anzen Trust may face increased competition from other InvITs, the Sponsor and third parties and therefore the price at which the Anzen Trust is able to acquire a given asset may not be financially desirable. An inability to grow through prudent acquisitions may adversely affect the Anzen Trust's business, financial condition and results of operations.

Acquisition of renewable and transmission energy assets is also subject to other substantial risks, including the failure to identify material problems during due diligence (for which we may not be indemnified), the risk of over-paying for assets or not making acquisitions on an accretive basis, the ability to collect revenues and the risk of entering markets and technologies where the Investment Manager has limited or no experience. In addition, any control deficiencies and limitations on technology in the accounting systems of the assets that we acquire may make it more difficult to integrate them into its existing accounting systems. While the Investment Manager will perform due diligence on our prospective acquisitions, we may not be able to discover all potential operational deficiencies in such projects. The integration and consolidation of acquisitions requires substantial human, financial and other resources and may divert the Investment Manager's attention from our existing business concerns, disrupt our ongoing business or otherwise fail to be successfully integrated. There can be no assurance that any future acquisitions will perform as expected or that the returns from such acquisitions will support the financing utilized to acquire them or maintain them. As a result, the consummation of acquisitions may have a material adverse effect on the Investment Manager's ability to execute our growth strategy, which could have a material adverse effect on our business, cash flow and ability to make distributions to our Unitholders.

Additionally, we may be exposed to increased operating costs, unforeseen liabilities or risks, and regulatory and environmental concerns associated with such newly acquired projects and with entering new sectors of the power generation industry, which could have an adverse impact on our business and cash flows as well as place us at a competitive disadvantage relative to more established renewable energy companies. In addition, such ventures could require a disproportionate amount of our management's attention and resources. We may rely, to a certain extent, on the expertise and experience of industry consultants, and we may have to hire additional experienced personnel to assist us with our operations. We can offer no assurance that if we expand our business beyond our existing business of power transmission, we will be able to effectively acquire and operate

projects in such new areas and achieve our targeted financial goals.

6. ***The tariffs under the TSAs are fixed for the specified term of the TSA, subject to the incentives we receive if we exceed the minimum availability thresholds. We may be unable to offset increase in costs, including operation and maintenance costs, solely from tariffs payable to us under the TSAs.***

   The tariffs under the TSAs are largely fixed for the specified term of the TSA, subject to the incentives we receive if we exceed the target availability thresholds (i.e. 98%). Operation and maintenance costs of the Initial Portfolio Assets may increase due to factors beyond our control, including:

   - an increase in the cost of labor, materials, and insurance on account of inflation;
   - compliance costs incurred to maintain various regulatory permits and approvals;
   - expenses towards equipment and spare parts; restoration costs in case of events such as floods, natural disasters, pandemics and accidents or other events causing structural damage or compromising safety;
   - adverse weather and climatic conditions; unforeseen regulatory changes, application of taxes including income tax, insurance and accounting liabilities; and
   - other unforeseen operational and maintenance costs.

   In addition, under the O&M agreement for DMTCL, we may also experience an increase in penalties or liabilities of up to 25% of the O&M charges paid to DMTCL for the relevant Fiscal.

   The Project Manager will be providing operation and management services through the Project Implementation and Management Agreement to be entered into with the Initial Portfolio Assets. We may not be able to offset increased O&M costs as the tariff payable to us is fixed under the TSAs. Significant increase in O&M costs may reduce our profits and adversely impact our business, prospects, financial condition, results of operations and cash flows.

   Any increased volatility or rate of inflation of global commodity prices, in particular oil and steel prices, that would adversely affect our operating costs could also adversely affect our customers, contractual counterparties and end users. Although the RBI periodically imposes certain policy measures designed to curb inflation, these policies may not be successful. Any slowdown in India's growth, inflation, volatility or fluctuation or sustained periods of hyperinflation could cause our actual results of operations to deviate from our financial projections and estimates and adversely impact our business, prospects, financial condition, results of operations and cash flows.

7. ***The ability of the Project Manager to ensure that our power transmission systems are fully operational are subject to the limitations of existing equipment or operational risks outside of its control.***

   Power transmission projects rely on sophisticated machinery that is built by third-parties which may malfunction. The operation of power transmission projects also involves many operational risks including damages due to natural disasters such as earthquakes and floods, change in climatic conditions, as well as man-made disasters beyond our control such as fires and explosions, the breakdown or failure of transmission equipment or other equipment or processes, operating below expected levels, labour disputes, civil unrest, terrorism, or war. Injuries to people or property may also occur in ordinary course of carrying on our business, which could subject us to significant disruptions in business and legal and regulatory actions. Any disruption in the operations of our power transmission projects could negatively impact the reputation of the Anzen Trust, the Project Manager, the Investment Manager or the Sponsor among our customers, stakeholders, regulators or within our industry. The occurrence of any of the above events could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

8. ***We are highly dependent on our Initial Portfolio Assets for revenue and any adverse development in economic, regulatory and political environment may adversely affect our business, financial condition, results of operations, and prospects.***

   We derive our revenue from DMTCL and NRSS, the two SPVs forming part of the Initial Portfolio Assets, with DMTCL contributing 56.85% and NRSS contributing 43.15% of our combined revenue from contracts with customers in Fiscal 2022, respectively. Any adverse development in economic, regulatory and political environment impacting the revenue from operations of the Initial Portfolio Assets will have an adverse impact on the business, cash flows and revenue from operations of the Trust.

9. ***Our actual results may be materially different from the expectations, express or implied, or Projections of Revenue from Operations and Cash Flows from Operating Activities included, in this Draft Placement Memorandum.***

   In compliance with the InvIT Regulations, this Draft Placement Memorandum includes certain forward-looking statements, such as Projections of Revenue from Operations and Cash Flows from Operating Activities, expectations, plans and analysis of the Projections, as set out in "*Projections of Revenue from Operations and Cash Flows from Operating Activities*" on page 362.

Certain assumptions have been made regarding our future financial and operating performance, including hypothetical assumptions on future events and management's actions that are not necessarily expected to occur, as set out in Note 3 to the Projections of Revenue from Operations and Cash Flows from Operating Activities. In case such assumptions are not satisfied, the associated revenue from operations, profit and cash flows would need to be revised accordingly, and there can be no assurance from the Investment Manager on any of these parameters. The financial projections contained in this Draft Placement Memorandum are based on historical financial information and certain estimates and assumptions. There can be no assurance that the Initial Portfolio Assets will be able to generate sufficient cash from the operations of the projects for the Anzen Trust to make distributions to the Unitholders or that such distributions will be in line with those set out in "*Projections of Revenue from Operations and Cash Flow from Operating Activities*" on page 362. The future financial performance of the Anzen Trust could vary materially from the financial projections and some of such projections' underlying assumptions might change or not materialise as expected. Unfavourable 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. Should any of the Initial Portfolio Assets be unable to meet the expected financial projections for any reason, this would materially and adversely affect our ability to meet our financial projections.

There continue to be limitations associated with the Projections even though the calculations are based on historical performance metrics and certain other assumptions in the Projections. Given that future performance is based on assumptions, there could be uncertainties and contingencies, which could adversely affect the Investment Manager's ability to achieve the Projections. The Investment Manager cannot assure you that the assumptions will be realized and the actual revenue from operations and cash flows from operating activities, will be as projected.

10. The Anzen Trust has been newly set up and does not have an established operating history, making it difficult to accurately assess our future growth prospects.

The Anzen Trust was set up on November 1, 2021 and registered as an Infrastructure Investment Trust on January 18, 2022 and proposes to acquire a part of the shareholding in each of the Initial Portfolio Assets immediately prior to the Allotment. Accordingly, the Anzen Trust does not have any operating history or its own historical financial information by which its past performance may be assessed. This will make it difficult for investors to assess its future performance. Growth prospects as an infrastructure investment trust can be affected by a wide variety of factors, including an inability to raise funds required for its operations, adverse developments in taxation regulations affecting unitholders, operational performance, distribution, and an inability to acquire new assets. An inability to meet these challenges could cause disruptions to our operations and could be detrimental to our long-term business outlook.

Furthermore, there can be no assurance that the Initial Portfolio Assets will be able to generate sufficient revenue from their operations to generate sufficient cash flows to make distributions to the Unitholders, or that such distributions will be in line with those set out in the section "*Projections of Revenue from Operations and Cash Flow from Operating Activities*" on page 362. Additionally, the historical financial information of the Initial Portfolio Assets on a combined basis has been included in this Draft Placement Memorandum. For further details, see "*Audited Special Purpose Combined Financial Statements*" on page 322. There can be no assurance that our future performance will be consistent with the historical financial information included in this Draft Placement Memorandum.

11. ***The independent auditors' report on Anzen's Projections of Revenue from Operations and Cash Flow from Operating Activities contains restrictions with respect to the purpose of the report and, use of the report by investors in the United States.***

The independent auditors report on Anzen's Projections of Revenue from Operations and Cash Flow from Operating Activities, contains the following restrictions:

The report is required by the InvIT Regulations requiring the independent auditor to issue a report on the Projection Information and is issued for the sole purpose of the Offering in accordance with the Indian InvIT Regulations. The independent auditor's work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India, including in the United States, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. U.S. securities regulations do not require profit forecasts to be reported by a third party. The report should not be relied upon by prospective investors in the United States, including persons who are Qualified Institutional Buyers as defined under Rule 144A under the United States Securities Act of 1933 participating in the Offering. The independent auditors accept no responsibility and deny any liability to any person who seeks to rely on the report and who may seek to make a claim in connection with any offering of securities on the basis that they had acted in reliance of such information under the protections afforded by the law of the United States.

12. We may not be able to make distributions to our Unitholders comparable to estimated or anticipated distributions, or at all.

Our distributions will be based on the net distributable cash flows available for distribution. The InvIT Regulations provide that not less than 90% of net distributable cash flows of each Initial Portfolio Asset are required to be distributed to the Anzen Trust in proportion of its holding in each Initial Portfolio Asset subject to applicable provisions of the Companies Act. Furthermore, not less than 90% of our net distributable cash flows will be distributed to the Unitholders. Such distributions must be declared

and made not less than once every year and are required to be made not later than fifteen days from the date of such declaration. The amount of cash available for distribution principally depends upon the amount of cash that the Anzen Trust receives as dividends or the interest and principal payments from our Initial Portfolio Assets, which in turn depends on the amount of cash that the relevant Initial Portfolio Assets generate from operations, and may fluctuate based on, among other things:

- insufficient cash flows received by and from our Initial Portfolio Assets;
- realisation of dues from customers;
- debt service requirements and other liabilities of our Initial Portfolio Assets under their respective financing agreements;
- fluctuations in the working capital needs of our Initial Portfolio Assets;
- ability of our Initial Portfolio Assets to borrow funds and access capital markets;
- restrictions contained in any agreements entered or to be entered into by our Initial Portfolio Assets, including the TSAs and financing agreements, and any restrictions that may arise on account of changes in these financing agreements due to downgrade of ratings of breach of any covenants;
- respective businesses and financial positions of our Initial Portfolio Assets;
- applicable laws and regulations, which may restrict the payment of dividends by our Initial Portfolio Assets;
- operating losses incurred by our Initial Portfolio Assets in any financial year;
- 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;
- amount and timing of capital expenditures on our Initial Portfolio Assets; and
- amount of fees we pay to the Investment Manager, the Project Manager and other Parties to the Anzen Trust;

Furthermore, the method of calculation of the net distributable cash flows may change subsequently due to regulatory changes. Any change in applicable laws in India or elsewhere (including, for example, tax laws and foreign exchange controls) may limit our ability to pay or maintain distributions to our Unitholders. Furthermore, no assurance can be given that we will be able to pay or maintain the levels of distributions at all, or that the level of distributions will increase over time, or that future acquisitions will increase our distributable cash flow to our Unitholders. Any reduction in, or delay/ default in payments of distributions could materially and adversely affect the market price of our Units.

As a result of any or all these factors, we cannot guarantee that we will have sufficient cash generated from operations to achieve net distributable cash flows or realise profits or surplus in any future period in order to make distributions every six months or at all.

13. We have incurred losses in the past and in the event our net loss continues to increase, it may adversely affect our business and financial condition.

We reported loss for the year of ₹ 631.04 million, ₹ 679.85 million and ₹ 512.15 million in Fiscals 2020, 2021 and 2022, respectively. Our net losses have historically resulted primarily from high finance costs incurred towards servicing our debt and repayment obligations, as well as from higher depreciation costs. For further information on our financial performance, see "*Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Assets of the Anzen Trust*" on page 211. Further, our finance costs and other expenses may be greater than we anticipate, and our investments to make our operations more efficient may not be successful. Increases in our costs, expenses and investments may also reduce our margins and materially adversely affect our business, financial condition and results of operations. There is no assurance that we will not incur further losses in the future. Our failure to generate profits may adversely affect the market price of our Units, our cash flows and impair our ability to raise capital and expand our business.

14. Our operations are subject to changes to current tariff policies or regulations governing the CTU or load despatch centres by regulatory authorities.

Tariffs determined through a competitive bidding process in accordance with the Bidding Guidelines and charged to customers comprise virtually all of our Initial Portfolio Assets' revenue. Such tariffs are collected by the CTU, under a payment pooling mechanism and subject to periodic reviews by the CERC. The CTU collects transmission charges from LTTCs on a regular basis and pays such charges to transmission licensees, including us. The Initial Portfolio Assets have no ability or flexibility to

charge more for regulated services than is provided for under the relevant tariff. Further, in accordance with the provisions of the Sharing Regulations, the LTTCs shall also be entitled to certain rebates on payment during the prescribed time periods. With respect to potential impacts on statutory payment pooling bodies, in accordance with the Sharing Regulations, transmission licensees such as the Initial Portfolio Assets are entitled to recover their approved transmission charges from ISTS charges collected by the CTU. In the event of any change in obligations or role of the CTU, or a failure or delay on the part of the CTU to make the corresponding payments to the Initial Portfolio Assets, while the LTTCs may be liable to pay a late payment surcharge, their counterparty risk may increase significantly and our business, prospects, financial condition, results of operations and cash flows may be materially and adversely affected. Any such unfavourable changes, particularly to tariff and payment pooling regulations, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

15. We may be unable to maintain or renew our existing regulatory approvals or obtain any new approvals due to changes to the regulatory environment and the laws, rules, and directives of the GoI.

The power industry in India is regulated by a wide variety of laws, rules and directives issued by the GoI and relevant regulatory authorities. For further details, see "*Regulations and Policies*" on page 242. The Initial Portfolio Assets and any other renewable energy or transmission projects we may acquire, require regulatory approvals, sanctions, licenses, registrations, and permissions for their operations.

The timing and content of any new law or regulation is not within the control of the Initial Portfolio Assets, and any changes to current regulatory bodies or existing regulatory regime as well as changes in certain significant terms of any of such approvals, sanctions, licenses, registrations and permissions, such as their duration, the charges payable under the approvals, sanctions, licenses, registrations and permissions, the range of services permitted or the scope of exclusivity, if any, could have a material adverse effect on our business and prospects. Certain changes in law that alter the landscape of our project locations, such as construction of new highways and roadways in territories where our Initial Portfolio Assets are located, may also compel us to temporarily or permanently shutdown or modify interconnected grids, modify transmission lines or substations, to accommodate and comply with such changes.

The laws and regulations governing the power transmission industry have become increasingly complex and govern a wide variety of issues, including billing and collections, allocation of transmission charges among the LTTCs, and calculation of availability. Any change in policy for such issues may adversely impact our ability to meet such increased or changed requirements. We cannot assure you that we will be able to obtain and maintain/renew all regulatory approvals, sanctions, licences, registrations and permissions required to conduct our operations in a timely manner or at all. Future changes in laws and regulations and failure or the apparent failure to address any regulatory changes or enforcement initiatives could have an adverse impact on the business, cash flows and future financial performance of our Initial Portfolio Assets, impair their ability to declare any dividends to the Anzen Trust, harm our reputation, subject us to penalties, fines, disciplinary actions or suspensions of any kind, or increase the risk of litigation and have an adverse effect on the price of the Units. For details of approvals that have been applied for but not received, see "*Regulatory Approvals - Approvals applied for but not yet received*" on page 254.

16. Our borrowings are secured by all of the assets of the Initial Portfolio Assets and a portion of the shareholding of such Initial Portfolio Assets, providing our lenders/ debt security holders with substantial rights over our operations.

The financing arrangements entered into by the Initial Portfolio Assets contain restrictive covenants and default provisions. The financing agreements restrict the Initial Portfolio Assets from undertaking certain activities, including (i) incurring any indebtedness without prior approval of the lenders, other than for payment of interest in relation to the financing facilities; (ii) selling or assigning or transferring or encumbering or otherwise disposing all or part of its interest to any person; and (iii) effecting changes in its ownership without prior approval of the debt security holders. These may restrict our ability to conduct business and any breach thereof may adversely affect our results of operations and financial condition. In the event of any breach of any covenant contained in these financing agreements, apart from other consequences, the debenture trustee may enforce the security under the financing agreements which may adversely affect our business, financial condition and results of operations. We may also be required to immediately repay our borrowings either in whole or in part, together with any related costs.

As at March 31, 2022 loans under the loan agreements are secured by, amongst others, pledge of 51.00% of the issued, paid-up and voting equity share capital of the Initial Portfolio Assets till the final settlement date. The shares of the Initial Portfolio Assets have been pledged with lenders under the financing agreements, which are detailed in the table below as at the date of this Draft Placement Memorandum:

Initial Portfolio Asset

	Non-convertible debentures/ Optionally convertible debentures (as at July 15, 2022)	**Pledge of Initial Portfolio Assets (as at the date of the Draft Placement Memorandum)**
DMTCL NCDs – Secured Listed	6,914 outstanding NCDs (₹ 6914 million)	51% of Equity shareholding of EIYP with Trustees. 26% of Equity shareholding of Essel Infraprojects Limited with Trustees (additional securities since second charge is with SEPL)
NRSS NCDs Secured Listed	5,494 outstanding NCDs (₹ 5,494 million)	51% of Equity shareholding of EIYP with Trustees. 26% of Equity shareholding of Essel Infraprojects Limited with Trustees (additional securities since second charge is with SEPL) OCDs of ₹ 176.50 million pledged in favour of Trustees

Notes: (1) The shareholding in DMTCL and NRSS was transferred from our Sponsor to EIYP on June 30, 2022.

In the event of a default under these agreements, there is a risk that the debt security holders could enforce the pledge by way of court procedure followed by a public auction of the pledged shares. Furthermore, we may be required to pledge the shares of the Initial Portfolio Assets for any refinanced or additional indebtedness. If we lose ownership or control of the Initial Portfolio Assets, of all or some of their assets as a result of the enforcement of security by a debt security holder, our business, financial condition, results of operation, cash flows and ability to make distributions to Unitholders would be adversely affected.

The Initial Portfolio Assets may also be required to enter into other financing arrangements and incur further indebtedness in order to fulfil working capital requirements. The Initial Portfolio Assets may not be able to enter into financing arrangements on favorable terms or at all. There is a risk to Unitholders that the Initial Portfolio Assets may not be able to repay such indebtedness in future and our business, financial condition, results of operation, cash flows and ability to make distributions to Unitholders would be adversely affected.

17. We may not be able to successfully fund future acquisitions of new projects due to the unavailability of debt or equity financing.

Under the InvIT Regulations, the Anzen Trust is required to distribute not less than 90% of its net distributable cash flows to the Unitholders. Also see, "*Risk Factor – We may not be able to make distributions to our Unitholders comparable to our Unitholders' estimated or anticipated distributions or at all*" on page 65. Accordingly, in order to expand our portfolio of projects through acquisitions, we will primarily rely on debt and equity financing. We cannot assure you that such financing will be available on favourable terms in a timely manner, or at all.

Debt financing to fund the acquisition of a project may not be available on short notice or may not be available on acceptable terms. Since the timing and size of acquisitions cannot be readily predicted, we may need to obtain funding on short notice to benefit fully from opportunities. However, under the InvIT Regulations, if the aggregate consolidated borrowings and deferred payments of the Anzen Trust and the Initial Portfolio Assets, net of cash and cash equivalents exceed 25%, we are required to obtain a credit rating and seek Unitholder approval for any further borrowings up to 49%. In addition, the level of indebtedness of our Initial Portfolio Assets may impact our ability to borrow without prior Unitholders' approval. The aggregate consolidated borrowings and deferred payments, net of cash and cash equivalents of the Anzen Trust and the Initial Portfolio Assets cannot exceed 70% of the value of the assets of the Anzen Trust. For any further borrowings beyond 49%, we are required to comply with specific conditions prescribed under the InvIT Regulations, *inter alia*, obtaining approval from at least 75% of the Unitholders, and demonstrating a track record of at least six distributions on a continuous basis post listing of the Units, in the years preceding the financial year in which the enhanced borrowings are proposed to be made. An increase in borrowings beyond 49% up to the aforementioned limit of 70% may impact our ability to pay dividend, our credit ratings and cash flows, among others. Any downgrade in our ratings may increase borrowing costs in the future and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations. In addition, under the terms of our TSAs, in the event the monthly target availability of the relevant project after the commercial operation date of the project is not met within specific timelines, there may be penalties imposed as specified in the TSAs.

Debt financing may increase our vulnerability to general adverse economic and industry conditions by limiting our flexibility in planning for or reacting to changes in our business and our industry. Moreover, under the terms of the debt financing agreements, we may be subject to certain restrictive covenants, such as:

- maintaining specified debt to equity ratios;
- restrictions on making any dividend payments or making any other restricted payments except as permitted under the financing agreements;
- restrictions on change of control;
- restrictions on the repayment of any subordinated debt without prior consent of relevant lenders;
- prior consent for creation of any additional security interest in any of the secured property;
- restrictions on undertaking or permitting any scheme of arrangement or compromise with creditors or shareholders; and
- restrictions on effecting changes in the management control or capital structure.

Such financing agreements may also require the Initial Portfolio Assets to maintain certain financial ratios. If we breach any covenant contained in these financing agreements, the relevant Portfolio Asset may be required to immediately repay borrowings either in whole or in part, together with any related costs. It may not be able to secure consents from, or negotiate revised terms with, the lenders on terms favourable to the Anzen Trust or at all.

Such covenants may also restrict our ability to acquire additional projects or undertake other capital expenditure by requiring us to dedicate a substantial portion of our cash flows from operations to payments on our debt. We will also be subject to the risk that certain covenants in connection with any future borrowings may limit or otherwise adversely affect our operations and our ability to make distributions to our Unitholders. 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.

Restrictions imposed by the RBI may limit our ability to borrow from overseas for projects under development and could therefore constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals or borrowing in foreign currencies will be granted to us without onerous conditions, or at all.

Our future growth will be derived primarily from our value accretive acquisition strategy, which will be focused primarily on acquiring transmission and renewable energy projects that provide attractive cash flows. We may also propose to fund the consideration (in whole or in part) for future acquisitions through the issuance of additional Units. However, we may not be able to complete the issuance of the required number of Units on short notice or at all due to a lack of investor demand for the Units, market conditions, for other external factors that are not in our control, or at prices that it considers to be in the interests of then-existing Unitholders. As a result of a lack of funding, we may not be able to pursue our value accretive acquisition strategy successfully. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

18. The Anzen Trust may not acquire the entire equity share capital of the Initial Portfolio Assets upon completion of the Issue on account of the lock-in conditions and consent requirements from the LTTCs for the equity shareholding of Essel Infraprojects Limited in the Initial Portfolio Assets.

The TSAs entered into between the LTTCs and the Initial Portfolio Assets contain provisions restricting the transfer of equity shareholdings of Essel Infraprojects Limited in the Initial Portfolio Assets, subject to expiry of certain lock-in periods and receiving consents from the LTTCs. Specifically, the TSAs specify that the selected bidder (i.e., Essel Infraprojects Limited in the present case) is required to hold (a) 51% of the paid-up equity share capital of the Initial Portfolio Assets up to a period of two years after the commercial operation date of the project; and (b) 26% of the paid-up equity share capital of the Initial Portfolio Assets up to a period of three years thereafter. While the lock-in period for NRSS have expired and LTTC approval for transfer has been obtained on July 19, 2022, the restrictions specified in (b) above are currently applicable in the case of DMTCL, as the lock-in period is still applicable and will expire on August 10, 2022. Accordingly, the Anzen Trust will not be able to acquire Essel Infraprojects Limited's equity shareholding in DMTCL prior to the completion of such lock-in period.

Even on expiry of the relevant lock-in periods, the Anzen Trust may not be able to acquire the 26.00% equity shareholding in DMTCL in the event any requisite consents from the LTTCs are not obtained. The Anzen Trust may also not be able to acquire Essel Infraprojects Limited's shareholding in both the Initial Portfolio Assets if Essel Infraprojects Limited is unable to honor the terms of its agreement with us due to reasons beyond its control or otherwise. As a result, there can be no assurance that the Anzen Trust will be able to acquire the balance shareholding in the Initial Portfolio Assets in a timely manner, or at all. Also see, "*Risk Factors – We are exposed to counterparty risks*" on page 70.

19. Our Sponsor may face competition from other renewable energy firms, funds, InvITs, and developers as it continues to invest and acquire renewable energy projects to grow the business.

Our Sponsor, along with its affiliates, is engaged in investment activities primarily with an objective of earning long term capital appreciation. The Sponsor seeks to invest in companies incorporated in India that operate in "infrastructure" sector and intends to continue to pursue accretive inorganic growth and new business opportunities. Our market position therefore depends on our and our Sponsor's financing, development and operation capabilities, reputation, experience and track-record and our Sponsor's ability to consummate such acquisitions and investments for us. Any increase in competition during the acquisition process or reduction in our competitive capabilities could have a material adverse effect on our market share and on the margins we generate from our renewable energy portfolio. Our Sponsor and the Anzen Trust being controlled by an entity managed and/or advised by the Investment Manager may also face competition from other funds and InvITs focused on expanding their portfolio in the infrastructure or renewable energy sectors.

In addition, our competitors may choose to enter into strategic alliances or form affiliations with other competitors to our detriment. There can be no assurance that our current or potential competitors will not offer the services we provide comparable or superior to those that we offer at the same or lower prices; adapt more quickly to industry challenges; or expand their operations at a faster pace than we do. Increased competition may result in price reductions, reduced profit margins and loss of market share, thereby causing an adverse effect on our operations, cash flows, prospects and financial condition.

20. We are exposed to opposition from local communities and other parties such as through litigation or by other means, which may adversely affect our financial condition, results of operations and cash flows.

The operation of our power transmission systems and substation projects, particularly during phases of capacity augmentation, may have significant consequences on grazing, logging, agricultural activities, mining, and land development as well as on the ecosystem of the affected areas. The environmental and social impact, including disruption to livelihoods of local communities, of a particular transmission project typically depends on the location of the project and the surrounding ecosystem. Furthermore, the operation of our power transmission systems may disrupt the activities and livelihoods of local communities, especially during capacity augmentation and other development related activities. Repair work on power transmission projects may be delayed to resolve local community concerns.

Our Initial Portfolio Assets could be subject to opposition, such as through litigation or by other means, from public interest groups, local communities or non-governmental organisations, in relation to use of rights of way for operation and maintenance activities and its impact economically and socially, which may adversely affect our financial condition, results of operations and cash flows. Repair work on a power transmission project may similarly be delayed to resolve local community concerns.

In addition, there are various legal proceedings pending against the Initial Portfolio Assets with respect to land on which the Initial Portfolio Assets have right of way, for the purposes of construction of the transmission lines, most of which relate to demands for increased compensation by landowners. See "*Legal and other Information*" on page 255.

21. Our operations are subject to environmental, health and safety laws and regulations.

Our operations are subject to various environmental laws and regulations in various locations in India where our Initial Portfolio Assets operate. Although most applicable environmental approvals were obtained prior to completion of construction of the Initial Portfolio Assets (with a few environmental approvals such as fire and borewell approvals obtained during the operational phase of DMTCL), laws and regulations in India in this regard have, and may continue to become, more stringent. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on the Initial Portfolio Assets, which could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. For further details, please see the section entitled "*Regulations and Policies*" on page 242.

The personnel working on our power transmission projects are exposed to risks. If safety procedures are not followed or if certain materials used in power substations and transmission equipment are improperly handled, it could lead to injuries or fatalities to such persons, damage our Initial Portfolio Assets' properties and properties of others, or harm the environment. This could result in significant disruption in our businesses and to legal and regulatory actions, which could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

As central and local governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and there can be no assurance that we will be at all times be in compliance with these regulatory requirements. If there is any change in the environmental, health and safety regulations to which we are subject, we may need to incur substantial capital expenditures to comply with such new regulations. The costs of complying with current and future environmental, health and safety laws and the liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition, cash flows and results of operations.

22. Our success depends in large part upon the Investment Manager and Project Manager, the management and personnel that they employ, and their ability to attract and retain such persons.

Our ability to make consistent distributions to our Unitholders depends on the continued service of management teams and personnel of the Investment Manager and Project Manager. Each of the Investment Manager and Project Manager may face challenges in recruiting and retaining a sufficient number of suitably skilled personnel. Generally, there is significant competition for management and other skilled personnel in our industry in India, and it may be difficult to attract and retain the skilled personnel that the Investment Manager and Project Manager need for our operations. Furthermore, the Investment Manager and Project Manager may not be able to adequately redeploy and retrain their employees to keep pace with evolving industry standards and changing customer preferences. The loss of key personnel of either of the Investment Manager or the Project Manager, may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

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

Our operations are subject to a number of risks and hazards generally associated with the transmission of electricity. These risks include equipment failure, work accidents, fires, earthquakes, floods, unlawful acts by third-parties, and other *force majeure* events. These risks can cause personal injury and loss of life and damage to, or the destruction of, property and equipment (including infrastructure developed by us) and may result in the limitation or interruption of our business operations and the imposition of civil or criminal liabilities. Our insurance policies may not be sufficient to cover material losses that we may incur in the future and we may not be able to renew our insurance arrangements, which typically extend for a period of one year, on similar terms or at all. If our losses significantly exceed our insurance coverage, cannot be recovered through insurance, or occur during a period during which insurance coverage had lapsed, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected.

In addition, we may not be able to maintain insurance of the types or at levels which the Initial Portfolio Assets deem necessary or adequate, or at rates which they consider reasonable, in particular, in case of significant increases in premium levels at the time of renewing their insurance policies or lack of availability of insurance companies to underwrite these risks. The costs of higher insurance premiums could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Furthermore, the occurrence of an event for which we are not adequately or sufficiently insured, the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

24. We may be unable to adapt to technological changes relevant to our operations.

Our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging power transmission industry standards and practices in a cost-effective and timely manner that is competitive with other transmission and substation projects. The development and implementation of such technology entails significant technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons including compatibility issues, to adapt in a timely manner or at all, to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected. Furthermore, we may be unable to adapt to or cope with the emergence of any unknown or unanticipated technologies which are disruptive in nature, which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

25. We are subject to counterparty default risks.

Our Sponsor and Investment Manager have arrangements with a number of third-parties in relation to the Initial Portfolio Assets as well as the ROFO Assets. As a result, we are subject to the risk that the counterparty to one or more of these arrangements will default, either voluntarily or involuntarily, on its performance under the terms of the arrangement. A counterparty may default with or without notice, and we may be unable to take timely action or otherwise be compensated for the loss such default may cause, either because of lack of contractual ability to do so or because market conditions make it difficult to take effective action. If one of our counterparties becomes insolvent or files for bankruptcy, our ability eventually to recover any losses suffered as a result of that counterparty's default may be limited by the impaired liquidity of the counterparty or the applicable legal regime governing the bankruptcy proceeding. In the event of such a default, we could incur significant losses, which could harm our business and adversely affect our results of operations, cash flows and financial condition.

26. We depend on third-party contractors for certain operations who may violate applicable laws and regulations.

We may undertake operations and maintenance, and other related activities with respect to our transmission and substation projects through third-party contractors. Our selection criteria for contractors is primarily based on the technical experience and financial position requirements of the projects. Prior to engaging any contractor, we endeavour to ensure that their capacity and

capability, including their quality control systems, are adequate for contract execution. There can be no assurance that our contractors will not violate any applicable laws and regulations in their provision of services. If any of our contractors is involved in any material breach of applicable laws and regulations which leads to termination of the relevant contracting agreement and we are unable to identify any substitute, our business operations or planned expansion projects may be adversely affected. Furthermore, our Project Manager may also be liable for the default by contractors on wage payments, or any violation by them of the applicable laws and regulations. For further details, see "*Risk Factors - Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by employees or other disputes with employees*" on page 72.

27. Upgrading or renovation work or physical damage to our power transmission projects may disrupt their operations and result in unforeseen costs.

Our power transmission projects may need to undergo upgrading, renovation or repair work from time to time to maintain their optimal operating condition and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop, or on account of changes pertaining to operations and maintenance. Our power transmission projects may suffer some disruptions and it may not be possible to continue operations on areas affected by such upgrading or renovation work. For instance, four towers of DMTCL got washed away previously due to a major river changing its course. While the respective towers were subsequently moved to pile foundations without impacting our revenue, there can be no assurance that such incidents will not occur in the future and they will not impact our operations and revenue significantly. For further details, see *"Risk Factors – We may experience loss of tariffs, grid failure, blackouts, and incur significant repair and replacement costs on the occurrence of certain force majeure events"* on page 74. In addition, physical damage to power transmission projects resulting from fire, floods, severe weather, climatic changes or other causes may lead to a significant disruption to, or a long-term cessation of, business and operations and, together with the foregoing, may result in unforeseen costs which may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

28. Our operations may be affected by strikes, work stoppages or increased wage demands by employees or other disputes with employees.

The Sponsor who has been appointed as the Project Manager to operate and maintain our Initial Portfolio Assets has full-time employees focused on certain aspects of operations and maintenance of our transmission systems. We may experience disruptions in our operations due to disputes or other problems with labour, and efforts by workers to modify compensation and other terms of employment may divert our management's attention and increase operating expenses. The occurrence of such events could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

The Project Manager and our Initial Portfolio Assets enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Under Indian law, the Project Manager and Initial Portfolio Assets they may be held responsible for wage payments to laborers engaged by contractors, should the contractors default on wage payments. Any requirement to fund such payments may materially and adversely affect the business, prospects, financial condition, results of operations and cash flows. Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, the Project Manager and our Initial Portfolio Assets may be required to absorb a portion of the wage payments due to such contract laborers that they employ as if they were their employees, including for contract labour engaged indirectly in the operations of the Anzen Trust.

29. This Draft Placement Memorandum contains Technical Reports which we have commissioned.

The Technical Consultant has prepared the Technical Reports concerning the Initial Portfolio Assets which are contained in this Draft Placement Memorandum. We have paid for and commissioned the Technical Reports for the purposes of conducting a technical assessment of the Initial Portfolio Assets. The Technical Reports have been prepared based on information as of specific dates and may no longer be current or reflect current trends. Opinions in the Technical Reports based on estimates, projections, forecasts and assumptions may prove to be incorrect. The Technical Reports are subject to various limitations and are based upon certain bases, estimates 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 Sponsor and the Investment Manager. There can be no assurance that the bases, estimates and assumptions adopted by the Technical Consultant for the purposes of preparing the Technical Reports will prove to be accurate. Future reports for the Initial Portfolio Assets could be materially different from those that are set forth in the Technical Reports and this Draft Placement Memorandum.

The Technical Consultant is an independent technical consultant and has advised that while it has taken due care and caution in preparing the Technical Reports based on the information obtained by the Technical Consultant from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the Technical Reports or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of Technical Reports or the data therein. Furthermore, the Technical Reports are not a recommendation to invest/ disinvest in the Initial Portfolio Assets covered in the report. Prospective investors are advised not to unduly rely on the Technical Reports when making their investment decision.

30. As a shareholder of our Initial Portfolio Assets, the Anzen Trust's rights are subordinated to the rights of creditors, debt holders and other parties specified under Indian law in the event of insolvency or liquidation of any of the Initial Portfolio Assets.

In the event of insolvency or liquidation of any of the Initial Portfolio Assets, secured and unsecured creditors of such Initial Portfolio Assets will be entitled to payment in full from the insolvency or liquidation proceeds in priority to us in our capacity as an equity shareholder of the Initial Portfolio Assets. Furthermore, under the Insolvency and Bankruptcy Code, 2016 (the "**Bankruptcy Code**") in the event of winding-up of any of the Portfolio Assets, workmen's dues and debts due to secured creditors which rank *pari passu* are required to be paid in priority over all other outstanding debt, followed by wages and salaries of employees, debts due to unsecured creditors, any amounts due to the central or state government, any other debts, preference shareholders and equity shareholders. Further, amounts payable to us in respect of any unsecured debt issued by our Initial Portfolio Assets will be subordinated in the manner set forth above. Moreover, the Bankruptcy Code provides for reorganisation and insolvency resolution of corporate persons. It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. If the Bankruptcy Code provisions are invoked against the Initial Portfolio Assets, it may adversely affect our ability to pay back creditors and enforcement of creditor rights will be subject to the Bankruptcy Code.

Under the terms of the TSAs executed by the Initial Portfolio Assets with the LTTCs, the Initial Portfolio Assets are not permitted to create or permit to subsist any encumbrance over all or any of their rights and benefits under the TSAs. However, the Initial Portfolio Assets are permitted to create any encumbrance over all or part of the receivables, including those under the TSAs, letter of credit or the other assets of the Initial Portfolio Assets in favour of lenders or representatives of lenders on their behalf, as security for amounts payable under the financing agreements with such lenders, subject to the conditions specified under the TSAs. Accordingly, as a shareholder in our Initial Portfolio Assets, the Anzen Trust's rights are subordinate to the rights of creditors, debt holders and other third parties in the event of insolvency or liquidation of any of our Initial Portfolio Assets.

31. We may be required to record significant charges to earnings in the future when we review our power transmission assets for potential impairment.

Under Ind AS, we are required to review our power transmission assets for impairment whenever circumstances indicate that the carrying value may not be recoverable. Various uncertainties, including deterioration in the global economic conditions that result in upward changes in cost of capital, the occurrence of natural disasters that impact our power transmission assets, adverse weather conditions, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, change in applicable legislation, regulations and rules, changes in market or economic conditions, delays in obtaining the requisite licenses, unavailability of spare parts and equipment, and other unforeseeable problems and circumstances, could impact expected cash flows to be generated by such assets, and may result in impairment of these power transmission assets in the future. The Initial Portfolio Assets are currently classified under Ind AS 16 – Property, Plant and Equipment. However, the carrying amounts of the Initial Portfolio Assets are being reviewed for impairment in accordance with Ind AS 36, Impairment of Assets.

We may be required in the future to record a significant charge to earnings in our financial statements during the period in which any impairment of our power transmission assets is determined. While no such impairment has occurred in respect of the Initial Portfolio Assets, notwithstanding that any such impairment would be a non-cash expense, any such charges will likely have a material adverse effect on our results of operations.

32. There are risks associated with the expansion of our business.

As part of our growth strategy, we may expand our business which may prove more difficult or costly than anticipated. We may also seek to generate non-transmission revenue through various avenues, including setting-up a renewable energy generation asset and leasing space for telecom service providers for equipment installations. Entry into such non-transmission avenues may be risky and expensive, and there can be no assurance that we will be able to adequately monetize our expansion in these areas due to the cost of implementing new technologies, upgrading networks, slowdown in investments and various uncertainties in the Indian telecom sector, regulations issued by CERC which require the sharing of revenue from power transmission projects or if we will be able to obtain requisite approvals from CERC or the LTTCs or any other authority.

33. Any infrastructure project that we acquire which is still under construction and development may be subject to cost overruns or delays.

We may acquire infrastructure projects including power transmission and renewable energy projects, which are still under construction and development in the future, in accordance with the InvIT Regulations and subject to Unitholders' approval in certain cases. The development of such projects is subject to substantial risks, including various planning, engineering and construction risks, along with regulatory hurdles on land acquisition and necessary environmental clearances. Energy projects typically require substantial capital outlays and may require a long gestation period of between two to four years before the commencement of commercial operation. The owner generally begins generating a return on investment only after the commencement of commercial operation, which may be delayed due to various reasons.

Under the InvIT Regulations, we can only acquire a project which has received all permits, approvals and licenses. Several key steps must be taken before energy projects start operating, generate revenue and recover costs, including but not limited to:

- conducting surveys and investigations for the proposed route;
- entering into construction contracts and long-term service agreements with contractors with sufficient expertise;
- purchasing necessary equipment;
- acquiring land/ obtaining rights of way from land owners and local authorities;
- complying with ongoing requirements of the required permits, approvals and licenses;
- procuring sufficient equity, debt, mezzanine and other necessary financing;
- entering into or securing transmission and off-take related arrangements including, TSAs, revenue sharing agreements ("**RSAs**"), and energy or power purchase agreements ("**PPAs**"); and
- Obtaining requisite approvals for commencement.

During the development phases of an energy project, we may be exposed to a variety of challenges including unavailability of equipment/ materials, shortage of technically skilled personnel and labour, work stoppages, labour or social unrest, adverse weather conditions, accidents, natural calamities, delays in construction, delays in clearances, unforeseen delays and defects, delivery failures by, and disputes with contractors, limited availability of competent construction companies, increased cost of raw materials, unavailability of adequate funding, failure to complete projects within budget and in accordance with the required specifications, additional interest costs incurred due to project delays, legal actions brought by third-parties, changes in government, regulatory policies and tax policies, foreign exchange movements, adverse trends in the infrastructure industry or general economic conditions in India. These factors, as well as other unforeseeable problems and circumstances may lead to substantial increases in the time and costs required to complete the projects that we may acquire. We may also not be able to recover the additional costs and may also be subjected to levy of liquidated damages in case of delay in commissioning of the project.

The foregoing factors may also give rise to risks in the building and construction phase of projects and create delays in the completion of such projects. Construction disruptions or delays could impede our ability to undertake future acquisition of assets, and in turn materially and adversely affect our financial and operational estimates and projections, our business, prospects, financial condition, results of operations and cash flows.

34. Industry information included in this Draft Placement Memorandum has been derived from an industry report commissioned and paid for by us exclusively in connection with the Issue.

We have availed the services of an independent third-party research agency, CARE Advisory Research and Training Limited, to prepare the report titled "*Report on Renewables and Transmission Sector*" dated July 2022, for the purposes of inclusion of such information in this Draft Placement Memorandum pursuant to an engagement letter dated September 22, 2021, as amended from time to time. The CARE Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Due to discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Placement Memorandum.

35. We may experience loss of tariffs, grid failure, blackouts, and incur significant repair and replacement costs on the occurrence of certain force majeure events.

In the event that any of our power transmission projects are rendered inoperable due to force majeure events, there can be no assurance that we will be able to successfully apply to obtain a deemed availability certificate to receive tariffs under the force majeure provisions under the TSA, or that our insurance will reimburse us for repair and replacement costs, either partially or fully for the period of such force majeure event, which could materially affect our business, prospects, financial condition, results of operations and cash flows. The rights as well as obligations of our Initial Portfolio Assets may be affected by the occurrence of force majeure events specified in the TSAs, which include natural disasters such as earthquakes, volcanic eruptions, landslides, floods, and non-natural events such as wars, terrorist activities, and compulsory acquisition by a governmental authority in India. For instance, four towers of DMTCL got washed away previously as a result of a major river changing its course and our substation in Dharbanga was damaged due to floods in the region in the past. As the incident was approved as a *force majeure* event under the TSA, our availability levels, and consequently our revenue, remained unimpacted as the transmission lines that were disrupted as a result continued to be deemed available by the relevant regulatory authorities in India. The towers were subsequently moved to pile foundations without impacting our revenue and part of the capital

expenditure incurred for the rectification works was recovered from Essel Infraprojects Limited as part of the consideration for the acquisition of DMTCL. In addition, the cost of the damaged towers was eventually covered by insurance. While the revenue from DMTCL remained unimpacted, there can be no assurance that such incidents will not occur in the future and if they do, that such incidents would not significantly impact our operations and revenue or increase our capital expenditure. In the event that any of our power transmission projects are rendered inoperable due to force majeure events as categorised in the TSAs, there can be no assurance that we will be able to successfully apply to obtain the benefit of excluding such period from availability calculations, thereby enabling us to receive tariffs under the force majeure provisions under the TSA, or that our insurance will reimburse us for repair and replacement costs, either partially or fully for the period of such force majeure event, which could materially affect our business, prospects, financial condition, results of operations and cash flows.

36. The TSAs, power transmission assets and the transmission licenses of the Initial Portfolio Assets are of limited duration and may not be renewed/ replaced.

Our TSAs have a term of 35 years and any renewal is subject to CERC's discretion. Furthermore, the average remaining term of the TSAs of the Initial Portfolio Assets is approximately 30 years. For details regarding the commercial operation date and the dates of expiry of the TSAs of the Initial Portfolio Assets, please see the section entitled "*Our Business – Initial Portfolio Assets*". There can be no assurance that we can replace our physical assets or renew our TSAs on acceptable terms in a timely manner, or at all, which may affect our results of operations, financial condition and cash flows.

Furthermore, while the TSAs have a duration of up to 35 years, the transmission licenses issued by CERC are valid only for a period of 25 years from the date of issue of the transmission license. There can be no assurances that these licenses will be renewed in a timely manner or at all, which may affect our results of operations. For further details in relation to the licenses, see "*Regulatory Approvals*" on page 251.

37. The Valuation Report, and any underlying reports, are not opinions on the commercial merits of the Anzen Trust or the Initial Portfolio Assets, nor are they opinions, expressed or implied, as to the future trading price of our Units or financial condition upon listing, and the valuation contained therein may not be indicative of the true value of our assets.

S. Sundararaman has been appointed as an independent valuer under the provisions of the InvIT Regulations for the purpose of valuation of the Initial Portfolio Assets. The Valuer has issued the Valuation Report, which sets out their opinion as to the fair enterprise value of the Initial Portfolio Assets as at March 31, 2022. In order to issue the Valuation Report, the Valuer based certain assumptions to estimate the fair enterprise value of the Initial Portfolio Assets using the discounted cash flow method on information provided by and discussions with or on behalf of us, the Sponsor 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 contains forecasts, projections and other "forward-looking" statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties. The future events referred to in these forward-looking statements involve risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward-looking statements. For further details, please see the "*Valuation Report*" attached as Annexure A to this Draft Placement Memorandum.

Furthermore, not all assumptions used in the preparation of the Valuation Report have been included herein. The Valuation Report is not an opinion on the commercial merits and structure of the Anzen Trust or the Initial Portfolio Assets nor is it an opinion, expressed or implied, as to the future trading price of our Units or our financial condition upon listing. The Valuation Report does not purport to contain all the information that may be necessary or desirable to fully evaluate us or the Initial Portfolio Assets or an investment in the Anzen Trust or our Units. The Valuation Report is not based on a comprehensive review of the business, operational or financial condition of the Initial Portfolio Assets and, accordingly, 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 Anzen 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 Sponsor, the Investment Manager, the Project Manager or the Anzen Trust. Furthermore, we cannot assure you that the valuation prepared by the Valuer reflects the true value of the net future revenues of the Initial Portfolio Assets, 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 Initial Portfolio 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 Sponsor, the Investment Manager, the Project Manager, the Anzen Trust or any other party that any person should take any action based on the Valuation Report. Accordingly, prospective investors should not unduly rely on the Valuation Report in making an investment decision to purchase Units in the Anzen Trust.

38. The Audited Special Purpose Combined Financial Statements presented in this Draft Placement Memorandum may not be indicative of our future financial condition, results of operations and cash flows.

Upon completion of the Issue, the Anzen Trust's only assets will be its equity shareholding in the Initial Portfolio Assets and any debt financing provided by the Anzen Trust to the Initial Portfolio Assets, and its liabilities will include the OCDs and NCDs issued by the Initial Portfolio Assets. We will rely on cash flows from the Initial Portfolio Assets, including from dividends, interest payments and principal repayments. For the purpose of this Draft Placement Memorandum, the Audited

Special Purpose Combined Financial Statements have been prepared so as to present the financial position, results of operations and cash flows of the Initial Portfolio Assets on a combined historical basis for Fiscals 2020, 2021 and 2022. The Audited Special Purpose Combined Financial Statements have been prepared for the sole purpose of the Issue and may not necessarily represent our consolidated financial position, results of operations and cash flows had the Anzen Trust been in existence during the periods presented, nor do they give an indication of our financial results, cash flows and financial position in the future. After the Listing Date, 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 Audited Special Purpose Combined Financial Statements.

Furthermore, in connection with our acquisition of the Initial Portfolio Assets, 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. Furthermore, the future consolidated financial statements of the Trust will be prepared applying Ind AS 103 "*Business Combinations*", which is different from the accounting treatment used for the preparation of the Audited Special Purpose Combined Financial Statements.

39. Our contingent liability could adversely affect our financial condition, results of operations and cash flows.

As at March 31, 2022, our contingent liabilities disclosed in the Audited Special Purpose Combined Finance Statements (as per Ind AS 37 – *Provisions, Contingent Liabilities and Contingent Assets*) were as set forth below:

Particulars	**March 31, 2022**
	(₹ millions)
Other matters	84.43

If any of our contingent liabilities materialise, it could have an adverse effect on our financial condition, results of operations and cash flows.

40. We may be subject to significant disruptions of information technology systems or breaches of cyber security and data security.

Our business is dependent upon information technology systems, including internet-based systems, to support business processes. The complexity of our computer systems may make them potentially vulnerable to breakdown, malicious intrusion and computer viruses. While our power transmission assets have not yet been impacted by information security breaches, we cannot assure you that we will not encounter disruptions to our information technology systems in the future and any such disruption may result in the loss of key information or disruption of our business processes, which could adversely affect our business and results of operations. In addition, our systems are potentially vulnerable to data security breaches, whether by employees or others that may expose sensitive data to unauthorized persons. Any such security breaches could have an adverse effect on our business and reputation.

41. We do not own the "Anzen" trademark or logo. Our trademark application for "Anzen" mark and the logo, may be rejected and our ability to use the trademark and logo may be impaired.

The application for the trademark for "Anzen" and the logo is under consideration by our management. Our ability to use the trademark and logo may be seriously impaired if our trademark application is rejected, as and when submitted. As a result, we will be required to cease the use of "Anzen" and the logo which may have material, adverse effect on the operations of the Anzen Trust and require the management's time and attention. In the absence of a registration of the trademark and logo under the Trademarks Act, 1999, we will not enjoy the statutory protections accorded to a registered mark or logo, and may not be able to initiate an infringement action against a third party for infringing on the logo and a passing off action might not be sufficient protection until such time as the registration for the trademark or logo is granted.

42. The registered offices of the Investment Manager and Sponsor are not owned by the respective parties.

The registered offices of each of the Investment Manager and Sponsor are located on premises which are not owned by the respective parties and are occupied based on no objection certificates/ lease and license arrangements. The parties may not be able to renew or extend these agreements at commercially acceptable terms, or at all. Further, the parties may be required to re-negotiate rent or other terms and conditions of such agreements during their currency and may also be required to vacate the premises at short notice and may not be able to obtain alternate location in a short span of time.

Risks Related to our Organisation and Structure

43. Changes in government regulation could adversely affect our profitability, prospects, results of operations, cash flows and ability to make distributions to our Unitholders.

Regulatory changes in India, particularly in respect of the InvIT Regulations and other taxation legislations such as the Finance Act, 2022, could expose us to greater tax liability than what our financial projections assume. The application of various Indian sales, value-added and other tax laws, rules and regulations to our services, currently or in the future, may be subject to differing or stricter interpretation by applicable authorities, which could result in an increase in our tax payments (prospectively or retrospectively) and/or subject us to penalties, which could affect our business operations, profitability, results of operations and cash flows, and affect our ability to make distributions to our Unitholders.

44. We depend on the Investment Manager, the Project Manager and the Trustee to manage our business and assets, who may fail to perform satisfactorily. The rights of the Anzen Trust and the rights of the Unitholders to recover claims against the Project Manager, the Investment Manager or the Trustee may be limited.

The Sponsor will also be acting as the Project Manager in respect of the Trust under the PIMA, and will be responsible for implementing, operating, maintaining and managing our power transmission projects as per the terms and conditions of the respective operation and maintenance agreements and the InvIT Regulations. Edelweiss Real Assets Managers Limited will be acting as the Investment Manager in respect of the Anzen Trust under the Investment Management Agreement, in accordance with the InvIT Regulations. The success of our business and growth strategy and the operational success of our transmission systems will depend significantly upon the managers' satisfactory performance of these services. Our recourse against the Project Manager, the Trustee and Investment Manager is limited. The aggregate maximum liability of the Project Manager under the PIMA in each financial year is limited to an amount equivalent to one month's fees payable to the Project Manager in such financial year in accordance with the terms of the PIMA except in the event that such liability arises out of any gross negligence, wilful default, wilful misconduct or fraud on the part of the Project Manager, as determined by a court of competent jurisdiction. If the Trustee is required by the InvIT Regulations or any applicable law to provide information regarding the Anzen Trust or the Sponsor or the Unitholders, the investments made by the Anzen Trust and income therefrom and provisions of such presents, and complies with such request in good faith, whether or not it was in fact enforceable, the Trustee shall not be liable to the Unitholders or to any other party as a result of such compliance or in connection with such compliance. The Trustee is also not liable on account of anything done or omitted to be done or suffered by the Trustee in good faith in accordance with, or in pursuance of any request or advice of the Investment Manager. Furthermore, the Trustee is not liable for any act or omission or (as the case may be) failing to do any act or thing which may result in a loss to a Unitholder, except in the event that such loss is a direct result of fraud, gross negligence, or willful default on the part of the Trustee or results from a breach by the Trustee of the Trust Deed, as determined by a court of competent jurisdiction. The Investment Manager's liability to Trustee, its directors, employees and officers for breach of its obligations under the Investment Management Agreement in each financial year is limited to the aggregate fees paid to the Investment Manager for the immediately preceding financial year under the agreement, except in the event that such liability arises out of any gross negligence, wilful default or misconduct or fraud of the Investment Manager, as determined by the competent court of jurisdiction. Furthermore, the Investment Manager is not liable for any act or omission which may result in a loss to a Unitholder, except in the event that such loss is a result of the Investment Manager's fraud or gross negligence or wilful default. Accordingly, the Unitholders may not be able to recover claims against the Project Manager, the Trustee or the Investment Manager.

If the management agreements were to be terminated or if their terms were to be altered, our business could be adversely affected, as the Trustee may not be able to immediately replace such services, and even if replacement services were immediately available, the terms offered or obtained with the new managers could be less favourable than the ones currently offered by the Investment Manager and the Project Manager.

45. There may be conflicts of interest between the Anzen Trust, the Investment Manager, the Project Manager or the Sponsor.

The Sponsor and its affiliates are engaged in the business of infrastructure assets. Furthermore, the Sponsor/ Project Manager also provides consultancy, project management, and operation and maintenance services in the infrastructure industry including for transmission and renewable energy assets of third parties. All of these activities could significantly divert the time and resources of the Sponsor/ Project Manager and may adversely affect our business, prospects, financial condition, results of operations and cash flows.

There can be no assurance that our interests will not conflict with those of the Investment Manager, Sponsor, its subsidiaries and Associates, in relation to matters including but not limited to future acquisitions of power transmission and renewable energy businesses.

46. We have entered into material related party transactions and may continue to do so in the future, which may potentially involve conflict of interests with the Unitholders.

The transactions resulting from the PIMA, the Investment Management Agreement, the Securities Purchase Agreements, the Trust Loan Agreement and the ROFO Agreement are related party transactions and if they had been negotiated solely amongst

unaffiliated third parties, the terms may have been different. In addition, the Initial Portfolio Assets have in the past entered into transactions with the Project Manager in the ordinary course of their business and all such transactions have been conducted on an arm's length basis. Furthermore, it is likely that we will enter into additional related party transactions in the ordinary course of our business. There can be no assurance that related party transactions we may enter into from time to time may not be made on more favourable terms with unrelated parties, and there can be no assurance that related party transactions we may enter into in the future, individually or in the aggregate, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. For additional details, see *"Related Party Transactions"*, *"Formation Transactions in Relation to the Anzen Trust"* and *"Parties to the Anzen Trust"* on pages 235, 20 and 96, respectively.

47. Upon completion of the Issue, the Sponsor and its affiliates may be able to exercise significant influence over activities of the Anzen Trust on which Unitholders are entitled to vote. The Sponsor's interests may be different from Unitholders.

Under the InvIT Regulations, upon completion of the Issue, the Sponsor must continue to own all of its Units for one year and must own 15% of the outstanding Units for three years from the date of listing of the Units, subject to the conditions specified in the InvIT Regulations. As a result, and depending on (i) the number of Units held by the Sponsor and its affiliates upon completion of the Issue and (ii) the voting thresholds applicable to various matters in accordance with the InvIT Regulations and applicable law, the Sponsor and its affiliates may be able to control the outcome of matters on which Unitholders are entitled to vote and for which the Sponsor or its affiliates are not prohibited from voting due to a conflict of interest. The interests of the Sponsor and its affiliates may be different from those of the Unitholders.

48. Our Initial Portfolio Assets, the Sponsor (and Project Manager), the Investment Manager and their respective Associates and the Trustee are involved in certain legal proceedings.

From time to time, our Initial Portfolio Assets, the Investment Manager, the Sponsor, their respective Associates and the Trustee may be involved in litigation, claims and other proceedings relating to the conduct of their business, including regulatory claims, compensation and contractual claims, civil matters, criminal matters and tax disputes. Any claims could result in litigation against us, the Investment Manager, the Sponsor and their respective Associates and the Trustee, and could also result in regulatory proceedings being brought against us by various government and state agencies that regulate our businesses. Often, these cases raise complex factual and legal issues, which are subject to risks and uncertainties and which could require significant time from the operation and management of our Initial Portfolio Assets. Litigation and other claims and regulatory proceedings against the Initial Portfolio Assets or their management could result in unexpected expenses and liabilities and could also materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Currently, there are outstanding legal proceedings against our Initial Portfolio Assets that are incidental to their business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and regulatory commissions. Such proceedings could divert management time and attention and consume financial resources in their defence. Furthermore, an adverse judgment in some of these proceedings could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. In addition, the Sponsor (also acting as the Project Manager) and its Associates and the Trustee are involved in litigation, claims and other proceedings relating to the conduct of their businesses, including compensation claims, civil matters, criminal matters and tax disputes. Any unfavourable decision in such litigation and/ or regulatory proceedings could harm our reputation and materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. For details of such material litigation, please see the section entitled "*Legal and Other Information*" on page 255.

Under the Securities Purchase Agreements, the Anzen Trust has agreed that the claims made by the Initial Portfolio Assets, as identified and subject to the provisions of in the Securities Purchase Agreements and as disclosed in the section entitled "*Legal and Other Information – Litigation involving the Anzen Trust and its Associates*" on page 255, shall be to the account of the Sponsor and subject to applicable law, shall be transferred by the Anzen Trust to the Sponsor.

49. Parties to the Trust are required to satisfy the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis.

Each of the Parties to the Anzen Trust is required to satisfy the eligibility conditions specified in the InvIT Regulations on an ongoing basis. These eligibility conditions include ensuring that (a) the Sponsor, Investment Manager and Trustee are separate entities; (b) the Sponsor has a net worth of not less than ₹ 1,000 million and 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 or the combined experience of the directors, partners and employees of the Investment Manager in fund management or advisory services or development in the infrastructure sector is not less than 30 years; (d) the Trustee is registered with the SEBI under Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and is not an Associate of the Sponsor or Investment Manager; and (e) each of the Sponsor (in its capacity as Sponsor and Project Manager), Investment Manager and Trustee are "fit and proper persons" as defined under Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 on an ongoing basis. We may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Anzen Trust.

50. We are governed by the provisions of, amongst others, the InvIT Regulations and the Securities Contracts (Regulation) Act, 1956 ("SCRA"), the implementation and interpretation of which, is evolving. The evolving regulatory framework governing infrastructure investment trusts in India may have a material adverse effect on the ability of certain categories of investors to invest in the Units, our business, financial condition and results of operations and our ability to make distributions to the Unitholders.

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

As the regulatory framework governing infrastructure investment trusts in India comprises a separate set of regulations, interpretation and enforcement by regulators and courts involves uncertainties. Furthermore, regulations and processes with respect to certain aspects of infrastructure investment trusts, including, but not limited to, follow-on public offers and bonus issues, the liabilities of the Unitholders, and the procedure for dissolution and delisting of infrastructure investment trusts have not yet been issued. For example, infrastructure investment trusts are not "companies" or "bodies corporate" within the meaning of the Companies Act, 2013 and various SEBI regulations, including the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Additionally, with effect from April 1, 2021, units and other instruments issued by an InvIT have been included in the definition of 'securities' under section 2(h) of the SCRA. Such amendments have come into effect on April 1, 2021 and consequently, the implementation and interpretation of these amendments is untested and evolving. Accordingly, the applicability of several regulations (including regulations relating to intermediaries, underwriters, merchant bankers, takeovers, insider trading and fraudulent and unfair trade practices) to the Anzen Trust is unclear and subject to the interpretation and clarifications issued by regulatory bodies such as SEBI.

Uncertainty in applicability, interpretation or implementation of any amendment to, or change in, law, regulation or policy, including due to an absence, or a limited body, of administrative or judicial precedent may be time consuming and 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 and consequently, our ability to make distributions to the Unitholders. Changes to our organizational structure, changes to our agreements, cost increases, fines, legal fees or business interruptions may result from changes to regulations, from new regulations, from new interpretations by courts or regulators of existing regulations or from stricter enforcement practices by regulatory authorities of existing regulations.

Further, SEBI has the right to, with or without prior notice, order inspection of the books of accounts, records and other documents pertaining to our operations, either on its own or, upon receipt of complaint. Upon review of the inspection report, SEBI is entitled to, if it so deems appropriate (in the interest of the securities markets or our investors) (a) to require us to surrender our certificate of registration; (b) to wind-up our operations; (c) to sell our assets; (d) direct us to not operate or access the capital markets for a specified period; or (e) direct us to not do such things as SEBI may deem appropriate in the interest of our investors. Any such occurrence may have a material adverse effect on our business, result of operations, financial conditions and cash flows.

Further, it is unclear whether certain categories of investors that are currently permitted to invest in equity shares offered by Indian companies, may also invest in the Units in the Issue.

In addition, new costs may arise from audit, certification and/or self-assessment standards required to maintain compliance with new and existing InvIT Regulations. Such changes in regulation, interpretation and enforcement may render it economically unviable to continue conducting business as an infrastructure investment trust or have a material, adverse effect on our business, financial condition and results of operations.

As we will be operating in a relatively unclear regulatory environment, it is difficult to forecast how any new laws, regulations or standards or future amendments to the InvIT Regulations will affect infrastructure investment trusts and this could have any consequential impact on the infrastructure sector in India, and no assurance can be given that the regulatory system will not change in a way that will impair our ability to comply with the regulations, conduct our business, compete effectively or make distributions. We may incur increased costs and other burdens relating to compliance with such new regulations, which may also require significant time and other resources, and any failure to comply with these changes may adversely affect our business, results of operations and prospects.

Failure to comply with changes in laws, regulations and standards may have a material, adverse effect on our business, financial condition, results of operations, cash flows and prospects.

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

Pursuant to the InvIT Regulations, we are required to invest not less than 80% of the value of our assets in completed and revenue-generating infrastructure projects, such as the Initial Portfolio Assets. In addition, we must not invest more than 10% of the value of our assets in under-construction infrastructure projects and we must not invest more than 20% of the value of

our assets in certain financial instruments prescribed under the InvIT Regulations.

Additionally, if the aggregate consolidated borrowings of the Anzen Trust and the Initial Portfolio Assets, net of cash and cash equivalents exceed 25%, for any further borrowings up to 49%, we are required to adhere to specific conditions, such as obtaining a credit rating and seeking Unitholder approval. For any further borrowings beyond 49%, we are required to comply with specific conditions prescribed under the InvIT Regulations, *inter alia*, obtaining prior approval from at least 75% of the Unitholders, and demonstrating a track record of at least six distributions on a continuous basis post listing of the Units, in the years preceding the financial year in which the enhanced borrowings are proposed to be made. The aggregate consolidated borrowings and deferred payments, net of cash and cash equivalents of the Anzen Trust and the Initial Portfolio Assets cannot exceed 70% of the value of the assets of the Anzen Trust. If these conditions are breached on account of market movements of the price of the underlying assets or securities, the Investment Manager must inform the Trustee and ensure that these conditions are satisfied within six months of such breach (or within one year subject to approval from the Unitholder). Failure to comply with these conditions may present additional risks to us, including divestment of certain assets, delisting and other penalties, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

52. The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Anzen Trust.

The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Anzen Trust in accordance with the InvIT Regulations. These requirements include: (a) making investment decisions with respect to the underlying assets or projects of the Anzen Trust; (b) overseeing the activities of the Project Manager; (c) investing and declaring distributions in accordance with the InvIT Regulations; (d) submitting reports to the Trustee; (e) ensuring audit of our accounts. There can be no assurance that the Investment Manager will be able to comply with such requirements in a timely manner or at all, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

53. The InvIT Regulations allow for sponsors of listed InvITs to be declassified from the status of sponsors subject to certain conditions.

The InvIT Regulations, pursuant to amendments made in June 2020 and subject to the circulars issued by SEBI dated July 17, 2020 and October 5, 2021, permit sponsors of listed infrastructure investment trusts to be declassified from the status of sponsors subject to compliance with the following conditions:

- The units of the relevant InvIT should have been listed on the stock exchanges for a period of three years;
- The unitholding of such sponsor and its associates taken together should not exceed 10.00% of the outstanding units of the relevant InvIT;
- The investment manager of the relevant InvIT is not an entity controlled by such sponsor or its associates; and
- approval of unitholders has been obtained in accordance with the InvIT Regulations.

There can be no assurance that in the future, our Sponsor, upon fulfilment of the aforementioned conditions or any other conditions that SEBI prescribes for declassifications of sponsors, will not exercise its ability to declassify itself from the status of our Sponsor.

54. Compliance with the European Union Directive on Alternative Investment Fund Managers may increase administrative and regulatory burdens on the Investment Manager and the Anzen 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 Anzen 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 authorised 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 (as disclosed elsewhere), (ii) ongoing investor disclosures required pursuant to Articles 23(4) and (5) of the AIFMD (as to which, please see below), (iii) provision of information relating to the Anzen Trust's investments and its assets under management to the regulators of any EEA Member State into which Units in the Anzen Trust are actively marketed, and (iv) the "asset-stripping" rules (in the event that the Anzen

Trust acquires control of an EEA based portfolio company.

The information in respect of the Anzen Trust required to be disclosed pursuant to Articles 23(4) and (5) of the AIFMD will be made available to each applicable Unitholder as follows: (i) the percentage of the Anzen Trust's assets which are subject to special arrangements arising from their illiquid nature will be notified to the Unitholders; (ii) any new arrangements for managing the liquidity of the Anzen Trust will be provided without undue delay in a disclosure notice delivered to each Unitholder; (iii) the current risk profile of the Anzen Trust and the risk management systems employed by the Investment Manager to manage those risks may be provided in each annual report of the Anzen Trust; (iv) any changes to the maximum level of leverage which the Investment Manager may employ on behalf of the Anzen 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 (v) the total amount of leverage employed by the Anzen Trust may be provided in each annual report of the Anzen 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 Anzen Trust to raise its targeted amount of commitments.

In light of the foregoing, the AIFMD could have an adverse effect on the Investment Manager or the Anzen 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 Anzen Trust invests, and potentially disadvantaging the Anzen 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 Anzen 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 Anzen Trust (which would likely mean an increase in regulatory and compliance costs for the Anzen Trust).

55. It may be difficult for the Unitholders to remove the Trustee or the Investment Manager.

Under the InvIT Regulations, the Trustee or the Investment Manager cannot be removed without the prior approval of Unitholders where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against such resolution. Accordingly, the Unitholders may face difficulties in removing and replacing the Trustee or the Investment Manager. Furthermore, under the InvIT Regulations, prior approval of SEBI is required for change in the Investment Manager of the Anzen Trust.

56. Unitholders will have no vote in the election or removal of directors in the Investment Manager and will be able to remove the Investment Manager and Trustee only pursuant to a majority resolution.

The Investment Manager has the responsibility of managing the Anzen Trust.

Unitholders have no vote in the election or removal of directors in the Investment Manager. Unitholders' recourse is the removal of the Investment Manager by way of a resolution where Unitholders holding at least 60% of the Units must vote in favour of the resolution. In comparison, the Companies Act, 2013 requires the removal of a director of a private limited company to be by way of an ordinary resolution approved by a simple majority.

Similarly, Unitholders may remove the Trustee only if they believe that the acts of the Trustee are detrimental to the interests of the Unitholders and by way of a resolution where the votes cast in favour of the resolution must meet the required percentage as set out in the InvIT Regulations. Further, the Investment Manager and the Trustee cannot be discharged until a suitable replacement is appointed in their place, and there can be no guarantees that a suitable replacement will be appointed, or that appointment will take place in a timely manner, or at all.

Accordingly, as opposed to shareholders removing a director of a private limited company, it may not be possible for Unitholders to remove the Investment Manager or the Trustee.

57. Certain of Investment Manager's records are not traceable and we have relied upon secondary documents for certain disclosures.

Certain of Investment Manager's management related documents, such as certificates related to educational qualifications and experience letters of its Directors, are not traceable. We have conducted a search of the records and have not been able to retrieve these documents. Further, there is no regulatory action or litigation pending against us in relation to such missing records. Accordingly, for such matters where we have been unable to trace our management related documents, we have relied on other documents such as affidavits provided by the Directors in relation to their biographies.

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

Our performance will depend, in part, upon the continued service and performance of certain directors, executive officers and key personnel of the Investment Manager and Project Manager. The continued operations and growth of our business will be dependent upon the Investment Manager and the Project Manager being able to attract and retain personnel who have the necessary and required experience and expertise. Competition for qualified and experienced personnel with relevant industry expertise in India is intense, 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. Furthermore, the Investment Manager and the Project Manager may not be able to adequately re-deploy and re-train their employees to keep pace with evolving industry standards and changing customer preferences. Any inability by the Investment Manager and/or the Project Manager 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, financial condition, results of operations, cash flows and prospects of the Trust.

Risks Related to India

59. We are subject to risks associated with outbreaks of diseases or similar pandemics or public health threats, such as the novel coronavirus ("COVID-19"), which could have a material adverse impact on our business and our results of operations and financial condition.

In the past, various contagious diseases have spread throughout the world, including India, where operations of the Sponsor and Investment Manager and the Initial Portfolio Assets are located. Most recently, beginning in late 2019 and continuing in 2020 and 2021, the global spread of COVID-19 has created significant economic and political volatility and uncertainty and business disruption. The spread of COVID-19 has led to governments around the world taking various restrictive measures design to limit the spread of the virus, such as the implementation of travel restrictions, mandatory cessations of business operations, mandatory quarantines and work-from-home and other alternative working arrangements, curfews, limitations on social and public gatherings and partial lockdowns of cities or regions.

The spread of COVID-19 and governmental responses have resulted in worker absences, reduced business productivity, other business disruptions, reduced demand and stagnated economic activity in India and around the world. The long terms effects of COVID-19, including the mutation of more transmissible strains is highly uncertain and cannot be predicted. More generally, any epidemic, pandemic or other health crisis, whether similar to COVID-19, SARS, H1N1, MERS or other past global diseases, could materially and adversely affect our business, financial condition, cash flows and results.

60. We are exposed to risks associated with the power sector in India.

We derive and expect to continue to derive in the foreseeable future, most of our revenues and operating profits from India. Changes in macroeconomic conditions generally impact the power sector and could negatively impact our business. Accordingly, our business is highly dependent on the state of development of the Indian economy and the macroeconomic environment prevailing in India. Since the use of our transmission systems, our expansion plans and future power transmission projects depend or will depend on the operation of power generation projects, the financial health of distribution companies ("**DISCOMs**") and transmission companies, macroeconomic factors that may negatively impact demand for electricity or more generally the development of power generation projects in India, or the timely commencement of their operations (such as fuel price fluctuations, volatility and other market conditions that may adversely impact power generation projects) could in turn have a material adverse effect on our growth prospects, business and cash flows. For instance, due to the current COVID-19 pandemic, the CERC issued an order, directing amongst others, the reduction in late payment surcharge for payments overdue from DISCOMS. In addition, access to financing may be more expensive or not available on commercially acceptable terms during economic downturns. Any of these factors and other factors beyond our control could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

61. Our performance and growth are dependent on the factors affecting the Indian economy.

Our performance and the growth are dependent on the performance of the Indian economy, which, in turn, depends on various factors. The Indian economy has been affected by the recent global economic uncertainties, volatility in interest rates, currency

exchange rates, commodity and electricity prices, adverse conditions affecting agriculture and various other macroeconomic factors.

Conditions outside India, such as a slowdown or recession in the economic growth of other major countries and regions, especially in U.S., Europe and China, have an impact on the growth of the Indian economy, and GoI policy may change in response to such conditions.

While recent Indian governments have been focused on encouraging private participation in the industrial sector, any adverse change in policy could result in a further slowdown of the Indian economy. The rate of economic liberalisation could decrease, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. In the power transmission industry, there can be no assurance that the GoI's engagement with and outreach to private sector operators, including the Anzen Trust, will continue in the future. A significant change in India's economic liberalisation and deregulation policies, in particular, those relating to the power transmission industry, could disrupt business and economic conditions in India generally and our business in particular. In addition, adverse developments in the Indian economy could also impact companies and banks that provide services to us. As we source a significant portion of our equipment, spare parts and other components from vendors in China, we are particularly vulnerable to any disruptions in trade relations between India and China.

Furthermore, an increase in trade deficit or a decline in India's foreign exchange reserves could negatively impact interest rates and liquidity, which could adversely impact the Indian economy and our business. Any downturn in the macroeconomic environment in India could materially and adversely affect the business, prospects, financial condition, results of operations and cash flows.

62. We may be exposed to variations in foreign exchange rates.

While our revenues are in Indian rupees, our Initial Portfolio Assets and other project companies may borrow funds from outside India in foreign currencies to finance their capital expenditure and working capital requirements. The Initial Portfolio Assets may also purchase equipment from suppliers located outside India, and payment for such equipment is typically denominated in foreign currency. The Indian rupee has depreciated in recent years, and in the future may continue to depreciate, against the U.S. dollar, leading to increases in the Indian rupee cost for the Initial Portfolio Assets to service and repay foreign currency borrowings. In addition, in the event of disputes under any of the foreign currency borrowings, the Initial Portfolio Assets may be required by the terms of those borrowings to defend themselves in foreign courts or arbitration proceedings, which could result in additional costs. A depreciation of the Indian rupee would also increase the costs of imports and may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

63. A decline in India's foreign exchange reserves may reduce liquidity and increase interest rates in India.

Flows to foreign exchange reserves can be volatile, and past declines have adversely affected the valuation of the Indian rupee. A decline exchange reserves could result in reduced liquidity and higher interest rates in the Indian economy. On the other hand, increased foreign capital inflows could add excess liquidity into the system, leading to policy interventions by the RBI and a consequential slowdown in economic growth. Either way, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect our business, financial condition, results of operations and cash flows.

64. Social, economic and political conditions and natural disasters could have a negative effect on our business.

Each of the Initial Portfolio Assets is incorporated in India and they derive all of their revenue from India. In addition, all of our assets are located in India. Consequently, our business and the trading price of our Units may be adversely affected by the social, economic and political conditions in India and its neighbouring countries. Specific risks, such as the following could adversely influence the Indian economy, thereby having a material adverse effect on our business, financial condition, results of operations and cash flows:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- Government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing regulatory regimes;
- underdeveloped industrial and economic infrastructure;
- changes in exchange rates and controls, interest rates, government policies, taxation and economic and political developments;
- changes in policies such as, the fiscal and economic policy, industrial policy, direct and indirect taxes and the export-

import policy; and

- changes in state specific regulation and conditions.

Pandemics, such as the outbreak of the COVID-19, and natural disasters such as floods, earthquakes or famines, events and conditions linked to climate change have in the past had a negative impact on the Indian economy. Potential effects may include damage to infrastructure and the loss of business continuity and business information. If our facilities are affected by any of these events, our operations may be significantly interrupted, which could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

65. Any downgrading of India's debt rating by rating agencies could have a negative impact on our business.

India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign 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 our control. Any adverse revisions to India's credit ratings by rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other terms at which such additional financing is available. This could materially and adversely affect our ability to obtain financing for capital expenditure, which could in turn materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

66. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any such financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us.

Although economic conditions vary across markets, loss of investor confidence in one economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively impact the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the more recent European sovereign debt crisis, has led to increased liquidity and credit concerns and volatility in the global credit and financial markets. These and other related events have had a significant adverse impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. Furthermore, economic developments globally can have a significant impact on our principal markets. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition, results of operation, and cash flows. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, results of operations, and cash flows, and reduce the price of the Units.

67. If inflation rises in India, increased costs may result in a decline in profits.

Inflation rates in India have been volatile in recent years, and such volatility may continue. Increasing inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses and we may not be able to offset our increased costs due to inflation which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

68. Significant differences exist between Ind AS and other accounting principles, such as IFRS, Indian GAAP and U.S. GAAP.

The Audited Special Purpose Combined Financial Statements included in this Draft Placement Memorandum are prepared and presented in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 read with SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, consistently applied during the periods stated in those financial statements, except as otherwise provided therein, and no attempt has been made to reconcile any of the information given in this Draft Placement Memorandum to any other principles or to base the information on any other standards. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, such as IFRS, Indian GAAP and U.S. GAAP. Accordingly, the degree to which the Audited Special Purpose Combined Financial Statements included in this Draft Placement Memorandum will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Draft Placement Memorandum.

Ind AS has certain differences with IFRS and Indian GAAP. In addition, there is no significant body of established practice from which we can draw on in forming judgments regarding the implementation and application of Ind AS, as compared to established IFRS or Indian GAAP generally, or in respect of specific industries, such as the power transmission industry.

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

By way of the Finance Act, the GoI, amongst others, amended the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") to recognize pooled investment vehicles and recognize the units, debentures, other marketable securities and other instruments issued by InvITs as "*securities*". The Finance Act exempted the payment of tax deducted at source on dividends paid to InvITs. For further details, please see the sections entitled "*Risk Factors – Investors may be subject to Indian taxes arising out of capital gains on the sale of Units and on any dividend or interest component of any returns from the Units*" and "*Risk Factors – We are governed by the provisions of, amongst others, the InvIT Regulations and the Securities Contracts (Regulation) Act, 1956 ("SCRA"), the implementation and interpretation of which, is evolving. The evolving regulatory framework governing infrastructure investment trusts in India may have a material adverse effect on the ability of certain categories of investors to invest in the Units, our business, financial condition and results of operations and our ability to make distributions to the Unitholders*" on pages 90 and 79.

There have been two recent major reforms in Indian tax laws, namely the introduction of the Goods and Services Tax ("**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.

Additionally, there is limited clarity on the availability of input tax credit, and any unfavourable orders in this regard may have a material adverse impact on our financial position and cash flows. Further, any application of existing law or future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

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 being significantly higher than expected.

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, among other consequences. 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 Anzen Trust or any member of the Anzen Trust, it may have a material adverse tax impact on the Anzen Trust.

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 fulfilment of certain conditions. GAAR may have a material adverse tax impact on the Anzen Trust, the Sponsor and the Unitholders.

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.

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

The Competition Act, 2002 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. The Competition Commission of India ("**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. However, there can be no assurance as to the impact of the provisions of the Competition Act on the agreements that the Initial Portfolio Assets have entered into. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements they have entered into. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

71. Unitholders may not be able to enforce a judgment of a foreign court against the Anzen Trust or the Investment Manager.

The enforcement of civil liabilities by overseas investors in the Units, including the ability to effect service of process and to enforce judgments obtained in courts outside of India, may be adversely affected by the fact that (i) the Anzen Trust is constituted under the laws of the Republic of India, (ii) the Investment Manager is a limited liability company incorporated under the laws of the Republic of India, (iii) majority of the directors and key personnel of the Investment Manager reside in India and (iv) all of the assets of the Anzen Trust and the Investment Manager are located in India. Majority of the assets of the Directors are also located in India. As a result, it may be difficult to serve process upon the Anzen Trust, the Investment Manager or any of these persons outside of India or to enforce in India judgments obtained against such persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Section 13, Section 14 and Section 44A of the Civil Procedure Code. The GoI has, under Section 44A of the Civil Procedure Code, notified certain countries as reciprocating countries. Section 13 of the Civil Procedure Code provides that a foreign judgment will be conclusive regarding any matter directly adjudicated upon, between the same parties or between the parties whom they or any of them claim are litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force then in India. Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India, which the GoI has, by notification, declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalties and does not include arbitration awards. The United Kingdom and some other countries have been declared by the GoI to be a reciprocating territory for the purposes of Section 44A. However, the United States has not been declared by the GoI to be reciprocating territories for the purposes of Section 44A. A judgment of a court in the United States may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Procedure Code and not by proceedings in execution.

There may be considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with the public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment which could be subject to foreign exchange risk. Generally, there are considerable delays in the processing of legal actions to enforce a civil liability in India, and therefore it is uncertain whether a suit brought in an Indian court will be disposed of in a timely manner or subject to considerable delays.

Risks Related to the Issue and the Units

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

The Anzen Trust is an irrevocable trust registered under the Registration Act, 1908 and it may only be extinguished: (i) if it is impossible to continue with the Anzen Trust or if the Trustee, on the advice of the Investment Manager, deems it impracticable to continue with us; (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 InvIT Regulations; (iii) if our Units are delisted from the Stock Exchanges; (iv) if the SEBI passes a direction to wind up the Anzen Trust or the delisting of the Units; or (v) in the event our activities are rendered illegal. Should the Anzen Trust be dissolved, depending on the circumstances and the terms upon which our assets are disposed of, there is no assurance that our Unitholder will recover all or any part of its investment.

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

The InvIT Regulations, along with the guidelines and circulars issued by the SEBI from time to time, govern the infrastructure investment trusts in India. However, as compared with the statutory and regulatory framework governing companies that have listed their equity shares or debt securities on recognised stock exchanges in India, the regulatory framework applicable to infrastructure investment trusts is relatively nascent and thus, still evolving.

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

74. The sale or possible sale of a substantial number of Units by the Sponsor and its affiliates in the public market following the expiry of its lock-in requirement as prescribed under the InvIT Regulations could adversely affect the price of the Units.

Under the InvIT Regulations, the Sponsor is required to hold a minimum of 15% of our Units for a minimum period of three years from the date of listing pursuant to this Issue and the balance of their unitholding in the Anzen Trust is required to be locked in for a period of one year from the date of listing of the Units.

The Units are proposed to be listed on the NSE. If the Sponsor or its affiliates, following the lapse of either of the aforesaid lock-in periods directly or indirectly sells or is perceived as intending to sell a substantial number of its Units, or if a secondary offering of the Units is undertaken, the market price for the Units could be adversely affected.

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

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

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

77. The income of the Anzen Trust in relation to which pass through status is not granted under the IT Act may be chargeable to Indian taxes.

Under the provisions of the IT Act, the total income of the Anzen Trust other than capital gain, interest and dividend income from the Initial Portfolio Assets would be tax chargeable at the maximum marginal rate ("**MMR**"). MMR is defined under the provisions of the IT Act to mean the rate of income-tax (including surcharge on income-tax, if any) applicable in relation to the highest slab of income.

In accordance with section 115UA of the IT Act, the MMR applicable to the Anzen Trust, a separately assessable resident entity, is 30.0% (plus applicable surcharge and cess). However, the relevant authorities may view the Anzen Trust as a "pass through" entity and the applicable tax rate will be the MMR applicable to its beneficiaries. If any beneficiary is chargeable to MMR at a rate higher than the rate applicable to other beneficiaries, the income of the Anzen Trust attributable to the share of such beneficiary will be taxed at a higher applicable rate. For example, if any Unitholder is a non-resident, the MMR of 40.0% (plus applicable surcharge and cess) would apply.

As there are two divergent views, there is a possibility that the matter may be litigated if the latter view is taken up by the tax authorities of India.

78. Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Units or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the InvIT Regulations and SEBI guidelines, investors are required to pay the Bid Amount on submission of the Bid, and are not permitted to withdraw or lower their Bids (in terms of quantity of Units or the Bid Amount) at any stage after submitting a Bid, notwithstanding adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, or otherwise, at any stage after the submission of their Bids.

79. Investors will not be able to sell immediately on an Indian stock exchange any of the Units purchased in the Issue until the Issue receives the appropriate trading approvals.

The Units will be listed on the NSE. Pursuant to Indian regulations, certain actions must be completed before the Units can be listed and trading may commence. Following the Allotment of the Units, the Investment Manager will apply for final listing and trading approval from the Stock Exchange. The Investment Manager and the Lead Managers shall endeavour to list the Units on the Stock Exchange within 30 Working Days from the date of Allotment Further, allotment of Units in the issue is subject to inter-alia, our ability to successfully undertake and complete the transactions pursuant to which we will acquire the Initial Portfolio Assets, which are subject to certain conditions. There is no assurance that the Units will be credited to investors' demat accounts, or that the transactions contemplated above will be completed in time, or that trading in the Units will commence, within the time periods specified above. Any delay in obtaining final listing and trading approvals would restrict your ability to dispose of units.

80. Under Indian law, foreign investors are subject to restrictions that limit their ability to transfer or redeem Units, which may adversely impact the trading price of the Units. Further, the Unitholders are unable to require the redemption of their Units.

Under foreign exchange regulations currently in force in India, transfers of units between non-residents and residents are permitted, subject to certain exceptions, if they comply with the pricing and reporting requirements specified by RBI. If a transfer of units is not compliant with such pricing or reporting requirements and does not fall under any of the exceptions specified by RBI, then RBI's prior approval is required.

Additionally, unitholders who seek to convert Indian rupee proceeds from a sale of units in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

We cannot assure you that any required approval from RBI or any other Governmental agency can be obtained on any particular terms or in a timely manner, or at all.

Our Unitholders will not have the right to redeem or request the redemption of our Units while our Units are listed on the Stock Exchanges. In terms of the InvIT Regulations, an infrastructure investment trust may redeem units only by way of a buyback or at the time of delisting of units and may be subject to additional conditions and restrictions under Indian regulations.

81. After the Issue, the Units may experience price and volume fluctuations or an active trading market for the Units may not develop.

There has been no public market for our Units prior to the Issue and an active trading market for the Units may not develop or be sustained after the Issue. Furthermore, the price at which the Units are initially traded may not correspond to the prices at which the Units will trade in the market subsequent to the Issue. Listing and quotation does not guarantee that a trading market for the Units will develop, or if a market does develop, that there will be liquidity of that market for the Units. Accordingly, the Unitholders should view the Units as illiquid and must be prepared to hold these Units for an indefinite period of time.

The Issue Price will be determined by the Investment Manager in consultation with the Lead Managers. The Issue Price may not be indicative of the market price of the Units upon listing. The price of the Units may fluctuate after the Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian transmission sector, changing perceptions in the market about investments in the Indian transmission sector, adverse media reports on our transmission systems or the Indian transmission sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations.

The trading price of the Units might also decline in reaction to events that affect the entire market and/ or other companies in the Indian power transmission industry even if these events do not directly affect or are unrelated to our business, financial condition, cash flows or operating results.

If the market price of the Units declines significantly, investors may be unable to resell their Units at or above their purchase price, if at all. There can be no assurance that the market price of the Units will not fluctuate or decline significantly in the future.

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

82. There is no assurance that our Units will remain listed on the stock exchange.

Although it is currently intended that the Units will remain listed on the NSE, there is no guarantee of the continued listing of the Units. Among other factors, we may not continue to satisfy the listing requirements of the Stock Exchanges. Accordingly, Unitholders will not be able to sell their Units through trading on the Stock Exchanges if the Units are no longer listed on the Stock Exchanges. While the InvIT Regulations state that we must provide Unitholders with an exit prior to delisting, the specific mechanism of such delisting and related exit offer has not yet been finalised by the SEBI. Furthermore, under the InvIT Regulations, we are required to maintain a minimum of 20 Unitholders (other than the Sponsor, its related parties and its associates) at all times after the listing of the Units pursuant to the Issue and certain minimum public holding requirements. Failure to maintain such minimum number of Unitholders or public holding may result in action being taken against us by the SEBI and the Stock Exchanges, including the compulsory delisting of our Units.

83. The Issue Price of the Units may not be indicative of the market price of the Units after the Issue.

The Issue Price of the Units is determined following a book building process by agreement between the Investment Manager and the Lead Managers and may not be indicative of the market price for the Units after the completion of the Issue. The Units may trade at prices significantly below the Issue Price after the Issue. The trading price of the Units will depend on many factors, including:

- the perceived prospects of our business and the power transmission industry;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in 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 equity or debt securities, including those not in the infrastructure industry;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Indian infrastructure investment trust market;
- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Indian infrastructure investment trusts;
- the ability on our part to implement successfully our investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the equity markets and increases in interest rates.

For these reasons, among others, the price of Units may fluctuate. 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 its underlying assets, may not correspondingly increase the market price of the Units. Any failure on our part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

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

84. Rights of Unitholders under Indian law may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and unitholders' rights may differ from those that would apply to a company in another jurisdiction. Unitholders' rights and disclosure standards under Indian law may not be as extensive as Unitholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as unitholder in an Indian entity than as unitholder of a corporation in another jurisdiction.

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

Under current Indian tax laws, units of a business trust held for more than 36 months are considered as long term capital assets. In case of sale of such units through a recognised stock exchange in India and subject to payment of securities transaction tax ("**STT**"), any gain arising in excess of ₹ 0.10 million is subject to long term capital gains tax at a concessional rate of 10% (plus applicable surcharge and cess). However, if the said units are sold in any other manner, the same shall be subject to long term capital gains tax at the rate of 20% with indexation benefit (plus applicable surcharge and cess).

In case the units are held for less than or up to 36 months, the same shall be regarded as short term capital asset. Any gain arising in case of sale of such units through a recognised stock exchange in India and subject to payment of STT, is subject to short term capital gains tax at concessional rate of 15% (plus applicable surcharge and cess). However, if the said units are sold in any other manner, the same shall be subject to short term capital gains tax at applicable tax rates of the holder (plus applicable surcharge and cess).

The aforesaid taxability in India is subject to tax treaty benefits in the case of a non-resident holder. Further, the applicable taxes on the sale of Units and on any dividend or interest component of any returns from the Unit will also be subject to the category of investor holding or selling the Units.

The Finance Act, 2020 amended the Income Tax Act to abolish the dividend distribution tax regime and shift the incidence of taxation of dividend (declared or distributed on or after April 1, 2020) to the unitholder. Under the Finance Act, 2020, a distribution made by a business trust, being in nature dividend income received from a special purpose vehicle, will not be subject to tax in the hands of a unitholder, so long as the special purpose vehicle has not opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the Income Tax Act. Similarly, a business trust (which includes an infrastructure investment trust) will not be required to withhold tax on any distributions which are in the nature of dividend income received from a special purpose vehicle, so long as such special purpose vehicle has not opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the Income Tax Act. However, where the special purpose vehicle opts to pay tax under Section 115BAA of the Income Tax Act, dividend income distributed by the business trust would be taxed in the hands of a non-resident unitholder at 20% (plus applicable surcharge and cess) or the applicable treaty rate and at the ordinary rate for a resident unitholder. Furthermore, the business trust would be required to withhold tax on such distributions made from dividend received from the special purpose vehicle. Thus, the taxability of dividends distributed by the Anzen Trust will depend on the taxation regime opted by the Initial Portfolio Assets. It may also be noted that in terms of Section 194(LBA)(1) of the IT Act, any distributable income in the nature of interest income and rental income in the hands of a resident investor is subject to deduction of tax at the rate of 10%. Similarly, in terms of Section 194(LBA)(2) of the IT Act, any distributable income in the nature of interest income and rental income in the hands of a non-resident is subject to deduction of tax at the rate of 5%.

Further, the Finance Act, has included a definition of "pooled investment vehicle" which comprises business trusts as defined under the IT Act. The IT Act defines business trusts as trusts registered with SEBI as an InvIT. This amendment has come into effect from April 1, 2021. The Finance Act recognises units, debentures and other instruments issued by infrastructure investment trusts as "securities" under the Securities Contracts (Regulation) Act, 1956. This may have further implications under various regulations issued by SEBI, governing securities, including under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. As announced in previous budgets, the dividend distribution tax applicable on InvITs was abolished and replaced with dividend withholding tax. The Finance Act has also exempted payment of tax deducted at source on dividend paid to InvITs, with effect from April 1, 2020.

Furthermore, the Anzen Trust might not be able to pay or maintain the levels of distributions or ensure that the level of distributions will increase over time, or that future acquisitions will increase the Anzen 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.

86. The Anzen Trust and the Initial Portfolio Assets may be subject to certain tax related risks under the provisions of the Income Tax Act.

Shortfall in the determination of fair market value of the equity shares at the time of transfer of the Initial Portfolio Assets to the Anzen Trust may be subject to taxation in the hands of the acquirer. The equity shares of the Initial Portfolio Assets are proposed to be transferred to the Anzen Trust. Under the provisions of section 56(2)(x) of the Income Tax Act, where a purchase of shares is undertaken at a value which is lower than the fair market value of the shares, such shortfall in value is subject to be taxed as income from other sources in the hands of the acquirer. The manner of determination of fair market value as provided under the Income Tax Rules, 1962, includes the value determined by net asset method, subject to the prescribed adjustments.

The Anzen Trust is under an obligation to distribute to the Unitholders, the surplus of the income earned from receipt of cash flows from the interest and dividend received from the Initial Portfolio Assets, after the deduction of the various expenses incurred in connection with earning such income and general-purpose expenses. The provisions of the Income Tax Act provide that the Anzen Trust should disclose the nature of the amount distributed to the Unitholders, i.e., whether from dividends received from the Initial Portfolio Assets, interest income earned, etc. However, there is lack of clarity on the method to be adopted by the Anzen Trust for the allocation of various expenses incurred towards earning each specific stream of income by the Anzen Trust.

87. The Anzen Trust may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could subject U.S. holders of Units to significant adverse tax consequences.

The Anzen Trust may be classified as a passive foreign investment company ("PFIC") for a particular taxable year if, after the application of certain "look-through" rules, either (i) 75% or more of its gross income is "passive income" (as that term is defined in the relevant provisions of the U.S. Internal Revenue Code of 1986, as amended) or (ii) 50% or more of the value (determined on the basis of a quarterly average) of its assets are considered "passive assets" (generally, assets that generate "passive income" or are held for the production of "passive income"). The determination of PFIC status is an annual determination, cannot be made until the close of a taxable year, involves extensive factual investigation, including ascertaining the fair market value of all assets on a quarterly basis and the character of each item of income earned, and is subject to uncertainty in several respects. The Anzen Trust has not made, and does not expect to make, any determination as to its potential classification as a PFIC during any taxable year. If the Anzen Trust were to be treated as a PFIC, material adverse tax consequences could result for U.S. Holders (as defined below under "*U.S. Federal Income Tax Considerations*"), including with respect to any gain realized on the sale, exchange or other taxable disposition of the Units and on the receipt of certain "excess distributions" with respect to the Units, and certain additional reporting requirements may apply. U.S. Holders should consult their own tax advisers regarding the potential application of the PFIC rules and should read the discussion below under "*U.S. Federal Income Tax Considerations*".

GENERAL INFORMATION

The Anzen Trust

The Anzen Trust was set up as a contributory irrevocable trust under the provisions of the Indian Trusts Act, 1882. The Anzen Trust was registered as an infrastructure investment trust under the InvIT Regulations on January 18, 2022 having registration number IN/InvIT/21-22/0020. The principal place of business of Anzen Trust is situated at Plot no. 294/3, Edelweiss House, Off CST Road, Kalina, Santacruz East, Mumbai 400 098.

For information on the background of the Anzen Trust and the description of the Initial Portfolio Assets, please see the sections entitled "*Overview of the Anzen Trust*" and "*Business*" on pages 18 and 178, respectively.

Compliance Officer of the Anzen Trust

The compliance officer of the Anzen Trust ("**Compliance Officer**") is Jalpa Parekh. Her contact details are as follows:

Jalpa Parekh
Plot no. 294/3, Edelweiss House
Off CST Road
Kalina
Santacruz (East)
Mumbai 400 098
Tel: +91 22 4009 4400
Mobile: +91 9029942618
Fax: N.A
E-mail: jalpa.parekh@edelweissalts.com

Bidders can contact the Compliance Officer or the Lead Managers in case of any pre-Issue or post-Issue related problems, non-credit of Allotted Units in the respective beneficiary account of Bidders after Allocation or non-receipt of refund orders.

The Sponsor – Sekura Energy Private Limited

Registered office and address for correspondence:

504 & 505, 5th Floor, Windsor
Off CST Road
Kalina
Santacruz (East)
Mumbai 400 098
Tel: +91 22 6841 7000
Fax: +91 22 6841 7077
E-mail: cs.energy@enery-sel.com; contact@energy-sel.com
Website: www.sekura.in

Contact Person of the Sponsor:

Krishna Parekh is the company secretary and the contact person of the Sponsor. Her contact details are as follows:

Krishna Parekh
504 & 505, 5th Floor, Windsor
Off CST Road
Kalina
Santacruz (East)
Mumbai 400 098
Tel: +91 22 6841 7000
Mobile: +91 96193 51199
E-mail: cs.energy@energy-sel.com

The Investment Manager – Edelweiss Real Assets Managers Limited

Registered office and address for correspondence:

Plot no. 294/3, Edelweiss house
Off CST Road
Kalina

Santacruz (East)
Mumbai 400 098
Tel: +91 22 4272 2396
Fax: N.A
E-mail: jalpa.parekh@edelweissalts.com

The Project Manager – Sekura Energy Private Limited

Registered office and address for correspondence:

504 & 505, 5th Floor, Windsor
Off CST Road
Kalina
Santacruz (East)
Mumbai 400 098
Tel: +91 22 6841 7000
Fax: +91 22 6841 7077
E-mail: cs.energy@energy-sel.com; contact@energy-sel.com
Website: www.sekura.in
Contact person: Krishna Parekh

The Trustee – Axis Trustee Services Limited

Registered Office:

Axis House
Bombay Dyeing Mills Compound
Pandurang Budhkar Marg
Worli
Mumbai 400 025

Correspondence Address

Axis Trustee Services Limited
The Ruby, 2nd Floor, SW
29 Senapati Bapat Marg
Dadar West
Mumbai 400 028
Tel: +91 22 6230 0451
Fax: +91 22 6230 0700
E-mail: debenturetrustee@axistrustee.in, anil.grover@axistrustee.in
Contact Person: Anil Grover, Chief Operating Officer
Website: www.axistrustee.in

Other Parties involved in the Trust

Auditors

S R B C & CO LLP, Chartered Accountants
C-401, 4th Floor
Panchshil Tech Park
Yerwada
Pune 411 006
Tel: + 91 20 6603 6000
Fax: + 91 20 6603 5900
E-mail: srbc.co@srb.in
Firm Registration No: 324982E/E300003

Valuer

S Sundararaman
5B, A block, 5th Floor
Mena Kampala Arcade
New#18 &20, Thiagaraya Road

T. Nagar, Chennai – 600 017
Tel: +91 044 2815 4192
E-mail: chennaissr@gmail.com

Technical Consultants
Tata Projects Ltd.
SBG Services
6th Floor, Splendid Tower
Begumpet, Hyderabad -500 003
Telangana, India
Tel: +91 9869657143
Fax number: + 91 40 66318806
E-mail: tplqs@tataprojects.com
Contact Person: Sameer Morvekar

Lead Managers to the Issue

Axis Capital Limited
1st Floor, Axis House
C 2 Wadia International Centre
Pandurang Budhkar Marg
Worli
Mumbai - 400 025
Tel.: +91 22 4325 2183
Fax: +91 22 4325 3000
E-mail: anzen.invit@axiscap.in
Investor Grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Ankit Bhatia/Harish Patel
SEBI Registration No.: INM000012029

Credit Suisse Securities (India) Private Limited
9th Floor, Ceejay House
Plot F, Shivsagar Estate
Worli, Mumbai 400 018
Tel: 022 6777 3885
Fax: 022 6777 3820
E-mail: list.anzeninvit@credit-suisse.com
Investor Grievance E-mail: bnkg@credit-suisse.com
Website: www.credit-suisse.com/in/en/investment-banking-apac/investment-banking-in-india/ipo.html
Contact Person: Abhishek Joshi
SEBI Registration No.: INM000011161

Edelweiss Financial Services Limited*
6th Floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai - 400 098
Tel: +91 22 4009 4400
Fax: +91 22 4086 3610
E-mail: anzenindia@edelweissfin.com
Investor Grievance E-mail: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Lokesh Shah
SEBI Registration No.: INM0000010650

** Edelweiss Financial Services Limited is deemed to be our associate as per the SEBI Merchant Bankers Regulations. Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the SEBI Merchant Bankers Regulations, Edelweiss Financial Services Limited would be involved only in marketing of the Issue.*

Escrow Collection Bank

[●]

Legal Counsel to the Anzen Trust and the Sponsor as to Indian law

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

Legal Counsel to the Lead Managers as to Indian Law

Trilegal
One World Centre
10th Floor, Tower 2A & 2B
Senapati Bapat Marg
Lower Parel (West)
Mumbai - 400 013
Tel: +91 22 4079 1000

International Legal Counsel to the Lead Managers

Linklaters Singapore Pte. Ltd.
One George Street #17-01
Singapore 049145
Tel: +65 6692 5891

Registrar

KFin Technologies Limited
(formerly known as "KFin Technologies Private Limited")
Selenium, Tower B
Plot No. 31 and 32,
Financial District, Nanakramguda, Serilingampally
Hyderabad Rangareddi 500 032,
Telangana, India
Tel.: +91 40 6716 2222
E-mail: anzen.invitpp@kfintech.com
Investor Grievance E-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M. Murali Krishna
SEBI Registration No.: INR000000221
CIN: U72400TG2017PLC117649

Credit rating

The Anzen Trust has been given an issuer rating of (i) "Provisional CRISIL AAA/Stable" (Assigned), for bank loan facilities aggregating to ₹7,500 million by CRISIL Ratings Limited, the rationale for which is available at the website: https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/AnzenIndiaEnergyYieldPlusTrust_July%2006,%202022_RR_296942.html; and (ii) "Provisional IND AAA/Stable" (Assigned), for a proposed bank loan aggregating to ₹7,500 million by India Ratings and Research, the rationale for which is available at the website: https://www.indiaratings.co.in/pressrelease/58903.

PARTIES TO THE ANZEN TRUST

The summaries of the key terms of certain material contracts and agreements included in this section are not complete and are subject to, and are qualified in their entirety by reference to, the provisions of the respective material contracts and agreements. Copies of the material contracts and agreements described in this section will be available for inspection at the principal place of business of the Anzen Trust. For further details, please see the section entitled "Material Contracts and Documents for Inspection" on page 372.

A. The Sponsor – Sekura Energy Private Limited

History and Certain Corporate Matters

Sekura Energy Private Limited is the Sponsor of the Anzen Trust. The Sponsor was incorporated as a public limited company on April 6, 2018 under the Companies Act, 2013, having CIN U74999MH2018PTC307666. The Sponsor was converted into a private limited company i.e. Sekura Energy Private Limited, with effect from November 22, 2021.

The Sponsor's registered office is situated at 504 & 505, 5th Floor, Windsor, Off CST Road, Kalina, Santa Cruz (East), Mumbai 400 098. For further details, please see the section entitled "*General Information*" on page 92.

Background of the Sponsor

The Sponsor is an infrastructure company in India that carries out investments in power transmission companies and renewable energy companies operating in the private sector. In accordance with the eligibility criteria specified under InvIT Regulations, the Sponsor is relying on the experience of its subsidiary i.e. Solaire Surya Urja Private Limited ("**SSUPL**").

SSUPL is a subsidiary of Sekura Energy Private Limited. SSUPL was incorporated as a private limited company on March 13, 2015 in Maharashtra, India. As per the object clause in the Memorandum of Association of the company, SSUPL was formed to '*carry on in India or elsewhere the business to produce solar energy and to identify, develop, design, build, construct, integrate, assemble, finance, manage, operate, maintain, repair and trade with projects and power plants in the field of solar energy by applying technologies and other businesses in connection with it, to undertake projects for the purpose of solar power generation in India or elsewhere based on project finance and investment models ranging from but not limited to build, construct, operate, and maintain to Build, Own, Operate and Transfer(BO, BOO, BOOT) basis or offer turnkey solutions such as supply and installation of systems, project development, engineering, procurement, construction and to participate in co-operations and partnerships for on-grid and off-grid solar energy projects.*'

M/s NTPC Limited ("**NTPC**") has been designated by Government of India as the nodal agency for the implementation of MNRE scheme for developing "Purchase and sale of 33 kV and above grid connected Solar PV Power under the JNNSM". As a part of this scheme, NTPC invited proposals for setting up solar projects under this scheme. In response to this, SSUPL has submitted two successful bids (of 70 MW each) for developing project of 140 MW capacity in the State of Rajasthan ("**Project**"). Following the allocation of the Project, SSUPL executed two power purchase agreements ("**PPA**") each for 70 MW along with NTPC on May 2, 2016 for the sale of power at a tariff rate of INR 4.35/unit for a period of 25 years from the commercial operation date, as mentioned in the relevant PPA.

The Project is located in Bhadla Village, Bap Tehsil, Jodhpur District in the State of Rajasthan. The geographical coordinates of sites are 27.4805086°N, 71.971216°E (Plot – 8) and 27.46553°N, 71.972062°E (Plot – 10). The Project (full commissioning) was actually synchronized to the grid on August 11, 2017 (50 MW on June 1, 2017 (Plot 8), 40 MW on June 11, 2017 (Plot 10), 20 MW on July 21, 2017 (Plot 8) and 30 MW on August 11, 2017 (Plot 10)) as confirmed by Rajasthan Renewable Energy Corporation Limited and the plant is operational since then.

For details of the acquisition of the Initial Portfolio Assets by the Sponsor, please see the section entitled "*Related Party Transactions – Acquisition of the Initial Portfolio Assets by the Anzen Trust* on page 237.

In accordance with the eligibility criteria specified under the InvIT Regulations, the net worth (being the total of share capital and reserves and surplus) of the Sponsor (i) based on the standalone unaudited financial statements of the Sponsor as on March 31, 2022 was ₹ 2,660.65 million, and (ii) based on the standalone audited financial statements of the Sponsor as on March 31, 2021 was ₹ 4,790.54 million. The Sponsor has experience of at least five years and the Sponsor is a developer in the renewable energy sector of India with at least two projects of the Sponsor having been completed.

Further, neither the Sponsor nor any of the promoters or directors of the Sponsor: (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.

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

Board of Directors of the Sponsor

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

Sr. No.	Name	DIN	Designation
1.	Avinash Prabhakar Rao	08249182	Director
2.	Sushanth Nayak	02857645	Director
3.	Tharuvai Venugopal Rangaswami	01957380	Director

Brief profiles of the Directors of the Sponsor

1. **Avinash Prabhakar Rao** is a senior power sector professional with two and a half decades of techno-commercial and business development experience across project development, core operations, commercial construction and asset management and business development / M&A covering renewable energy, conventional energy, power transmission, Innovation and New Energy, Corporate Foundation and Sustainability. He holds a degree in mechanical engineering degree from Mangalore University. He has undergone a management development program at IMD, Switzerland, and is a Future Leaders Team Alumni of the World Business Council for Sustainable Development, at Switzerland.

   He joined the Infra Fund team at Edelweiss in December 2017 and was appointed as the Whole-time Director and CEO of Sekura Energy Ltd. (currently known as Sekura Energy Private Limited) (portfolio company of Edelweiss Infrastructure Yield Plus fund) in 2018 and was redesignated as a non-executive director with effect from November 1, 2021. He has been involved in leading the build-up of Sekura's Energy platform from scratch including getting the management, enterprise, and operating teams on board, overseeing implementation of best practices in governance, business applications and technology, HSE practices and prudent operating practices on asset management, while supporting the growth of the business and integrating assets acquired by the Sekura platform across transmission and renewable energy segments.

   Prior to Sekura, he worked with various subsidiaries of CLP Group (CLP Holdings, Hong Kong) in India for over 20 years and handled several responsibilities including business development (greenfield and M&A), business valuation, project development, HSE accreditations, commercial construction and asset management, and was also involved in setting-up and operationalizing the renewable energy business from inception to a 1,100 MW portfolio across wind and solar energy sectors.

2. **Sushanth Nayak** holds bachelor's degree in Engineering from VJTI, Mumbai and a master's degree in business administration from Jamnalal Bajaj Institute of Management, Mumbai. He has more than 24 years of experience across corporate banking, distressed asset resolution, structured credit, private equity investing, and credit rating having done deals in the infrastructure, healthcare, hospitality, manufacturing, media and real estate sectors. Previously he was Vice President at the Global Special Opportunities Group, JP Morgan (India) where he was responsible for origination, evaluation, structuring, and portfolio management. He has also held various positions in ICICI Bank, Infosys and CARE. He joined Edelweiss in February 2014 as co-Head for the distressed fund and later moved to head the risk function for Alternatives business in June 2016.

3. **Tharuvai Venugopal Rangaswami** is a professional with over 35 years of corporate experience. He was a Company Secretary of Reliance Petroleum Limited. At ICICI, he was in charge of investor services and BPO business. He has worked with NSE where he was in charge of inspection and investigation, arbitration and investor grievances. He has also worked with BSE where he was head of strategy and listing. He has also worked with Multi Commodity Exchange (MCX). At Edelweiss his role involved operations, legal and compliance and corporate governance. He retired from Edelweiss as a President of Edelweiss Financial Services Limited. He is an Associate Member of the Institute of Company Secretaries of India and a Graduate Member of the Institute of Cost and Works Accountants of India.

Brief profiles of the Key Personnel of the Sponsor

Please see below brief biographies of the other key personnel of the Sponsor:

1. **Krishna Parekh** is the company secretary and compliance office of the Sponsor. She is an associate member of Institute of Company Secretaries of India (ICSI) and has completed 2 years of LLB. She has more than 8 years of experience as Company Secretary. She initiated her carrier as company secretary of Dharni Sampada Private Limited, an Indian MNC engaged in mining having subsidiaries and associate companies in several African countries, Singapore and Dubai. Later, she joined Krishna Ventures Group which is engaged in the business of real estate development and construction. She worked as company secretary of Krishna Ventures Limited, whose equity shares are listed on BSE. In the later part of year 2016, she joined Essel Infra Group, which is engaged in development of Infrastructure facilities in various sectors such as road, solar power, transmission, waste management, utility, hydro power etc. across the country. At Essel Infra Group, she handled corporate secretarial work of two major holding companies of the group i.e. Essel Infraprojects Limited and Pan India Infraprojetcs Private Limited, and also of other EPC companies and project SPVs of Hydro sector.

2. **Vaibhav Doshi** is the chief financial officer of the Sponsor. He has a bachelor's degree in commerce from the University of Mumbai and is a certified chartered accountant and a member of the the Institute of Chartered Accountants India. He has more than 20 years of experience in Financial Reporting, Financial Planning, Fund Management, Costing, Financial Accounting, Compliance, Auditing, Taxation and ERP implementation. Prior to Joining Sekura, he was associated with Sprng Energy Pvt. Ltd., Elecon Engineering Ltd. Tata Teleservices Ltd., Reliance Communications Ltd., Bharti Airtel Ltd. and Mather & Platt Pumps Ltd.

B. The Trustee – Axis Trustee Services Limited`

Axis Trustee Services Limited is the Trustee of the Anzen Trust. The Trustee is a registered intermediary with SEBI under the SEBI Debenture Trustee Regulations as a debenture trustee having registration number IND000000494 and the certificate of registration is valid until suspended. The Trustee's registered office is situated at Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025 and corporate office at The Ruby 2nd floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai 400 028. The Trustee is a wholly-owned subsidiary of Axis Bank Limited.

Background of the Trustee

The Trustee is a wholly-owned subsidiary of Axis Bank Limited. The Trustee's services are aimed at catering to the individual needs of the client and enhancing client satisfaction. As a trustee, it ensures compliance with all statutory requirements and believes in the highest ethical standards and best practices in corporate governance. It aims to provide the best services in the industry with its well trained and professionally qualified staff with a sound legal acumen. The Trustee is involved in varied facets of debenture and bond trusteeships, including, advisory functions and management functions. The Trustee also acts 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 as (i) a facility agent for complex structured transactions; (ii) an escrow agent; (iii) a trustee to alternative investment funds; (iv) custodian of documents as a safekeeper; (v) a trustee to real estate investment trust, etc.

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

The Trustee is not an Associate of the Sponsor or the Investment Manager. Further, neither the Trustee nor any of the promoters or directors of the Trustee (i) are debarred from accessing the securities market by SEBI; (ii) 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 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.

Further, as of the date of this Draft Placement Memorandum, the Trustee is in compliance with the eligibility criteria provided under Regulation 4 of the InvIT Regulations and is a "fit and proper person" as prescribed under SEBI Intermediaries Regulations.

Board of Directors of the Trustee

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

Sr. No.	Name	DIN	Designation
1.	Deepa Rath	09163254	Managing Director and CEO
2.	Rajesh Kumar Dahiya	07508488	Non-Executive Director
3.	Ganesh Sankaran	07580955	Non-Executive Director

Brief profiles of the Directors of the Trustee

1. **Deepa Rath** is the Managing Director and CEO on the board of the Trustee. She is a senior banker with more than 20 years of experience in corporate banking, fintech, credit, project funding, MSME financing, retail banking, supply chain finance, trade finance etc. She is known for her strategic leadership, customer centric approach, superior people & relationship management skills which have helped her set up and scale up new businesses and high impact teams across domains. Prior to taking over as the Managing Director and CEO of the Trustee, she was a part of the founding leadership team and spearheaded TReDS (Trades Receivable Discounting System) platform business at INVOICEMAR/ A.TREDS LTD (JV of Axis Bank & Mjunction), a pioneer work in the space of digital and transparent financing of MSMEs, financial inclusion, API integration and block-chain implementation.

   Previous to this, she led various business functions across geographies with Axis Bank's corporate banking department. In the early part of her career, she took several roles with IDBI Bank and ICICI Bank Limited within the corporate banking and retail banking franchise.

   She has been a speaker on various finance and fintech related forums and was a part of Axis Bank's senior business leadership program initiatives pertaining to ethics and sustainability (POSH), recruitment and employee engagement, corporate social responsibility. She is a panel /advisory member on the international consulting/advisory related to supply chain finance, fintech, go-to-market strategy and corporate banking practices. Apart from being an Investor, she is also an independent non-executive director on the board of a Myanmar based company.

   She holds a master's degree in business administration in finance from IMT Ghaziabad with master's in economics and an advanced diploma in software technology and systems management, NIIT. Apart from several certifications like Coursera, Axis Business Leadership Program - ISB Hyderabad, she is currently pursuing "advanced program in fintech and financial blockchain" from IIM Calcutta to continue her strive for knowledge and learning.

2. **Rajesh Kumar Dahiya** is the chairman and non-executive director on the board of the Trustee. He is a general management professional with over three decades of experience across industries and business functions. He was an Executive Director on the board of the trustee till December 31, 2021, responsible for multiple governance functions under the corporate centre of the bank.

   Before joining Axis Bank in June 2010, he was associated with Tata Group for 20 years where he handled various responsibilities across functions such as human resources, manufacturing, exports, distribution and institutional sales. Presently he is the managing director and CEO of Good Govern and he also serves on the board of Max Life Insurance.

3. **Ganesh Sankaran** is a non-executive director on the board of the Trustee. He is the group executive - wholesale banking coverage group at Axis Bank Limited. He has nearly 25 years of experience across coverage, credit and risk functions and has handled verticals like corporate credit, financial institutions, business banking, mortgages, commercial transportation, equipment finance and rural Lending.

   Before joining Axis Bank, he was executive director at Federal Bank, responsible for business architecture across the wholesale bank, micro/rural bank, business banking and international operations. Additionally, he had also served as a member of the board of directors for Equirus Capital and Fedbank Financial Services. Prior to that he was associated with HDFC Bank where he was co-head, corporate banking.

Key Terms of the Trust Deed

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

1. *Powers of the Trustee*

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

(i). Without prejudice to the scope and generality of the powers and authority conferred upon the Trustee under the Indian Trusts Act, 1882, the Trustee shall, in relation to the InvIT, have every and all powers that a Person competent to contract and acting as a legal and beneficial owner of such property has, and such powers shall not be restricted by any principle of construction or rule or requirement, but shall operate according to the widest generality of which the foregoing words are capable, notwithstanding that certain powers are more specifically set forth herein.

(ii). The Trustee shall have the power to determine, in accordance with the Investment Management Agreement and the Investment Objectives, distributions to Unitholders and other rights attached to the Units in compliance with the InvIT Regulations and applicable law.

(iii). The Trustee shall oversee voting of the Unitholders in accordance with the InvIT Regulations.

(iv). The Trustee shall have the power to do the following, in accordance with the InvIT Regulations, which power may be delegated to the Investment Manager in terms of the Investment Management Agreement:

(a). cause the offering of the Units through any Offer Document;

(b). cause any Offer Document to be provided to the investors;

(c). issue and allot Units;

(d). summon and conduct meetings of the Unitholders in accordance with the relevant InvIT Documents and the InvIT Regulations; and

(e). subject to, and only in accordance with, the terms of the InvIT Documents and the InvIT Regulations, approve transfer of the Units.

(v). The Trustee shall invest and hold the InvIT Assets in the name of the InvIT for the benefit of the Unitholders in accordance with the provisions of the InvIT Regulations, the InvIT Documents, the Trust Deed and the Investment Objectives. The Trustee shall be empowered to make investment decisions as provided below, with respect to the underlying assets or projects of the InvIT including any further investments or divestment, subject to InvIT Regulations and in accordance with the Offer Document. Provided such power is delegated to, and exclusively exercised by, the Investment Manager pursuant to the Investment Management Agreement the Investment Manager is also empowered to:

(a). acquire, subscribe, hold, manage, trade and dispose of shares, stocks, convertibles, debentures, bonds or other equity or equity-related securities or other debt or mezzanine securities of all kinds issued by any Holding Company or any SPV whether in physical or dematerialised form, including power to hypothecate, pledge or create encumbrances of any kind on such securities held by the InvIT in such Holding Companies or SPVs, to be used as collateral security for any borrowings by the InvIT or any Holding Company or any SPV;

(b). avail commercial loans, including the power to hypothecate, pledge or create Encumbrances of any kind on the InvIT Assets as collateral security for any such loans availed by the InvIT, in accordance with the InvIT Regulations and applicable law;

(c). keep the capital and monies of the InvIT, the Holding Companies and the SPVs in deposit with banks or mutual funds or other institutions whatsoever, in accordance with the InvIT Regulations and other applicable law;

(d). accept contributions;

(e). collect and receive the profit, interest, repayment of principal of debt or debt like, or equity or equity like, mezzanine securities, dividend, return of capital of any type by the Holding Companies, or SPVs, and income of the InvIT as and when the same may become due and receivable;

(f). invest in securities or in units of mutual funds in accordance with the InvIT Regulations and other

applicable law by the InvIT, the Holding Companies and the SPV;

(g). invest in money market instruments including government securities, treasury bills, certificates of deposit and commercial papers in accordance with applicable law by the InvIT, the Holding Companies and the SPV.

(h). to give, provide and agree to provide to any Holding Companies or SPVs, financial assistance in the form of investment in its debt securities or share capital of any class including ordinary, preference, participating, non-participating, voting, non-voting or other class, and in the form of investment in securities convertible into share capital;

(i). to invest, acquire, purchase, hold, divest, sale, hypothecate, pledge or otherwise transfer movable property or immovable property of any kind including any rights and interest therein of the Holding Companies and the SPVs; and

(j). to carry out any other functions, as appropriate and necessary to achieve the investment objectives, subject to compliance with the Trust Deed, the InvIT Documents and applicable law.

(vi). Subject to the provisions of the InvIT Regulations, the Trustee, in consultation with the Investment Manager, shall have the power to make such reserves out of the income or capital as the Trustee may deem proper and any decisions of the Trustee whether made in writing or implied from its acts, so far as the applicable law may permit, shall be conclusive and binding on the Unitholders and all Persons actually or prospectively interested under the Trust Deed. Any distribution made by the Trustee from such reserves shall be in the manner set out in the Trust Deed;

(vii). In addition to acting in its capacity as trustee, the Trustee shall have the power to employ and pay at the expense of the InvIT, any agent in any jurisdiction whether attorneys, solicitors, brokers, banks, trust companies or other agents whether associated or connected in any way with the Trustee or not, without being responsible for the default of any agent if employed in good faith to transact any business, including without limitation, the power to appoint agents to raise funds, or do any act required to be transacted or done in the execution of the trusts hereof including the receipt and payment of moneys and the execution of documents.

(viii). The Trustee shall, on behalf of the InvIT, within a reasonable time from the date of execution hereof, appoint the Investment Manager as the investment manager to the InvIT, by execution of the Investment Management Agreement, on behalf of the InvIT, to manage the assets and investments of the InvIT and undertake activities of the InvIT in accordance with the terms and conditions set out in the Trust Deed and the Investment Management Agreement and applicable law.

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

(x). The Trustee shall, on behalf of the InvIT, within a reasonable time from the date of execution hereof, appoint the Project Manager as the project manager for the InvIT, by execution of the Project Implementation and Management Agreement, for the operation and management of the InvIT Assets, in accordance with the terms and conditions set out in the Trust Deed, the Project Implementation and Management Agreement and applicable law.

(xi). The Trustee shall oversee activities of the Project Manager with respect to compliance with the InvIT Regulations and the Project Implementation and Management Agreement and shall obtain a compliance certificate from the Project Manager on a quarterly basis or such other time period as prescribed by applicable law, in the form prescribed by SEBI, if any.

(xii). The Trustee may, in consultation with the Investment Manager, appoint any custodian in order to provide custodian services, and may permit any property comprised in the InvIT to be and remain deposited with a custodian or with any Person or Persons in India or in any other jurisdiction subject to such deposit being permissible under the applicable law.

(xiii). In the event of any capital gains tax, income tax, stamp duty or other duties, fees or taxes (and any interest or penalty chargeable thereon) whatsoever becoming payable in any jurisdiction in respect of the InvIT or any part thereof or in respect of documents issued or executed in pursuance of the Trust Deed in any circumstances whatsoever, the Trustee shall have the power and duty to pay all such duties, fees or taxes (and any interest or penalty chargeable thereon) as well as to create any reserves for future potential tax liability out of the

income of the InvIT, or to the extent of the amount invested in the Units by the Unitholders, as may be permitted under applicable law, and the Trustee may pay such duties, fees or taxes (and any such interest or penalty) on behalf of the InvIT. For avoidance of doubt, it is clarified that pursuant to this Article no Unitholder will be required to make a contribution as a capital commitment to the InvIT (other than the value for Units already paid).

(xiv). The Trustee shall, subject to the advice of the Investment Manager, have the power to pay InvIT expenses out of the funds held by the InvIT.

(xv). The Trustee shall, in discharge of its duties, have the power to take the opinion of legal or tax counsel in any jurisdiction concerning any disputes or differences arising under the Trust Deed or any matter relating to the InvIT and the fees of such counsel shall be paid out of the funds held in the InvIT.

(xvi). The Trustee may, in execution of the InvIT hereof or in exercise of any of the powers hereby or by law given to the Trustee sell, rent or buy any property, or borrow property from or carry out any other transaction with the trustees of any other trust or the executors or administrators of any estate notwithstanding that the Trustee is the same Person as those trustees, executors or administrators or any of them and where the Trustee is the same Person as those trustees, executors or administrators, the transaction shall be binding on all Persons then or thereafter interested hereunder though effected and evidenced only by an entry in the books of accounts of the Trustee, provided such power is delegated to, and exclusively exercised by, the Investment Manager pursuant to the Investment Management Agreement. The Trustee shall ensure that no conflicts of interest shall arise whilst conducting such activities.

(xvii). Subject to applicable law, the Trustee (acting on behalf of the InvIT), shall have the power to:

(a). accept any property before the time at which it is transferable or payable;

(b). pay or allow any claim on any evidence that it thinks sufficient;

(c). accept any security movable or immovable in lieu of any amounts payable to it;

(d). alter the dates for payment of any amounts payable to it; and

(e). subject to such approval (if any) as may be required from the Unitholders, compromise, compound, abandon or otherwise settle any claim or thing whatsoever relating to the InvIT or the Trust Deed.

(xviii). The Trustee shall, subject to the advice of the Investment Manager, have the power to borrow funds including any subordinated equity, long term loans, short term loans, bonds or other loans or funds from any Person or authority (whether Government or otherwise, whether Indian or overseas) for the purpose of the InvIT on such terms and conditions and for such periods and subject to approval of the Unitholders in accordance with and as may be required in terms of the InvIT Regulations and applicable law. The Trustee shall, subject to the advice of the Investment Manager, also have the power to create encumbrances of any kind on the InvIT Assets as collateral security for any such borrowings.

(xix). Subject to the conditions laid down in any InvIT Documents, and the InvIT Regulations and applicable law, the Trustee may, subject to any advice of the Investment Manager, retain any proceeds received by the InvIT from any Holding Companies or SPVs, including through the sale of or any Holding Company or SPV.

(xx). The Trustee may make rules to give effect to and carry out the investment objectives subject to applicable law. In particular, and without prejudice to the generality of such power, the Trustee may provide, in a manner not inconsistent with the provisions of the Trust Deed and the InvIT Regulations, for all or any of the following matters namely:

(a). manner of maintaining of the records and particulars of the Unitholders;

(b). norms of investment by the InvIT in accordance with the investment objectives of the InvIT and in accordance with the powers and authorities of the Trustee as set out in the Trust Deed;

(c). matters relating to entrustment / deposit or handing over of any securities or shares of the SPVs of the InvIT to any one or more custodians and the procedure relating to the holding thereof by the custodian ;

(d). such other administrative, procedural or other matters relating to the administration or management of the affairs of the InvIT and which matters are not by the very nature required to be included or provided for in the Trust Deed or by the management thereof and which matters are not inconsistent with the

investment objectives of the Trust Deed and applicable law;

(e). procedure for seeking the vote of the Unitholders either by calling a meeting or through postal ballot or otherwise; and

(f). procedure for summoning and conducting meetings of Unitholders.

The aforementioned power to make rules may be delegated by the Trustee to the Investment Manager subject to the InvIT Regulations and in terms of the Investment Management Agreement.

(xxi). The Trustee shall cause the depository to maintain the depository register.

(xxii). The Trustee shall advise the Investment Manager in relation to the appointment of valuer, auditors, registrar and transfer agent, merchant bankers, custodian, credit rating agency and any other intermediary or service provider or agent as may be applicable with respect to the activities pertaining to the InvIT, in a timely manner, in accordance with the InvIT Regulations and applicable law. The Investment Manager shall ensure that the activities of, and the services provided by, any of the intermediaries set out above are as per the provisions of the InvIT Regulations and applicable law.

(xxiii). The Trustee shall review the reports required in terms of InvIT Regulations and applicable law, as submitted by the Investment Manager. In the event such reports are not submitted in a timely manner, the Trustee, after due follow-up, shall intimate the same to SEBI.

(xxiv). The Trustee shall have the power to open one or more bank accounts for the purposes of the InvIT, to deposit and withdraw money and fully operate the same.

(xxv). The Trustee shall have the power to take up with SEBI or with the stock exchange as applicable, any matter which has been approved in any meeting of Unitholders, if the matter requires such action.

(xxvi). Without prejudice to any other provisions of the Trust Deed, the Trustee shall also have the following powers and authorities :

(a). to institute, conduct, compromise, compound, or abandon any legal proceedings for or on behalf of or in the name of the InvIT or the Trustee, and to defend, compound or otherwise deal with any such proceedings against the InvIT or Trustee or the officers of the Trustee or concerning the affairs of the InvIT, and also to compound and allow time for payment or satisfaction of any equity due and of any claims or demands by or against the InvIT and observe and any decisions thereof;

(b). to make and give receipts, releases and other discharges for moneys payable to the InvIT and for the claims and demands of the InvIT;

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

(d). to sign, seal, execute, deliver and register according to law all deeds, documents, agreements, and assurances in respect of the InvIT;

(e). to negotiate, sign, seal, execute and deliver the InvIT Documents, including but not limited to, any issue agreement, share purchase agreement, services agreement, deed of right of first offer, debenture subscription agreement, escrow agreement, underwriting agreement, loan documentation, offer document or any other deed, agreement or document in connection with the InvIT or the Units, including any amendments, supplements or modifications thereto;

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

(g). generally to exercise all such powers as it may be required to exercise under the InvIT Regulations and applicable law for the time being in force and do all such matters and things as may promote the InvIT or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Trust Deed, applicable law and the InvIT Regulations.

(xxvii). Subject to applicable law, the Trustee may at any time, buy-back the Units from the Unitholders.

(xxviii). The Trustee may, delegate to the Investment Manager or the Project Manager, any powers set out above and the duties set out below, or as available to it under the InvIT Regulations and applicable law, including, *inter alia*, management of the assets and investments of the InvIT vested in it under the Trust Deed, taking investment decisions, issue, listing and allotment of Units and making distributions in accordance with the InvIT Regulations. Further, for administrative and operational convenience, the Trustee may delegate to any committee or Person, with consent of the Investment Manager, any administrative duties as set out below, provided, however, the Trustee shall remain responsible and liable for any such Persons' acts of commission or omission as determined by a court of competent jurisdiction whose decision is final, binding and non-appealable ,except in cases of gross negligence, misconduct, wilful default and fraud by such person or committee and except the roles and responsibilities delegated by the Trustee to Investment Manager, Project Manager or any third party expert, or any sub-delegation by the Investment Manager or the Project Manager.

2. *Duties of the Trustee*

(i). The Trustee shall use best endeavours to carry on and conduct the business of the InvIT in a proper and efficient manner in the best interest of the Unitholders.

(ii). The Trustee, on behalf of the InvIT, shall appoint an Investment Manager and Project Manager in accordance with the InvIT Regulations and applicable law .

(iii). The Trustee shall, on behalf of the InvIT, within a reasonable time from the date of execution of the Trust Deed, enter into the Investment Management Agreement with the Investment Manager .

(iv). The Trustee shall ensure that the Investment Manager performs its obligations as specified below:

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

(b). The Trustee shall review the transactions carried out between the Investment Manager and its associates and where the Investment Manager has advised that there may be a conflict of interest, it shall obtain a certificate from a practising chartered accountant or valuer, as applicable, that such transaction is on arm's length basis;

(c). The Trustee shall review the valuation report submitted by the Investment Manager;

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

(e). The Trustee shall ensure that the Investment Manager convenes meetings of the Unitholders in accordance with the InvIT Regulations and oversee the voting by Unitholders. The Trustee shall ensure that the Investment Manager convenes meetings of Unitholders not less than one every year and the period between such meetings shall not exceed 15 months.

(v). The Trustee shall provide SEBI and the stock exchange(s), where applicable, such information as may be sought by SEBI or by the stock exchange(s) pertaining to the activity of the InvIT. The Trustee shall comply with intimation requirements under the InvIT Regulations and applicable law, including in relation to intimating SEBI in case of any discrepancy in the operation of the InvIT with the Trust Deed, the InvIT Regulations and any offer document. The Trustee shall also immediately inform SEBI in case any act which is detrimental to the interest of the Unitholders is noted.

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

(vii). The Trustee shall delegate all such powers to the Investment Manager as may be required by the Investment Manager to carry out its obligations under the Investment Management Agreement and under applicable law.

(viii). The Trustee shall delegate all such powers to the Project Manager as may be required by the Project Manager to carry out its obligations under the Project Implementation and Management Agreement and under applicable law.

(ix). The Trustee shall obtain prior approval from the Unitholders in accordance with the InvIT Regulations before

any change in, or change in control of, the Investment Manager due to removal or otherwise. In this regard, the Trustee shall also obtain prior approval from SEBI prior to any change in, or change in control of, the Investment Manager, in the event that such approval is required in terms of the InvIT Regulations. In case of change in Investment Manager due to removal or otherwise, the Trustee shall, appoint a new investment manager in accordance with the InvIT Regulations and applicable law, within the time period prescribed under the InvIT Regulations. The previous investment manager shall continue to act as such at the discretion of the Trustee until such time as the new investment manager is appointed. The Trustee shall ensure that the new investment manager shall stand substituted as a party in all the documents to which the earlier Investment Manager was a party. The Trustee shall also ensure that the earlier Investment Manager continues to be liable for all its acts of omissions and commissions for the period during which it served as investment manager, notwithstanding its termination.

(x). In case of change in Project Manager due to removal or otherwise, the Trustee shall appoint a new project manager in accordance with the InvIT Regulations and applicable law. The Trustee shall appoint a new project manager within the time period prescribed under the InvIT Regulations. The Trustee may, *suo moto* appoint an administrator in connection with an infrastructure project for such terms and on such conditions as it deems fit. The previous project manager shall continue to act as the project manager at the discretion of the Trustee till such time as a new project manager is appointed. All costs and expenses in this regard will be borne by the new project manager. The Trustee shall ensure that the new project manager shall stand substituted as a party in all the documents to which the earlier Project Manager was a party. The Trustee shall also ensure that the earlier Project Manager continues to be liable for all its acts of omissions and commissions for the period during which it served as project manager, notwithstanding its termination.

(xi). The Trustee shall ensure that in case of change in control of the Project Manager, written consent is obtained from the counter parties in terms of the concession agreements or agreements of a similar nature entered into by the holding company(ies) or SPVs, prior to such change, if applicable.

(xii). The Trustee shall ensure that subscription amount is kept in a separate bank account in name of the InvIT and is only utilised for adjustment against allotment of Units or refund of money to the applicant till the time such Units are allotted in the case of an unlisted InvIT or listed in the case of a listed InvIT and the same will be utilised for objectives of the offering as will be mentioned in the relevant offer document.

(xiii). The Trustee shall cause the books of accounts of the InvIT to be in accordance with the Trust Deed.

(xiv). The Trustee shall ensure that all acts, deeds and things are done for the attainment of the investment objective of the Anzen Trust and in compliance with the InvIT Regulations and applicable law and to secure the best interests of the Unitholders.

(xv). The Trustee, either by itself or through the Investment Manager shall, from time to time, file such reports as may be required by SEBI or any other regulatory authority or as required under the InvIT Regulations and applicable law with regard to the activities carried on by the Trust.

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

(xvii). The Trustee and its directors, officers, employees and agents shall at all times maintain the greatest amount of confidentiality as regards the activities and assets of the InvIT and such other matter connected with them and the InvIT generally and shall not disclose any confidential information to any other Person, other than the Investment Manager, or the Project Manager, unless such information is required to be disclosed to some regulatory authority, court or any other Person under any order of court or any law in force in India.

(xviii). The assets and liabilities of the InvIT shall at all times be segregated from the assets and liabilities of the Trustee and the assets and liabilities of other trusts managed by the Trustee. The assets held under the InvIT shall be held for the exclusive benefit of the Unitholders and such assets shall not be subject to the claims of any creditor or any Person claiming under any other fund administered by the Trustee or by the Investment Manager.

(xix). The Trustee shall ensure through the Investment Manager that a detailed valuation is undertaken of the InvIT Assets by a valuer at such intervals and in the manner as may be prescribed under the InvIT Regulations and applicable law. The Trustee shall ensure that the remuneration of the valuer is not linked to or based on the value of the asset(s) being valued.

(xx). The Trustee of the InvIT shall not invest in Units of the Trust.

(xxi). The Trustee shall fulfil its obligations in terms of the InvIT Regulations.

(xxii). The Trustee shall ensure that the activity of the Anzen Trust is being operated in accordance with the provisions of the Trust Deed, the InvIT Regulations, applicable law and the InvIT Documents and if any discrepancy, it shall inform SEBI immediately in writing.

(xxiii). The Trustee shall ensure that the InvIT, the Investment Manager, the Project Manager, the Holding Companies and the SPVs adopt, policies, including corporate governance policies, policies in relation to acquisition of assets from the Sponsor and third parties, policies in relation to the net distributable cash flows, policies in relation to anti-bribery and anti-corruption, policies in relation to environment, safety and health, policies anti-money laundering and any other policies in relation to their activities related to the InvIT ("**Policies**"),as may be required and as applicable, prior to filing of the relevant offer document for the initial offer. The terms, such as, manner or requirement of Unitholders' approval for each of these Policies, applicability, amendment and termination, of the respective Policies shall be set out in each of the Policies.

(xxiv). The Trustee shall maintain records in accordance with the InvIT Regulations and applicable law.

(xxv). The Trustee shall wind up the InvIT in accordance with the InvIT Regulations and applicable law. Upon winding up of the InvIT, the Trustee shall surrender the certificate of registration to SEBI.

3. *Rights of the Trustee*

The Trustee shall have the following rights:

(i). The Trustee may, in the discharge of its duties, act upon any advice obtained in writing from any bankers, accountants, brokers, lawyers, professionals, consultants, or other experts acting as advisers to the Trustee.

(ii). Without prejudice to any other provisions of the Trust Deed, but save as otherwise provided for in any InvIT Document, the Trustee shall be entitled to reimburse itself and shall be entitled to charge the InvIT with the expenses, taxes, levies, and liabilities (including indemnity obligations of the InvIT, if any) as set out in the Trust Deed.

(iii). The Trustee may accept as sufficient evidence for the value of any investment or for the cost price or sale price thereof or for any other fact within its competence, a certificate by a valuer or any other professional Person appointed by the Investment Manager for the purpose.

4. *Liabilities of the Trustee*

The liabilities of the Trustee in terms of the Trust Deed are as follows:

(i). The Trustee shall only be held chargeable for such monies, stocks, funds, shares, assets, investment, property and securities as the Trustee shall have actually received and shall not be liable or responsible for any banker, broker, custodian or other Person in whose hands the same may be deposited or placed, nor for the deficiency or insufficiency in the value of any investments of the InvIT nor otherwise for any involuntary loss. Any receipt signed by the Trustee for any monies, stocks, funds, shares, securities, investment or property, paid, delivered or transferred to the Trustee under or by virtue of the Trust Deed or in exercise of the duties, functions and powers of the Trustee shall effectively discharge the Trustee or the Person or Persons paying, delivering or transferring the same therefrom or from being bound to see to the application thereof, or being answerable for the loss or misapplication thereof provided that the Trustee and such Persons shall have acted in good faith, without negligence and shall have used their best efforts in connection with such dealings and matters.

(ii). The Trustee shall not be under any liability on account of anything done or omitted to be done or suffered by the Trustee in good faith in accordance with, or in pursuance of any request or advice of the Investment Manager.

(iii). The Trustee shall not be under any obligation to institute, acknowledge the service of, appear in, prosecute or defend any action, suit, proceedings or claim in respect of the provisions hereof or in respect of the InvIT Assets or any part thereof or any corporate action which in its opinion would or might involve it in expense or liability unless the Investment Manager shall so request in writing and the Trustee in consultation with the Investment Manager is satisfied that the value of the investment is sufficient to provide adequate indemnity against costs, claims, damages, expenses or demands to which it may be put as Trustee as a result thereof. The costs in relation to such action, suit, proceedings or claims (whether undertaken upon request of Investment Manager or otherwise) incurred by the Trustee in connection with or arising out of the InvIT, shall

be borne by the InvIT.

(iv). The Trustee shall not be liable in respect of any action taken or damage suffered by it on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or (without being limited in any way by the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities.

(v). The Trustee shall not be liable to the Unitholders for doing or failing to do any act or thing which it is directed or requested to do or perform or to forbear from doing or performing by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request announcement or similar action (whether of binding legal effect or not) which may be taken or made by any Person or body acting with or purporting to exercise the authority of any government (which legally or otherwise). If for any reason it becomes impossible or impracticable to carry out any of the provisions of these presents the Trustee shall not be under any liability therefore or thereby.

(vi). The Trustee shall not be responsible to any Unitholder for the authenticity of any signature affixed to any document or be, in any way, liable for any forged or unauthorized signature on or for acting upon or giving effect to any such forged or unauthorized signature. The Trustee shall be entitled but not bound to require that the signature of any Unitholder to any document required to be signed by him under or in connection with these presents shall be verified to the Trustee's reasonable satisfaction.

(vii). Nothing contained in the Trust Deed, shall be construed so as to prevent the Trustee from acting as trustee of other trusts or alternate investment funds or venture capital funds or private equity funds or real estate investments trusts or infrastructure investment trusts or private trusts or customised fiduciary trusts separate and distinct from the InvIT, and retaining for its own use and benefit all remuneration, profits and advantages which it may derive therefrom, as permitted under applicable law.

(viii). If the Trustee is required by the InvIT Regulations or any other applicable law to provide information regarding the InvIT or the Unitholders, the investments made by the InvIT and income therefrom and provisions of these presents and complies with such request in good faith, whether or not it was in fact enforceable, the Trustee shall not be liable to the Unitholders or to any other party as a result of such compliance or in connection with such compliance.

(ix). The Trustee shall not incur any liability for any act or omission or (as the case may be) failing to do any act or thing which may result in a loss to a Unitholder (by reason of any depletion in the value of the InvIT assets or otherwise), except in the event that such loss is a direct result of fraud, gross negligence or wilful default on the part of the Trustee or results from a breach by the Trustee of the Trust Deed, as determined by a court of competent jurisdiction.

(x). If the Trustee engages any external advisors or experts (in accordance with the Trust Deed), to discharge its obligations under the Trust Deed, or undertakes any work (in consultation with the Investment Manager, in the interest of the Unitholders) which is not covered within the scope of work of the Trustee under the Trust Deed and such additional work is beyond the obligations of the Trustee under applicable law, the Trustee shall be entitled to recover such costs, charges and expenses which the Trustee may incur in this regard, from the funds of the InvIT. Further, it is clarified that, the Trustee will not be required to utilize funds held by the Trustee for any other trust for which, Axis Trustee Services Limited is appointed as a trustee, for discharging its obligations as the Trustee under the Trust Deed.

5. *Provisions relating to Unitholders*

(i). Notwithstanding anything to the contrary contained in any of the InvIT Documents, aggregate liability of each Unitholder in the InvIT shall be limited to making the capital contribution payable by it in respect of the Units subscribed by it. For the avoidance of doubt, the Unitholders shall not be responsible or liable, directly or indirectly, for acts, omissions or commissions of the Trustee, the Investment Manager, the Sponsor, or any other Person, whether or not such act, omission or commission, has been approved by the Unitholders in accordance with the InvIT Regulations or not. Further, the Sponsor shall not be responsible or liable, directly or indirectly, for acts, omissions or commissions of the Trustee, the Investment Manager or any other Person, whether or not such act, omission or commission, has been approved by the Unitholders in accordance with the InvIT Regulations or not.

(ii). Each Unit allotted to the Unitholders shall have one vote for any decisions requiring a vote of Unitholders.

(iii). No Unitholder shall enjoy preferential voting or any other rights over another Unitholder. However, subordinate Units may be issued to the Sponsor and its associates, where such subordinate Units shall carry

only inferior voting or any other rights compared to other Units.

(iv). In no event shall the Trustee or the Investment Manager be bound to make payment to any Unitholder, except out of the funds held by it for that purpose under the provisions of the Trust Deed.

(v). A Unitholder whose name and account details are entered in the depository register shall be the only Person entitled to be recognised by the Trustee as having a right, title, interest in or to the Units registered in his name and the Trustee shall recognise such holder as an absolute owner and shall not be bound by any notice to the contrary and shall also not be bound to take notice of or to see to the execution of any trust, express or implied, save as expressly provided or as required by any court of competent jurisdiction to recognise any trust or equity or interest affecting the title of the Units.

(vi). The Unitholders shall not give any directions to the Trustee or the Investment Manager (whether in a meeting of Unitholders or otherwise) if it would require the Trustee or the Investment Manager to do or omit doing anything which may result in:

(a). the InvIT or the Trustee, in its capacity as the trustee of the InvIT, or the Investment Manager, in its capacity as the investment manager of the InvIT, ceasing to comply with applicable law;

(b). interference with the exercise of any discretion expressly conferred on the Trustee by the Trust Deed or the Investment Manager by the Investment Management Agreement, or the determination of any matter which requires the agreement of the Trustee or the Investment Manager, provided that nothing in (vi) above, shall limit the right of the Unitholder to require the due administration of the InvIT in accordance with the Trust Deed.

(vii). The depository register shall (save in case of manifest error) be conclusive evidence of the number of Units held by each depositor and in the event of any discrepancy between the entries of the depository register and any statement issued by the depository, the entries in the depository register shall prevail unless the depositor proves to the satisfaction of the Trustee and the depository that the depository register is incorrect.

(viii). The Unitholders shall have the right to call for certain matters to be subject to their consent, in accordance with the InvIT Regulations and applicable law.

(ix). The Unitholders may, in accordance with the provisions of the InvIT Documents and applicable law, transfer any of the Units to an investor where such investor accepts all the rights and obligations of the transferor and the Trustee or the Investment Manager shall give effect to such transfer in accordance with applicable law.

(x). After the initial offer, no Person, other than the Sponsor, its related parties and associates ("**Investor**") shall acquire or receive Units, which when taken together with Units held by the Investor and by persons acting in concert with the Investor exceeds 25% (twenty five percent) of the value of the outstanding Units unless prior approval of the Unitholders is obtained in accordance with the InvIT Regulations. In the event such approval is not received, the Investor shall provide an exit option to the dissenting Unitholders in terms of the InvIT Regulations and in the manner specified by SEBI.

(xi). The Trustee shall obtain, and shall ensure that the Investment Manager obtains, as applicable, the consent of the Unitholders for the matters prescribed under the InvIT Regulations in accordance with the provisions of the InvIT Regulations.

6. *Indemnification*

In addition to the fees, distributions and expense reimbursements herein described, the InvIT Assets shall be utilized to indemnify and hold harmless the Trustee, the Sponsor and any of their respective officers, directors, shareholders, sponsors, partners, members, employees, advisors and agents ("**Indemnified Parties**") from and against any claims, losses, costs, damages, liabilities, and expenses, including legal fees ("**Losses**") suffered or incurred by them by reason of their activities on behalf of the InvIT, unless such Losses resulted from fraud, gross negligence, willful default or willful misconduct or material breach of any obligations or duties under applicable law by the relevant Indemnified Party, as determined by a final non-appealable order of a court of competent jurisdiction.

7. *Termination*

The InvIT is subject to dissolution and termination in accordance with and subject to the InvIT Regulations and applicable law:

(i). if the InvIT fails to make any offer of Units, whether by way of public issue or private placement, within the time period stipulated in the InvIT Regulations or any other time period as specified by SEBI, the InvIT shall surrender its certificate to SEBI and cease to operate as an investment infrastructure trust, unless the period is extended by SEBI;

(ii). upon the liquidation of all InvIT Assets;

(iii). if there are no projects having valid concession agreements remaining under the InvIT and the InvIT does not invest in any project for six months thereafter ;

(iv). delisting of the Units in accordance with the InvIT Regulations unless such delisting is done for purposes of conversion of a listed InvIT to an unlisted InvIT in accordance with the InvIT Regulations and the InvIT retains its certificate of registration and continues to undertake the activity of a privately placed and unlisted InvIT ; or

(v). illegality of the InvIT.

C. The Investment Manager – Edelweiss Real Assets Managers Limited

History and Certain Corporate Matters

Edelweiss Real Assets Managers Limited is the Investment Manager of the Anzen Trust. The Investment Manager is a public limited company incorporated on June 25, 2021 under the Companies Act, 2013, having CIN U67110MH2021PLC362755.

The Investment Manager's registered office is situated at Edelweiss Real Assets Managers Limited, Plot no. 294/3, Edelweiss house, Off CST Road, Kalina, Santacruz (East), Mumbai 400 098.

Background of the Investment Manager

Edelweiss Real Assets Managers Limited is the Investment Manager of the Anzen Trust. The Investment Manager was incorporated on June 25, 2021 to, amongst others, carry on the business of acting as investment manager, investment adviser, trustee, settlor, sponsor, promoter, portfolio manager, manager, administrator, attorney, agent, consultant, representative or nominee of or for any investment funds, unit trusts, private equity funds, debt funds, mutual funds, venture capital funds, alternative investment funds, hedge funds, collective investment schemes, taxable or tax exempt funds, trusts, pooled investment vehicles, special purpose vehicles, infrastructure investment trusts, real estate investment trusts, or any other portfolio of securities, properties and/or assets of any kind, including any pension, provident fund or superannuation fund set up, formed or established in India or in any other country by the Company or by any other person including bodies corporate, limited liability partnerships, partnerships, trusts, societies, associations of persons, or by government, state, local authority, institute (whether incorporated or not) of any other agency or organization with respect to any class of assets, and to thereby settle, administer, manage and deploy funds, acquire, take up, manage, invest, hold, sell, deal or dispose of all or any property, investments, securities or other assets of any kind whatsoever. The net worth of the Investment Manager as on March 31, 2022, was ₹ 101.77 million on a standalone basis. The Investment Manager shall (i) comply with the minimum net worth requirement set out in Regulation 4(2)(e)(i) of the InvIT Regulations.

In accordance with the eligibility criteria specified under the InvIT Regulations, the combined experience of the directors/key personnels of the Investment Manager in fund management or advisory services or development in the infrastructure sector is above 30 years. For details in relation to the key personnel of the Investment Manager, please see the section entitled "*Parties to the Anzen Trust - Brief profiles of the Key Personnel of the Investment Manager*" on page 111.

Further, neither the Investment Manager nor any of the promoters or directors of the Investment Manager: (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.

The Investment Manager confirms that it has, and undertakes to ensure that it will at all times maintain, adequate infrastructure, personnel and resources to perform its functions, duties and responsibilities with respect to the management of the Anzen Trust, in accordance with InvIT Regulations, the Investment Management Agreement and applicable law. None of the directors of the Investment Manager hold or propose to hold any Units in this Issue.

Further, as of the date of this Draft Placement Memorandum, the Investment Manager is in compliance with the

eligibility criteria provided under Regulation 4 of the InvIT Regulations and is a "fit and proper person" as prescribed under SEBI Intermediaries Regulations.

Board of Directors of the Investment Manager

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

Sr. No.	Name	DIN	Designation
1.	Venkatchalam Ramaswamy	00008509	Non-Executive Director
2.	Subahoo Chordia	09216398	Non-Executive Director
3.	Sunil Mitra	00113473	Independent Director
4.	Prabhakar Panda	02860918	Independent Director
5.	Ranjita Deo	09609160	Whole-Time Director and Chief Investment Officer
6.	Shiva Kumar	06590343	Independent Director

Brief Biographies of the Directors of the Investment Manager

Please see below brief biographies of the directors of the Investment Manager:

1. **Venkatchalam Ramaswamy** is a Non-Executive Director on the board of the Investment Manager since November 23, 2021. He holds a bachelor of engineering degree in electronics and communication branch from Karnatak University, Dharwad and a master's degree in business administration from the University of Pittsburgh, USA. He is the founding member of the Edelweiss Group. He is the vice chairman of Edelweiss Financial Services Limited, heading Edelweiss' Asset Reconstruction Company. He has nearly 30 years of experience in the financial markets and has played a key role in assisting one of India's first few new age boutique investment bank, to become one of the leading diversified financial services company. Amongst his responsibilities, he also heads Edelweiss's asset management business. He has also played a key role in building a client-need focused solutions approach in Edelweiss Asset Reconstruction Company. He has experience in building and maintaining large institutional relationships, including with international pension funds and insurance companies, which has aided in the alternative asset management business of Edelweiss Financial Services Limited to become one of the largest such businesses in India.

2. **Subahoo Chordia** is a Non-Executive Director on the board of the Investment Manager since June 25, 2021. He is a chartered accountant and was admitted as an associate of the Institute of Chartered Accountants of India in 2001. He has over 21 years of work experience in the infrastructure sector including in asset management, mergers and acquisitions, advisory services, equity and debt and project finance. He was a founding member of the Edelweiss group's infrastructure business and has previously worked with Edelweiss Investment Banking, Axis Bank and IDBI Bank.

3. **Sunil Mitra** is an Independent Director on the board of the Investment Manager since November 23, 2021. He retired in June 2011 from the office of Revenue & Finance Secretary, Government of India. During his public service career of over three and a half decades, he headed important policy initiatives in public finance at the national level, including, a new disinvestment policy and taxation reforms. During his earlier appointments under the West Bengal Government, he was credited with the design and implementation of significant public policy reforms in the state-owned public sector enterprises and in restructuring state's power sector.

   After completing his term of public service, he chaired a Committee in Planning Commission between October 2011 and August 2012 tasked with a comprehensive review of the different sectors of our economy and formulate recommendations that would foster a vibrant ecosystem for entrepreneurship in the country and with the implementation of several of these by different agencies both public and private.

   Till late 2016, he was engaged in leading a term for a consortium led by M/s IPE Global Limited, New Delhi that designed and managed a 'Knowledge Partnership Programme' for the Department of International Development of the Government of the United Kingdom. He also served as a member of a Technical Advisory Panel set up by the Government of India, to review an Indian Power Sector Diagnostic Study Report prepared by the World Bank and as a Non-Official Member of the Eastern Regional Board of the Reserve Bank of India. He presently serves as a Non-Executive & Independent Director on the Boards of a number of Public Companies.

4. **Prabhakar Panda** is an Independent Director on the board of the Investment Manager since November 23,

2021. He has worked with Orissa State Financial Corporation ("**OSFC**") for over 24 years in the field of project appraisal, financial management, business development and administration. During this period, he also worked as a senior officer in several district headquarters of Orissa. After availing VRS from OSFC in 2005, he has been appointed as the Director (Personnel and Administration- Project Planning and Development and Corporate Affairs) in Hitech Medical College and Hospital, Bhubaneswar, Odisha where he has been responsible for day-to-day administration, selection/recruitment and organizing and attending seminar and meetings, bringing up new projects and research programs. He has also been appointed as a director on the board of IDCOL Software Limited, IDCOL Kalinga Iron Works Limited and IDCOL Ferro Chrome & Alloys Limited ("**IFCAL**").

5. **Ranjita Deo** has been appointed as the Whole-time Director on the board of the Investment Manager and the Chief Investment Officer of the Anzen Trust with effect from May 17, 2022 and April 12, 2022, respectively. She has a master's degree in Management Studies from the University of Mumbai and is a CFA (Chartered Financial Analyst) charterholder from the CFA Institute, USA. She has, over 19 years of experience across private equity, corporate /project finance and research. She has previously worked with the Aditya Birla Group in the capacity of a vice president in finance and accounts in their solar business, IL & FS Investment Managers Limited, Bennett Coleman & Company Limited and CRISIL Research and Information Services. She will be heading the investment related decisions of the Anzen Trust.

6. **Shiva Kumar** has been appointed as an Independent Director on the board of the Investment Manager since April 1, 2022. He holds a bachelor of arts degree from Patna University and has also completed a programme on Strategic Human Resource Management – India from Michigan Ross School of Business. He is also an associate member of the Indian Institute of Bankers.

   He has participated in international corporate governance program of Harvard Business School (making corporate boards more effective) and Organisation for Economic Co-operation and Development (OECD) (corporate governance of state-owned enterprises), and has also participated in various programmes conducted by Indian School of Business (leadership skills for top management) and Duke Corporate Education (enterprise leadership programme).

   He has over 40 years of experience across both public and private sector banking, financial services and the insurance industry. Further, he has worked at State Bank of Bikaner & Jaipur (now merged with the State Bank of India) as managing director and had also served as President in the Edelweiss Group. At State Bank of India, he was the project leader for the business process re-engineering project and was also a part of their credit card project. He was also a representative of associate banks on the managing committee of Indian Banks' Association.

   At Edelweiss Group, he was on the boards of Edelweiss Housing Finance Limited and Edelweiss Retail Business, and was a key member of several committees including asset liability management (ALM) committee, investment committee and management committee. He also led the initiative to setup their general insurance business. In 2013, he received the 'Business Leadership Award', which was presented to him by Institute of Public Enterprises (IPE).

Brief profiles of the Key Personnel of the Investment Manager

In addition to the above directors, please see below brief biographies of the other key personnel of the Investment Manager:

1. **Ranjita Deo** is the Whole-time Director of the Investment Manager and Chief Investment Officer of the Anzen Trust. For further details, please see the section entitled "*Brief Biographies of the Directors of the Investment Manager*" on page 110.

2. **Jalpa Parekh** is the Company Secretary and Compliance Officer of the Investment Manager since May 17, 2022. She has a bachelor's degree in commerce and law from the University of Mumbai. She is also an Associate Member of the Institute of Company Secretaries of India. She has an overall experience of 6 years in handling corporate compliance and secretarial matters. She has joined Edelweiss Group in January 2022. Prior to joining the Edelweiss group, she was associated with Kotak Mahindra Bank Limited. She was also designated as the Company Secretary of Add Pens Private Limited and was responsible for handling secretarial and legal matters.

3. **Vidhi Gandhi** is the Chief Manager of the Investment Manager since September 1, 2021. She holds a master of management studies degree from the University of Mumbai and has over 14 years' experience in infrastructure sector including project finance, research and analysis, and interactions with stakeholders (internal and external). She has previously worked with Reliance Infrastructure Limited as Senior Manager

and IL&FS Financial Services Limited as Manager.

Key Terms of the Investment Management Agreement

The Investment Manager has entered into the Investment Management Agreement, in terms of the InvIT Regulations, the key terms of which, are provided below.

1. *Powers of the Investment Manager*

The Investment Manager has been provided with various powers under the Investment Management Agreement in accordance with the InvIT Regulations, including but not limited to:

(i). The Investment Manager shall take all decisions in relation to the management and administration of InvIT assets and the investments of the InvIT as may be incidental or necessary for the advancement or fulfilment of the investment objectives of the InvIT in accordance with the InvIT Regulations and other applicable law.

(ii). The Investment Manager shall, subject to such approval as may be required from the Unitholders, make the investment decisions with respect to the underlying assets or projects of the InvIT, including any further investments or divestments, subject to InvIT Regulations and in accordance with the offer document, and in this regard is also empowered to do the following acts on behalf of the InvIT, including:

(a). acquire, subscribe, hold, manage, trade and dispose of shares, stocks, convertibles, debentures, bonds or other equity or equity-related securities or other debt or mezzanine securities of all kinds issued by any holding company or any SPV or any infrastructure project, whether in physical or dematerialised form, including power to hypothecate, pledge or create encumbrances of any kind on such securities held by the InvIT in such holding companies or SPVs, or infrastructure projects to be used as collateral security for any borrowings by the InvIT or any holding company or any SPV or any infrastructure project;

(b). avail commercial loans, including the power to hypothecate, pledge or create encumbrances of any kind on the InvIT Assets as collateral security for any such loans availed by the InvIT, in accordance with the InvIT Regulations and applicable law;

(c). keep the capital and monies of the InvIT, the holding companies and the SPVs in deposit with banks or mutual funds or other institutions, whatsoever;

(d). accept contributions;

(e). collect and receive the profit, interest, repayment of principal of debt or debt like, or equity or equity like, mezzanine securities, dividend, return of capital of any type by the holding companies, or SPVs, or infrastructure projects and income of the InvIT as and when the same may become due and receivable;

(f). invest in securities or in units of mutual funds in accordance with the InvIT Regulations and other applicable law by the InvIT, the holding companies and the SPVs;

(g). invest in money market instruments including government securities, treasury bills, certificates of deposit and commercial papers in accordance with applicable law by the InvIT, the holding companies and the SPVs;

(h). to give, provide and agree to provide to any holding companies, or SPVs financial assistance in the form of investment in the debt securities or share capital of any class including ordinary, preference, participating, non-participating, voting, non-voting or other class, and in the form of investment in securities convertible into share capital; and

(i). to invest, acquire, purchase, hold, divest, sale, hypothecate, pledge or otherwise transfer movable property or immovable property of any kind including any rights and interest therein of the Project SPVs.

(iii). The Investment Manager along with the Trustee shall within a reasonable time from the date of execution hereof, appoint a Project Manager for the InvIT, by execution of the Project Implementation and Management Agreement.

(iv). The Investment Manager shall oversee activities of the Project Manager with respect to compliance with the

InvIT Regulations and the Project Implementation and Management Agreement and in terms of the InvIT Regulations and applicable law. The Investment Manager shall obtain a compliance certificate from the Project Manager in the form as may be specified by SEBI, on a quarterly basis or such other intervals as may be prescribed under applicable law.

(v). The Trustee hereby authorizes the Investment Manager to do all such other acts, deeds and things as may be incidental or necessary for the advancement or fulfilment of the investment objectives of the InvIT, as set out in the offer document.

(vi). The Investment Manager shall have the power to issue and allot Units in accordance with the InvIT Regulations and within such time period as may be prescribed under applicable law. The Investment Manager shall have the power to accept subscriptions to Units of the InvIT and issue and allot Units to Unitholders or such other Persons and undertake all related activities under applicable law. The Investment Manager shall also have the power to refund subscription money and pay necessary interest thereon, in accordance with applicable law. Further, the Investment Manager shall, subject to and only in accordance with the terms of the InvIT documents and applicable law, have the power to transfer the Units. The power of the Investment Manager is subject to the condition that, after the initial offer, no Person, other than the Sponsor, its related parties and associates (the "**Investor**") shall acquire or receive Units, which when taken together with Units held by the Investor and by persons acting in concert with the Investor exceeds 25% (twenty five percent) of the value of the outstanding Units unless prior approval of the Unitholders is obtained in accordance with the InvIT Regulations. In the event such approval is not received, the Investor shall provide an exit option to the dissenting Unitholders in terms of the InvIT Regulations and in the manner specified by SEBI.

(vii). The Investment Manager shall cause the depository to maintain a depository register.

(viii). The Investment Manager, in consultation with the Trustee shall make such reserves out of the income or capital as it may deem proper, and any directions of the Trustee in this behalf whether made in writing or implied from their acts shall, so far as the applicable law may permit, be conclusive and binding. Any distribution made from such reserves shall be in accordance with the InvIT Regulations.

(ix). The Investment Manager shall have the power to cause the InvIT to have the power to borrow funds including any subordinated equity, long term loans, short term loans, bonds or other loans or funds from any Person or authority (whether Government or otherwise, whether Indian or overseas) for the purpose of the InvIT on such terms and conditions and for such periods and subject to approval of the Unitholders in accordance with and as may be required in terms of the InvIT Regulations and applicable law. In the event the Units of the InvIT are unlisted, such power of the Investment Manager shall be subject to the provisions of the Trust Deed. The Investment Manager shall also have the power to cause the InvIT to create encumbrances of any kind on the InvIT Assets as collateral security for any such borrowings.

(x). The Investment Manager shall have the power to exercise all rights of the InvIT in the Project SPVs, including voting rights, rights to appoint directors, whether pursuant to securities held by it, or otherwise, in such manner as it deems to be in the best interest of the InvIT, and in accordance with the InvIT Regulations and applicable law. Additionally, if the InvIT has invested in infrastructure projects through the holding company or SPVs, then the Investment Manager, in consultation with the Trustee, shall appoint the majority of the directors of the holding company(ies) and/or the SPV(s), in accordance with the applicable law, as well as ensure that in every general meeting including the annual general meeting of any SPV or holding company, the voting of the InvIT is exercised, in accordance with the InvIT Regulations and applicable law.

(xi). The Investment Manager or the Management Team may use the services of external advisors and rely on the information provided in the due diligence process of assessing investment proposals as it deems necessary in its sole discretion.

(xii). The Investment Manager shall have the power to employ and pay at the expense of the InvIT, any agent in any jurisdiction whether attorneys, solicitors, brokers, banks, trust, companies or other agents, without being responsible for the default of any agent if employed in good faith to transact any business, including without limitation, the power to appoint agents to raise funds, or do any act required to be transacted or done in the execution of the responsibilities hereof including the receipt and payment of moneys and the execution of documents.

(xiii). The Investment Manager may appoint any custodian in order to provide such custodian services as may be authorised by the Trustee, and may permit any property comprised in the InvIT to be and remain deposited with a custodian or with any person or persons in India or in any other jurisdiction subject to such deposit as authorised by the Trustee and permissible under the applicable law.

(xiv). The Investment Manager, in consultation with the Trustee, shall appoint and have the power to appoint, determine the remuneration and enter into, execute, deliver and terminate all documents and agreements, any contracts, agreements, including share purchase agreement, deed of right of first offer and refusal, escrow agreements, debt documentation, underwriting agreements and other InvIT documents, any investment pooling agreement, agreement relating to strategic investments, co-investment agreements and other any and all documents and instruments containing customary terms including contractual indemnity with valuers, auditors, registrar and transfer agent, merchant banker, credit rating agency, or any other intermediary or service provider or agent including any amendments or supplements thereto as may be applicable with respect to the activities pertaining to the InvIT in a timely manner as per the provisions of the InvIT Regulations and applicable law. The Investment Manager shall appoint an auditor for a period of not more than five consecutive years or such period as provided in the InvIT Regulations. The Investment Manager shall have the power to determine the remuneration of the auditors in consultation with the Trustee. Provided that in the event the Investment Manager is required to take any approval of the Unitholders for approval of remuneration of the auditors or appointment of the auditors, the same shall be obtained in accordance with the requirements as set out in the InvIT Regulations. The Investment Manager shall also have the power to determine the remuneration of the valuer. The remuneration of the valuer shall not be linked to or based on the value of the InvIT Assets being valued.

(xv). In the event of any capital gains tax, income tax, stamp duty or other duties, fees or taxes (and any interest or penalty chargeable thereon) whatsoever becoming payable in any jurisdiction in respect of the InvIT or any part thereof or in respect of documents issued or executed in pursuance of the Investment Management Agreement and the Trust Deed in any circumstances whatsoever, the Investment Manager shall have the power and duty to pay all such duties, fees or taxes (and any interest or penalty chargeable thereon) as well as to create any reserves for future potential tax liability (and any such interest or penalty) out of the InvIT's income, in accordance with applicable law. For avoidance of doubt, it is clarified that pursuant to this clause no Unitholder will be required to make a contribution as a capital commitment to the InvIT (other than the issue price for Units allotted). The Investment Manager shall exercise due care and prudence in payment of duties and taxes of the InvIT and shall endeavour to ensure that there are no material outstanding dues in that behalf, except for any claim or demand made by any tax department or authority subsequently, or any amounts disputed in good faith.

(xvi). The Investment Manager shall have the power to pay InvIT Expenses out of the funds of the InvIT, or from any or all of the InvIT Assets on behalf of the InvIT and the Project SPVs, in such proportion as may be determined from time to time, and the Investment Manager shall be entitled to reimbursement of any such expenditure duly incurred, subject to as set out in the Investment Management Agreement.

(xvii). The Investment Manager shall have the power to take the opinion of legal / tax counsel in any jurisdiction concerning any difference arising under the Investment Management Agreement or any matter in any way relating to the Investment Management Agreement or to its duties in connection with the Investment Management Agreement.

(xviii). Subject to applicable law, the Investment Manager shall have the power to, on behalf of the InvIT, to:

(a). accept any property before the time at which it is transferable or payable;

(b). pay or allow any equity or claim on any evidence that it thinks sufficient;

(c). accept any security movable or immovable in lieu of any amounts payable to it;

(d). alter the dates for payment of any amounts payable to it; and

(e). subject to such approval as may be required from the Unitholders, compromise, compound, abandon, submit to arbitration or otherwise settle any equity account, claim or thing whatsoever relating to the InvIT or the Investment Management Agreement.

(xix). Subject to the conditions laid down in any offer document and applicable law, the Investment Manager may retain the invested capital portion of any proceeds received by the InvIT from any holding company or SPV, including through the sale of or any holding company or SPV.

(xx). The Investment Manager may make rules to give effect to, and carry out the investment objectives, subject to applicable law. In particular, and without prejudice to the generality of such power, the Investment Manager may provide for all or any of the following matters, namely:

(a). manner of maintaining of the records and particulars of Unitholders;

(b). norms of investment by the InvIT in accordance with the investment objectives of the InvIT and in accordance with the powers and authorities of the Trustee as set out in the Trust Deed;

(c). matters relating to entrustment, deposit or handing over of any securities or SPVs of the InvIT to any one or more custodians and the procedure relating to the holding thereof by the custodian;

(d). such other administrative, procedural or other matters relating to the administration or management of the affairs of the InvIT and which matters are not, by their very nature, required to be included or provided for in the Trust Deed or by the management thereof and which matters are not inconsistent with the investment objectives;

(e). procedure for seeking the vote of the Unitholders either by calling a meeting or through postal ballot or otherwise; and

(f). procedure for summoning and conducting of meetings of Unitholders.

(xxi). Subject to applicable law, no Unitholder shall be entitled to inspect or examine the InvIT's premises or properties without the prior permission of the Investment Manager. Further, no Unitholder shall be entitled to require discovery of any information with respect to any detail of the InvIT's activities or any matter which may be related to the conduct of the business of the InvIT and which information may, in the opinion of the Investment Manager, adversely affect the interest of other Unitholders.

(xxii). The Investment Manager (acting on behalf of the InvIT) may buyback the Units from the Unitholders at the end of the term of the InvIT or any other time or in any other manner in accordance with applicable law , if so directed by the Trustee.

(xxiii). The Investment Manager shall provide the Trustee with advice and recommendations regarding the extension of loans from the InvIT to the holding company or the SPVs and also subscription to debt securities or quasi-debt securities or any similar kind of securities issued by the holding company or SPVs to the InvIT or extension of loans from the InvIT in compliance with applicable law.

(xxiv). The Investment Manager shall also have the following powers and authorities:

(a). to institute, conduct, compromise, compound, or abandon any legal proceedings for or on behalf of or in the name of the InvIT, and to defend, compound or otherwise deal with any such proceedings against the InvIT or the Investment Manager or the officers of the Investment Manager or concerning the affairs of the InvIT, and also to compound and allow time for payment or satisfaction of any equity due and of any claims or demands by or against the InvIT and to refer any differences to arbitration and observe and perform any awards thereof;

(b). to make and give receipts, releases and other discharges for moneys payable to the InvIT and for the claims and demands of the InvIT;

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

(d). to ascertain, appropriate, declare and distribute or reinvest the surplus generally or under the InvIT, to determine and allocate income, profits and gains in respect of the InvIT to and amongst the Unitholders, to carry forward, reinvest or otherwise deal with any surplus and to transfer such sums, as it may deem fit, to one or more reserve funds which may be established by it;;

(e). to open one or more bank accounts and demat accounts for the purposes of the InvIT, to deposit and withdraw money, and fully operate and manage any such account fully;

(f). to sign, seal, execute, deliver and register according to applicable law all deeds, documents, and assurances in respect of the InvIT;

(g). to ascertain, assess and calculate the net distributable cash flows of the InvIT in accordance with the Trust Deed, the policy adopted by the InvIT, the InvIT Regulations and applicable law;

(h). pay out of the income of the InvIT, after deducting all expenses, the income and other distributions in accordance with the Trust Deed, InvIT Regulations and applicable law;

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

(j). generally to exercise all such powers as it may be required to exercise under the InvIT Regulations and applicable law for the time being in force and do all such matters and things as may promote the investment objectives of the InvIT or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Investment Management Agreement, applicable Law and the InvIT Regulations;

(k). in accordance with applicable law, together with the Trustee, initiate, prosecute or defend any action or other proceedings in any court of law or through arbitration or in any other manner for recovery of debts or sums of money, right, title or interest, property, claim, matter or thing whatsoever now or hereafter to become due or payable or in any way and belonging to the InvIT by any means or on any account whatsoever in respect of and pertaining to the investments made by it and the same actions or proceedings or suits to discontinue or settle, as it shall in its best judgment or discretion deem fit;

(l). to issue statement of accounts or Unit certificates (if requested) to the Unitholders on behalf of the Trustee in accordance with applicable law. To submit Units for dematerialisation and to make all applications and execute all documents with the depositories and depository participants as may be necessary in this regard;

(m). to set up such systems and procedures, and submit such reports, as may be required by the Trustee as necessary for effective monitoring of the functioning of the InvIT.

2. *Duties of the Investment Manager*

The Investment Manager shall perform its duties as required under the Investment Management Agreement in accordance with the InvIT Regulations, including but not limited to:

(i). The Investment Manager shall conduct all affairs of the InvIT in the interest of all the Unitholders. Further, it shall at all times maintain high standards of integrity and fairness in all its dealings and in the conduct of its business.

(ii). The Investment Manager shall coordinate with the Trustee, as may be necessary, with respect to the operations of the InvIT.

(iii). The Investment Manager shall appoint an eligible valuer and ensure that the valuation of the InvIT assets is done by the valuer(s) in accordance with the InvIT Regulations and at the frequency as required under the InvIT Regulations. The Investment Manager shall submit the valuation reports to the Trustee as required under the InvIT Regulations and within the timelines prescribed in the InvIT Regulations. In the event the InvIT is listed, the Investment Manager shall also submit the valuation reports to the stock exchange(s) in accordance with the InvIT Regulations and applicable law.

(iv). The Investment Manager shall arrange for adequate insurance coverage for the InvIT assets in accordance with the InvIT Regulations. The Investment Manager shall ensure that InvIT assets held by the Project SPVs are adequately insured in accordance with the InvIT Regulations.

(v). The Investment Manager shall maintain proper books of accounts, documents and records with respect to the InvIT, in the manner set out in the Trust Deed, to give a true, fair and accurate account of the investments, expenses, earnings, profits etc. of the InvIT. The financial year of the InvIT shall begin from the date of the Trust Deed and shall end on the immediately succeeding 31st of March and on the 31st of March in each succeeding year, unless otherwise determined. The Investment Manager shall ensure that audit of the accounts of the InvIT by the auditors is undertaken in accordance with the InvIT Regulations and other applicable law and such report is submitted to the stock exchange(s) within the time stipulated by the stock exchange(s), if any, and in accordance with the InvIT Regulations.

(vi). The Investment Manager shall declare distributions to Unitholders in accordance with the InvIT Regulations, the Trust Deed and in accordance with the policy adopted by the InvIT. Subject to applicable law, such percentage of the net distributable cash flows of the SPVs shall be distributed to the InvIT in terms of the InvIT Regulations, the Trust Deed and in accordance with the policy adopted by the InvIT. Such declared distributions shall be made within the time period prescribed by the InvIT Regulations, the Trust Deed and in accordance with the policy adopted by the InvIT.

(vii). The Investment Manager shall convene meetings of the Unitholders and maintain records pertaining to the meetings in accordance with the InvIT Regulations. The Investment Manager acknowledges that matters brought to vote at a meeting of the Unitholders shall require approval of such percentage of Unitholders, present and voting, in accordance with the InvIT Regulations.

(viii). The Investment Manager shall intimate the Trustee prior to any change in control of the Investment Manager to enable the Trustee to seek prior approval from the Unitholders as required in accordance with the InvIT Regulations, and prior approval from SEBI, if required under applicable law, and shall ensure that no such change is given effect to until such prior approval has been obtained, or the Investment Management Agreement is terminated and a new investment manager has been appointed in accordance with the terms hereof, or in compliance with any other requirement under the InvIT Regulations and applicable law.

(ix). The Investment Manager will monitor the InvIT, including monitoring current and projected financial position of the InvIT and the Project SPVs. The Investment Manager shall place before its board of directors, a report on the activity and performance of the InvIT in accordance with the InvIT Regulations. The Investment Manager shall designate an employee from the team or a director as the compliance officer for monitoring of compliance with the InvIT Regulations and any circulars or guidelines issued thereunder and intimating SEBI in case of any non-compliance.

(x). The Investment Manager shall maintain records pertaining to the activity of the InvIT in terms of the InvIT Regulations.

(xi). The Investment Manager shall adopt, as applicable, and shall ensure that, the InvIT, the Project Manager, the holding companies and the SPVs adopt policies, including corporate governance policies, policies in relation to acquisition of assets from the Sponsor and third parties, policies in relation to the net distributable cash flows, policies in relation to anti-bribery and anti-corruption, policies in relation to environment, safety and health, policies anti-money laundering and any other policies, in relation to their activities related to the InvIT as may be required and applicable, prior to filing of the relevant offer document for the initial offer. The terms, such as, manner or requirement of Unitholders' approval for each of these policies, applicability, amendment and termination, of the respective policies shall be set out in each of the policies.

(xii). The Investment Manager shall manage the InvIT in accordance with the InvIT Regulations and the investment objectives of the InvIT, and shall ensure that the investments made by the InvIT are in accordance with the investment conditions enumerated in the InvIT Regulations, applicable law and in accordance with the investment objectives.

(xiii). The Investment Manager shall review the transactions carried out between the Project Manager and its associates and where the Project Manager has advised that there may be a conflict of interest, shall obtain confirmation from a practising chartered accountant or a valuer, as applicable, that such transaction is on an arm's length basis.

(xiv). The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of the InvIT.

(xv). The Investment Manager shall submit to the Trustee:

(a). quarterly reports on the activities of the InvIT including receipts for all funds received by it and for all payments made, status of compliance with the InvIT Regulations, specifically Regulations 18, 19 and 20 of the InvIT Regulations, performance report, status of development of under-construction projects, within the time period specified under the InvIT Regulations;

(b). valuation reports as required under the InvIT Regulations within the time period specified under the InvIT Regulations;

(c). proposal or decision to acquire, sell or develop, or bid for any asset or project or expand existing completed assets or projects along with rationale for the same;

(d). details of any action which requires approval from the Unitholders as may be stipulated under the InvIT Regulations;

(e). details of transactions it enters into with its associates;

(f). details of any other material fact including change in its directors, change in its shareholding, any legal proceedings that may have a significant bearing on the activity of the InvIT, within such period as

stipulated under applicable law;

(g). such information, document and records as pertaining to the activities of the InvIT as may be required under the InvIT Regulations and as may be reasonably necessary for the Trustee with respect to its responsibilities under the Trust Deed, the InvIT Regulations and applicable law; and

(h). such other information, document and records as pertaining to its activities, obligations, duties and responsibilities under the Investment Management Agreement, the InvIT Regulations and applicable law, as may be reasonably necessary for, and sought by, the Trustee.

In the event of failure of the Investment Manager to submit information or reports as specified above in a timely manner and in terms of the InvIT Regulations, the Trustee shall intimate SEBI.

(xvi). The Investment Manager shall submit to the Unitholders such information, document and records as pertaining to the activities of the InvIT or having bearing on the operation or performance of the InvIT as may be required under the InvIT Regulations.

(xvii). The Investment Manager shall be responsible for all activities pertaining to the offer, issue and listing of the Units of the InvIT, as applicable, in accordance with applicable law, including:

(a). filing of Offer Document with SEBI;

(b). filing the offer document the stock exchange(s), in the event the InvIT is listed or proposes to be listed, within the prescribed time period;

(c). dealing with all matters up to the allotment of Units to the Unitholders;

(d). obtaining in-principle approval and final listing and trading approvals from the designated stock exchange, in the event the InvIT is listed or proposes to be listed; and

(e). dealing with all matters relating to the issue and listing of the Units as specified under Chapter IV of the InvIT Regulations and all matters relating to the offer and issue of Units under Chapter VIA of the InvIT Regulations and any guidelines as may be issued by SEBI in this regard, as applicable. In the event the InvIT is listed, the InvIT shall also comply with the minimum public holding for the Units and minimum number of Unitholders as prescribed under the InvIT Regulations.

(xviii). The Investment Manager shall also ensure that all relevant provisions of the InvIT Regulations and applicable law have been complied with and all statements and disclosures made in any offer document are material, true, correct, not misleading and are adequate disclosures in order to enable the investors to make an informed decision and are in accordance with the InvIT Regulations and applicable law, and such offer document should not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(xix). In the event the InvIT is listed and in case of occurrence of any event specified in Regulations 17(1)(a) to 17(1)(g) of the InvIT Regulations, the Investment Manager shall apply for delisting of units of the InvIT to SEBI and the designated stock exchange in accordance with the InvIT Regulations and applicable law.

(xx). The Investment Manager shall within the time period prescribed under the InvIT Regulations, submit an annual report of the InvIT to all the Unitholders electronically or provide physical copies, and to the designated stock exchange.

(xxi). In the event the InvIT is listed, the Investment Manager shall, in accordance with the requirements of the InvIT Regulations and other applicable law, including any requirements prescribed by SEBI or the stock exchange(s) from time to time, disclose half-yearly reports within the time period prescribed under the InvIT Regulations to the stock exchange(s) and provide any information having bearing on the operation or performance of the InvIT, as well as price sensitive information and other information that is required in terms of the InvIT Regulations and applicable law

(xxii). Without prejudice to any other provision of the Investment Management Agreement, the Investment Manager will also have the following duties and obligations:

(a). ensure that computation and declaration of net asset value of the InvIT is based on the valuation done by the valuer in accordance with the InvIT Regulations and applicable law and is disclosed to the stock exchanges in accordance with the InvIT Regulations and applicable law, if applicable;

(b). maintain regular interaction with the Trustee regarding performance of the InvIT and providing the Trustee with any information in relation to the operations of the InvIT as maybe required under applicable law;

(c). conducting its affairs and the affairs of the InvIT in such a manner that no Unitholder will have any personal liability (except to the extent of their Unitholding, where such Unit is partly paid) with respect to any liability or obligation of the InvIT;

(d). keeping the Unitholders of the InvIT informed and updated on investment activities of the Anzen Trust in accordance with the terms of the InvIT documents;

(e). collecting all dividends, fees, property and other payments due and receivable by the InvIT declaring distribution to the Unitholders in the manner set out in the Trust Deed and in terms of the InvIT Regulations and applicable law;

(f). to ensure that no commission or rebate or any other remuneration, arising out of transactions pertaining to the InvIT is collected by it or its associates, other than as specified in the offer document or any other document as may be specified by SEBI for the purpose of the issue of the Units of the InvIT;

(g). to ensure that the Project SPVs, have proper legal titles, to the extent applicable, and that all the material contracts entered into on behalf of the InvIT or the Project SPVs are legal, valid, binding and enforceable by and on behalf of the InvIT and the Project SPVs;

(h). to ensure that the activities of the intermediaries or agents or service providers appointed by it are in accordance with the InvIT Regulations or any guidelines or circulars issued thereunder;

(i). to ensure that any possible conflict of interest involving its role as Investment Manager is reported to the Trustee;

(j). to ensure that disclosures or reporting to Unitholders, SEBI, the Trustee and the designated stock exchange(s) are in accordance with the InvIT Regulations and applicable law;

(k). provide SEBI, the designated stock exchange and Trustee, where applicable, such information as may be sought by SEBI or by the designated stock exchange or Trustee pertaining to the activity of the InvIT;

(l). to inform the Trustee in writing about any change in the representations and warranties provided under the Investment Management Agreement; and

(m). taking any other actions reasonably incidental to any of the foregoing, or necessary or convenient in order to fully effect or evidence any action or transaction contemplated under the Investment Management Agreement.

(xxiii). The Investment Manager shall provide to the Trustee such assistance as may be required by the Trustee in fulfilling its obligation towards the InvIT under applicable law or as may be required by any regulatory authority with respect to the InvIT.

3. *Liabilities of the Investment Manager*

The liabilities of the Investment Manager in terms of the Investment Management Agreement are as follows:

(i). The Investment Manager shall not be liable in respect of any action taken or damage suffered by it on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or, without being limited in any way by the foregoing, other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities.

(ii). The Investment Manager shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request, announcement or similar action, whether of binding legal effect or not, which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (legally or otherwise) it shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Investment Management Agreement, the Investment Manager shall not

be under any liability. However, it shall duly inform the Trustee and the Unitholders of the same.

(iii). If the Investment Manager is required or reasonably believes that it is required, by the InvIT Regulations or any other applicable law to provide information regarding the InvIT or the Unitholders, the InvIT investments and income therefrom and provisions of these presents and complies with such request in good faith, whether or not it was in fact enforceable, the Investment Manager shall not be liable to the Unitholder or any of them or to any other party as a result of such compliance or in connection with such compliance.

(iv). The Investment Manager shall not incur any liability for any act or omission which may result in a loss to a Unitholder by reason of any depletion in the value of the InvIT Assets or otherwise, except in the event that such loss is a result of fraud or gross negligence or wilful default on the part of the Investment Manager, as determined by a court of competent jurisdiction.

(v). If the distributions, after being declared, are not made within the period prescribed in the InvIT Regulations, the Investment Manager shall be liable to pay interest to the Unitholders at the rate as may be prescribed in the InvIT Regulations until the distribution is made, and such interest shall not be recovered in the form of fees or any other form payable to the Investment Manager by the InvIT.

(vi). The Investment Manager shall not be liable to any Unitholder for the authenticity of any signature or of any seal affixed to any endorsement or other document affecting the title to or the transmission of Units or interests in the InvIT or of any investments of the InvIT or be in any way liable for any forged or unauthorized signature or seal affixed to such endorsement, transfer or other document, or for acting upon or giving effect to any such forged or unauthorized signature or seal. The Investment Manager shall be bound to require that the signature of any Unitholder to any document required to be signed by such Unitholder, under or in connection with these presents shall be verified to its reasonable satisfaction.

(vii). The Investment Manager shall continue to be liable for all of its acts of omission and commission with respect to the activities of the InvIT, notwithstanding surrender of registration of the InvIT to SEBI.

4. *Indemnification*

(i). In addition to the fees, distributions and expense reimbursements herein described, the Trustee (on behalf of the InvIT) shall, from the InvIT assets, indemnify and hold harmless the Investment Manager and its respective officers, directors, shareholders, partners, members, employees, advisors and agents ("**Indemnified Parties**") from and against any claims, losses, costs, damages, liabilities, suits, proceedings, tax and expenses, including legal fees ("**Losses**") suffered or incurred by them by reason of their activities on behalf of the InvIT, unless such Losses have resulted from fraud, gross negligence, wilful default or wilful misconduct or breach of any obligation or duties under applicable law by the relevant Indemnified Party, as finally determined by a court of competent jurisdiction.

(ii). The Trustee, its directors, employees and officers ("**Trustee Party**") shall be indemnified by the Investment Manager against any and all direct and actual losses, actions, claims, suits, proceedings, damages, liabilities, costs and expenses including legal fees, incurred or suffered by the Trustee Party in connection with the breach of any of the terms of the Investment Management Agreement by the Investment Manager, or failure in furnishing information required by SEBI or any regulatory authority with respect to the InvIT, or furnishing incorrect information by the Investment Manager under the InvIT Regulations or related to InvIT including in any offer document, if arising out of gross negligence, wilful default or misconduct or fraud on part of the Investment Manager, in carrying out its obligations under the Investment Management Agreement, Trust Deed, the other InvIT Documents, any information memorandum, offer document and applicable law, as finally determined by a court of competent jurisdiction.

(iii). The Trustee acknowledges and agrees that the aggregate maximum liability of the Investment Manager in each financial year with regard to this indemnity clause, shall be limited to the aggregate fees paid to the Investment Manager for the immediately preceding one financial year, in accordance with the terms of the Investment Management Agreement, provided that such aggregate maximum liability shall not be applicable in the event such liability of the Investment Manager to indemnify the Trustee Party for losses or damages suffered arises out of any gross negligence, wilful default or misconduct or fraud of the Investment Manager, as determined by a final non-appealable order of a court of competent jurisdiction.

5. *Termination*

(i). Subject to the other provisions of the Investment Management Agreement, including this Clause, the Agreement shall continue during the term of the InvIT and shall terminate upon dissolution of the InvIT.

(ii). The Investment Management Agreement shall be effective from the date of execution of the Investment Management Agreement and shall terminate in accordance with the terms of the Investment Management Agreement.

(iii). The appointment of the Investment Manager may be terminated by the Trustee in accordance with the procedure specified under the InvIT Regulations.

(iv). The Unitholders, other than any party related to the transactions and its associates holding not less than such percentage by value as specified under the InvIT Regulations, may apply in writing to the Trustee for removal of the Investment Manager.

(v). Subject to the approval of Unitholders (if required) and compliance with other requirements under applicable law, the Investment Management Agreement may be terminated:

(a). by the Investment Manager by delivery of a written notice of 60 (sixty) business days to the Trustee, subject to appointment of new Investment Manager in accordance with the Investment Management Agreement and the InvIT Regulations; or

(b). by the Trustee by delivery of a written notice to the Investment Manager at any time, upon breach of any of the terms, covenants, conditions or provisions of the Investment Management Agreement by the Investment Manager and a failure of the Investment Manager to cure the said breach within a period that is earlier of: (a) the period stipulated under applicable law, or (b) 90 (ninety) business days; or such other period as may be mutually agreed to cure such breach; or

(c). by any Party by delivery of a written notice to the other Party upon the bankruptcy of such other Party, or if winding up or liquidation proceedings are commenced against such other Party, and such proceedings persist for a period of more than three months.

(vi). After prior approval from the Unitholders and SEBI (in the event the InvIT is listed) in accordance with the InvIT Regulations, for the change in the Investment Manager due to removal or otherwise, the Trustee shall appoint a new investment manager and execute a new investment management agreement within three months from the termination of the previous investment management agreement in accordance with applicable law, and the terms of such appointment and agreement shall not be on more favourable terms and conditions. The Trustee shall also ensure that the new investment manager stands substituted as a party in all documents to which the Investment Manager was a party, in relation to the InvIT in its capacity as the Investment Manager. The Investment Manager shall remain in office until the appointment of a new investment manager. The Investment Manager shall continue to be liable for all of its acts, omissions and commissions during its tenure as Investment Manager, notwithstanding the termination.

(vii). Upon removal or replacement of the Investment Manager in accordance with the InvIT Regulations, the Investment Manager shall, within a period of 60 (sixty) business days, transfer custody of the InvIT to the Trustee and give the Trustee all books of accounts, correspondence, documents and records relating to the InvIT which the Investment Manager has in its possession. In the event of removal or resignation of the Investment Manager, the Investment Manager shall be entitled to receive management fees only up to the date of effectiveness of such removal or resignation.

Notwithstanding anything contained hereinabove, (i) in the event that the offer of Units does not occur within the time period stipulated in the InvIT Regulations or such other date as may be mutually agreed to between the Investment Manager and the Trustee, or (ii) in the event of cancellation of registration of the InvIT by SEBI, or (iii) winding up of the InvIT, then the Investment Management Agreement shall automatically terminate without any liability on any party.

D. The Project Manager – Sekura Energy Private Limited

History and Certain Corporate Matters

Sekura Energy Private Limited is the Sponsor and Project Manager of the Anzen Trust. For details in relation to the corporate history of the Sponsor and Project Manager, please see the section entitled "*Parties to the Anzen Trust – The Sponsor – Sekura Energy Private Limited*" on page 96.

Background of the Project Manager

The Sponsor is an infrastructure company in India that carries out investments in power transmission companies and renewable energy companies operating in the private sector. In accordance with the eligibility criteria specified under

InvIT Regulations, the Sponsor is relying on the experience of its subsidiary i.e. Solaire Surya Urja Private Limited ("**SSUPL**"). For further details in relation to the background of the Sponsor and Project Manager, please see the section entitled "*Parties to the Anzen Trust – The Sponsor – Sekura Energy Private Limited*" on page 96.

Neither the Project Manager nor any of the promoters or directors of the Project Manager (i) is debarred from accessing the securities market by SEBI; (ii) 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 an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; or (iii) is in the list of wilful defaulters published by the RBI.

Key terms of the Project Implementation and Management Agreement

The Project Manager has entered into the Project Implementation and Management Agreement, in terms of the InvIT Regulations, the key terms of which, are provided below.

1. *Scope of Services*

The Project Manager shall undertake the operation, maintenance and management of the InvIT Assets, either directly or through the appointment and supervision of appropriate agents, as per the terms and conditions of the DMTCL TSA and the NRSS TSA (collectively, the "**Project Agreements**") and applicable law. The scope of services shall include, amongst other things:

(i). supervision of the engineering, procurement and construction works in relation to the InvIT Assets, if any, as may be required, including completion of all outstanding capital works in respect of the InvIT Assets, to the extent applicable, and in procuring the relevant approvals and certificates in relation to such constructions, where applicable;

(ii). oversight, supervision and advice over the operations and maintenance for the InvIT Assets as stipulated under the Project Agreements ("**O&M Works**"), which shall include performance optimization through central monitoring, procurement, invoicing and all commercial matters and supervising any O&M Works undertaken by the Initial Portfolio Assets and the agents as per as local site conditions and site requirements;

(iii). undertake routine and preventive maintenance of the InvIT Assets on a scheduled basis to ensure the continued safety and integrity of assets and to compile condition information for subsequent analysis and planning. Preventive maintenance comprises the following activities:

a. visual inspections, line patrols and testing to confirm the safety and integrity of assets and identify follow up work;

b. activities performed to monitor asset condition and provide systematic input to asset health analysis;

c. routine tasks performed on the asset to ensure condition is maintained at an acceptable level, including access track maintenance; and

d. vegetation management to reduce tripping on account of growth of trees along the right of way;

(iv). represent the Project SPVs in respect of commercial correspondence and the InvIT Assets and ordinary management towards Agents;

(v). coordination and undertaking of any and all activities required to be performed by the Initial Portfolio Assets pursuant to the Project Agreements or pursuant to any communication from the relevant authorities or any other Governmental Authorities;

(vi). promptly reporting to the Trustee and the Investment Manager, any deficiency, non-compliance or failure in fulfilling its obligations. The Project Manager, either by itself or by way of supervision of agents shall undertake all steps to remedy such deficiency.

(vii). providing assistance wherever sought by the Project SPVs or considered expedient by the Project Manager, in relation to the following:

a. liasioning with Governmental Authorities in connection with the InvIT Assets;

b. sending appropriate responses to notices from the Governmental Authorities and coordinating with them to obtain appropriate approvals, if any, for the InvIT Assets;

c. supporting the Project SPVs in resolving any new right-of-way or local issues in order to enable unhindered operations; and

d. submitting appropriate reports on interactions with Governmental Authorities in relation to the InvIT Assets;

(viii). undertaking corrective maintenance to restore an asset to service, make it safe or secure, prevent imminent failure or address defects.

(ix). undertaking emergency maintenance to restore an asset to service in case of disruption at the shortest possible time.

(x). provide business support services for certain activities to be undertaken by the Project SPVs.

(xi). with the objective of maximizing value for shareholders and as a prudent utility / operator, tracking the technical performance of the InvIT Assets closely through remote monitoring by deploying suitable technical and technological solutions and support the Project SPVs in optimizing project performance in terms of energy produced, availability, etc.; and

(xii). reviewing reports shared by the Agents on the project performance, performance ratio, availability, and other contractor related key performance indicators.

2. *Duties of the Project Manager*

The functions, duties and responsibilities of the Project Manager in terms of the Project Implementation and Management Agreement and the InvIT Regulations are, amongst others, as follows:

(i). The Project Manager shall, either directly or through the appointment and supervision of Agents, provide services in relation to the InvIT Assets as may be necessary for the discharge of its duties under the terms of the Project Implementation and Management Agreement and under the InvIT Regulations.

(ii). The Project Manager shall, either directly or through agents, oversee the progress of development, approval status and other aspects of the InvIT Assets that may be under development or, of any new projects, until its completion in accordance with any agreement that may be entered into in this regard, including the supervision of agents appointed for such purpose.

(iii). The Project Manager shall, either directly or through agents, discharge all obligations in respect of the maintenance, operation and management of the infrastructure projects which have achieved the commercial operations date in terms of the respective Project Agreements in terms of the Project Implementation and Management Agreement and the InvIT Regulations.

(iv). The Trustee and the Investment Manager will oversee the activities undertaken by the Project Manager in accordance with the InvIT Regulations. The Project Manager shall provide compliance certificate(s), as may be specified, to the Investment Manager and the Trustee in accordance with the InvIT Regulations, in the form prescribed by SEBI, if any.

(v). The Project Manager shall at all times ensure that the transactions or arrangements entered into by the Project Manager with a related party are on an arm's-length basis and shall provide the Investment Manager details of transactions carried out between itself and its associates and disclose any conflict of interest in such cases to the Investment Manager, in accordance with the InvIT Regulations.

(vi). The Project Manager shall intimate the Trustee prior to any change in control of the Project Manager to enable the Trustee to seek approval requisite approval from regulatory, statutory, legal or government authorities, lenders and any contractual counter parties in accordance with any documents pertaining to the InvIT Assets, if applicable.

(vii). The Project Manager shall, either by itself or though its agents, provide to the Trustee and Investment Manager or to such other person as the Trustee and/or the Investment Manager may direct, all information that may be necessary for each of them to maintain the records of the Anzen Trust and as may be required for making submissions to SEBI or other Governmental authority, including with respect to relevant approvals, consents and other documents required in relation to the InvIT Assets and the reporting requirements under the InvIT

Regulations, in a proper and timely manner, and in the format prescribed (if any), as required by the Trustee and /or Investment Manager.

(viii). The Project Manager shall, either by itself or though its agents provide reasonable assistance to the Initial Portfolio Assets to apply for, obtain and maintain all necessary approvals (and renewals of the same) that each of the Project SPVs is required to obtain from or file relevant applications for approvals with any Governmental Authority in connection with InvIT Assets or as may be required under any third party agreement entered into by the Initial Portfolio Assets.

(ix). The Project Manager shall appoint one of its qualified employees reasonably acceptable to the Investment Manager and the each of the Initial Portfolio Assets with adequate and appropriate experience as a principal contact for the board of directors of each Initial Portfolio Asset, the Trustee and the Investment Manager in relation to the project and the services. The Project Manager shall have full authority, to receive directions and instructions from each Initial Portfolio Asset and to take action in relation to and ensure compliance with such directions and instructions and report back to each Initial Portfolio Asset, Trustee and the Investment Manager.

(x). The Project Manager shall promptly inform the parties to the Project Implementation and Management Agreement in writing of any act, occurrence or event, which the Project Manager believes is reasonably likely to increase the cost of or the time for implementation taken in relation to a project, or materially to change the financial viability, quality or function of any InvIT Asset.

(xi). If any defects are found in the maintenance, materials and workmanship of the services provided under the Project Implementation and Management Agreement by the Project Manager and/or by the agents, the Project Manager shall promptly, in consultation and agreement with the other parties to the Project Implementation and Management Agreement regarding appropriate remedying of the defects including through its Agents, repair, replace or otherwise make good such defects..

(xii). The Project Manager shall be liable to the other parties to the Project Implementation and Management Agreement for any direct loss or damage attributable to the non-performance or breach of the obligations of the Project Manager including those of the agents, under the Project Implementation and Management Agreement. The Trustee and the Investment Manager acknowledge and agree that the aggregate maximum liability of the Project Manager shall be limited to the fee payable to the Project Manager in accordance with the terms of the Project Implementation and Management Agreement.

(xiii). The duties of Project Manager shall also include the following:

(a) supervision of revenue streams from the InvIT Assets and providing the necessary certification as may be required under the Applicable Law and the InvIT Regulations;

(b) execution and completion of activities in relation to the InvIT Assets under development or to be developed in accordance with and in the manner contemplated in any agreement entered into by the relevant Initial Portfolio Asset in this regard;

(c) exercising diligence and vigilance in carrying out its duties and protecting the InvIT Assets;

(d) keeping the Investment Manager informed on all matters which have a material bearing on the operations of the InvIT Assets;

(e) liaising with governmental authorities in respect of its obligations under the Project Implementation and Management Agreement;

(f) taking appropriate measures to mitigate the risks which may be encountered by the Anzen Trust in respect of the InvIT Assets;

(g) keeping proper records for actions taken in respect of the InvIT Assets; and

(h) complying with the instructions of the Investment Manager and the Trustee and the provisions of the InvIT Regulations.

(xiv). The parties to the Project Implementation and Management Agreement may, from time to time, agree to provisions for additional services to be rendered by the Project Manager. If, in the assessment of the Project Manager, additional services are required for the purposes of carrying out its duties and obligations under the

Project Implementation and Management Agreement and applicable law, the Project Manager shall notify the parties to the Project Implementation and Management Agreement in writing of such requirement and obtain prior written approval of the parties in this regard.

(xv). In case of any inconsistency or discrepancy between the Project Implementation and Management Agreement and the Project Agreements, the Project Manager shall bring the same into the notice of the Trustee and the Investment Manager and take all such actions necessary to resolve the inconsistency.

(xvi). Notwithstanding anything to the contrary contained in the Project Implementation and Management Agreement, nothing contained in the Project Implementation and Management Agreement shall be construed to limit or restrict the performance of any duties or obligations of the Project Manager, Investment Manager or the Trustee contained in the InvIT Regulations and other applicable law.

(xvii). During the term of the Project Implementation and Management Agreement, in the event the representations provided by the Project Manager, becomes untrue or incorrect or incomplete in any respect, the Project Manager shall, within a reasonable time, inform the Trustee and Investment Manager of such event.

3. *Indemnity*

The Trustee, the Investment Manager and their respective directors, employees, officers and the InvIT ("**Indemnified Parties**") shall be indemnified by the Project Manager against any claims, losses, costs, damages, liabilities and expenses, including legal fees from and incurred or suffered by the Indemnified Parties in connection with the breach of any of the terms of the Project Implementation and Management Agreement by the Project Manager, or failure in furnishing information required by SEBI or any regulatory authority with respect to the Anzen Trust, or furnishing wrong information by the Project Manager under the InvIT Regulations or related to the Anzen Trust including in any offer documents, or arising out of gross negligence, willful default or fraud on part of the Project Manager, in carrying out its obligations under the Project Implementation and Management Agreement, the other documents in relation to the Anzen Trust as specified under the Project Implementation and Management Agreement, information memorandum / offer documents and applicable law. The Trustee and the Investment Manager acknowledge and agree that the aggregate maximum liability of the Project Manager in each financial year shall be limited to the fees payable to the Project Manager in such financial year in accordance with the terms of the Project Implementation and Management Agreement.

4. *Termination*

(i). The Project Implementation and Management Agreement shall remain valid and effective, unless terminated by the parties in accordance with the provisions hereto or extended by mutual consent expressed in writing by the parties, for the period that the Project Agreements are in force ("**Validity Period**").

(ii). Prior to the expiry of its Validity Period, it may be terminated:

(i) by the Investment Manager after consultation with the Trustee by delivery of a written notice to the Project Manager at any time, upon breach of any of the terms, covenants, conditions or provisions of the Project Implementation and Management Agreement by the Project Manager and a failure of the Project Manager to remedy the said breach within a period of 120 days or such other period as may be mutually agreed to cure such breach; or

(j) by any party by delivery of a written notice to the other party upon the bankruptcy of such other party or if winding up or liquidation proceedings whether voluntary or involuntary are commenced or admitted against such other party (and such proceedings persist for a period of more than three months).

(iii). Notwithstanding anything contained hereinabove, the Trustee shall appoint a new project manager and execute a new project implementation and management agreement within three months from the termination of the earlier project implementation and management agreement in accordance with applicable law. The Trustee and Investment Manager shall also ensure that the new project manager stands substituted as a party in all documents to which the Project Manager was a party. The Project Manager shall remain in office until the appointment of a new project manager. The Project Manager shall continue to be liable for all its acts and omissions and commissions notwithstanding its termination.

(iv). The termination of the Project Implementation and Management Agreement shall not affect the rights and obligations of the Parties accrued prior to such termination.

(v). In case of early termination prior to the expiry of the Validity Period, the Project Manager shall be entitled to

and the Trustee shall be liable to pay to the Project Manager the fee accrued up to the date of termination. The Fee shall be paid to the Project Manager within a period of 7 Business Days from the date of receipt of demand in this regard from the Project Manager failing which the Fee, or any part thereof, which remains outstanding shall attract interest at the rate of 12%.

(vi). In case of termination under Clause 10.2 (iii) of the Project Implementation and Management Agreement, the fee accrued and outstanding up to the date of termination shall be treated as dues and the Project Manager shall be treated as a creditor for such amounts.

Notwithstanding anything contained hereinabove, (i) in the event that the offer of the Units does not occur within the time period stipulated in the InvIT Regulations or such other date as may be mutually agreed to between the parties, or (ii) in the event of cancellation of registration of the Anzen Trust by SEBI, or (iii) winding up of the Anzen Trust, then the Project Implementation and Management Agreement shall automatically terminate without any liability to any party.

OTHER PARTIES INVOLVED IN THE ANZEN TRUST

The Auditors

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, has appointed M/s. S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) with effect from July 13, 2022, as the auditors of the Anzen Trust, subject to approval of the Unitholders each year. The Auditors have audited the Audited Special Purpose Combined Financial Statements and have examined the Projections of Revenue from Operations and Cash Flow from Operating Activities, and their report in relation to such Audited Special Purpose Combined Financial Statements dated July 22, 2022 and Projections of Revenue from Operations and Cash Flow from Operating Activities dated July 22, 2022 have been included in this Draft Placement Memorandum.

Functions, Duties and Responsibilities of the Auditors

The functions, duties and responsibilities of the Auditors will be in accordance with the InvIT Regulations. Presently, in terms of the InvIT Regulations, the Auditors is required to comply with the following conditions at all times:

1. the Auditors shall conduct audit of the accounts of the Anzen Trust and draft the audit report based on the accounts examined after taking into account the relevant accounting and auditing standards, as may be specified by SEBI;

2. the Auditors shall, to the best of its information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of the Anzen Trust, including profit or loss and cash flow for the period and such other matters as may be specified;

3. the Auditors shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Anzen Trust; and

4. the Auditors shall have a right to require such information and explanation pertaining to activities of the Anzen Trust as he may consider necessary for the performance of its duties as auditors from the employees of the Anzen Trust or Parties to the Anzen Trust or the Initial Portfolio Assets or any other person in possession of such information.

The Valuer

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, has appointed S Sundararaman, bearing registration no. IBBI/RV/06/2018/10238 with effect from July 11, 2022, as the valuer of the Anzen Trust. In accordance with the InvIT Regulations, the Valuer has undertaken a full valuation of the Initial Portfolio Assets, and their report dated July 14, 2022 in relation to such valuation as on March 31, 2022, has been included in this Draft Placement Memorandum.

Functions of the Valuer

The functions, duties and responsibilities of the Valuer will be in accordance with the InvIT Regulations. Presently, in terms of the InvIT Regulations, the Valuer is required to comply with the following conditions at all times:

1. the Valuer shall ensure that the valuation of the InvIT Assets is impartial, true and fair and is in accordance with Regulation 21 of the InvIT Regulations;

2. the Valuer shall ensure that adequate and robust internal controls to ensure the integrity of its valuation reports;

3. the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;

4. the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;

5. the Valuer and any of its employees involved in valuing of the assets of the Anzen Trust, shall not, (i) invest in Units or in the assets being valued; and (ii) sell the assets or Units held prior to being appointed as the valuer, until the time the Valuer is designated as the valuer of the Anzen Trust and not less than six months after ceasing to be valuer of the Anzen Trust;

6. the Valuer shall conduct valuation of the Anzen Trust's assets with transparency and fairness and shall render, at all

times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;

7. the Valuer shall act with independence, objectivity and impartiality in performing the valuation;

8. the Valuer shall discharge its duties towards the Anzen Trust in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;

9. the Valuer shall not accept remuneration, in any form, for performing a valuation of the Anzen Trust's assets from any person other than the Anzen Trust or its authorized representative;

10. the Valuer shall before accepting any assignment from any related party of the Anzen Trust, disclose to the Anzen Trust any direct or indirect consideration which the valuer may have in respect of such assignment;

11. the Valuer shall disclose to the Anzen Trust any pending business transactions, contracts under negotiation and other arrangements with the investment manager or any other party whom the Anzen Trust is contracting with and any other factors that may interfere with the Valuer's ability to give an independent and professional valuation of the assets;

12. the Valuer shall not make false, misleading or exaggerated claims in order to secure assignments;

13. the Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;

14. the Valuer shall not accept an assignment which interferes with its ability to do fair valuation; and

15. the Valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation.

Policy on Appointment of Auditor and Valuer ("Appointment Policy")

The Investment Manager has adopted a policy on the appointment of auditor and valuer of the Anzen Trust, pursuant to its resolution dated July 8, 2022. The key terms of the Appointment Policy are set out below:

Appointment and role of the auditor of the Anzen Trust

(i). The Investment Manager, in consultation with the Trustee, shall appoint the auditor of Anzen Trust, in a timely manner and in accordance with the InvIT Regulations.

(ii). The Investment Manager shall ensure that the appointment of the auditor and the fees payable to the auditor is approved by the Unitholders, in accordance with the InvIT Regulations.

(iii). The Investment Manager shall appoint an auditor for a period of not more than five consecutive years; provided that the auditor, not being an individual, may be reappointed for a period of another five consecutive years, subject to approval of Unitholders in the annual meeting in accordance with the InvIT Regulations.

(iv). In terms of the policy, the auditor shall comply with the following conditions at all times:

(a). the accounts of the Anzen Trust shall be subjected to audit by the Auditors and shall be accompanied by a report of the Auditors in such manner and at such intervals as may be prescribed under applicable law, including the InvIT Regulations;

(b). the auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of Anzen Trust, including profit or loss and cash flow for the period and such other matters as may be specified by SEBI;

(c). the auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of Anzen Trust; and

(d). the auditor shall have a right to require such information and explanation pertaining to activities of Anzen Trust as he may consider necessary for the performance of his duties as auditor from the employees of Anzen Trust or parties to Anzen Trust or the special purpose vehicle(s) or any other person in possession of such information.

Appointment and role of valuer of the Anzen Trust

(i). The Investment Manager, in consultation with Trustee, shall appoint the Valuer of Anzen Trust, to undertake valuation of the assets of Anzen Trust in accordance with the InvIT Regulations. A 'valuer' shall have the meaning set forth in the InvIT Regulations.

(ii). The remuneration of the valuer shall not be linked to or based on the value of the assets being valued.

(iii). The valuer shall not be an associate of the Sponsor or the Investment Manager or Trustee.

(iv). The Valuer shall be eligible to act as a valuer in accordance with the InvIT Regulations or any clarifications, guidelines, notifications or exemptions issued by SEBI.

(v). A valuer shall not undertake valuation of the same project for more than four years consecutively, provided that the valuer may be reappointed after a period of not less than two years from the date it ceases to be the valuer of Anzen Trust.

(vi). The valuer shall not undertake valuation of any assets in which it has either been involved with the acquisition or disposal within the last twelve months other than such cases where the valuer was engaged by Anzen Trust for such acquisition or disposal.

(vii). In terms of the policy, the valuer shall comply with the following conditions at all times:

(a). the valuer shall ensure that the valuation of the Anzen Trust assets is impartial, true and fair and is in accordance with the InvIT Regulations;

(b). the valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;

(c). the valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;

(d). the valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;

(e). the valuer and any of its employees involved in valuing of the assets of the Anzen Trust, shall not:

- invest in units of the Anzen Trust or in the assets being valued; and
- sell the assets or units of the Anzen Trust held prior to being appointed as the valuer,

until the time such person is designated as valuer of the Anzen Trust and not less than six months after ceasing to be valuer of the Anzen Trust;

(f). the valuer shall conduct valuation of the Anzen Trust assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;

(g). the valuer shall act with independence, objectivity and impartiality in performing the valuation;

(h). the valuer shall discharge its duties towards the Anzen Trust in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;

(i). the valuer shall not accept remuneration, in any form, for performing a valuation of the Anzen Trust assets from any person other than the Anzen Trust or its authorized representative;

(j). the valuer shall before accepting any assignment, from any related party of the Anzen Trust, disclose to the Anzen Trust, through the Investment Manager, any direct or indirect consideration which the valuer may have in respect of such assignment;

(k). the valuer shall disclose to the Anzen Trust, through the Investment Manager, any pending business transactions, contracts under negotiation and other arrangements with the investment manager or any other party whom the Anzen Trust is contracting with and any other factors that may interfere with the valuer's ability to give an independent and professional valuation of the assets, and other necessary disclosures required under the InvIT Regulations;

(l). the valuer shall not make false, misleading or exaggerated claims in order to secure assignments;

(m). the valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;

(n). the valuer shall not accept an assignment which interferes with its ability to do fair valuation; and

(o). the valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation.

CORPORATE GOVERNANCE

The section below is a summary of the corporate governance framework in relation to the Anzen Trust, implemented by or to be implemented by the Investment Manager and the Initial Portfolio Assets, as applicable and as specified in this section.

Investment Manager

Edelweiss Real Assets Managers Limited is the investment manager of the Anzen Trust. For further details on the background of the Investment Manager, please see the section entitled "*Parties to the Anzen Trust – The Investment Manager"* on page 109.

Board of Directors

Composition of the Board of Directors of the Investment Manager

In addition to the applicable provisions of the Companies Act and Listing Regulations (as applicable), the composition of the board of directors of the Investment Manager shall adhere to the following:

(i). Not less than 50% of the board of directors of the Investment Manager shall comprise independent directors, who are not directors or members of the governing board of an investment manager of another InvIT registered under the InvIT Regulations. The other directors shall be appointed in accordance with the provisions of the Companies Act and the Listing Regulations;

(ii). the chairman, if any, of the board of directors should be a non-executive director; and

(iii). collective experience of the directors should cover a broad range of commercial experience, particularly experience in infrastructure sector (including the applicable sub-sector), including development, investment/fund management or advisory and financial matters.

For details of the current composition of the board of directors, please see the section entitled "*Parties to the Anzen Trust – The Investment Manager – Edelweiss Real Assets Manager Limited – Board of Directors of the Investment Manager*" on page 110.

Quorum

The quorum shall be one-third of the total strength of the board of directors or three directors, whichever is higher, including at least one independent director.

Frequency of meetings

The board of directors of the Investment Manager should meet at least four times every year, with a maximum gap of 120 days between any two meetings. Additionally, the board of directors of the Investment Manager shall meet prior to any meeting of the Unitholders and approve the agenda for Unitholders' meetings.

Sitting fee

The directors of the Investment Manager will receive sitting fee for attending board meetings and meetings of the committees, in accordance with the provisions of the Companies Act, and other applicable law.

Articles of Association of the Investment Manager

The articles of association should not include any affirmative rights for the Sponsor of the Anzen Trust or the Sponsor group.

Committees of the board of directors

Name of the committee	Composition	Present Members	Quorum	Frequency of meetings
Nomination and Remuneration Committee	The Nomination and Remuneration Committee shall consist of at least three directors. All members of the committee shall be non-executive directors, and at least two-thirds of the members of the committee shall be independent directors. The chairperson of the committee should be an independent director.	Prabhakar Panda (Independent Director), Sunil Mitra (Independent Director) and Subahoo Chordia (Non-	The quorum shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.	The nomination and remuneration committee shall meet at least once in a year.

Name of the committee	Composition	Present Members	Quorum	Frequency of meetings
		Executive Director)		
Audit Committee	The audit committee shall consist of at least three directors and at least two-thirds of the members of audit committee shall be independent directors. The chairperson of the audit committee should be an independent director. All members of the audit committee should be financially literate and at least one member should have accounting or related financial management expertise, in accordance with the Listing Regulations. The company secretary shall act as the secretary to the audit committee.	Shiva Kumar (Independent Director), Sunil Mitra (Independent Director) and Ranjita Deo (Whole Time Director and Chief Investment Officer).	The quorum shall either be two members or one third of the members of the audit committee, whichever is greater, including at least two independent directors in attendance.	The audit committee should meet at least four times every year, with a maximum gap of 120 days between any two meetings.
Stakeholders Relationship Committee	The stakeholders relationship committee shall consist of at least three directors. At least one member of the committee shall be an independent director. The chairperson of this committee shall be a non-executive director.	Ranjita Deo (Whole Time Director and Chief Investment Officer), Prabhakar Panda (Independent Director) and Shiva Kumar (Independent Director)	The quorum shall either be two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.	The stakeholders relationship committee shall meet at least once in a year.
Risk Management Committee	The risk management committee shall consist of at least three members with a majority of the members of the committee shall be directors on the board. The chairperson of this committee shall be a director of the board and senior executives of the Investment Manager may be members of the committee.	Ranjita Deo (Whole Time Director and Chief Investment Officer), Prabhakar Panda (Independent Director) and Sunil Mitra (Independent Director)	The quorum shall either be two members or one third of the members of the committee, whichever is greater, including at least one members of the board in attendance.	The risk management committee should meet at least twice every year, with a maximum gap of 180 days between any two consecutive meetings.
Investment Committee	The investment committee shall comprise of directors constituting at least 50% of the board of directors of the Investment Manager. All members, including the chairperson of the Investment Committee shall be independent directors.	Venkatchalam Ramaswamy (Non-Executive Director), Shiva Kumar (Independent Director), Sunil Mitra (Independent Director) and Ranjita Deo (Whole Time Director and Chief Investment Officer)	The quorum shall be at least 50% of the members of the committee, subject to a minimum of two members.	The investment committee shall meet at least once in a year.
InvIT Committee	The InvIT Committee may comprise of such number of directors as may be approved by the board of directors of the Investment Manager, from time to time.	Venkatchalam Ramaswamy (Non-Executive Director), Subahoo Chordia (Non-Executive Director) and Ranjita Deo (Whole Time	The quorum shall be any two members and all decisions shall be with simple majority of members present.	The InvIT Committee shall meet at such intervals as may be deemed necessary by the members of the InvIT Committee.

Name of the committee	Composition	Present Members	Quorum	Frequency of meetings
		Director and Chief Investment Officer)		

For details of the scope of each committee, please see below.

Nomination and Remuneration Committee

Terms of reference of the Nomination and Remuneration Committee

The terms of reference of the Nomination and Remuneration Committee include, amongst others, the following:

(i). formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Investment Manager a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(ii). formulation of criteria for evaluation of performance of independent directors and the board of directors;

(iii). devising a policy on board diversity;

(iv). identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;

(v). determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(vi). making all decisions in relation to appointment or replacement or removal of directors on the board of directors of the SPVs and holding companies, as applicable; and

(vii). recommending to the board of directors of the Investment Manager, all remuneration, in whatever form, payable to senior management.

Audit Committee

Terms of reference of the Audit Committee

The terms of reference of the Audit Committee include, amongst others, the following:

(i). providing recommendations to the board of directors regarding any proposed distributions;

(ii). overseeing Anzen Trust's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

(iii). giving recommendations to the board of directors regarding appointment, re-appointment, remuneration and terms of appointment of the statutory auditor of the Anzen Trust and the audit fee, subject to the approval of the Unitholders;

(iv). approving payments to statutory auditors of the Anzen Trust for any other services rendered by such statutory auditors;

(v). reviewing, with the management of the Investment Manager, the annual financial statements and auditor's report thereon of the Anzen Trust, before submission to the board of directors for approval, with particular reference to:

(a). changes, if any, in accounting policies and practices and reasons for such change;
(b). major accounting entries involving estimates based on the exercise of judgment by management;
(c). significant adjustments made in the financial statements arising out of audit findings;
(d). compliance with listing and other legal requirements relating to financial statements;
(e). disclosure of any related party transactions; and
(f). modified opinion(s)and qualifications in the draft audit report;

(vi). reviewing, with the management of the Investment Manager, all periodic financial statements, including but not limited to quarterly, half-yearly and annual financial statements of the Anzen Trust before submission to the board of directors for approval;

(vii). reviewing, with the management of the Investment Manager, the statement of uses/application of funds raised through the issue of units by the Anzen Trust (public issue, rights issue, preferential issue, etc.) and any issue of debt securities and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the board of directors for follow-up action;

(viii). reviewing and monitoring the independence and performance of the statutory auditor of the Anzen Trust, and effectiveness of audit process;

(ix). approval or any subsequent modifications of transactions of the Anzen Trust with related parties;

(x). recommending such related party transactions to the board of directors or the unitholders, as may be required under the InvIT Regulations;

(xi). scrutinising inter-corporate loans and investments of the Anzen Trust;

(xii). reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;

(xiii). evaluating financial controls and risk management systems of the Anzen Trust;

(xiv). reviewing, with the management, the performance of statutory auditors of the Anzen Trust, and adequacy of the internal control systems, as necessary;

(xv). reviewing the adequacy of internal audit function if any of the Anzen Trust, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xvi). discussion with internal auditors of any significant findings and follow up thereon;

(xvii). reviewing the findings of any internal investigations in relation to the Anzen Trust, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board of directors;

(xviii). reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to Anzen Trust and the interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fees or charges payable out of Anzen Trust's assets

(xix). discussing with statutory auditors and valuers prior to commencement of the audit or valuation, respectively, about the nature and scope, as well as post-audit/ valuation discussion to ascertain any area of concern;

(xx). evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the SPVs to the holding companies and by the holding companies and/or SPVs, as applicable, to the Anzen Trust and payments to any creditors of the Anzen Trust or the holding companies or the SPVs, and recommending remedial measures;

(xxi). reviewing the functioning of the whistle blower mechanism;

(xxii). reviewing the utilization of loans and/ or advances from/investment by the holding company in the SPV exceeding Rs. 1,000 million or 10% of the asset size of the SPV, whichever is lower; and

(xxiii). Mandatorily review, amongst others, (a) management discussion and analysis of financial condition and results of operations, (b) statement of significant related party transactions (as defined by the audit committee), submitted by management, and (c) management letters/ letters of internal control weaknesses issued by statutory auditors.

Stakeholders Relationship Committee

Terms of reference of the Stakeholders Relationship Committee

The terms of reference of the Stakeholders Relationship Committee shall include, amongst others, the following:

(i). consider and resolving grievances of the unitholders, including complaints related to the transfer of units, non-receipt of annual report, general meetings and non-receipt of declared distributions;

(ii). review of measures taken for effective exercise of voting rights by unitholders;

(iii). review of adherence to the service standards adopted by the Anzen Trust in respect of various services being rendered by the Registrar;

(iv). review of the various measures and initiatives taken by the Anzen Trust for ensuring timely receipt of distributions/ annual reports/statutory notices by the unitholders; and

(v). review of any litigation related to unitholders' grievances and reporting specific material litigation related to unitholders' grievances to the board of directors.

Risk Management Committee

Terms of reference of the Risk Management Committee

The terms of reference of the Risk Management Committee include, amongst others, the following:

(i). formulation of a detailed risk management policy;

(ii). ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Anzen Trust;

(iii). monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(iv). periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity; and

(v). keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.

Investment Committee

Terms of reference of the Investment Committee

The terms of reference of the Investment Committee shall include, amongst others, the following:

(i). reviewing the investment decisions with respect to the underlying assets or projects of the Anzen Trust, including any further investments or divestments to ensure protection of the interest of unitholders including, investment decisions which are related party transactions;

(ii). approving any proposal in relation to acquisition of assets, further issue of units including in relation to acquisition or assets;

(iii). reviewing investments made by Anzen Trust and ensuring compliance of such investments with the investment conditions specified in the InvIT Regulations;

(iv). subject to approval of unitholders as required under the Trust Deed and applicable law, make all decisions in relation to borrowing or availing debt (including provision of security for such debt or borrowing) by Anzen Trust, holding companies or SPVs, as applicable, or any prepayment of any borrowing or debt at Anzen Trust, holding companies or SPVs; and

(v). ensuring that all activities of the intermediaries or agents or service providers appointed by the investment committee are in accordance with the InvIT Regulations and guidelines or circulars issued under applicable law.

InvIT Committee

Terms of reference of the InvIT Committee

The terms of reference of the InvIT Committee shall include, amongst others, the following:

(i). to make applications, where necessary, to such authorities or entities as may be required and accept on behalf of the investment manager, such conditions and modifications as may be prescribed or imposed by any of them while granting

such approvals, consents, permissions or sanctions, as may be required in relation to the Issue by the Anzen Trust from time to time;

(ii). to approve and file, where applicable, the draft placement memorandum, placement memorandum and final placement memorandum to be filed with the SEBI and the stock exchanges and such other authorities, as may be applicable, and to make necessary amendments or alterations, therein in relation to the Issue;

(iii). to decide on the timing, pricing and all the terms and conditions in relation to the Issue, including the pricing, allotment, etc. and to accept any amendments, modifications, variations or alterations thereto;

(iv). to authorize and approve the incurring of expenditure and payment of fees, commission, remuneration and expenses in connection with the Issue; and

(v). to do all such acts, deeds, matters and things and execute all such other documents, etc., deemed necessary or desirable for such purpose of in relation to the Issue.

Policies of the Board of Directors of the Investment Manager in relation to the Anzen Trust

The Investment Manager has adopted, amongst others the following policies, in relation to management of the Anzen Trust and all assets of the Anzen Trust:

A. Borrowing Policy

The Investment Manager has adopted a borrowing policy in relation to the Anzen Trust ("**Borrowing Policy**") pursuant to a resolution of its board of directors on July 8, 2022. For details of the Borrowing Policy, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 205.

B. Policy in relation to Related Party Transactions

The Investment Manager has adopted a policy in relation to related party transactions ("**RPT Policy**") pursuant to a resolution of its board of directors on July 8, 2022. For details of the RPT Policy, please see the section entitled "*Related Party Transactions*" on page 235.

C. Distribution Policy

The Investment Manager has adopted a distribution policy in relation to Anzen Trust ("**Distribution Policy**") pursuant to a resolution of its board of directors on July 8, 2022. For details of the Distribution Policy, please see the section entitled "*Distribution*" on page 209.

D. Policy on Appointment of Auditor and Valuer

The Investment Manager has adopted a policy on appointment of auditor and valuer ("**Appointment Policy**") pursuant to a resolution of its board of directors on July 8, 2022. For details of the Appointment Policy in relation to Anzen Trust, please see the section entitled "*Other Parties involved in Anzen Trust*" on page 127.

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

The Investment Manager has adopted the UPSI Policy pursuant to a resolution of its board of directors on July 8, 2022. The purpose of the policy is to ensure that Anzen Trust and the Investment Manager comply with applicable law, including the InvIT Regulations, as amended or supplemented or such other laws, regulations, rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information ("**UPSI**"). The key principles of the UPSI Policy are set out below:

(i). the Investment Manager shall promptly disclose to the public all UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available;

(ii). the Investment Manager shall follow uniform and universal dissemination of UPSI to avoid selective disclosure;

(iii). the Compliance Officer shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure, in accordance with the procedure specified in the Materiality of Information Policy;

(iv). the Compliance Officer shall also make an appropriate and fair response to the queries on news reports and requests for verification of market rumours by regulatory authorities, in accordance with the procedure specified in the Materiality of Information Policy. Further, no employee or representative of the Investment Manager who is in receipt of any inquiries relating to the Anzen Trust, including from any investors, shall respond to such inquiries. Such employee or representative of the Investment Manager shall refer the inquirer to the Compliance Officer or an any person authorised by the Board to deal with inquiries;

(v). the Designated Persons shall make disclosures to the Compliance Officer or the stock exchanges and the Compliance Officer shall make all disclosures required to be made to the stock exchanges, in accordance with applicable law;

(vi). in case of conflict between the provisions of the UPSI Policy and applicable law, provisions of the applicable law will prevail over the provisions of the UPSI Policy.

F. Policy for Determining Materiality of Information for Periodic Disclosures (the "Materiality of Information Policy")

The Investment Manager has adopted the Materiality of Information Policy pursuant to a resolution of its board of directors on July 8, 2022. The Materiality of Information Policy aims to outline process and procedures for determining materiality of information in relation to periodic disclosures on Anzen Trust's website, to the Trustee, stock exchanges and to all stakeholders at large, in relation to Anzen Trust. The key principles of the Materiality of Information Policy are set out below:

(i). any information concerning Anzen Trust is considered material to the business and affairs of Anzen Trust if (i) it results in, or would reasonably be expected to result in a significant change in the value of units of Anzen Trust or (ii) if there is a substantial likelihood that a reasonable investor would consider it important in determining whether to buy, sell or hold, or engage in other transactions concerning Anzen Trust's units or (iii) the investor would consider important in making an investment decision;

(ii). certain events/information, as specified in the Materiality of Information Policy, shall be deemed to be material information and against which Anzen Trust shall not be required to apply the criteria for determining materiality of information, and are deemed material information;

(iii). the Anzen Trust shall consider certain criteria for determination of materiality of events/information other than for the deemed material information; and

(iv). the Anzen Trust shall also submit such information to the designated stock exchanges and Unitholders on a periodical basis as may be required under the applicable law.

G. Document Archival Policy ("Archival Policy")

The Investment Manager has adopted the Archival Policy pursuant to a resolution of its board of directors on July 8, 2022. The Archival Policy aims to provide a comprehensive policy on the preservation and conservation of the records and documents of the Anzen Trust. Please see below a summary of the Archival Policy:

(i). *Type of Documents*: The Anzen Trust's records and documents can be classified as physical and electronic records. Documents can also be categorised into documents to be preserved for limited life span and those to be preserved permanently.

(ii). Physical records would consist of all the hand written or printed and signed books and records maintained by the Investment Manager in physical form. Electronic records would comprise of all such documents which are digitally or virtually maintained in the electronic forms. Electronic record shall be authenticated by digital signatures.

(iii). *Place of Preservation of documents and records*: All records and documents along with all the supportive documents which are physically available shall be maintained at the principal place of business of the Trust, presently being Plot no. 294/3, Edelweiss House, Off CST Road, Kalina, Santacruz East, Mumbai 400 098. All the documents required to be maintained in terms of the InvIT Regulations, secretarial standards, listing agreements and any applicable law, shall be preserved under the custody of the compliance officer of the Anzen Trust.

(iv). All financials records required to be maintained in terms of the InvIT Regulations, prescribed accounting standards, Income-tax Act, 1961 and other applicable law, shall be maintained under the custody of the finance and accounts department.

(v). For paucity of space at the principal place of business of the Anzen Trust, data may be kept at an external storage facility, provided that the data so preserved is capable of being easily accessed and retrieved when need be.

(vi). Method and tenor of preservation: All the statutory documents shall be preserved for a minimum period of eight financial years, immediately preceding a financial year, and since creation of the Anzen Trust, when the Anzen Trust has been created for a period of less than eight years; or such longer duration if prescribed under applicable law. Documents shall be preserved in a chronological manner for each financial year. The person in charge of custody of the documents shall be responsible for proper maintenance and safe keeping of documents under his custody. The Anzen Trust shall maintain back-up of all documents preserved in the electronic form.

(vii). Documents which are confidential in nature shall, wherever possible, be kept under lock and key and shall be shared on need to know basis only with persons directly involved in the transaction involving such documents and records.

(viii). Inspection: If required under applicable law, some of the registers and records may be required to be kept open by a Anzen Trust for inspection by directors of the Investment Manager and unitholders of the Anzen Trust and by other persons, including creditors of the Anzen Trust. Upon receipt of advance notice from a unitholder or from any other specified person the Anzen Trust shall facilitate inspection of such documents by such persons and allow extracts to be taken from certain documents, registers and records and to furnish copies of certain documents, registers and records. Such documents and records shall be kept open for inspection during the business hours of the Anzen Trust without payment of any fee.

(ix). Documents hosted on the Anzen Trust website: Documents which are statutorily or regulatorily required to be hosted on the Anzen Trust website shall be hosted within the prescribed timeline from the occurrence of the event. All statutory data shall be hosted on the Anzen Trust website for a minimum period of five years or for such minimum period as prescribed under applicable law, after which it shall be preserved in the archival folder of the Anzen Trust maintained offline, until it is destroyed upon the expiry of the statutory period for the preservation such documents.

(x). Register of documents destroyed to be maintained: Documents and records may be destroyed after the expiry of the statutory period for the preservation the documents, after keeping a suitable record of documents destroyed.

H. Code of Conduct (the "Code")

The Investment Manager has adopted the Code pursuant to a resolution Policy pursuant to a resolution of its board of directors dated July 8, 2022, in relation to the Anzen Trust and conduct of the Anzen Trust and the Parties to the Anzen Trust.

The key principles of the Code are set out below:

(i). the Anzen Trust and Parties to the Anzen Trust shall conduct all affairs of the Anzen Trust in the interest of all the Unitholders of the Anzen Trust;

(ii). the Anzen Trust and Parties to the Anzen Trust shall make adequate, accurate, explicit and timely disclosure of relevant material information to all Unitholders, exchange(s) and SEBI in accordance with the InvIT Regulations and as may be specified by the stock exchange(s) from time to time;

(iii). the Anzen Trust and Parties to the Anzen Trust should try to avoid conflicts of interest, as far as possible, in managing the affairs of the Anzen Trust and keep the interest of all Unitholders paramount in all matters. In case a conflict of interest that is unavoidable arises, it shall be ensured that appropriate disclosures are made to the Unitholders and they are fairly treated;

(iv). the Anzen Trust and Parties to the Anzen Trust shall ensure that fees charged by them with respect to activities of the Anzen Trust shall be fair and reasonable;

(v). the Investment Manager shall carry out the business of the Anzen Trust and invest in accordance with the investment objectives as disclosed in the Placement Memorandum, and take investment decisions solely in the interest of Unitholders;

(vi). the Anzen Trust, Parties to the Anzen Trust and any third party appointed by the Investment Manager shall not use any unethical means to sell, market or induce any person to buy Units of the Anzen Trust and where a third party appointed by the Investment Manager fails to comply with this condition, the Investment Manager shall be held liable for the same;

(vii). the Anzen Trust and Parties to the Anzen Trust shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business;

(viii). the Anzen Trust and Parties to the Anzen Trust shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment; and

(ix). the Anzen Trust and Parties to the Anzen Trust shall not make any exaggerated statement, whether oral or written, either about their qualifications or capabilities or experience.

1. Initial Portfolio Assets

Representatives on the Board of Directors of the Initial Portfolio Assets

The Investment Manager, in consultation with the Trustee, shall appoint the majority of the members of the board of directors of each of the Initial Portfolio Assets, in accordance with the requirements prescribed under the InvIT Regulations.

The information contained in this section, unless otherwise specified, is derived from a report titled "Industry Research Report on Renewables and Transmission Sector" dated July, 2022 prepared and issued by CareEdge Research & Training Ltd (the "CARE Report") commissioned by and paid for by us in connection with the Offer. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness, and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. See "Presentation of Financial, Data and Other Information – Industry and Market Data" on page 14.

Overview of the Power Sector in India

Power is one of the most critical components of infrastructure, crucial to the economic growth and well-being of nations. The existence and development of adequate infrastructure is essential for the sustained growth of the Indian economy.

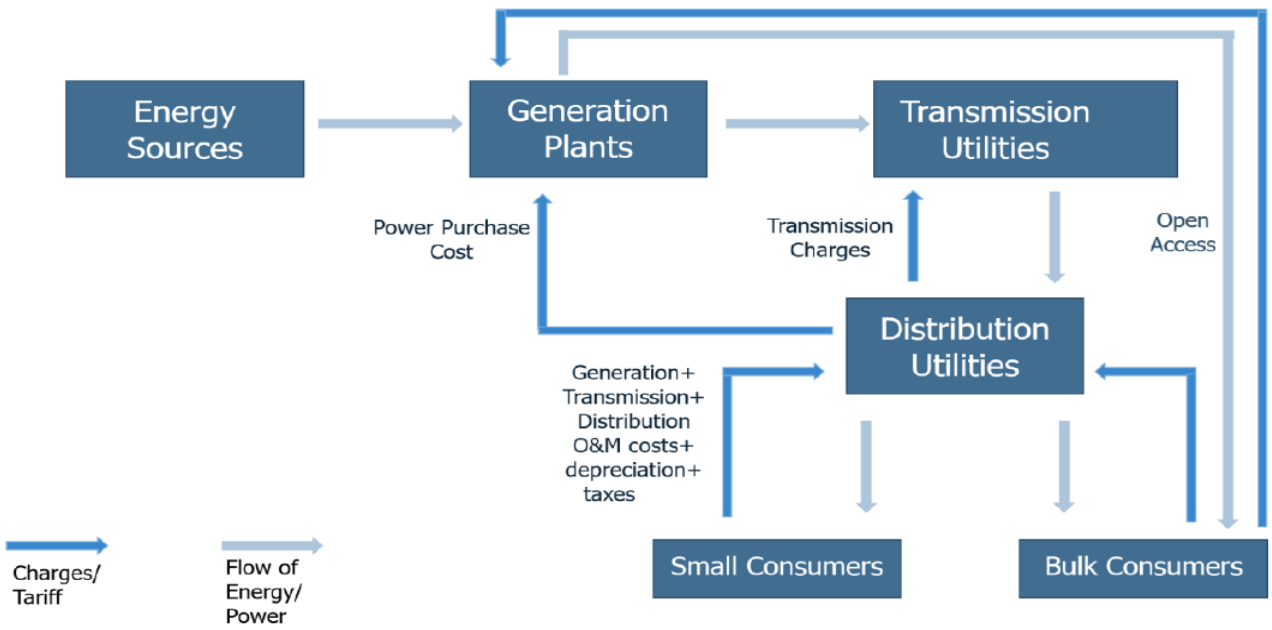
The electricity industry is divided into three segments:

- Generation
- Transmission
- Distribution

Generation is the process of producing electricity from various fuels in generating stations (generation plants). Transmission utilities transport large amounts of electricity from power plants to distribution substations via a grid and at high voltages. Through a distribution network, distribution utilities deliver electricity from substations to individual consumers. The retail step is distribution, which runs at lower voltages.

The entire organization of the power industry is depicted in the figure below.

Chart 1: Structure of Power Sector in India



Source: CareEdge Research

India's ranking in global renewable energy

In 2020, India ranked fourth in the 25-nation Asia Pacific region on an index that measures its overall power. India ranked fourth in wind power and fifth in solar power. India stands at fifth position for overall installed renewable energy capacity in the world and is among the top three nations in the world which are leading global renewable energy growth. (Table 1)

Table 1: List of top 10 countries – Installed capacity for wind and solar in 2020

Ranking	Wind		Solar		Overall installed Capacity		RECAI (Renewable Energy Country Attractive Index)
	Country	%	Country	%	Country	%	
1	China	39.34	China	204 GW	China	43.00	US
2	US	17.29	Japan	63 GW	US	12.00	China
3	Germany	7.79	USA	61 GW	India	7.00	India
4	India	5.46	Germany	49 GW	Germany	3.00	France
5	Spain	3.85	India	35 GW	Japan	2.00	UK
6	France	2.54	Italy	21 GW	Brazil	2.00	Germany
7	Brazil	2.51	UK	13 GW	Spain	2.00	Australia
8	UK	1.94	Australia	13 GW	France	2.00	Japan
9	Canada	1.92	Korea	12 GW	Korea	2.00	Brazil
10	Italy	1.49	Spain	11 GW	Australia	2.00	Spain

Source: CareEdge Research

India's per capita energy consumption

Table 2: Global Per Capita Consumption Comparison (MWh/Capita)

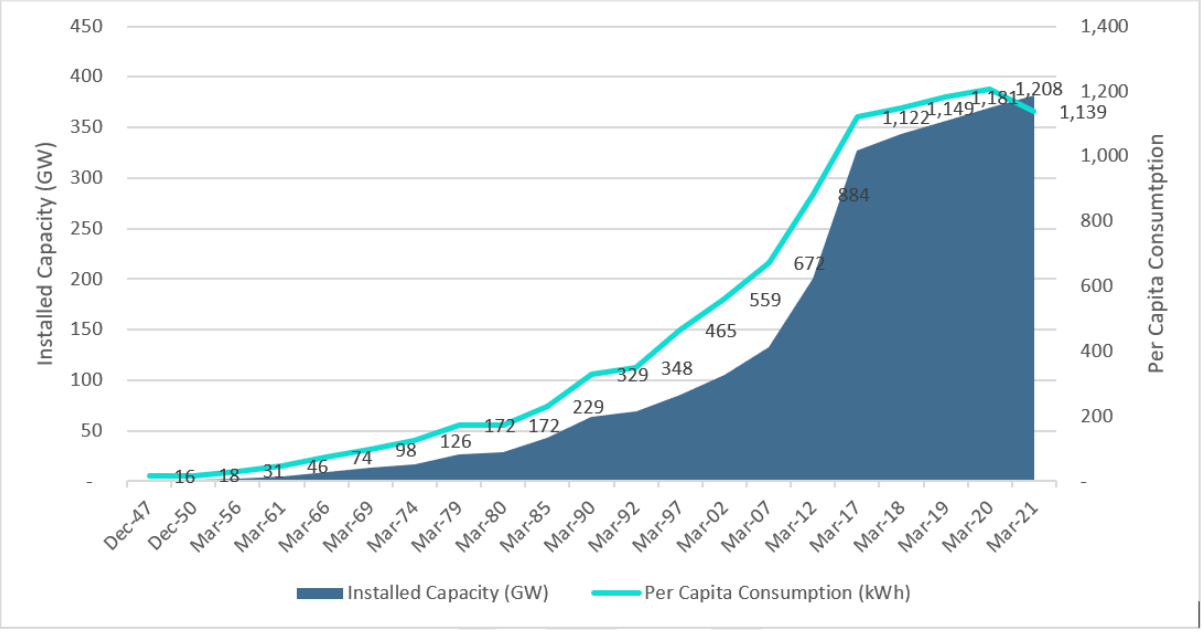
Year	World	India	Nigeria	Mexico	Thailand	Brazil	China	Japan	USA
1990	2.06	0.32	0.11	1.14	0.70	1.46	0.53	6.71	11.69
1995	2.14	0.46	0.11	1.38	1.25	1.63	0.79	7.53	12.64
2000	2.32	0.51	0.09	1.76	1.45	1.90	1.02	8.05	13.66
2005	2.58	0.61	0.13	1.98	1.91	2.02	1.81	8.30	13.68
2010	2.87	0.77	0.14	2.02	2.31	2.37	2.96	8.78	13.38
2015	3.06	1.01	0.15	2.23	2.58	2.56	4.05	8.01	12.86
2019	3.30	1.18	0.10	2.40	2.90	2.60	5.10	7.90	12.70

Source: IEA, CEA (For India)
Data for India is per fiscal year. Data for others is based on calendar year.

India's per capita consumption has consistently risen over the past decade, focusing increasingly on the electrification of villages and families across the country (see Chart 2 below). Per capita electricity usage had risen steadily over nine years, from 914 kWh in 2012-13 to 1,139 kWh in Fiscal 2021, a 25 percent increase. At the time of India's independence in 1947, demand was only 16 kWh.

However, per capita consumption remains low compared to emerging countries like Brazil, China, and Mexico, implying significant room for growth. Developed countries, such as Japan and the United States, have the world's highest per capita electricity usage.

Chart 2: Growth of Electricity Sector in India - Installed Capacity and Per Capita Consumption*



Source: CEA
(*) Per Capita Consumption = Gross Electricity availability/Midyear Population

Power Demand in India

Historically, power demand has been on the rise in the last decade (with Fiscal 2021 being an exception due to the COVID-19 pandemic) (see Table 3 below).

Peak energy demand grew at a compounded annual growth rate ("**CAGR**") of 4 percent from 148 GW in Fiscal 2014 to 203 GW in Fiscal 2022, while peak supply grew at a CAGR of 5 percent over the same period. As a result, the peak shortage dropped from 3 GW to 1 GW.

With the onset of the COVID-19 pandemic, the first half of Fiscal 2020 witnessed a decline in power demand. However, with the gradual reopening of the economy despite localized lockdowns, the power demand has continued to gradually rise over the past 2 years. Lockdowns and restrictions implemented as a response to the COVID-19 pandemic led to lower demand and generation of electricity since the pandemic had curtailed commercial and business activity. During the current year, due to easing of lockdowns, the sector witnessed growth, and there has been a rise in power demand.

Table 3: Historical Power Demand

Year	Energy Requirement	Peak Demand
	(BU)	*(GW)*
Fiscal 2010	830	119
Fiscal 2011	861	122
Fiscal 2012	937	130
Fiscal 2013	995	135
Fiscal 2014	1,002	136
Fiscal 2015	1,068	148
Fiscal 2016	1,114	153
Fiscal 2017	1,142	159
Fiscal 2018	1,213	164
Fiscal 2019	1,274	177
Fiscal 2020	1,291	184
Fiscal 2021	1,275	190
Fiscal 2022*	1,375	203

**Provisional*
Source: CEA

Sector wise Power Consumption in India

The industrial sector accounts for most of the power consumption in India, followed by the domestic sector. The industrial sector had a CAGR of 4% between Fiscal 2012 and Fiscal 2021 whereas the domestic sector had a CAGR of 7% over the same period, indicating an increase in power consumption from the domestic sector as more households get access to electricity.

Table 4: Sector wise Power Consumption in India

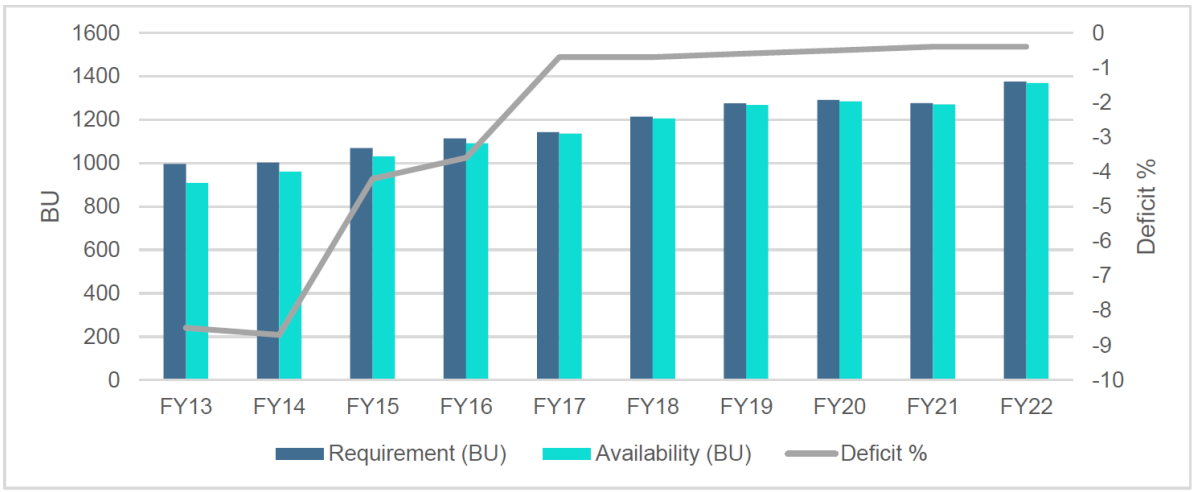
		Fiscal 2012	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Domestic.....	GWh	171,104	255,826	273,545	288,243	310,151	315,000
	As % of total	21.8	24.1	24.3	23.8	24.0	25.6
Commercial	GWh	65,381	89,825	93,755	98,228	103,883	102,000
	As % of total	8.3	8.4	8.3	8.1	8.0	8.3
Industrial.....	GWh	352,291	440,206	468,613	519,196	551,362	504,200
	As % of total	44.8	41.5	41.7	42.9	42.6	41.0
Traction	GWh	14,206	15,683	17,433	18,837	19,577	18,500
	As % of total	1.8	1.4	1.5	1.5	1.5	1.5
Agriculture	GWh	140,960	191,151	199,247	213,409	228,172	215,000
	As % of total	17.9	18.0	17.7	17.6	17.6	17.5
Miscellaneous.....	GWh	41,252	68,493	70,834	72,058	78,348	72,300
	As % of total	5.2	6.4	6.3	5.9	6.0	5.8
Total.....	**GWh**	**785,194**	**1,061,183**	**1,123,427**	**1,209,972**	**1,291,494**	**1,227,000**

**Provisional*
Source: CEA

Power deficit in India

The demand for electricity in India has increased rapidly and is expected to increase further in the coming years, despite the short-term challenges faced due to the COVID-19 pandemic. As seen in Chart 3, there has been steady decrease in the power deficit of the country, supported by improving supply.

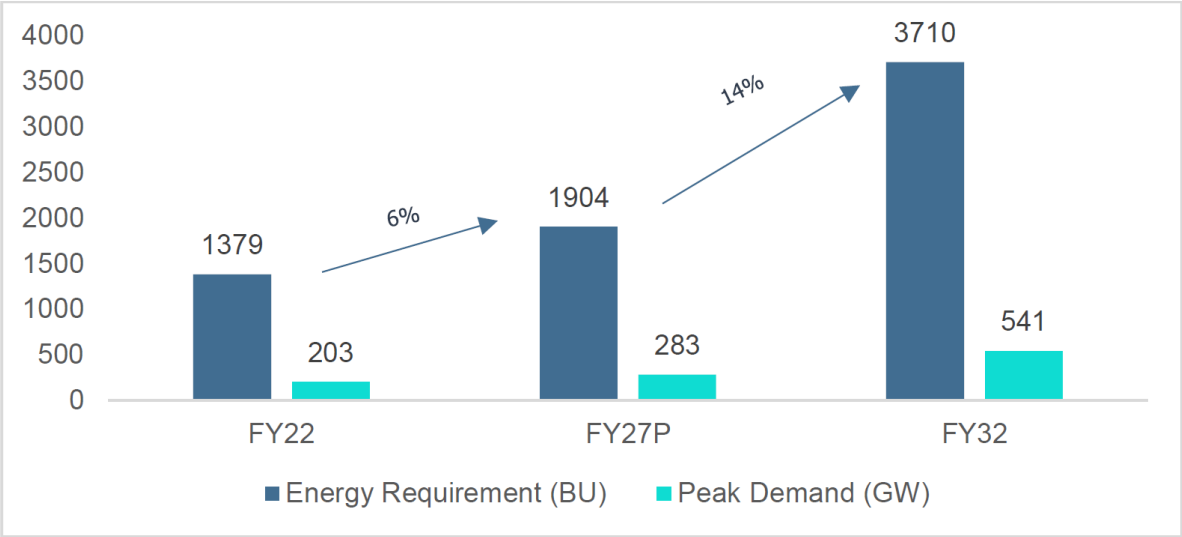
Chart 3: Power Supply Position in India



Source: Power Ministry

Going forward, power demand is further expected to rise with an increase in population and increased economic activity. The power demand forecast is shown in Chart 4 below:

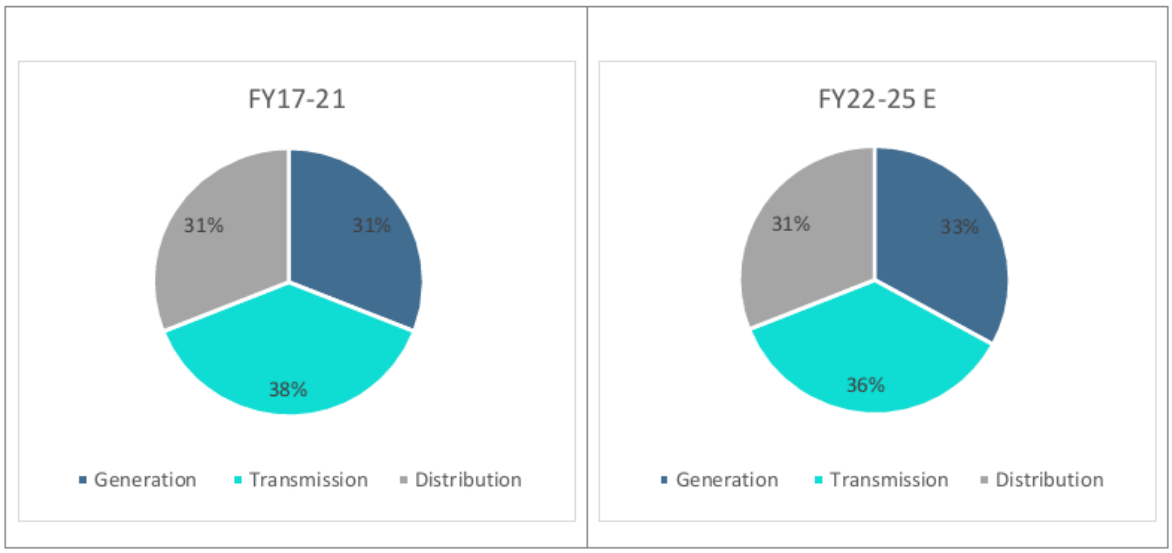
Chart 4: Projected All India Peak Demand and Energy Requirement



Source: CEA

Investments across the power value-chain

Chart 5: Investments in the Power Sector



Source: Sterlite Power Annual Report, CareEdge Research

Across the power value-chain, between Fiscals 2017 and 2021, transmission took the largest share of investments made in the sector (38%) followed by generation and distribution at 31% each. It is estimated that another ₹10-11 trillion will be invested in the sector over the next five years, where transmission will again be the major focus (36%) followed by generation (33%) and distribution (31%).

Overview of the Indian Power Generation Industry

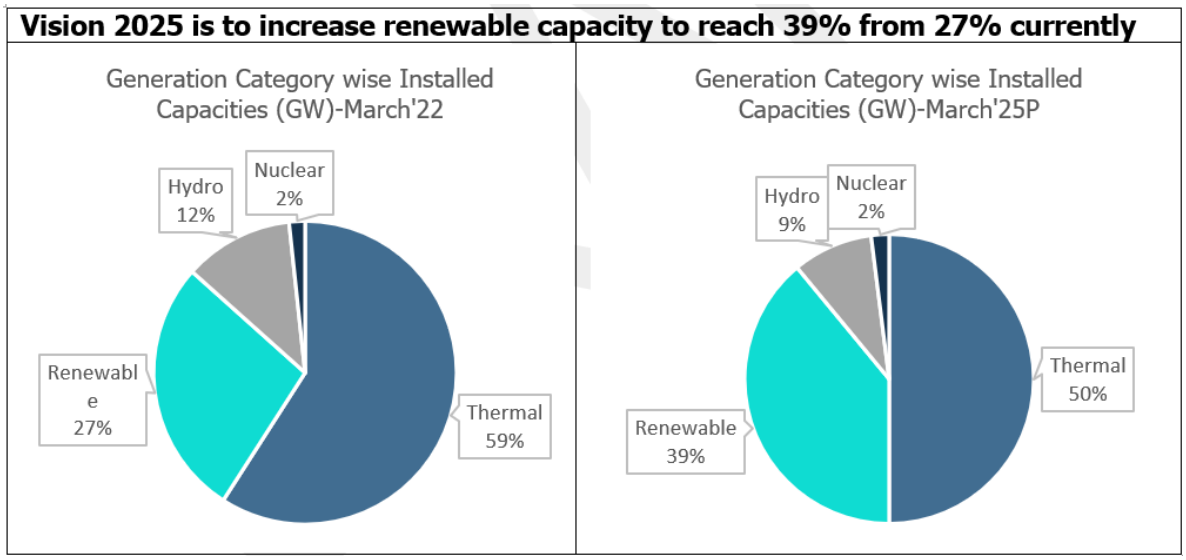
Installed capacity

With an installed power capacity of 399 GW as of March 2022, India is the world's third-largest producer and second-largest user of energy.

While conventional sources currently account for 73% of installed capacity, with the Government of India's ("**GoI**") ambitious projects and targets, power generated from Renewable Energy Sources ("**RES**"), which currently accounts for 27% of installed capacity, is expected to quickly overtake power generated from conventional sources. With a consistent focus on the renewable sector, the percentage share of installed capacity is expected to shift towards renewable capacity. (See Chart 6)

The installed capacity of renewables has grown to over 100 GW as of September 2021, and as of March 2022 is 110 GW. The total potential of renewable power in India is estimated to be 1000 GW.

Chart 6: Share of Installed Capacity as of March 2022



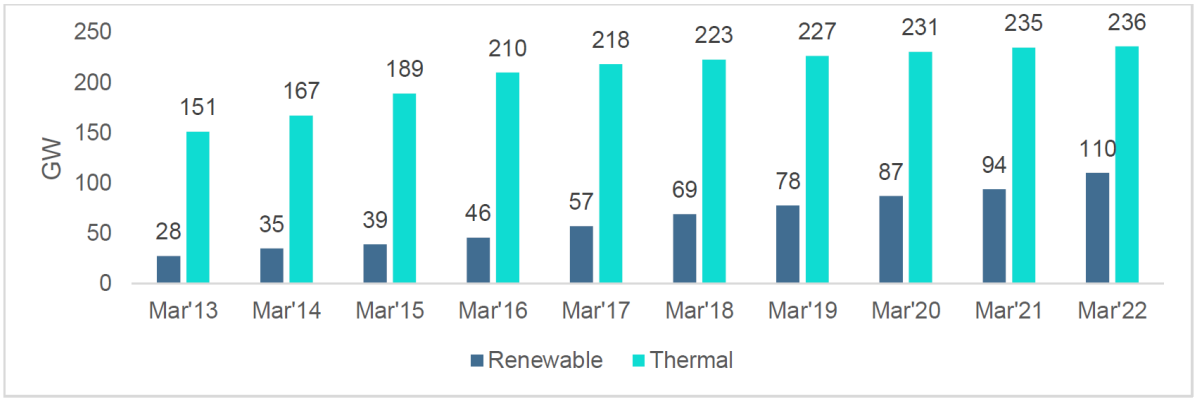
Source: CEA, CareEdge Research

The 26th Conference of Parties on climate change ("**COP 26**") target by GoI states that by 2030, the non-fossil fuel energy capacity should be 500 GW, and 50% of the energy requirement should be fulfilled by RES. In addition, the aim is to reduce the carbon intensity of the economy by 45% and reduce the total projected carbon emission by 1 billion tonnes. This reiterates India's commitment to renewable-focused energy additions in the future.

Renewable Generation

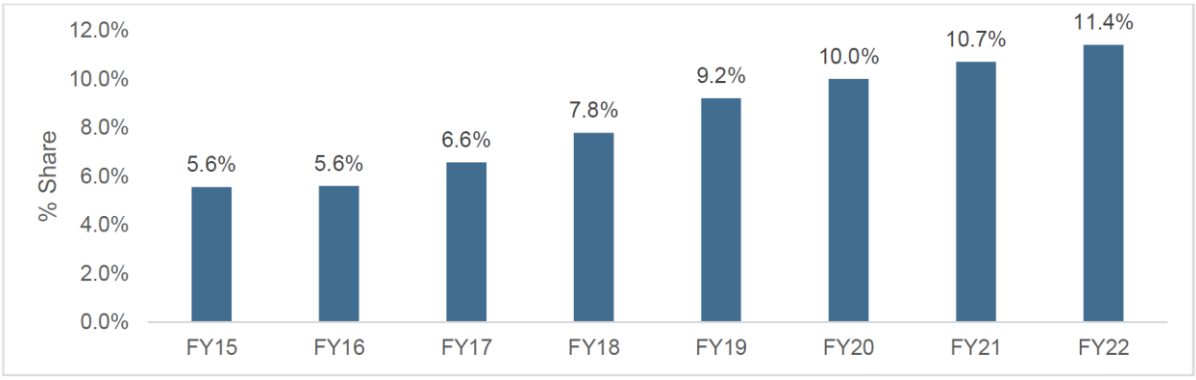
Thermal power has traditionally been the preferred source of power over the years, but a strong government focus on renewable energy, combined with lower tariffs (due to lower capital costs and improved efficiency) has aided the expansion of India's renewable energy capacity. The share of renewables in total power generation increased from 5.56% in Fiscal 2015 to 11.43% in Fiscal 2022. The CAGR in installed capacity for the last five years was 2% whereas for renewables it was 14%, indicating a shifting trend from thermal to renewables.

Chart 7: Installed Capacity – Renewable v/s Thermal



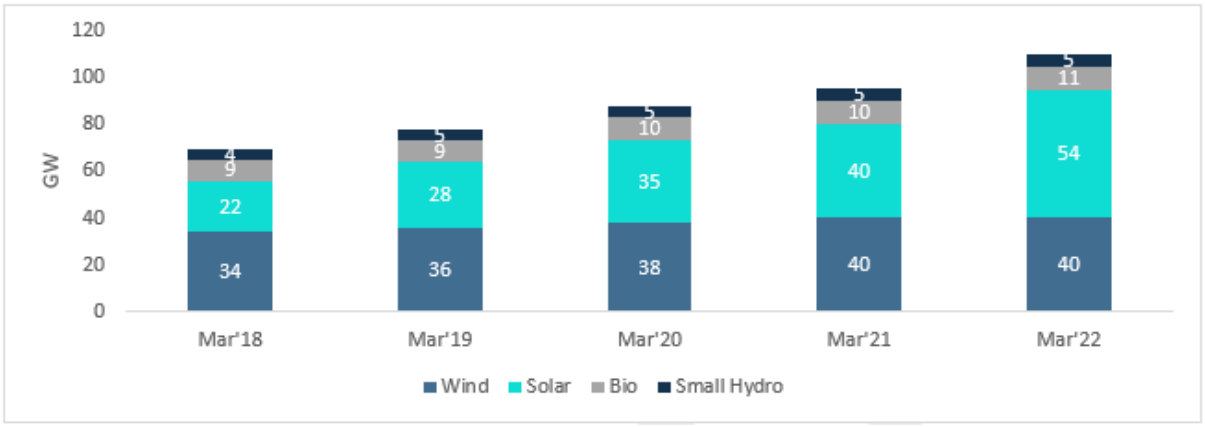
Source: CEA

Chart 8: Share of Renewables in total power generation



Source: CEA

Chart 9: Installed Capacity- Renewable Breakup



Source: CEA

Table 5: Renewable Potential of 1000GW in India

Technology	Potential	Cumulative Capacity (March '22)
Wind	302 GW	40 GW
Solar	750 GW	54 GW
Bio Energy	25 GW	10.2 GW
Small Hydro	20 GW	5 GW
Waste to energy	NA	0.4 GW
Total	1,097 GW	110 GW

Source: MNRE

- **Solar:**

  In the last five years, solar power capacity has risen, from 2.6 GW in March 2014 to 54 GW in March 2022, supported by the Ministry of New and Renewable Energy ("**MNRE**"). Solar tariffs in India are now highly competitive and have reached grid parity. The National Institute of Solar Energy estimated the country's solar potential to be at 748 GW, assuming that solar PV modules cover 3% of waste land area. Further consistent capacity additions are expected over the medium term due to supportive government policies, stabilization of technology, and interest from investors.

- **Wind:**

  With a total installed capacity of 40.3 GW (as of March 2022), the country has the fourth largest installed wind capacity in the world. The government is encouraging private sector investment in wind generating projects around

the country by offering different tax and financial advantages, such as accelerated depreciation benefits[1]. Concessional custom exemptions on certain components of wind electric generators are available and have also benefitted capacity additions. The pace of capacity additions in wind has slowed down in the past few years due to non-availability of favorable wind sites, policy structure moving away from feed-in-tariff mechanisms to competitive bidding, and the removal of generation-based incentives and accelerated depreciation benefits. These factors are expected to continue to affect future capacity additions in wind.

- **Green Hydrogen:**

  Hydrogen, as an energy carrier in the country's energy portfolio, is likely to present a unique opportunity to address requirements such as power to gas, power to power, power to mobility and even transport and grid applications. Various industrial sectors use hydrogen, which is currently being produced from fossil fuels such as natural gas or naphtha, which results in carbon emissions. The usage of green hydrogen will help reduce global warming by replacing fossil fuels, either by being used in fuel cells or by being burnt to produce heat.

  At present, India's annual hydrogen consumption is estimated at around 7 million tons, and around half of this gets used in the refining and petrochemicals industry, while a significant part of the rest is used by the fertilizer industry. Green hydrogen is a breakthrough development, by which, hydrogen is produced sustainably through electrolysis of water using power from renewable energy sources like solar and wind.

  The setting-up of green hydrogen/ammonia units will help decarbonize these sectors through electrolysis-based manufacturing. As per The Energy and Resources Institute (TERI), India's hydrogen demand is likely to reach around 70 MT by 2050. With this policy announcement, the government has set a target of producing 5 MT of green hydrogen by 2030. The 'Green Hydrogen' or 'Green Ammonia Policy' is the GoI's first major policy announcement under the 'National Hydrogen Mission' unveiled in August 2021. The policy will not only help reduce the country's import dependence for energy, but will also pave the way for it to achieve carbon neutrality by reducing carbon emissions, while kick-starting the creation of a 'hydrogen ecosystem' in the country.

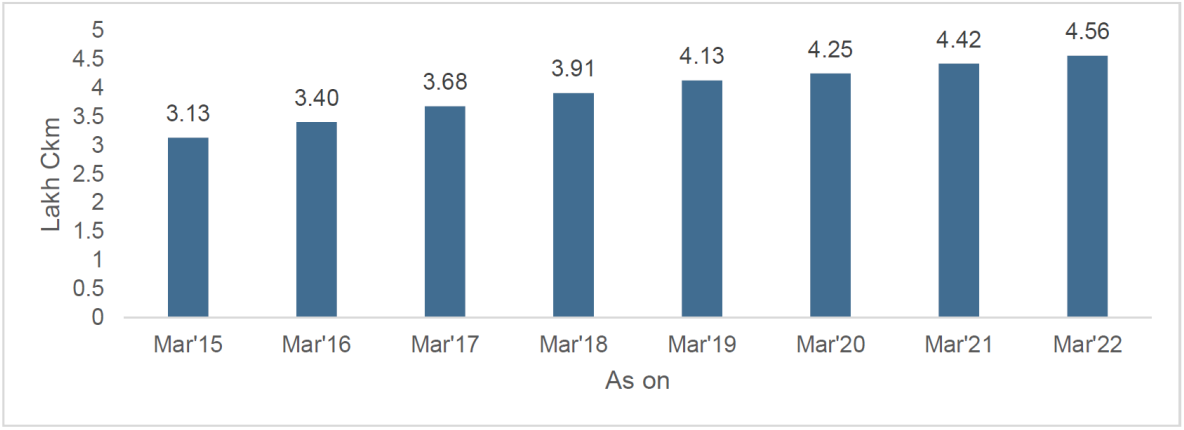
  The new government policy for Green Hydrogen/Ammonia is a significant step towards India's five- pronged approach for climate action announced at COP 26.

Overview of Indian Power Transmission Industry

The transmission sector plays a vital role in the power system value chain. The increase in generation capacity, integration of renewable energy and the focus of the government on providing electricity to rural areas, has led to an extensive expansion of the country's transmission and distribution system across the country. Along with this, there has also been an increase in demand for transmission networks to carry bulk power over longer distances, and at the same time optimize losses and improve grid connectivity.

The transmission line network grew at a CAGR of approximately 6% from FY2015 to FY2022. Transmission line additions over the years are shown in the chart below:

Chart 10: Transmission line network (220 kV and above)



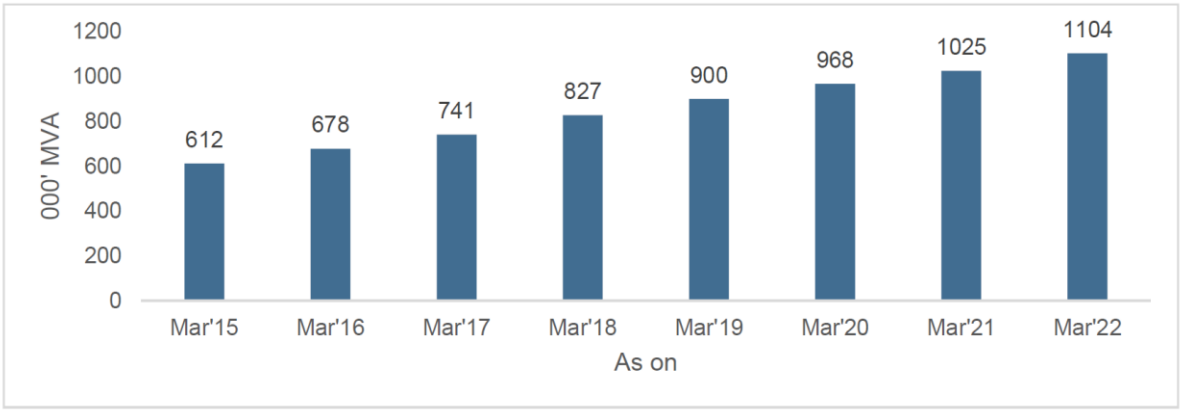
Source: CEA

The substation line network grew at a CAGR of approximately 9% to 11.0 lakh MVA as of March 2022 from 6.12 lakh MVA

[1] Accelerated Depreciation benefit was bought down to 40% in the year 2017.

as of March 2015. Growth in the substation network is shown in the chart below:

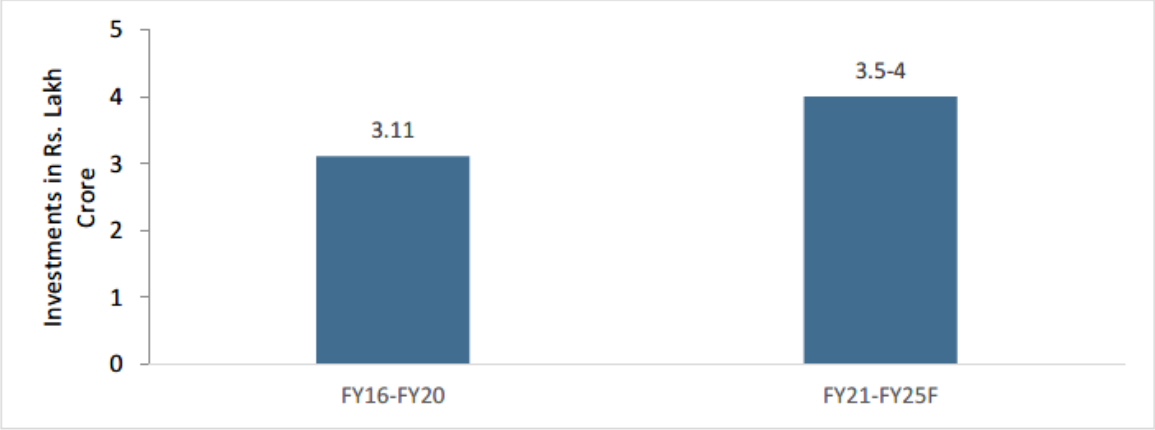
Chart 11: Substation line network



Source: Ministry of Power

India's vision of achieving 445 GW by 2030 also offers enormous growth opportunities for the addition of transmission capacity both at inter-state and intra-state levels. Government thrust on various policies and regulatory reforms in the power sector are expected to bring new business opportunities.

Chart 12: Expected Investments in the transmission sector



Source: Sterlite Power Annual Report

Overview of the Indian Power Distribution Industry

Financial Health of the DISCOMS

The Government of India in 2015 launched the UDAY scheme with the objective to bring around an improvement in the operational and financial performance of the state-owned distribution companies ("**DISCOMS**"). As per the conditions of the scheme, the DISCOMS were supposed to bring down the AT&C losses to 15% and ACS-ARR gap to zero. However, the AT&C losses improved only marginally from 24% in FY16 to 21% in FY20, while the ACS-ARR gap with subsidy received decreased from ₹0.6 per kWh in FY15 to ₹0.3 per kWh in FY20.

Off-taker assessment of entities

Key off-takers for power generating projects are central utilities such as NTPC, the Solar Energy Corporation of India ("**SECI**") and state power distribution utilities. While the former has a strong payment track record, DISCOMS continue to remain weaker off-takers owing to their stretched financial risk profile.

- **NTPC and SECI**

  NTPC was incorporated in 1975 as a thermal power generation company. NTPC's major business consists of power generation and bulk sale of electricity.

  SECI is a 100% government owned agency and has been identified as the nodal agency for running the bid process under the national policy by the GoI. SECI is responsible for the implementation of large-scale grid-connected rooftop photovoltaic projects, with subsidy support from funds that are part of the National Clean Energy Fund.

Entities like SECI and NTPC are known to be high quality sovereign off-takers compared to DISCOMS as they secure power supply with multiple buyers with different billing cycles resulting in a lower risk of default or delay in payments from the DISCOMS. Payment delays from these agencies are almost non-existent and they tend to have a better credit quality compared to the DISCOMS.

- **State Distribution Utilities**

  Payables for distribution utilities increased from ₹2.3 lakh crores as of March 2019 to ₹2.59 lakh crores as of March 2020. Payables increased from 148 days to 165 days over the same period. The increase in payables indicates a delay in dues paid by the distribution utilities to power generation companies. This delay in turn creates working capital problems for the generating companies.

  According to data from PRAAPTI portal, there was an increase in dues to generation companies from ₹0.88 lakh crore in March 2020 to ₹1.20 lakh crore in March 2022.

Table 6: Profile of DISCOMS in states

States	ACS-ARR gap	AT&C losses	Creditor Days	Total Borrowings
	(₹ Per kWh)	*(%)*		*(₹ Crores)*
Mizoram	(1.94)	20.66	N/A	N/A
Chandigarh	(0.82)	4.60	N/A	N/A
Daman & Diu	(0.3)	4.07	N/A	N/A
Assam	(0.14)	23.37	32	2,429
Gujarat	(0.1)	11.10	7	4,313
Haryana	(0.06)	18.19	48	6,864
Dadra & Nagar Haveli	(0.03)	3.56	26	0
Himachal Pradesh	(0.02)	11.68	103	5,549
Kerala	0.10	14.47	69	20,310
Andhra Pradesh	0.12	10.77	168	26,811
Punjab	0.17	14.35	57	16,258
Chhattisgarh	0.18	23.68	163	4,102
Delhi	0.20	8.19	355	5,631
Uttarakhand	0.21	20.35	97	1,902
West Bengal	0.22	17.71	107	20,983
Odisha	0.34	28.94	254	4,598
Karnataka	0.37	17.59	212	22,766
Uttar Pradesh	0.43	29.64	265	58,327
Tripura	0.43	37.85	43	414
Maharashtra	0.45	19.06	99	50,254
Sikkim	0.54	28.88	N/A	N/A
Goa	0.60	13.99	N/A	N/A
Madhya Pradesh	0.79	30.38	186	49,112
Bihar	0.92	40.38	93	6,726
Puducherry	0.97	18.45	144	179
Telangana	1.09	21.54	282	21,947
Jharkhand	1.35	36.96	501	10,530
Rajasthan	1.49	29.85	252	48,934
Manipur	1.64	20.27	137	262
Meghalaya	1.81	34.32	601	624
Jammu & Kashmir	2.03	60.46	N/A	N/A
Tamil Nadu	2.09	15.00	207	124,413
Arunachal Pradesh	4.92	45.71	N/A	N/A
Nagaland	5.62	52.93	N/A	N/A
Lakshadweep	18.22	14.28	N/A	N/A

States	ACS-ARR gap	AT&C losses	Creditor Days	Total Borrowings
	(₹ Per kWh)	*(%)*		*(₹ Crores)*
Andaman & Nicobar Islands.....	19.58	22.71	N/A	N/A

Source: PFC's report on performance of state power utilities 2019-20 report, CareEdge Research

The Ministry of Power ("**MoP**") formulated an Integrated Rating Methodology in July 2012 for evaluating the performance of state power distribution utilities based on factors such as operational, financial, regulatory, and reform parameters. The MoP has mandated the Power Finance Corporation ("**PFC**") to co-ordinate the ratings for the utilities. The rating exercise is carried on a yearly basis, currently covering 41 state power distribution utilities spread across 22 states. ICRA and CARE are the designated credit rating agencies and have been assigned 21 and 20 utilities respectively. State power/energy departments and private sector distribution utilities were not covered for this integrated rating exercise. The ratings for the utilities covered are shown in the table below:

Table 7: Utility wise rank for state power distribution utilities

Rank	Name of Utility	State	Rating Agency	9th IR Grade (FY2020)
1	Uttar Gujarat Vij Company Limited	Gujarat	ICRA	A+
2	Madhya Gujarat Vij Company Limited	Gujarat	ICRA	A+
3	Dakshin Gujarat Vij Company Limited	Gujarat	ICRA	A+
4	Paschim Gujarat Vij Company Limited	Gujarat	ICRA	A+
5	Dakshin Haryana Bijli Vitran Nigam Limited	Haryana	CARE	A+
6	Uttar Haryana Bijli Vitran Nigam Limited	Haryana	CARE	A
7	Punjab State Power Corporation Limited	Punjab	ICRA	A
8	Maharashtra State Electricity Distribution Company Ltd	Maharashtra	ICRA	A
9	Mangalore Electricity Supply Company Limited	Karnataka	ICRA	B+
10	Madhya Pradesh Pash. Kshetra Vidyut Vitaran Co Ltd.	Madhya Pradesh	CARE	B+
11	Hubli Electricity Supply Company Limited	Karnataka	ICRA	B+
12	Himachal Pradesh State Electricity Board Limited	Himachal Pradesh	CARE	B+
13	Uttarakhand Power Corporation Limited	Uttarakhand	CARE	B+
14	Kerala State Electricity Board Limited	Kerala	CARE	B+
15	Bangalore Electricity Supply Company Limited	Karnataka	ICRA	B+
16	Gulbarga Electricity Supply Company Limited	Karnataka	ICRA	B+
17	West Bengal State Electricity Distribution Company Ltd	West Bengal	ICRA	B+
18	Paschimanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	B+
19	Southern Power Distribution Company of AP Limited	Andhra Pradesh	CARE	B

Rank	Name of Utility	State	Rating Agency	9th IR Grade (FY2020)
20	Chamundeshwari Electricity Supply Corporation Ltd.	Karnataka	ICRA	B
21	North Bihar Power Distribution Co. Ltd.	Bihar	ICRA	B
22	Kanpur Electricity Supply Company Limited	Uttar Pradesh	ICRA	B
23	Southern Power Distribution Company of Telangana Limited	Telangana	CARE	B
24	Madhyanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	ICRA	B
25	South Bihar Power Distribution Co. Ltd.	Bihar	ICRA	C+
26	Ajmer Vidyut Vitran Nigam Limited	Rajasthan	CARE	C+
27	Purvanchal Vidyut Vitaran Nigam Limited	Uttar Pradesh	ICRA	C+
28	Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co Ltd	Madhya Pradesh	CARE	C+
29	Dakshinanchal Vidyut Vitran Nigam Limited	Uttar Pradesh	ICRA	C+
30	Chhattisgarh State Power Distribution Company Ltd.	Chhattisgarh	CARE	C+
31	Madhya Pradesh Madhya Kshetra Vidyut Vitran Co Ltd	Madhya Pradesh	CARE	C+
32	Assam Power Distribution Company Limited	Assam	ICRA	C+
33	Northern Power Distribution Company of Telangana Limited	Telangana	CARE	C+
34	Eastern Power Distribution Company of AP Limited	Andhra Pradesh	CARE	C
35	Jaipur Vidyut Vitran Nigam Limited	Rajasthan	CARE	C
36	Meghalaya Power Distribution Corporation Limited	Meghalaya	CARE	C
37	Jharkhand Bijli Vitran Nigam Limited	Jharkhand	CARE	C
38	Manipur State Power Distribution Company Limited	Manipur	CARE	C
39	Tripura State Electricity Corporation Limited	Tripura	CARE	C
40	Tamil Nadu Generation and Distribution Corporation	Tamil Nadu	ICRA	C
41	Jodhpur Vidyut Vitran Nigam Limited	Rajasthan	CARE	C

Source: Ninth Annual Integrated Rating for State Power Distribution Utilities

Impact of COVID-19 pandemic on the sector

Government of India's Policy measures for renewables to reduce the impact of COVID-19:

- Declared power to be a critical service, allowing projects to continue uninterrupted;
- Utility guidance to avoid curtailing renewable energy and to pay power producers on schedule;

- Extending the deadline for projects that are currently under construction;
- Halfway during the lockout, construction activity on new projects was permitted to resume;
- Debt service payment flexibility of up to three months; and
- Relaxation of working capital loan restrictions.

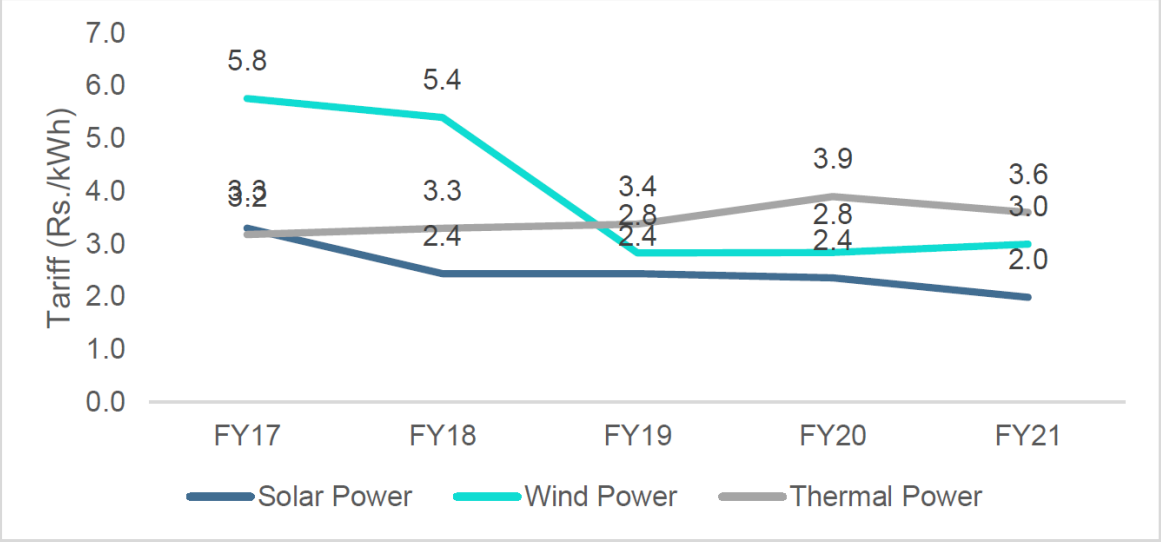
Recent bidding trends and awards in the Renewable sector (Solar/Wind and Hybrid)

Tariffs of wind and solar projects have fallen sharply compared to tariffs of thermal projects in the past few years. Solar tariffs have fallen sharply from ₹6.47/ kWh in 2013 and 2014 to ₹1.99/ kWh in December 2020, driven by falling solar panel prices, supportive government policies and intense competition. As can be seen from Chart 13, the prices are significantly lower than the thermal tariffs.

A similar drop was observed in wind power when the procurement process was changed from Feed in Tariff to bidding in 2017. Lower capital cost is further driving down tariffs due to factors such as advancements in panel costs globally and lower financing costs.

In addition, there is an overall increased participation from central sector counterparties, which has also been a key driver for low tariffs. Bids from these counterparties have been aggressive, given the strong payment security mechanisms coupled with their strength.

Chart 13: Trend in Tariff of Solar and Wind compared to thermal (₹/kWh)



Source: MNRE Annual Report

Push for domestic manufacturing

The Ministry of Finance approved a 25% basic customs duty ("**BCD**") on solar cells and a 40% basic customs duty on solar modules on March 9, 2021. The BCD, which has been implemented from April 1, 2022, is part of a series of moves taken by the GoI to encourage domestic solar equipment makers. The MNRE ended the benefit of reduced customs duty for commodities used in the construction of solar power installations in February 2021. These steps are being taken to reduce reliance on imports and to develop a solar equipment manufacturing industry that is both self-sufficient and active in the global supply chain.

The present demand for solar cells and modules is 30 GW per year, but local producers can only offer 2.5 GW of solar cells and 10 GW of modules. This demand-supply imbalance forces producers to rely on costly imports to meet their contractual responsibilities for constructing the projects.

The introduction of the BCD will erase the pricing advantage enjoyed by Chinese imports and level the playing field for domestic producers. However, the ability of domestic manufacturers to ramp-up indigenous production to meet the domestic demand remains to be seen.

Private participation and investments in the renewable and transmission sector

For Renewable Energy

Renewable energy capacity additions are primarily from private sector participants and renewable energy development is highly fragmented. The top 11 players with an aggregate capacity of 39 GW constituted more than one-third of the installed capacities as of March 2022. The remaining players, around 64% of the market, are highly fragmented and hence the capacities are distributed across multiple players with small capacity.

Table 8: Capacity of top 11 renewable generation companies in India

	Company	Operational Installed Capacity
		(GW)
12	Renew Power Limited	10.60
13	Adani Green Energy Ltd.	5.41
14	Greenko Energy Holdings	4.20
15	ACME Cleantech Solutions Pvt Ltd	1.50
16	Azure Power Global Ltd.	2.60
17	Tata Power Company Ltd.	4.60
18	Sembcorp Energy India Ltd.	3.30
19	Sprng Energy Pvt Ltd.	2.13
20	Mytrah Energy India Pvt. Ltd.	1.80
21	CLP India Pvt Ltd.	1.17
22	Hero Future Energies Pvt. Ltd.	1.5 0
	Total	39.0

Source: CareEdge Research

In Fiscal 2021, investments in the renewable sector in India declined by 24% to US$6.4 billion from US$8.4 billion in Fiscal 2020. Currently, investments in the sector are rising due to revival of the energy demand and commitments by various organizations to exit fossil fuel investments.

In Fiscal 2022, there were investments worth US$14.5 billion in the renewable sector, increasing 125% from the previous year.

In Fiscal 2022, new players like Reliance New Energy and Vector Green entered the market. Over 57 percent of capital investment came from five renewable energy companies, SoftBank (SB) Energy Corp., ReNew Power Limited, Vector Green, REC Ltd., and Azure Power Global Ltd. in Fiscal 2022, while 43 percent came from five investors: AGEL, Reliance New Energy Solar, a consortium of banks (led by ANZ, Credit Agricole, DBS Bank, HSBC, and MUFG), RMG and Global Power Synergy Public Company (GPSC) of Thailand. The major investments were through bonds totaling to US$4 billion.

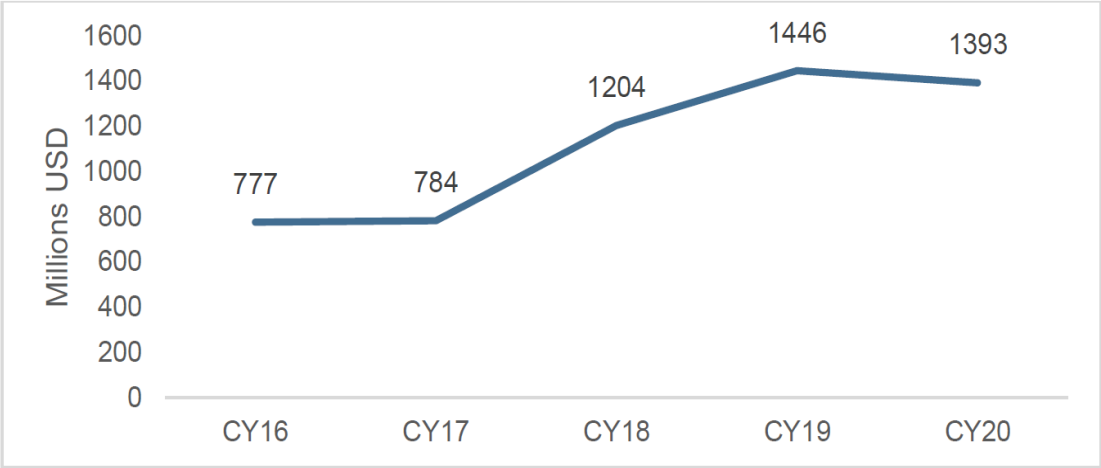
Interest from International Investors

The funding offers in Fiscal 2021 and Fiscal 2022 suggest that almost all of the cash flowed via acquisition. The biggest deal was SB Energy's exit from India's renewable energy sector with a sale of $3.5 billion in assets followed by Engie, ACME and Fortum agreements. A closer look reveals the nature of the investment deals, with most other big deals packaged as debt, equity investment, or green bonds, followed by mezzanine financing.

- **FDI**

  To boost investment in the renewable energy sector, the GoI has taken various measures including permitting Foreign Direct Investment ("**FDI**") up to 100% under the automatic route, strengthening Power Purchase Agreements ("**PPAs**"), and mandating Letter of Credit ("**LC**") as a payment security mechanism for timely payments to renewable energy generators. FDI trends in recent years have grown sharply as seen in chart below:

Chart 14: FDI trend in recent years (million US$)



Source: Action Plan by Standing Committee on Energy (2020-21), MNRE

Key global investments in India are as follows:

- **Development finance institutions**, such as the International Finance Corporation ("**IFC**"), Deutsche Investitions- und Entwicklungs gesellschaft ("**DEG**"), and Asian Development Bank ("**ADB**") have been active in funding renewable energy projects in India through foreign currency loans. Development finance institutions such as the IFC provide equity funds to large and small-scale renewable energy projects.
- **Sovereign wealth funds**, namely Khazanah Nasional (*Malaysia*) and Temasek (*Singapore*) which have international exposure to the renewable energy sector, have started making their presence known and are now actively looking for investment opportunities in India's renewable energy space.
- **Global Pension Funds**,
    - La Caisse de dépôt et Placement du Québec ("**CDPQ**") has increased its stake in Azure Power Global Ltd. ("**Azure Power**"), a leading player in solar energy, to 40% through a US$100 million contribution to the company's recent capital raising. CDPQ is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans.
    - Canada Pension Plan Investment Board ("**CPPIB**") is set to buy SoftBank's 80% shareholding in SB Energy Holdings for $425 million.
- **Global investors** including:
    - Brookfield, Omers, Mubadala, and Abu Dhabi Investment Authority ("**ADIA**") have invested around $500 million to 600 million (₹3,500 crore to ₹4,200 crore) in the renewable energy platform of Tata Power. French Oil Company in Adani Green Energy Ltd. ("**AGEL**") also invested for a 20% minority stake. The value of investment was $222 million. The companies set up a solar development joint venture with an enterprise value of $2.22 million.
- L&T Infrastructure Company Ltd ("**LTIF**") is set to receive a $100 million external commercial borrowing loan from Asian Infrastructure Investment Bank ("**AIIB**"). The loan proceeds will be used to lend large and mid-scale wind and solar power infrastructure projects in India. AIIB is a multilateral development bank that invests in sustainable infrastructure.
- **Green Bonds and Sustainable Bonds**

  Green bonds are a new type of capital market instrument that potentially provide innovative ways for investors to invest in renewables. Given institutional investors' strong preference for indirect investments, preferably via listed and rated instruments, green bonds serve as a link between these capital providers and renewable energy assets.

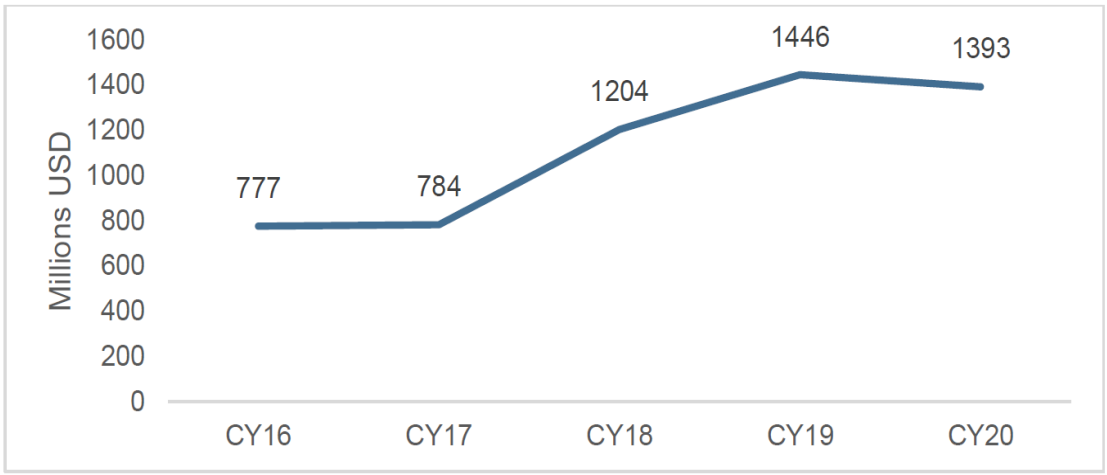
  According to Forbes India, the green bond market has grown dramatically in recent years, with issuances rising from US$857 million in 2015 to US$3525 million in 2021 (January to May).

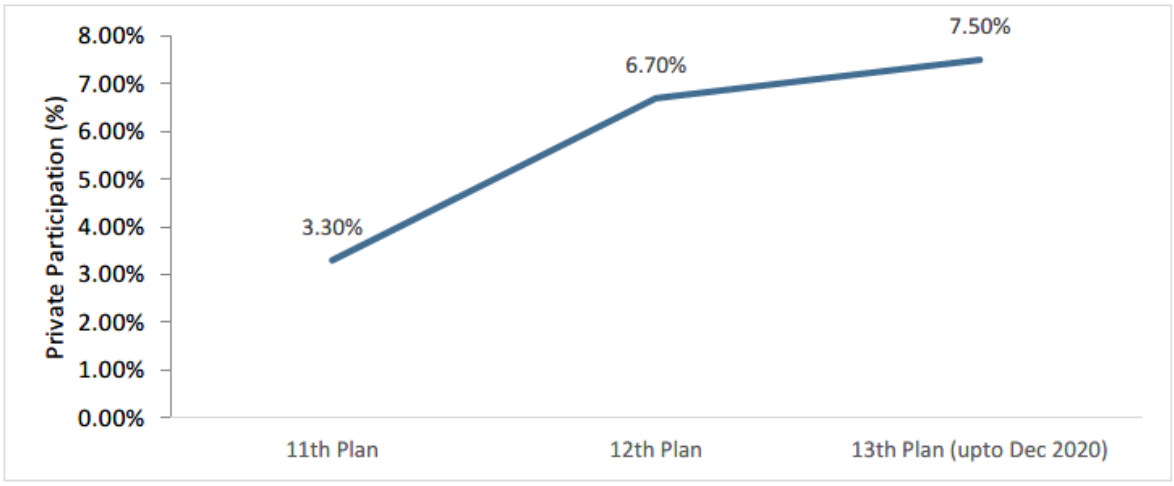
In April 2021, ReNew Power raised money from green bonds with a tenor of 7.25 years at a fixed interest rate of 4.5% per annum, and this was soon trumped in August 2021 by the US$414 million 2026 green bond issue by Azure Power Global at a record low 3.57% p.a. In August 2021, Vector Green raised bonds for a value of US$ 1 billion for solar energy for 3 years, and which were the first AAA-rated green bond. Power Finance Corporation (PFC) raised US$353 million from a green bond at 1.84% coupon rate for a period of seven years.

Indian Railway Finance Corporation (IRFC) raised US$500 million from a green bond with a tenor of 10 years and a coupon rate of 3.57% for the purpose of building renewable energy capacity. While AGEL raised US$750 million through three-year notes at the holding company level in September 2021 at the coupon rate of 4.3%.

Private Sector Participation

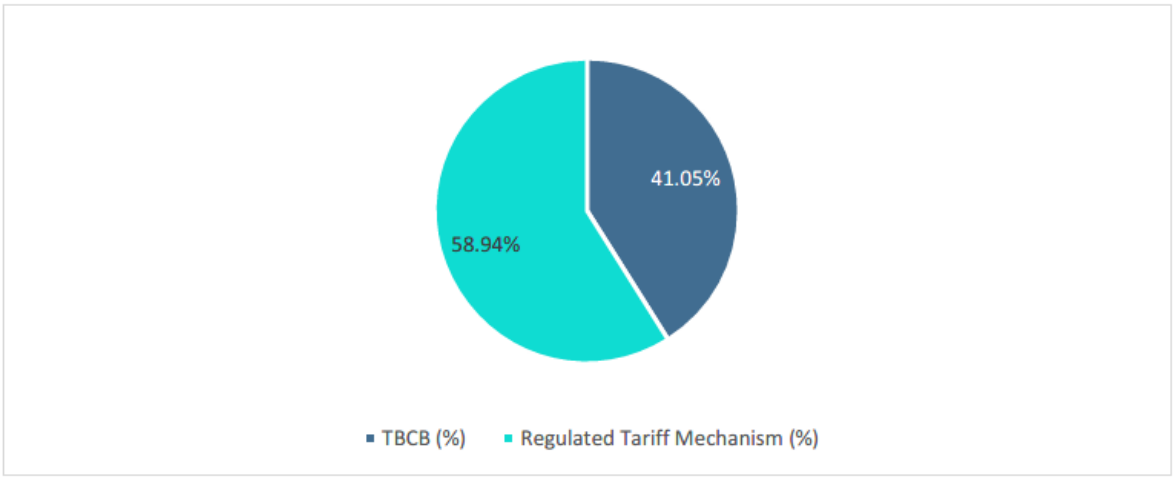
Chart 15: Private Sector Participation in the transmission sector decimal





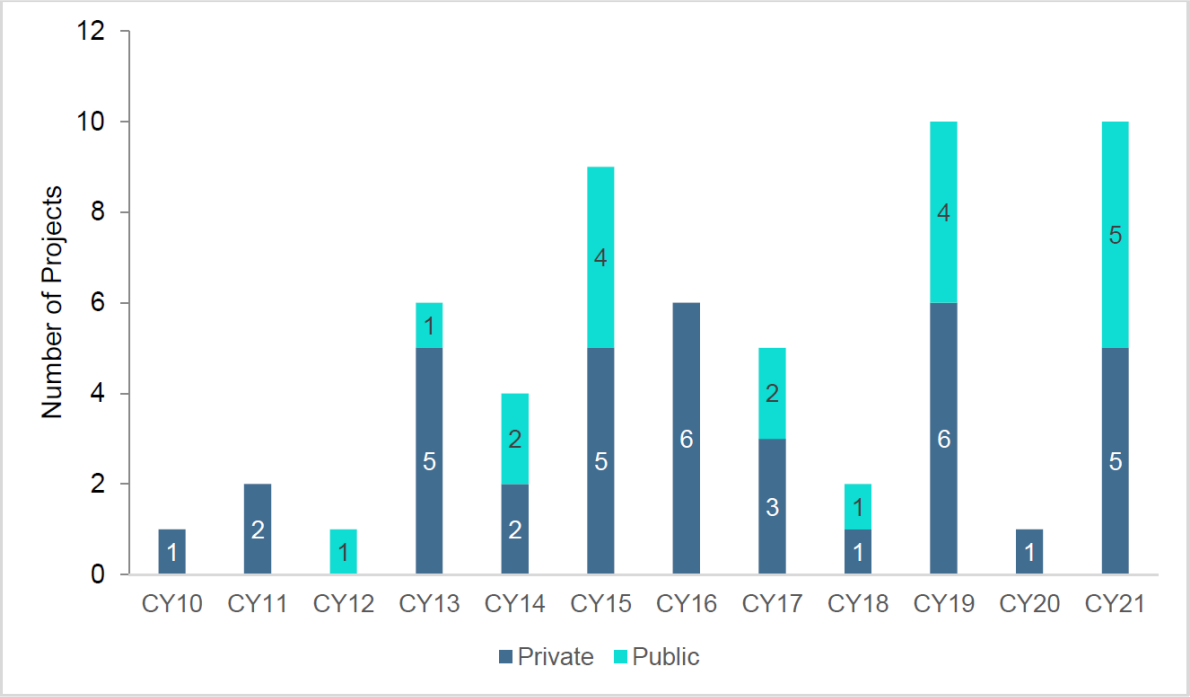
Source: Sterlite Power Annual Report 2021

Chart 16: Share of TBCB projects in total bidding



Source: Transmission System Development in India Research Report by Teri

Chart 17: Pace of Private Participation



Source: CareEdge Research

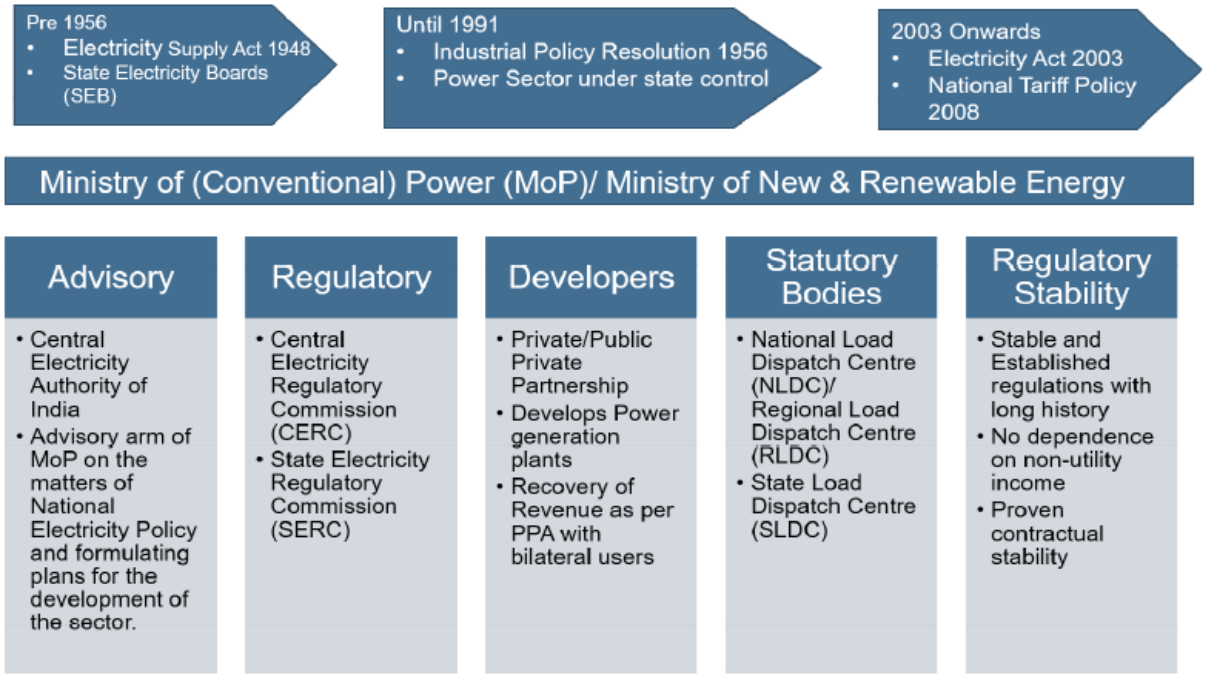
REGULATORY FRAMEWORK AND POLICY INITIATIVES

Overview

In India, the Electricity Act, 2003 governs the generation, transmission, distribution, exchange, and use of electricity. It also establishes a complex system of bodies to administer the Electricity Act's functions. The Electricity Act, among other things, delicensed all generation activities except hydropower. The Electricity Act's principal goals are as follows:

- Promoting competition.
- Protecting the interest of consumers.
- Ensuring electricity supply to all areas along with rationalization of tariffs.
- Ensuring transparent policies and promotion of efficiency.

The following diagram shows the regulatory structure of power sector in India.



Regulatory framework and tariff structure for renewable generation and power transmission industry

Must-Run status of Renewables

According to the Electricity Act, 2003, a wind, solar, wind-solar hybrid or hydro power plant or a power plant from any other sources of renewable energy, as may be notified by the government, having an agreement to sell power to any person shall be treated as a must-run power plant, which shall not be subjected to curtailment or regulation of power on account of merit order dispatch or any other commercial consideration.

'Must run status' mainly means that evacuation of power from renewable power plants should not be curtailed for factors other than on account of grid safety or safety equipment or personnel.

Curtailment means discontinuance, stoppage, or reduction of offtake of power from a generating station and as per the Grid Code or failure or to ensure grid safety.

Further, concerned state load dispatch centers ("**SLDCs**") caps and regional load dispatch centers ("**RLDCs**") are required to maintain the record of schedule from renewable power generating stations based on the type of renewable energy sources.

Although, in practice things have been different. The issue of artificial curtailment has been a cause of concern for renewable energy generators especially in the states of Tamil Nadu, Karnataka, Rajasthan, Gujarat, Madhya Pradesh, Telangana, and Andhra Pradesh.

The Ministry of Power ("**MoP**") recently released a draft of new electricity rules designed to make the compensation process easier for renewable project developers. According to the new rules, if a curtailment notice is provided 24 hours before the scheduled supply, the generator must sell the unscheduled power to the power exchange. The ministry also stated that if the compensation rate is not specified in the power purchase agreement ("**PPA**") or power sale agreement ("**PSA**"), it will be set at 75% of the PPA rate per unit.

Payment security mechanism

One of the most serious risks for power producers is the counterparty risk associated with distribution companies' failure to make regular payments on time. Long term tie-ups with distribution companies account for nearly 88 percent of power offtake from power producers in India. Historically, DISCOMS in India have been harmed by leakages in the transmission and distribution systems, poor collection efficiencies, tariff controls, and other factors.

Power producers and DISCOMS enter into PPAs for the selling of electricity on essential contractual parameters such as tenure, rate, billing, and payment security. However, due to the risk of receivables, the poor financial health of DISCOMS increases the price at which power producers can raise financing. Furthermore, delays in payment to power producers have major cash flow consequences for power producers, jeopardizing their long-term survival. The GoI has secured numerous levels of payment security in renewable energy PPAs, such as letter of credit, default escrow agreement, payment security fund, tripartite

agreement, and state government guarantee, to lower both the perception and the quantum of this risk for investors. The following is a brief description of each:

- **Letter of Credit:** LC is a standard instrument given by banks (usually in exchange for a fee paid by DISCOM) that guarantees the recipient of payments ("**SPD**") up to the letter's whole value (typically 1.1 times average monthly energy bill raised by SPD to the DISCOM). If the DISCOM fails to make a payment, the LC can be used.

- **Default escrow agreement:** Escrow is a legal concept in which a third party (usually a bank) holds a financial instrument or asset (in this example, DISCOM's cash flows) on behalf of two other parties. The power producer and DISCOM sign a default escrow agreement for an amount that is normally equal to the LC.

- **Payment security fund:** A payment security fund is a capital reserve that provides interest-free capital to its beneficiaries in the event of a DISCOM's payment default (typically equivalent to three months of payment for energy sale to DISCOM).

- **Tripartite agreement:** SECI was designated as a beneficiary of a tripartite agreement between the GoI, state governments, and the Reserve Bank of India in February 2017. In the event of a default by state-owned DISCOMS, the central government (through the Reserve Bank of India) has the authority to withhold payments to the state governments under this agreement and pay the central power sector utilities. SECI's strong credit profile along with the tripartite agreement provides additional assurance against DISCOM payment default.

  The solar sector overall has benefited from a higher share of central PPAs and the tripartite agreements for payment security.

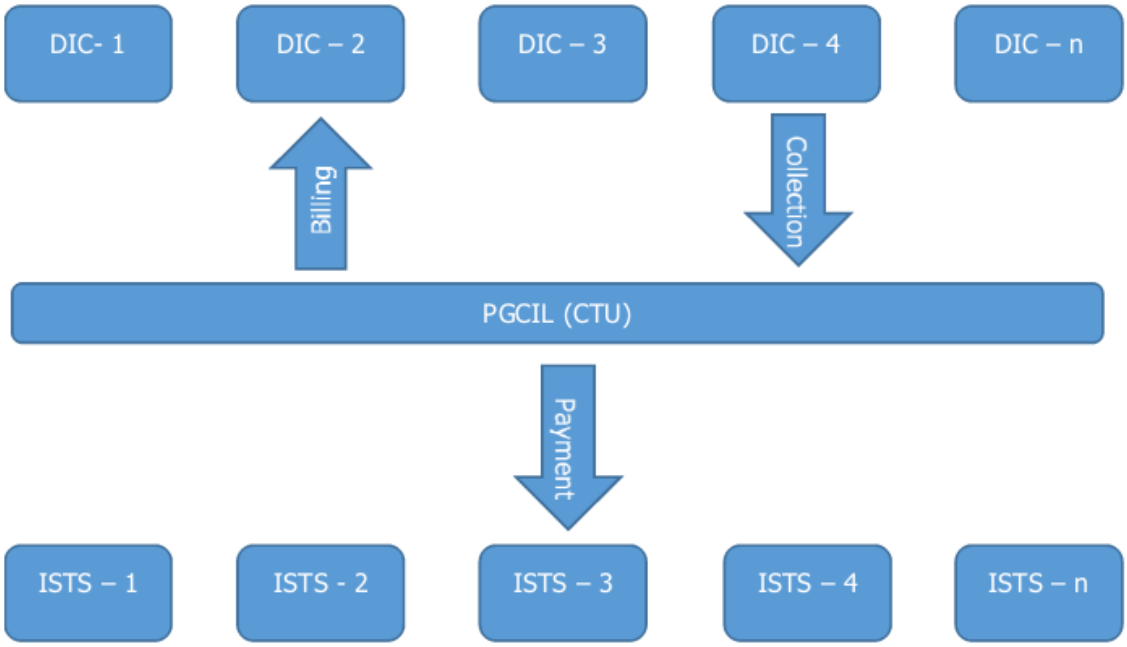
- **State government guarantee:** A set amount may be guaranteed by the state government as an alternative to a tripartite agreement in the event of PPAs negotiated directly between power producers and state DISCOMS.

- **Point of Connection mechanism for ISTS assets:**

  Power transmission systems are the backbone of the entire power system and the Indian electricity market is mired with the weak financial health of the state DISCOMS. Considering this, it is important to ensure an efficient payment security mechanism for timely payment of transmission charges to the transmission system developers to keep this key infrastructure vibrant and make it a sustained attractive investment option for the developers, investors, and lenders.

  In 2010, the Central Electricity Regulatory Commission ("**CERC**") introduced the Central Electricity Regulatory Commission Sharing of Inter-State Transmission Charges and Losses Regulations, 2010, which were implemented from July 2011. Through these regulations, CERC introduced the point of connection ("**PoC**") mechanism for determining inter-state transmission charges. Under the PoC mechanism, PGCIL is notified as a Central Transmission Utility ("**CTU**") which spearheads the implementation of all the Inter State Transmission System ("**ISTS**") projects in India awarded to other players. Under the PoC mechanism, the CTU is the designated agency and acts as the revenue aggregator. It is entrusted with the responsibility of billing and collection of the transmission charges from the designated inter-state customers ("**DICs**") and disbursement of the same to the ISTS licensees. The CTU collects the transmission charges from all the DICs in a central pool and pays the ISTS licensees from that pool, the share of their proportionate charges. Any delay in payment from DICs or any partial payments by the DICs are shared among all the ISTS licensees on a pro-rata basis. Any expenses incurred by PGCIL for performing the aforesaid activities are reimbursed to it as part of yearly transmission charges. PGCIL thus functions as a single point of contact between ISTS licensees and the DICs.

Illustration on POC mechanism



Source: CareEdge Research

Key Government Initiatives for Renewables

Solar

- **Pradhan Mantri Kisan Urja Suraksha Evam Utthan Mahabhiyan ("PM KUSUM"):**

  The PM-KUSUM program aims to supply renewable energy to over 3.5 million farmers by solarizing their agriculture pumps. The PM-KUSUM program intends to build grid-connected ground mounted solar power plants (up to 2 MW) totaling 10 GW under Component A; 20 lakh freestanding solar pumps under Component B; and solarize 15 Lakh grid connected agricultural pumps under Component C. All components combined will support the installation of additional solar capacity of 30.80 GW. Expansion of the scheme was announced during the budget for 2020-21 to increase the quantity of standalone solar pumps covered under the scheme from 17.5 lakh to 20 lakh pumps, and the quantity of solarization of grid connected pumps from 10 lakh to 15 lakhs. With this expansion, the target solar capacity under the Scheme has increased to 30.8 GW from the earlier 25.8 GW.

Key Policy initiatives for development of power transmission sector

- **National Electricity Policy**

  Several transmission related provisions of the National Electricity Policy have implications regarding the National Electricity Plan, as follows:

  (i) Adequate and timely investments, and also efficient and coordinated action to develop a robust and integrated power system for the country.

  (ii) Augmenting transmission capacity keeping in view the increase in generation and also for the development of the power market.

  (iii) While planning new generation capacities, the requirement of associated transmission capacity will need to be worked out simultaneously in order to avoid any mismatch between generation capacity and transmission facilities.

  The policy emphasizes the following to meet the above objectives:

  (i) The Central Government should facilitate the continued development of the National Grid for providing adequate infrastructure for inter-state transmission of power and to ensure that underutilized generation capacity is facilitated to generate electricity for its transmission from surplus regions to deficit regions.

  (ii) The Central Transmission Utility ("**CTU**") and the State Transmission Utility ("**STU**") have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all concerned agencies as provided in the Act. The CTU is responsible for the national and regional

transmission system planning and development. The STU is responsible for planning and development of the intra-state transmission system. The CTU will need to coordinate with the STUs for the achievement of the shared objective of eliminating transmission constraints in a cost-effective manner.

(iii) Open access in transmission has been introduced to promote competition among the generating companies who can now sell power to different distribution licensees across the country. This should lead to the availability of cheaper power.

SOLAR GENERATION SECTOR

Global Solar Market

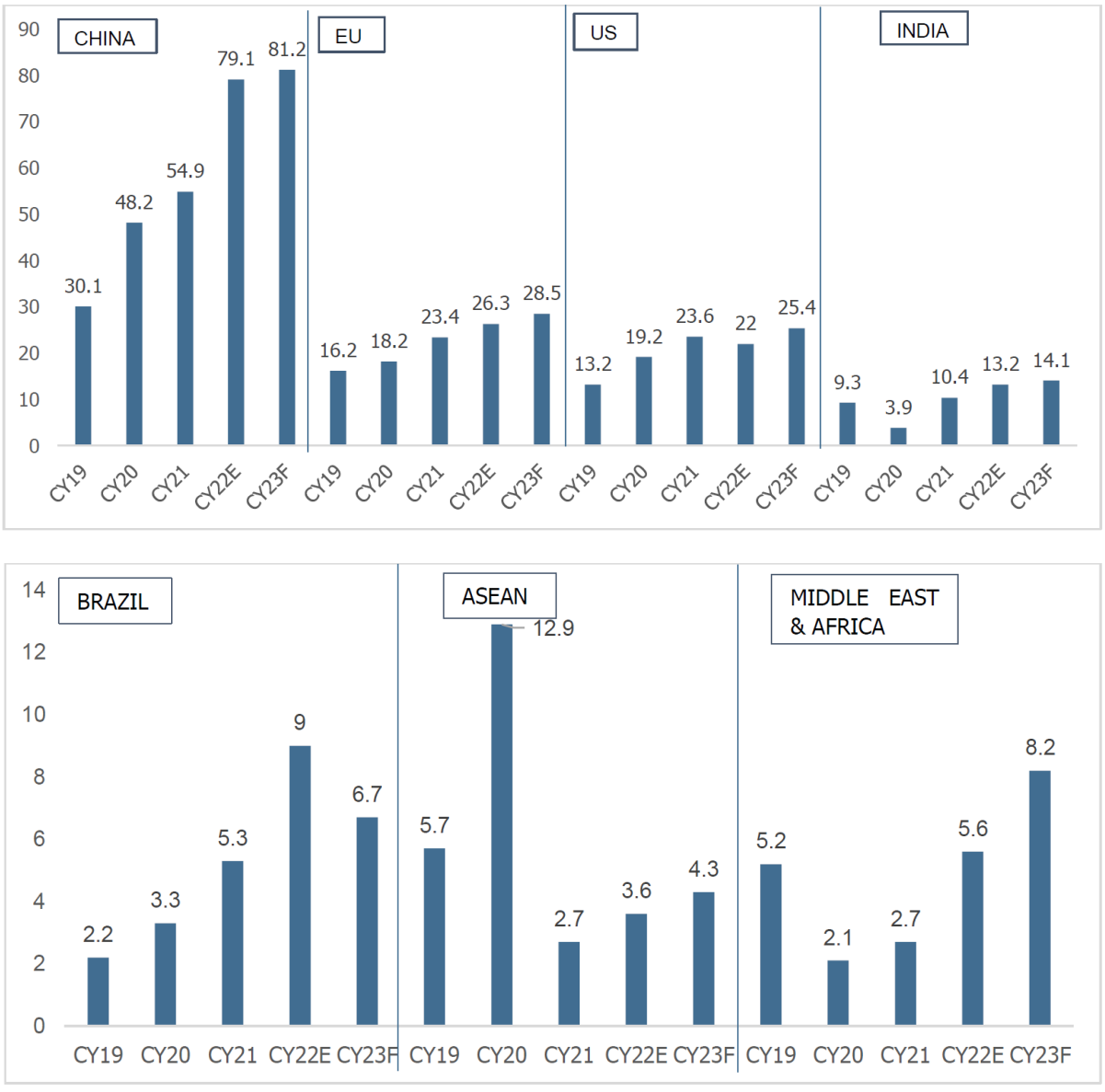
Global Solar PV Capacity Additions

In 2022, solar photovoltaic ("**PV**") capacity additions are estimated to be 190 GW, which account for 60% of the increase in global renewable capacity. This is a 25% increase from the previous year. PV has become the most cost-effective choice for energy generation in many nations, particularly those with abundant natural resources and low-cost financing. As a result, businesses are increasingly opting for bilateral agreements with large-scale solar PV plants to satisfy their energy needs. The costs are expected to remain higher than pre-pandemic levels for solar PV and wind due to higher commodity and freight costs. However, competitiveness is expected to improve due to a sharper increase in coal and natural gas prices.

The current global energy crisis has added a new urgency to accelerate the green energy transitions. Solar PV and wind have the potential to reduce the European Union's power dependency on Russian natural gas by 2023. Russia supplies around 45% of the European Union's gas import for industry, homes, and electricity. The investment costs of Solar PV and wind are expected to rise due to increase in commodity prices in the wake of Russia's invasion.

Solar PV is forecast to reach 200 GW in 2023, breaking all previous records.

Chart 18: Annual solar PV capacity additions by country, 2019-23 (GW)

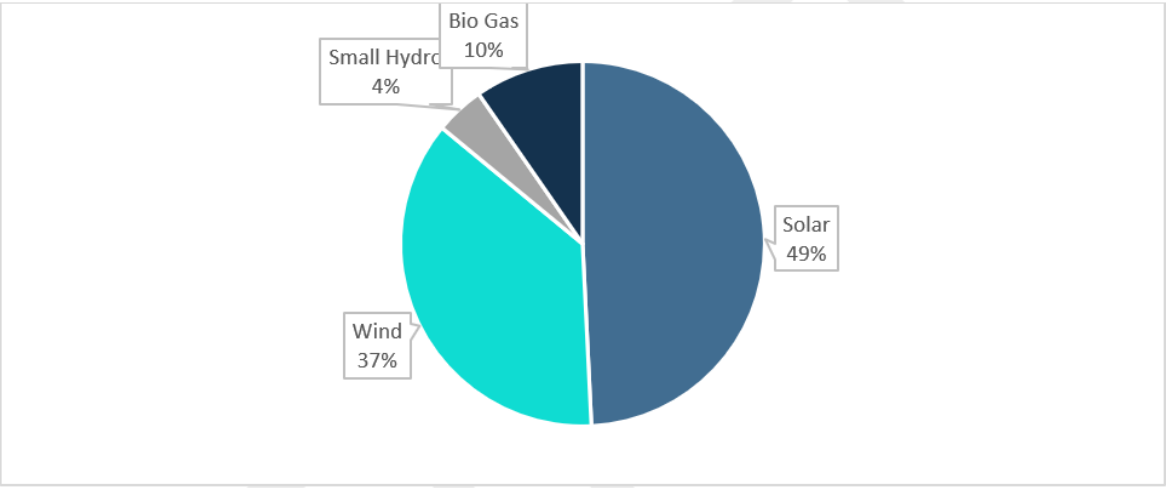


Source: IEA

Evolution and Rise of Solar Power in India

India has a large amount of solar energy potential. Approximately 5,000 trillion kWh of energy is incident over India's geographical area each year. Solar photovoltaic electricity can be successfully harvested, allowing for massive scalability in India. Millions of people in Indian communities have profited from solar energy-based decentralized and distributed applications that satisfy their cooking, lighting, and other energy demands. Furthermore, over the years, India's solar energy sector has emerged as a key participant in grid-connected power generation capacity. It contributes to the government's objective of sustainable growth while emerging as a key anchor in meeting the nation's energy demands and ensuring energy security.

Chart 19: Share of solar in total renewable installed capacity as of March 2022

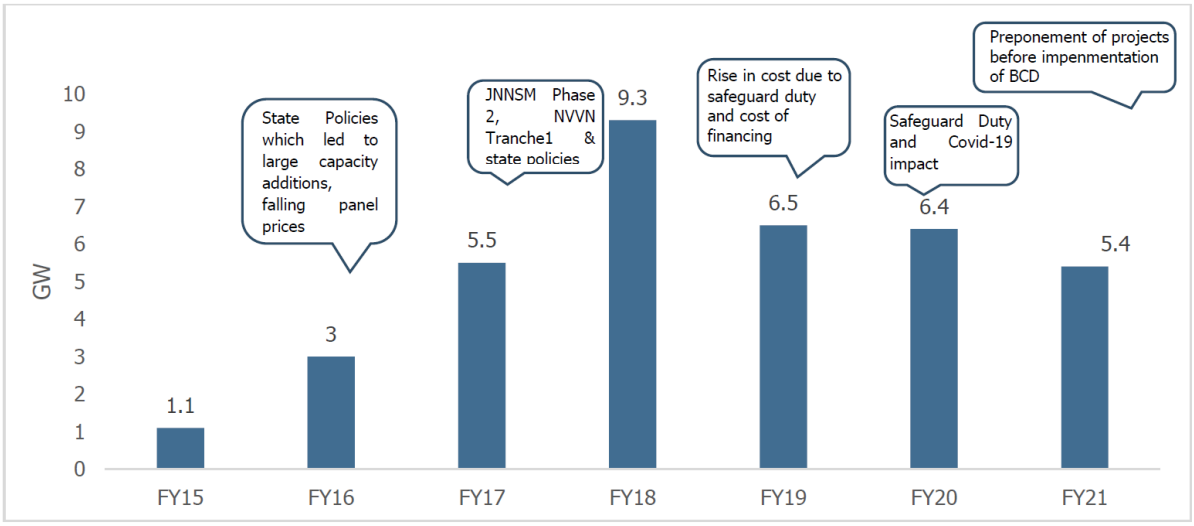


Source: MNRE

Solar has outpaced wind by installed capacity as on date. Solar energy accounted for 49 percent of the renewable energy basket as of March 2022. Over the previous five years, the solar power industry has experienced strong growth. Over Fiscal 2018 to Fiscal 2022, the segment added 32.3 GW of capacity, registering a CAGR of 25 percent, albeit from a low base. Despite suffering supply chain constraints, increasing shipping costs, and rising prices of key commodities, the capacity installations have been high due to the introduction of basic custom duty on module and cells, rapid technology improvements, increased competitiveness and completion of projects that were in the pipeline during the period affected by the COVID-19 pandemic.

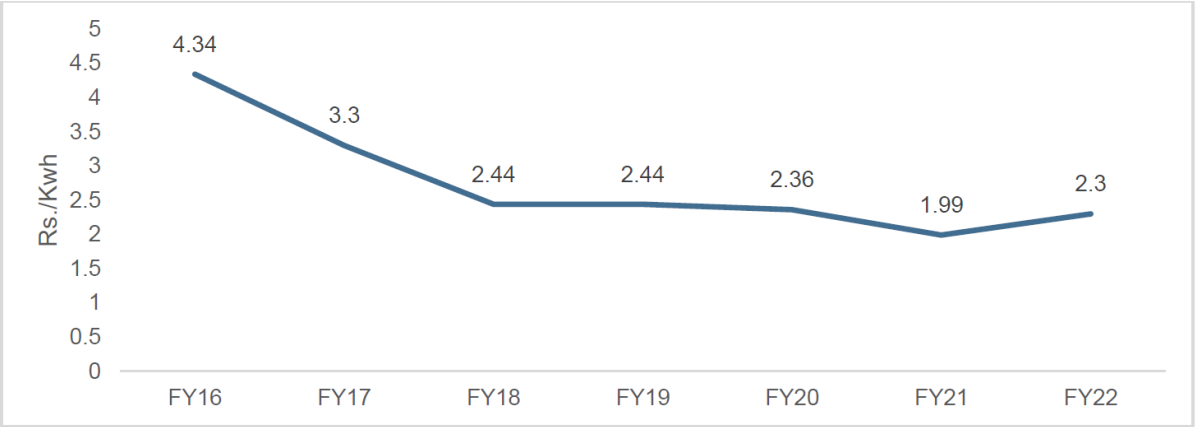
Solar energy is an integral part of India's National Action Plan on Climate Change, with the National Solar Mission ("**NSM**") being one of them. The NSM is a major initiative of the Indian government, with strong participation from states, to encourage environmentally sustainable growth while addressing India's energy security issues. The Indian government has implemented several policies, including the Solar Park Scheme, PM KUSUM, CPSU, Grid Connected Solar Rooftop Schemes, and other initiatives like domestic modules production, REC, RPO, must run status and waiver of ISTS charges.

Chart 20: Trend in solar installed capacity- GW



Source: CEA

Chart 21: Average Solar Tariffs



Source: MNRE Annual Report

Key factors driving the rise of solar power in India

- **Solar potential of India**

  India has a solar potential of 749GW, assuming that solar PV modules cover 3% of the waste land area. Comparatively, India had an installed capacity of 54GW of as of March 2022.

  As seen in the table below, the top ten states with highest potential are compared with their installed capacity. The installed capacity is only around 10% of that of the potential and there is a significant unexplored potential.

Table 9: Top 10 states by potential vs installed capacity (as on March 2022)

States	Potential	Installed Capacity
	(MW)	*(MW)*
Rajasthan	1,42,310	12,565
Jammu & Kashmir	1,11,050	45
Maharashtra	64,320	2,631
Madhya Pradesh	61,660	2,718
Andhra Pradesh	38,440	4,387
Himachal Pradesh	33,840	76
Gujarat	35,770	7,180
Odisha	25,780	451
Karnataka	24,700	7,591
Uttar Pradesh	22,830	2,244
Total	**3,07,340**	**39,888**

Source: Annual Report 2020-21, MNRE

- **National Solar Mission**

  Targets defined under the Jawaharial Nehru National Solar Mission ("**JNNSM**") played a key role in achieving the total solar power capacity installed of 54 GW as of March 2022.

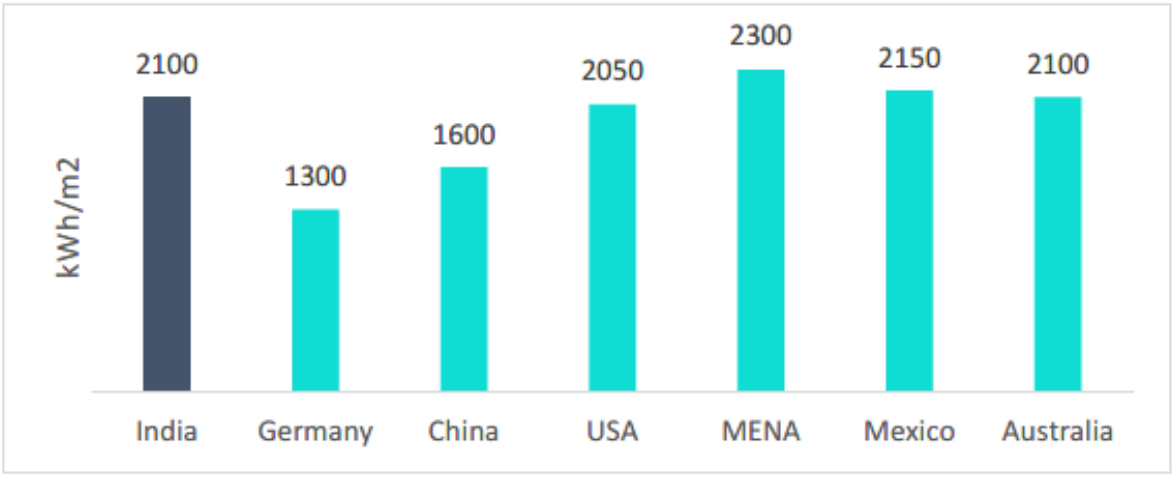
- **Progress of Solar Park Scheme**

  Based on proposals received from the States, 42 solar parks aggregate capacity 26,801 MW has been approved to 15 States as of December 2020. These solar parks are at different stages of development. The scheme has been extended until March 2024.

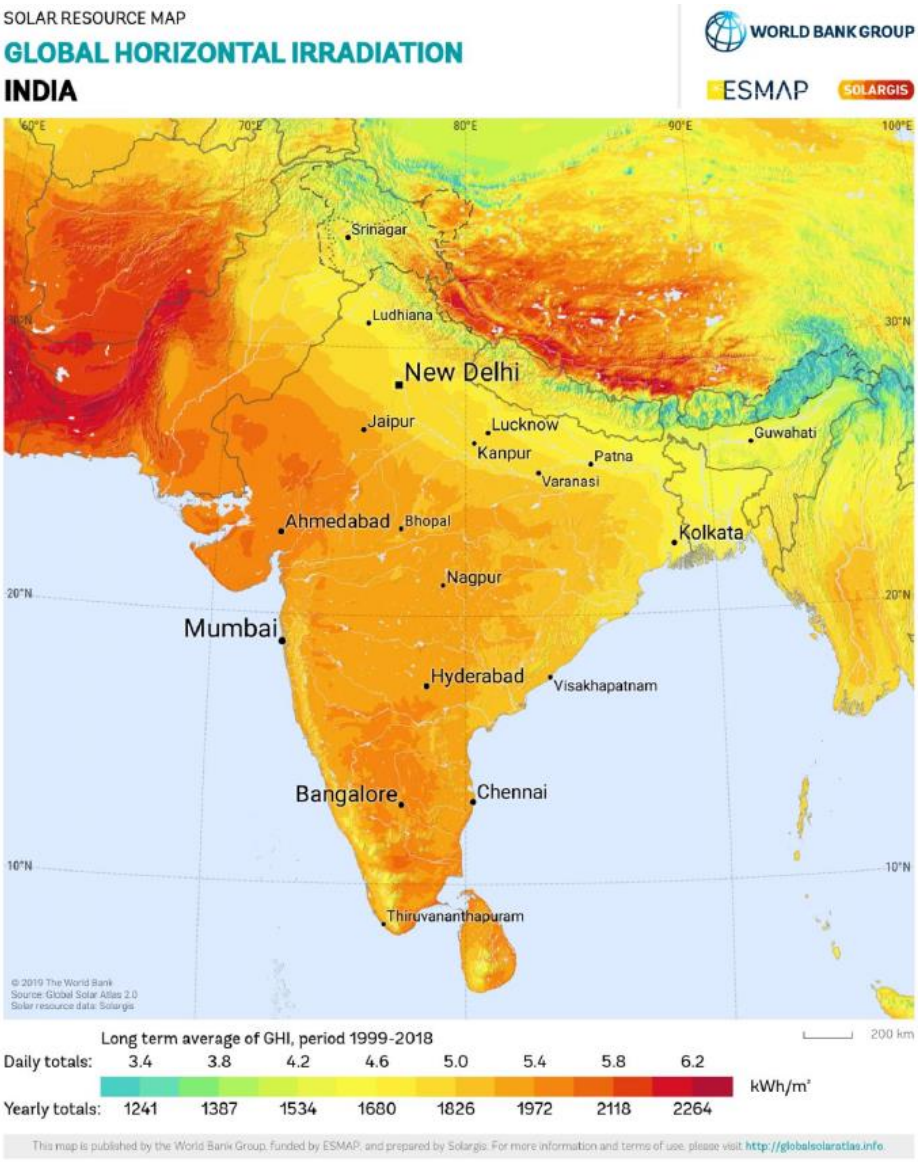
Solar Irradiance in India – One of the highest in the world

India has an abundance of solar irradiance and receives solar energy throughout the year. This has created enormous opportunities to exploit solar energy especially in states like Rajasthan, Gujarat, and Andhra Pradesh.

Chart 22: Solar Irradiance data – India and World (kWh/m2)



Source: Solargis



Modes and model of operations

Ground-mounted solar projects

- **Sale of power to central DISCOMS through PPAs with NVNN and SECI**

SECI and NTPC Vidyut Vyapar Nigam Limited ("**NVNN**") are nodal agencies for buying solar power through competitive bidding and bundling it with the thermal power units to sell to DISCOMS at a bundled cost.

The PPAs to these central DISCOMS are also secured by a tripartite agreement and hence are bid out at the lowest competitive rates.

- **Sale of power to state through PPAs to DISCOMS**

  DISCOMS in India purchase renewable energy from developers through feed-in tariffs ("**FiTs**") or in most cases through competitive bidding. Many Indian states have issued solar and wind policies that provide advantages like reduced wheeling and banking fees, no cross-subsidy surcharge, and no electricity duty for the development of renewable energy projects in their states. DISCOMS are allocating the projects to achieve their solar and non-solar Renewable Purchase Obligations (**RPOs**), as well as to minimize the state's energy deficit.

- **Sale to private players**

(i) Sale of power through bilateral agreements

Open Access allows large users with more than 1 MW of linked load to purchase power on the open market at a lower cost. Instead of being required to buy power from the local utility monopoly, users will be able to choose from a variety of competitive power providers. Consumers can also use open access to meet their RPOs. A PPA is signed between the seller and the consumer for buying power at a mutually agreed tariff for a predefined number of years in a bilateral transaction. Many of India's biggest solar companies using the OPEX model (operating expenses model) are relying on bilateral agreements with commercial and industrial clients to determine tariffs.

(ii) Sale of power through REC Mechanism

The Renewable Energy Certificate ("**REC**") seeks to bridge the gap between the availability of renewable energy sources and the requirement of the obligated entities to meet their RPOs.

Features of the REC Framework:

- The REC mechanism is a market-based instrument to promote renewable energy and facilitate renewable purchase obligations
- The REC mechanism is aimed at addressing the mismatch between availability of renewable energy resources in state and the requirement of the obligated entities to meet the renewable purchase obligation.
- There are two categories of certificates: solar certificates issued to eligible entities for the generation of electricity based on solar as a renewable energy source, and non-solar certificates issued to eligible entities for the generation of electricity based on renewable energy sources other than solar.
- The certificate, once issued, remains valid for 365 days from the date of the issuance of such certificate.
- The REC can be exchanged only in CERC approved power exchanges.

The REC market segment is divided into two categories: solar and non-solar certificates, which are awarded to qualifying organizations for power generation using solar and non-solar renewable energy sources, respectively. The REC market is governed by the Power Market Regulations and the REC Regulations, as well as the Commission-approved detailed procedure for accreditation, registration, issue, and redemption of RECs.

- **Virtual net metering and Group net metering**

  Group net metering and virtual net metering was introduced by the Delhi Electricity Regulatory Commission ("**DERC**") as a revision to their Solar Policy 2016.

  Virtual net metering is a system that allows those without a suitable roof to access solar energy and make use of a solar net metering facility. The solar energy system in question is often collectively owned and generates power that is sent to the grid under these agreements. The meter attached to this connection records the amount of energy consumed and exported to and from the grid, fulfilling demand for everyone on the system while also providing credits on the electricity bill.

  Although this capability will initially be provided only to government bodies, customers will subsequently be able to apply to the distribution firm for such a connection for a charge. According to the policy, DISCOMS will pay for smart meter installation and bills will clearly display the imported, exported, and carried forward energy units to preserve transparency, boost awareness and create confidence between DISCOMS and consumers.

There are no restrictions on intra-DISCOM or inter-DISCOM energy transfers which will improve energy management and meet demand. This policy should help the state to meet its RPO goals. Even though Delhi is under a lot of pressure to use green energy due to rising pollution levels, group and virtual net metering could be a model for other cities to follow if handled appropriately.

The Gross Net Metering Framework is applicable for all customers of the NCT of Delhi while Virtual Net Metering Framework is relevant for residential consumers, housing complexes, government offices/local powers, and solar energy providers.

Trends in technology: Operations & Maintenance Innovations

Given high competition, it's imperative for players to optimize the construction, financing, and maintenance costs. Key innovations in the operations and maintenance of renewable projects are listed below:

- **Remote operations center**

  Renewable generators around the globe are innovating the operations and maintenance ("**O&M**") of renewable plants through remote operations centers ("**ROCs**"). These are hubs (some of which are cloud based), which enable the management of O&M of plants across locations. Their capabilities include performance and SCADA monitoring, downtime categorization and generation forecasting. For example:

  - Adani Green Energy Ltd has deployed a cloud based Remote Operating Nerve Centre in India, which centralizes operations and enables efficient operations and maintenance.
  - Similarly, GE Renewable Energy Ltd has 4 ROCs across the world to manage its installations of around 15,000 onshore and offshore wind, solar and energy storage assets.
  - Honeywell provides ROCs as a service – where it monitors and operates the assets on behalf of its customers.

- **Aerial Solar PV Inspection**

  Aerial thermography is one of the latest technologies to monitor and maintain solar assets. Traditional means of solar power monitoring includes mechanical work such as field work conducted by field technicians. Aerial thermography involves the use of aerial inspection using drones to monitor the entire site using infrared cameras. A Stanford study estimates that aerial inspection can cover up to 10MW per hour whereas manual inspections could cover only 1MW in 10 hours of work. Apart from saving time, such thermography also provides more accurate outcomes.

- **IOT based systems for dust detection and cleaning of solar panels**

  Solar panels are prone to dust which in turn impairs the performance of the modules. Apart from power losses, the life expectancy of the panel is also impacted as a result. Hence players are exploring automated systems for dust detection and cleaning of solar panels. The Internet of Things ("**IOT**") is one such technology that is used to monitor the solar panels for dust and enable timely cleaning of the panels. Specific dust sensors monitor the accumulation of dust and once it breaches a particular level, trigger the cleaning system automatically. Such systems optimize the module cleaning cycle by comparing the revenue loss due to soiling against the cost of module cleaning.

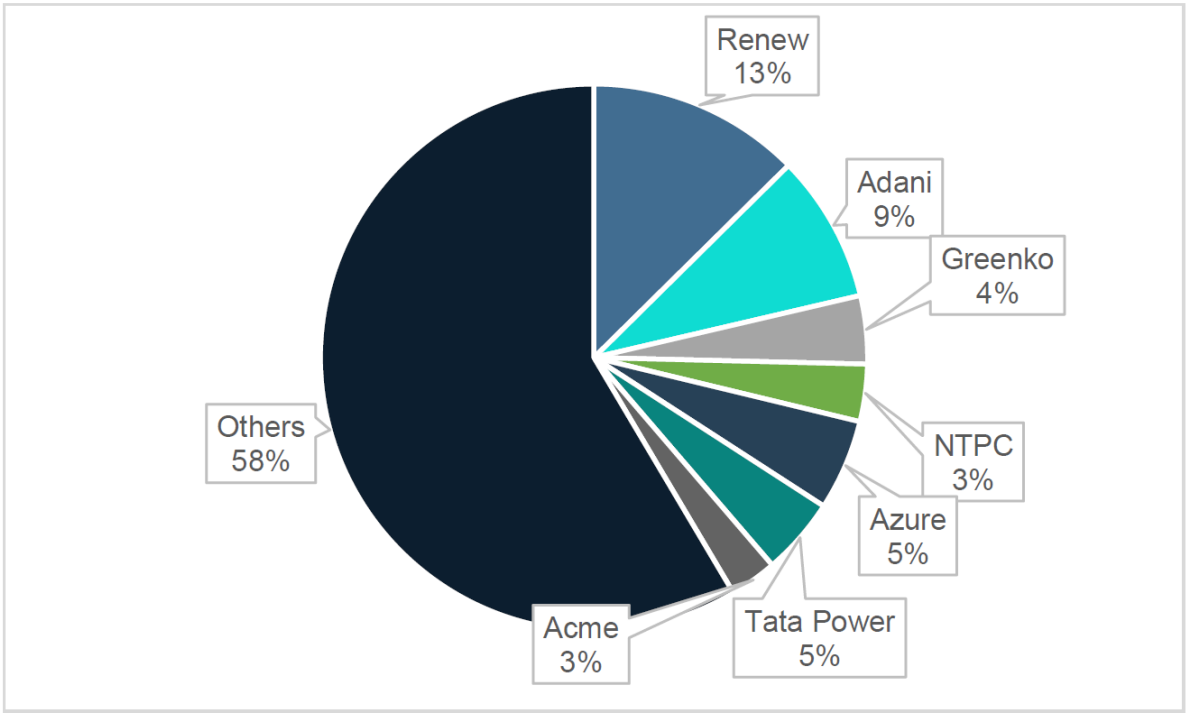
- **Predictive Maintenance using Machine Learning and forecasting**

  Apart from the above, technologies such as artificial neural networks are being explored to forecast energy output and enable predictive maintenance by using machine learning technologies.

Competitive mapping for solar players in India

Renewables is a very fragmented sector where the top 10 players make around 40% and the remaining 60% is divided among other players. Major players in solar are as follows:

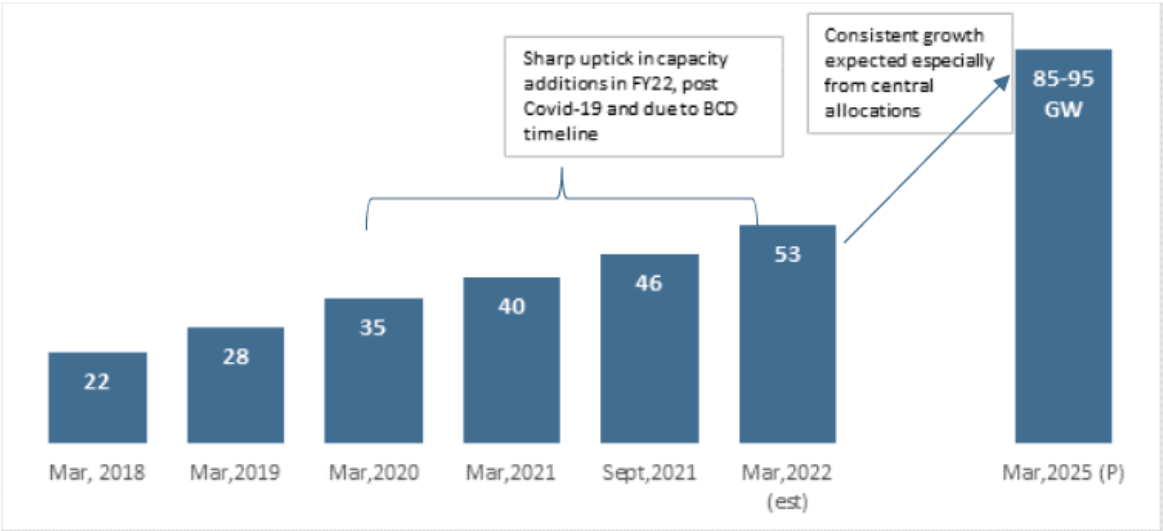
Chart 23: Major Players in Solar



Source: Annual reports, CareEdge Research

Outlook for solar energy capacity additions (Fiscal 2022- 2025)

Chart 24: Trend and outlook for installed capacity of ground-mounted solar (GW)



Source: CEA, CareEdge Research

Outlook for levelized tariffs

While tariffs are likely to factor in the higher capital costs over the near term, with increased investments from domestic and institutional investors, competitive intensity is expected to continue unabated. This is particularly true for central counterparties like SECI and NTPC. However, tariffs for state level counterparties will continue to price in the counterparty risks. Given the weak financial profile of DISCOMS, delays in counterparties are expected to continue to impact operational projects and new installations over the medium term.

Comparison of tariffs with APPC

The nationwide Average Power Purchase Cost ("**APPC**") for open access has been established at ₹3.85 / kWh by the Central Electricity Regulatory Commission ("**CERC**"). The APPC will remain in effect for Fiscal 2021-22 or until further directives are issued for a deviation resolution involving open access and captive wind and solar generators that meet the standards of regional organizations.

APPC at the national level for Fiscal 2021-22 is to be determined by computing the average APPC of all States and Union Territories ("**UT**"), weighted by the volume of conventional power purchased by the respective State/UT.

As it can be seen, the levels of tariffs are expected to remain lower than the APPC, thus preserving the attractiveness of the sector.

Outlook for policies

Solar capacity increased in Fiscal 2022, as the GoI had plans to increase the basic customs duty on solar module and solar cells in April 2022 which resulted in a considerable increase in installations. In Fiscal 2022, the pace of bidding had also remained strong. Capacity expansions are projected to continue at a rapid rate in the medium term, owing to increase in domestic manufacturing of solar modules, technological breakthroughs, interest from domestic and institutional investors, and the GoI's sustained attention. The developers are expected to face challenges amounting to rising cost of modules and other ancillary products but the downward trajectory in solar modules prices is expected to return late in 2023 or Q1 2024.

In September 2021, the Finance Ministry notified a 12% goods and services tax ("**GST**") rate for solar photovoltaic modules and other renewable energy equipment. In addition, the announcement specified an 18% GST rate for ten different categories of minerals ores and concentrates. This will present a new set of issues for the industry to deal with. This is a big increase over the previous 5%, and it will have an impact on both ongoing and new projects. The most affected projects will be utility-scale, open access, and OPEX. The GST paid for the renewables project will become a cost due to the inverted duty structure, which means there is no GST payable on the sale of power.

In the near term, the solar-plus-storage infrastructure industry is expected to grow, as is the exploration of floating solar PV modules and the growth of community solar projects into new markets. Cost reductions, operational efficiency, and the possibility to minimize storage capital costs through the solar investment tax credit are all advantages of combining storage and solar.

Standard and advanced multicrystalline module technologies have the largest share of the shift due to the expanding scope and research on p-type and n-type monocrystalline silicon modules. As the cell efficiency of such sophisticated PV modules has increased, the capacity utilization factor of solar plants has improved.

India has been experimenting with new techniques to place solar power in agricultural lands, canals, and other bodies of water. These new and novel technologies, such as agrivoltaics, canal top PV, and floating PV, are still in their early stages of development and have higher installation prices. To increase the cost-effectiveness of these technologies, the government must assess their technical potential, develop a uniform regulatory framework, establish a local supply chain, and investigate creative business models.

In addition, the sector continues to attract international investors. Innovative financing structures such as green bonds, obligor-co-obligor structures and other credit enhancement mechanisms have enabled favorable refinancing arrangements for developers. The focus on sustainability-oriented investing will be a key driver for attracting solar investments.

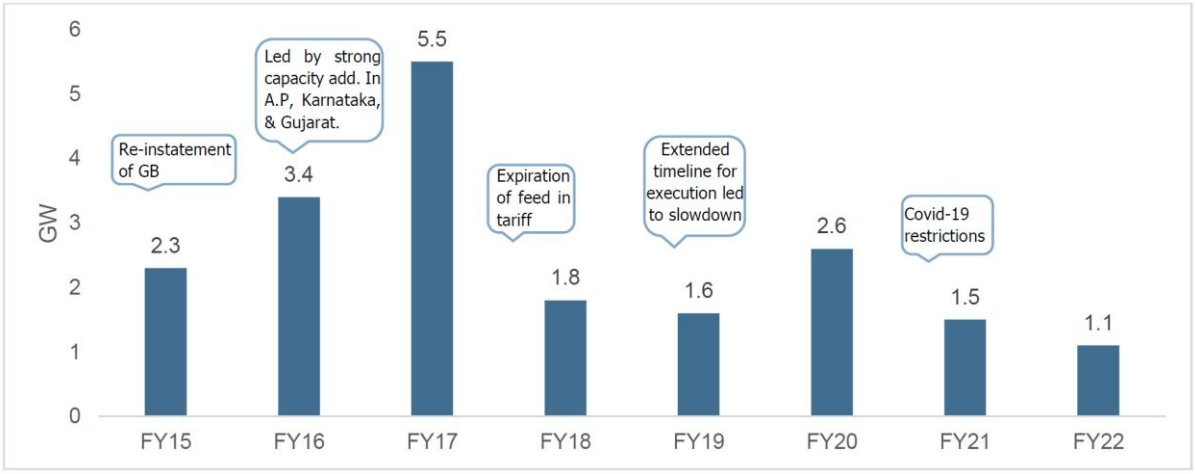
The GoI plans to install 500 GW by 2030. In line with the same, GoI's key initiatives and favorable policies are expected to drive sectorial growth over the medium to long term.

WIND GENERATION SECTOR

Evolution of Wind Power in India

With a total installed capacity of 40.3 GW (as of March 2022), India presently ranks fourth in the world for wind installed capacity. The wind industry's growth has resulted in a robust ecosystem, project operating capabilities, and a manufacturing base of around 10,000 MW per year.

Chart 25: Rise of Wind Power in India (GW)



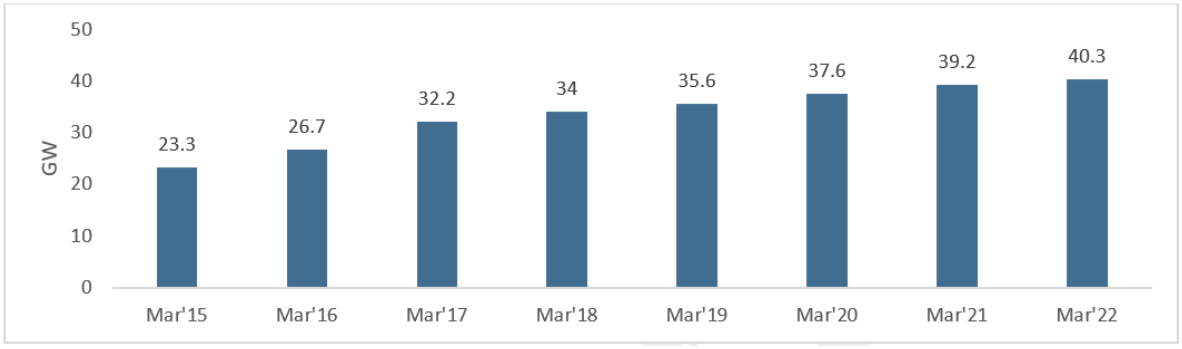
Source: MNRE

Capacity additions in the wind industry have benefited from accelerated depreciation and GBI benefits in the past which supported robust capacity additions, apart from the presence of feed-in-tariffs. Hence, capacity additions remained strong between 2014 and 2017 with fluctuations due to changes in state-specific regulations.

The transition to competitive bidding from a feed-in-tariff mechanism affected wind capacity additions leading to a drop since FY18. In addition, the Generation Based Incentive ("**GBI**") Scheme was available for wind projects that were completed before March 31, 2017. Furthermore, the highly competitive tariffs of the wind sector along with unavailability of favorable wind sites has played a role in the slowdown in capacity additions for the wind sector.

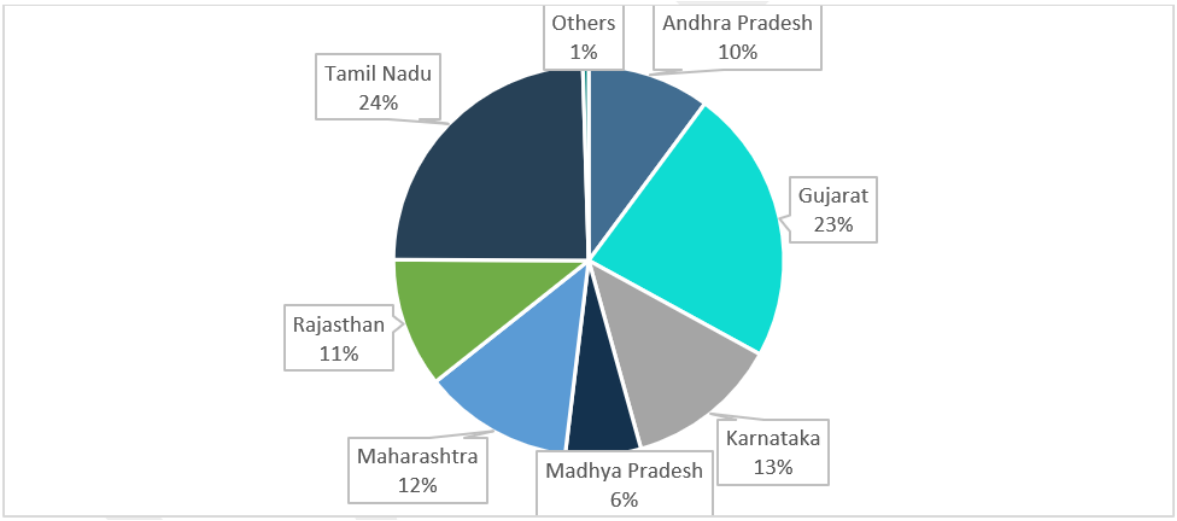
Overall grid connected wind energy capacity trends

Chart 26: Wind Power Installation trends (GW)



Source: CEA

Chart 27: India – Cumulative Wind Power Installations by States (%) – March 2022



Source: MNRE, CareEdge Research

Gujarat had the highest wind capacity installed in as of March 2022. With 9.2 GW of installed wind capacity, the state had a 23 percent market share and ranked second in cumulative wind capacity in the country.

Meanwhile, Tamil Nadu has a market share of over 24%. With roughly 9.8 GW of wind projects installed to date, it remains the leader in cumulative installations.

Karnataka, on the other hand, accounts for 13% of the market. The state's cumulative wind installations were 5.1 GW, placing it third in the country.

Maharashtra, which ranks fourth in total installations, has a wind portfolio of 5 GW. It controlled 12% of the market.

Wind Potential in India

Wind is an intermittent and site-specific resource of energy and therefore an extensive Wind Resource Assessment is essential for the selection of potential sites. The Government, through the National Institute of Wind Energy ("**NIWE**"), has installed over 800 wind-monitoring stations all over the country and issued wind potential maps at 50m, 80m, 100m and 120m above ground level. A recent assessment indicates a gross wind power potential of 302 GW in the country at 100m and 696 GW at 120m above ground level.

Most of this potential exists in seven windy states as given below in Table 10:

Table 10: Wind Power Potential in India at 100 meters and 120 meters above ground level and Installed Capacities

Sr. No.	States	Potential at 100m (MW)	Potential at 120m (MW)	Installed Capacity (MW) as on (31.03.22)
1	Andhra Pradesh	44,230	75,900	4,096
2	Gujarat	84,430	1,42,560	9,209
3	Karnataka	55,860	1,24,150	5,130
4	Madhya Pradesh	10,480	15,400	2,520
5	Maharashtra	45,390	98,210	5,013
6	Rajasthan	18,770	1,27,750	4,327
7	Tamil Nadu	33,800	68,750	9,866
	Total (7 Windy States)	2,92,970	6,51,720	40,161
	Other States	9,280	43,780	195
	All India Total	3,02,250	6,95,500	40,356

Source: Annual Report 2020-21, MNRE

Offshore Wind Energy

India has a coastline of about 7600km surrounded by seawater on three sides and therefore has tremendous power generation potential from offshore wind energy.

Based on early analysis of satellite data and data from other sources, eight zones in Gujarat and Tamil Nadu have been identified as possible offshore wind energy exploitation zones. The potential for offshore wind energy within the specified zones has been estimated to be around 70 GW solely off the coasts of Gujarat and Tamil Nadu.

Geotechnical studies were conducted at five places along the Gujarat coast to better understand the subsoil profile and load bearing capabilities of the seabed. Geotechnical investigations have been conducted at three places off the coast of Tamil Nadu. The offshore structure (a LiDAR platform) will be planned and manufactured based on the results of the geotechnical investigations.

The Ministry set a target of 30 GW by 2030 which has been issued to give confidence to the project developers in India. Bids equivalent to a project capacity of 4.0 GW per year for a period of three years starting with the current Fiscal 2022-23 for development off the coast of Tamil Nadu and Gujarat for sale of power through open access / captive / bi-lateral third-party sale / merchant sale. Subsequently a project capacity of 5 GW will be bid out every year for a period of five years i.e., up until Fiscal 2029-30 were declared recently.

However, the critical land resources required for onshore wind projects are gradually becoming a major constraint. With the exhaustion of the best windy sites, it expected that there will be upward movements of market determined tariffs for onshore wind energy in future.

Offshore wind power offers a plausible alternative in such a scenario. The absence of any obstruction in the sea offers a much better quality of wind and its conversion to electrical energy. Offshore wind turbines are much larger in size in the range of 5 to 10 MW per turbine as against 2-3 MW of an onshore wind turbine. While the cost per MW for offshore turbines are higher because of stronger structures and foundations needed in the marine environment, desirable tariffs can be achieved on account of the higher efficiencies of these turbines after the development of the ecosystem.

Review of Competitive Bidding

By resolution notified on December 8, 2017, the GoI established Guidelines for the Tariff-Based Competitive Bidding Process for Procurement of Power from Grid Connected Wind Power Projects (the "**Guidelines**"). This was done with the goal of creating a framework for procuring wind power through a transparent bidding procedure that included standardization and outlining roles and duties for diverse players. The purpose of these Guidelines is to allow Distribution Licensees to obtain wind electricity at competitive rates and in a cost-effective way.

The standard bidding procedures for wind power projects were changed on July 16, 2019, based on historical bidding experience and after consultation with stakeholders, in order to reduce investment risks connected to land acquisition and the Capacity Utilization Factor ("**CUF**"). Early commissioning of a project was also rewarded with incentives. Penalty clauses were made more objective and the penalty rate was set. The risk to wind power developers of a delay in signing a PSA has been reduced by starting the project execution timetable from the date of signing a PPA or a PSA, whichever comes first.

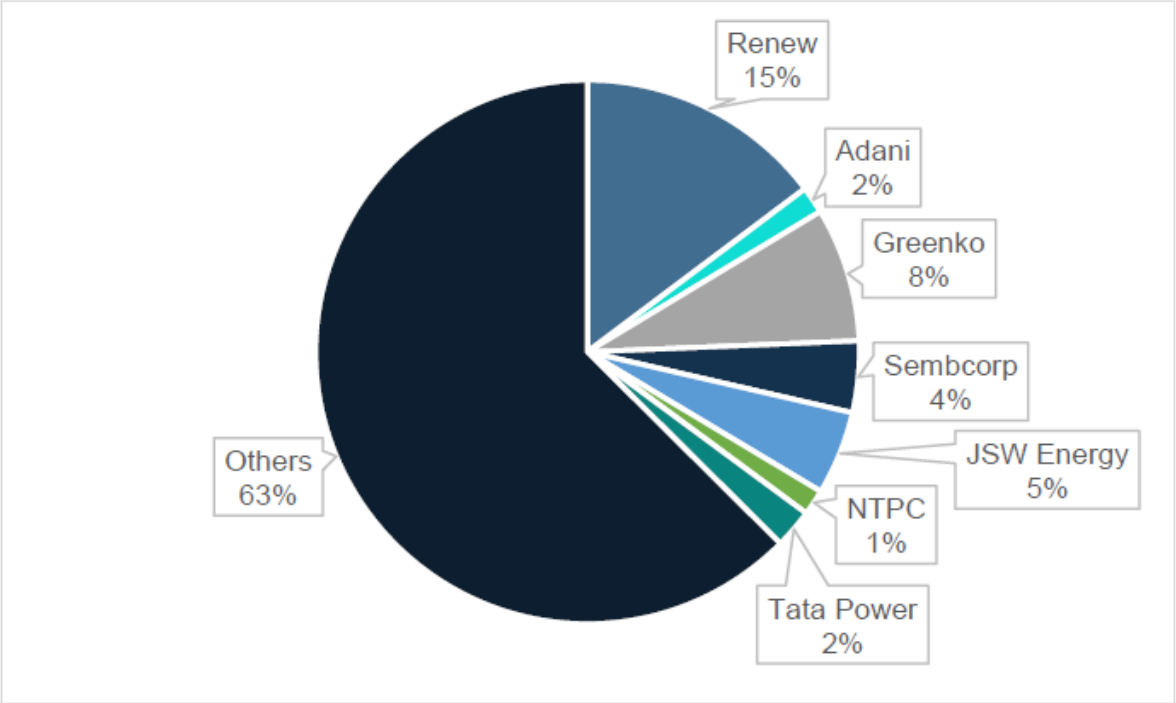
The Scheme for Blended Wind Power Procurement (the "**Scheme**") from the 2,500 MW ISTS Connected Projects has also been launched. The goal of the Scheme is to create a framework for procuring power through a transparent bidding procedure from 2,500 MW ISTS Grid Connected Wind Power Projects with up to 20% blending with Solar PV Power. SECI is the Scheme's implementation nodal agency. Payment security method, commission schedule, power off take limits, and power purchase agreements are only a few of the provisions. Under this scheme, SECI has granted 970 MW of projects at a total rate of 2.99-3.00 per unit.

MNRE has auctioned wind power capacity in nine tranches to enable DISCOMS in non-windy states to meet their non-solar RPO by purchasing wind power at a price decided by a transparent bidding process. Wind power capacities have also been auctioned by NTPC and the states of Gujarat, Maharashtra, and Tamil Nadu.

Competitive mapping for wind players

Like solar generation, wind generation is also highly fragmented. Major players in wind are as follows:

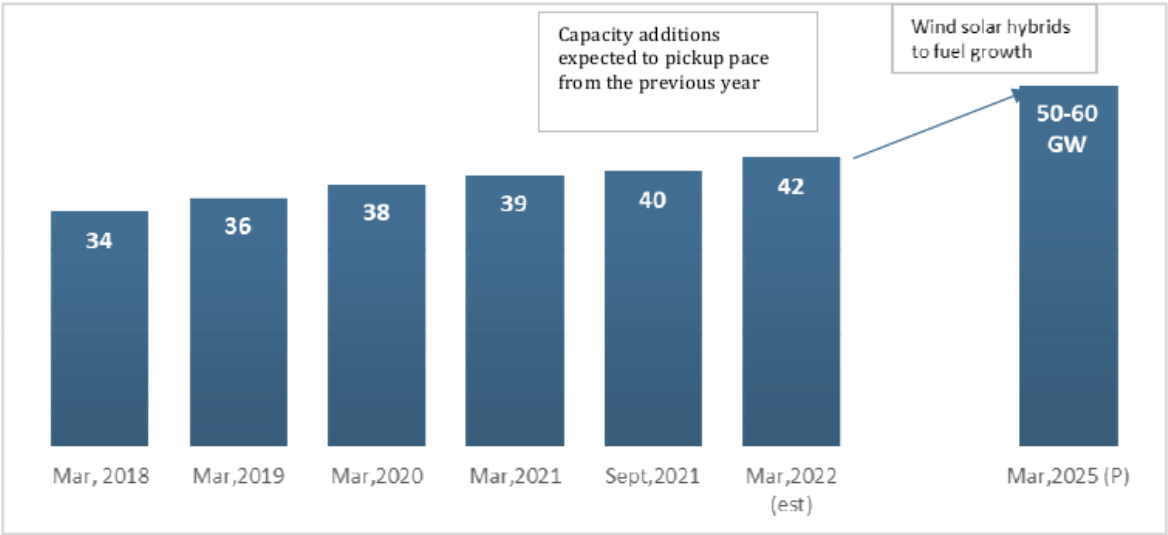
Chart 28: Major Players in Wind



Source: Annual reports, CareEdge Research

Outlook of overall grid connected wind energy capacity additions

Chart 29: Trend in capacity additions of wind



Source: CEA, CareEdge Research

Wind power installations have been stagnant in previous years. In Fiscal 2022 the capacity additions were only of 1 GW (vs. 1 GW in Fiscal 2021). The implementation of current tendering pipeline and the deadline for waiver of ISTS charges until June 2023 is expected to drive installations for the next fiscal year.

Over the medium-term, wind capacity additions are expected to be driven by capacity additions in wind-solar hybrids. Apart from favorable project economics, these projects play a key role in round-the-clock generation of renewables. In addition, the captive market could also provide impetus and growth opportunities for wind over the medium term.

India had a target of 175 GW of renewable capacities by 2022 with 60 GW from wind out of which India has achieved 40.1 GW as of March 2022. The 2022 targets were missed due to hindrance around land allocation, grid availability, and recurring financial instability of DISCOMS, tender design and PPA sanctity.

Wind capacity additions have slowed down in the recent past, due to challenges in pricing, challenges in grid and land availability and payment delays. While the cost competitiveness of wind continues to be strong when compared to conventional

power, the government is pushing capacity additions through wind-solar hybrids, storage, round the clock supply, constraints on land and transmission infrastructure is likely to continue to impact near term capacity additions. Also, the declaration by governments of ultra-mega power parks for wind might alter the wind deployment strategy in the future.

According to the National Institute of Wind Energy, the total wind energy potential at a 100-meter hub height is 302 GW. More than 95 percent of the total estimated potential is concentrated in seven states: Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, and Tamil Nadu.

Outlook on policies

India has set a target of 500 GW installed renewable energy capacity by 2030. Wind capacity additions have slowed down in the recent past, due to challenges in pricing, challenges in grid and land availability and payment delays. While the cost competitiveness of wind continues to be strong when compared to conventional power and the government is pushing capacity additions through wind-solar hybrids, storage, round the clock supply, constraints on land and transmission infrastructure is likely to continue to impact near term capacity additions.

Key innovations such as Wind Solar Hybrid and Offshore Wind Farms, Ultra-Mega renewable energy parks, repowering and round-the-clock supply are expected to be the key drivers for wind capacity additions.

The declaration by governments of ultra-mega power parks for wind might alter the wind deployment strategy in the future. Renewable energy sources like solar and wind, which provide electricity only when there is adequate sunlight and wind, are overcome by round-the-clock ("**RTC**") supply. The draft policy for RE-based RTC power has been released by the MNRE. This system is unique worldwide since conventional and non-conventional resources will complement one another to provide the grid with stable electricity. The Repowering Policy also has the potential to turn around the bulk of the 27,000 MW of the existing installed wind generation capacity in the country.

India expects to create 30 GW of offshore power by 2030. However, development has been slow due to a lack of developed port infrastructure, increased expenses of placing turbines in the sea, and delays caused by the COVID-19 pandemic. India currently has no offshore wind energy plants in operation.

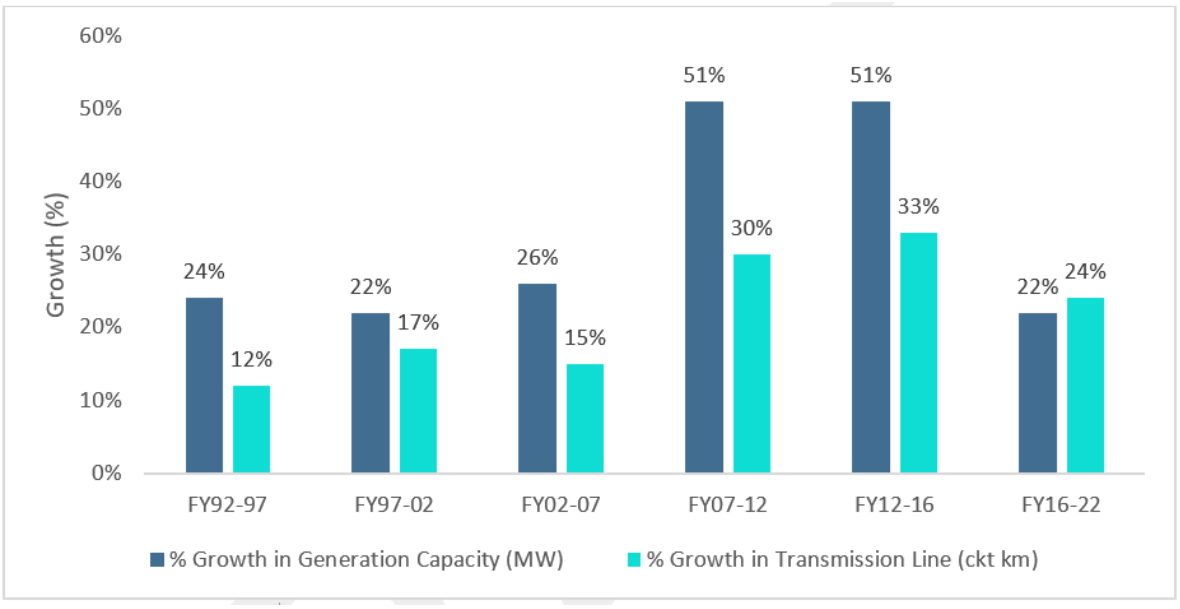
For example, the Gujarat project, according to a report published in April 2021 by the Global Wind Energy Council (GWEC), has not developed since 2018 due to expensive required initial capital investment and a lack of financial backing. The MNRE submitted to the Ministry of Finance for €800 million (₹6,700 crore) in viability gap funding, a grant to cover the high investment in infrastructure projects, to enable the building of this project in mid-2019. Since India already has cheaper onshore wind and solar energy, and the MNRE is seeking cost-effective cost interventions from stakeholders for offshore wind.

The true potential of India's offshore wind sector is widely acknowledged, but it requires stronger government-industry collaboration and techno-economic research in order to be realized this decade.

TRANSMISSION SECTOR

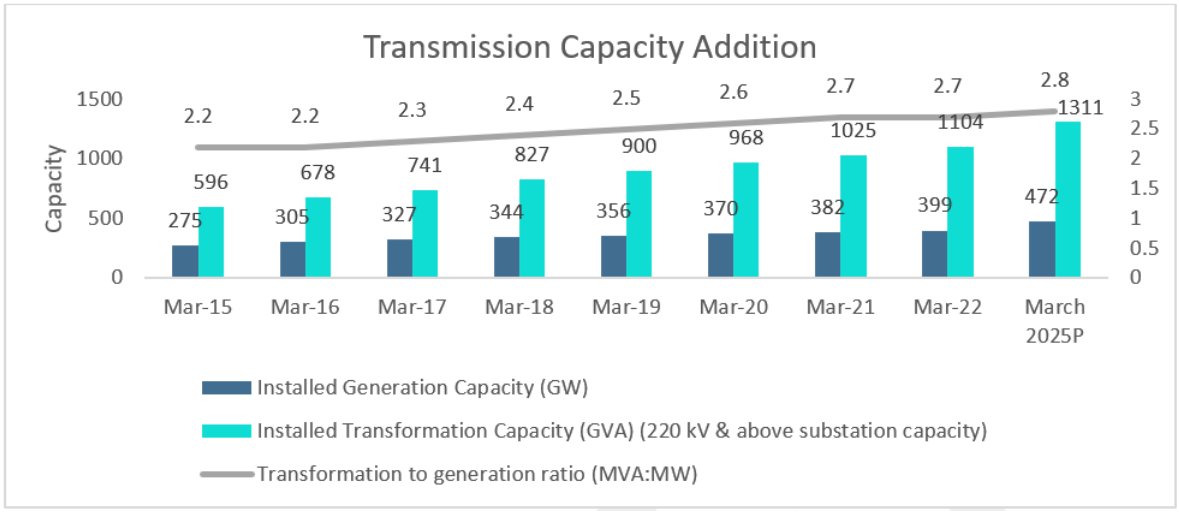
Review for Transmission Infrastructure growth

Chart 30: Trends in % Growth in Generation and Transmission Capacity



Source: CEA, CareEdge Research

Chart 31: Trends in Transformation to Generation Ratio



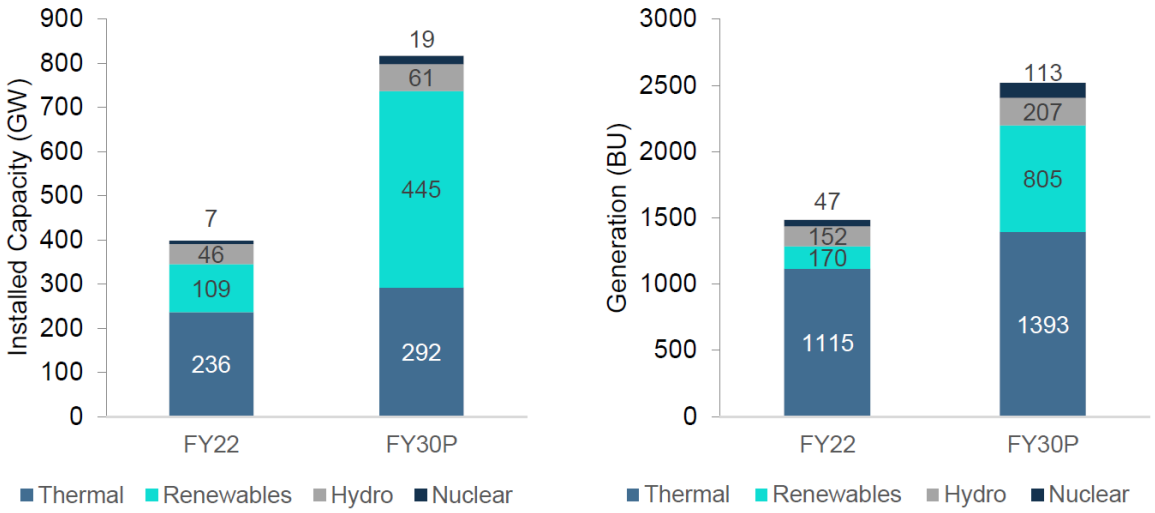
Source: CEA, CareEdge Research

System strengthening

Need for system strengthening with increase in renewable capacities

Chart 32: Installed Capacity – Changing mix

Chart 33: Generation – Changing Mix



Source: CEA

System Strengthening Initiatives

- **Green Energy Corridor ("GEC")**

  To facilitate the transfer of renewable energy from renewable-rich states to other states and absorption of renewable power within the host state, transmission system strengthening is essential at both intra-state and interstate levels. Intra-state transmission system strengthening activities entail the establishment of pooling stations at the 132 kV, 220 kV and 400 kV levels and associated transmission lines. Meanwhile, interstate transmission strengthening mainly comprises the development of high-capacity hybrid corridors. Phase I of the GEC is already under implementation for the addition of 9700 ckm transmission lines and 22600 MVA capacity of substations with an estimated cost of ₹10,142 crore. Phase II of the GEC was approved in January 2022 and the transmission systems will be created over a five-year period from FY22-FY26. The total cost for the scheme is estimated to be ₹12,031 crore.

Benefits of transmission business in terms of risk-return profile

The risk-return profile of the power transmission sector is better compared to other infrastructure sectors. The better risk-return profile of the transmission sector has led to an increase in private sector participation in the sector, with a share of 7.5% in total investments in Fiscal 2021, up from 0% in Fiscal 2007. Increased competition has resulted in private companies leveraging their competitiveness and increasing their advantage.

The risk-return profile can be further understood through the credit risk of a project life cycle.

Availability based tariff regime

Returns from various infrastructure projects such as roads, ports and power generation rely strongly on the operational performance of the assets. The operational performance is again dependent on factors over which the developers have very limited control. For example, in the road sector, the profits are dependent on the collection of toll revenues, and in the port sector, the risk of cargo traffic, while the power generation sector is dependent on the availability of fuel and offtake by distribution companies.

Revenue recovery for transmission developers is not based on the volume of power flowing through the transmission assets. The developer of the transmission line receives an incentive payment (if availability is more than 98.5% for HVDC and more than 99.75% for HVAC) in the ratio of transmission charges paid or actual charges payable at the end of the contract year. In case of low availability, the developer must pay a penalty under the transmission service agreement ("**TSA**"). Maintaining availability more than the targeted availability gives extra motivation to the developers as they can claim incentives for high availability, and it ensures that there is adequate line availability. Advanced use of technologies such as helicopters for live aerial patrolling will also ensure higher transmission network availability. Hence, so long as line availability is met, the revenue recovery is not based on the power flowing through the transmission assets.

Counterparty risk

Counterparty risk is also higher in annuity-based projects. For instance, counterparty risk is higher in annuity-based road projects as the sole revenue counterparty for annuity-based payments is National Highway Authority of India ("**NHAI**"), while in the case of ISTS transmission projects, the revenue counterparty is a pool of distribution and generation companies, thus reducing the counterparty risk through diversification.

The counterparty risk in the transmission sector is lower as the risk is diversified due to the aggregation of revenue among all ISTS beneficiaries across the countries. Increase in load growth would also result in increase in the number of beneficiaries and providers leading to further diversification. Assuming that a particular beneficiary delays or defaults, then that delay or default will be spread across all the licensees. Thus, the impact of a delay or default of a particular beneficiary will be limited to its share in the overall ISTS. Considering that no single beneficiary has a weightage of over 15% of the pool, weighted average credit quality of the pool will be far better than the individual beneficiaries.

Payment Security

Transmission utilities have payment security included in their agreements which reduces the losses due to revenue recovery. Utilities can avail this through the terms of a revolving letter of credit that can be utilized in case of a shortfall in revenue recovery. In the event of a default by DISCOMS, the generation company can sell the regulated volumes of power to third party buyers and use the proceeds to pay the transmission companies on a pro-rata basis.

Strong revenue visibility even after the TSA period

In addition to the above, unlike other infrastructure assets, transmission assets have strong revenue visibility even after the TSA period. This provides strong revenue visibility and proves attractive from an investment perspective.

Generally, transmission assets have long expected lives between 50-60 years. The majority of portfolio assets under a TSA have a life of 35 years. This means even after the TSA there is significant life left in the asset that could provide comfortable revenue visibility.

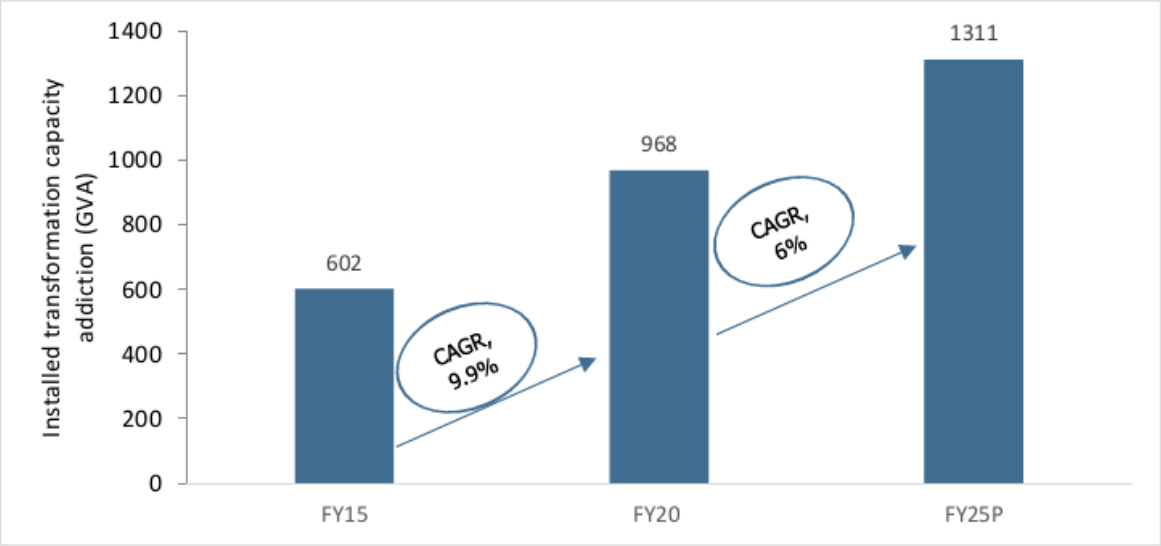
Transmission projects (Interstate and Intra State) awarded under TBCB

As of March 31, 2022, there were 64 interstate/interregional power projects under the TBCB route. Out of these, 22 were under construction and 38 were commissioned. The remaining four projects were either officially terminated or stuck in litigation. Out of the 22 projects under construction, PGCIL accounted for as many as 7. Adani Transmission with seven was followed by Sterlite Power with five. The remaining three projects were distributed among Essel Infraprojects, IndiGrid Limited and ReNew Transmission Ventures Private Limited.

Outlook on Transmission Capacity addition

Transmission capacities are expected to witness robust growth in the coming years. It is expected that about 330-350 gigavolt ampere ("**GVA**") transformation capacity (above 220 kV level) will be added between Fiscals 2021 to 2025 to reach the cumulative transformation capacity of 1,300-1,350 GVA by Fiscal 2025. It is expected that high voltage lines of 400 kV and 765 kV, in particular, will see robust growth due to its importance in interstate transmission lines.

Chart 34: Outlook on installed transformation capacity addition (220 kV & above substation capacity)



Source: IndiGrid Annual Reports

Key upcoming transmission lines in India

The Indian electricity transmission sector is gearing up to face the changing power demand and energy mix in the country. To

meet the peak load, huge investments are required for strengthening and ramping up the country's transmission infrastructure. Initially, between 2010-11 and 2014-15, the pace of awards was slow with only 14 TBCB projects being awarded. However, the pace of awards has increased significantly since. TBCB projects picked up from Fiscal 2017, and between 2015-16 and 2020-21 38 projects were awarded. Presently, 37 projects awarded under the TBCB route have been commissioned.

COMPETITIVE LANDSCAPE OF ENERGY/POWER INVITS IN INDIA

Table 11: Comparison of Transmission assets with infrastructure assets

	Power transmission	Solar power generation	Wind power generation	Conventional Generation	Roads	Ports	Commercial Real Estate
Revenue Stability	High	High	High	Low	Low	Medium	Low
Counterparty risk	Medium	Medium	Medium	High	High	High	High
Operational risk	Low	Low	Medium	High	High	Medium	Medium
Future Growth Potential	High	High	High	Low	Medium	Low	Low
Threat of New Entrants	Low	High	High	High	High	Medium	High

Source: CareEdge Research

As seen from table above, transmission assets are attractive assets compared to other asset classes among InvITs. Infrastructure assets may be broadly classified into super-core, core and core-plus based on the revenue visibility. Super-core assets refer to highly regulated assets with high revenue visibility with long term contracts and strong counterparties. Core and core-plus have comparatively lesser revenue visibility and lesser term contracts. Transmission assets may be categorized as super-core assets given their highly regulated nature, strong counterparty risks (particularly for central utilities) and payment security mechanism supported by point of connection mechanism. Comparatively, roads and commercial real estate may be classified in the core and core-plus category, given their exposure to demand risk and the limited tenure of contracts.

BUSINESS

Some of the information in this section, including information with respect to our plans, strengths, and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 15 for a discussion on the risks and uncertainties related to those statements and also "Risk Factors", "Audited Special Purpose Combined Financial Statements", "Projections of Revenue From Operations and Cash Flow from Operating Activities", and "Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Assets of the Anzen Trust" on pages 60, 322, 362, and 211, respectively, for a discussion of certain factors that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year ends on March 31 of each year, and references to a particular Fiscal are to the twelve months ended March 31 of that year.

Unless otherwise stated or the context requires otherwise, the financial information included herein is based on our Audited Special Purpose Combined Financial Statements included in this Draft Placement Memorandum. For further details, see "Audited Special Purpose Combined Financial Statements" on page 322. Unless otherwise stated or the context requires otherwise, references in this section to "we", "our", or "us" are to the Anzen Trust along with the Initial Portfolio Assets. However, for the purpose of the Audited Special Purpose Combined Financial Statements, references to "we", "us", and "our" refers to the Initial Portfolio Assets. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Audited Special Purpose Combined Financial Statements. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other entities in the business similar to ours. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and must evaluate such information in the context of the Audited Special Purpose Combined Financial Statements.

Industry and market data used in this section have been extracted from the CARE Report. For further details and risks in relation to commissioned reports, see "Risk Factors – Industry information included in this Draft Placement Memorandum has been derived from an industry report commissioned and paid for by us exclusively in connection with the Issue" on page 74.

Overview

We are an infrastructure investment trust ("**InvIT**") established to own power transmission and renewable energy assets in India as permissible under the InvIT Regulations. Anzen India Energy Yield Plus Trust (the "**Anzen Trust**") was established on November 1, 2021, by our Sponsor, Sekura Energy Private Limited, and were registered with SEBI on January 18, 2022, pursuant to the InvIT Regulations. Our Sponsor has experience in designing and engineering, operations and maintenance and managing power transmission and renewable energy projects across India, and is the project manager of two power transmission assets and 12 renewable energy assets in India.

Given our financial position, support of and experience from our Sponsor and the robust regulatory framework for power transmission and renewable energy generation in India, we believe that we are well-positioned to take advantage of the growth potential of India's energy sector. Edelweiss Infrastructure Yield Plus Fund ("**EIYP**"), of which our Sponsor is a 100.00% owned entity, owns (i) a 74.00% equity shareholding and certain debt securities (along with 100.00% economic interest) in each of DMTCL and NRSS, the two inter-state power transmission projects, with a total network of 427.4 kms power transmission lines of 854.9 ckm and two substations, having 1,400 MVA of transformation capacity across three states in India (the "**Initial Portfolio Assets**"); and (ii) a 74.00% equity shareholding and certain debt securities (along with 74.00% economic interest) in 11 renewable energy assets with a cumulative generation capacity of 623.2 MWp. Our Sponsor, directly and through its affiliate entities, owns a 74.00% equity shareholding and certain debt securities (along with 74.00% economic interest) in one other renewable energy asset with a generation capacity of 190 MWp. The 12 renewable energy projects together have an aggregate generation capacity of 813.2 MWp (the "**ROFO Assets**"). We will initially acquire EIYP's 74.00% equity shareholding and certain debt securities (along with 100.00% economic interest) in the two Initial Portfolio Assets. Pursuant to the 'right of first offer agreement' to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, the Sponsor and EIYP (the "**ROFO Agreement**"), the Anzen Trust has a 'right of first offer' to acquire: (i) 74.00% equity shareholding and debt securities as specified in the ROFO Agreement (along with 74.00% economic interest) in 11 renewable energy projects from EIYP, and (ii) 74.00% equity shareholding and debt securities as specified in the ROFO Agreement (along with 74.00% economic interest) in one renewable energy project from the Sponsor or its affiliates. For further details on the ROFO Agreement, see "*Related Party Transactions"* on page 235.

The two Initial Portfolio Assets were initially awarded under the 'tariff based competitive bidding' mechanism ("**TBCB**") on a 'build-own-operate-maintain' ("**BOOM**") basis. For further information on EIYP's interest in the Initial Portfolio Assets, see " – *The Initial Portfolio Assets*" on page 185. The power transmission projects earn revenue pursuant to long-term transmission service agreements ("**TSAs**"). These projects receive availability-based tariffs under the TSAs, irrespective of the quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including the Initial Portfolio Assets, is predetermined and contracted for the period of the TSA, which is 35 years from the scheduled commercial operation

date ("**Scheduled COD**") of the asset. The actual CODs for DMTCL and NRSS were August 10, 2017 and March 27, 2017 respectively, and as provided in various orders issued by CERC (i.e. see "*Legal and Other Information*" on page 255), the Scheduled CODs shall stand extended till the actual CODs.

Transmission charges under the TSAs are billed and collected pursuant to the 'point of connection' ("**PoC**") mechanism, a regulatory payment pooling system offered to Inter State Transmission Systems ("**ISTS**"), such as the systems operated by the Initial Portfolio Assets. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Initial Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream and minimize receivables risk (for further details, see "*Industry Overview*" on page 140). Tariffs for our ROFO Assets are predetermined for a period of 25 years from their respective scheduled COD at a per unit rate, as set out in " – *ROFO Assets*" on page 192.

We are focused on providing stable and sustainable distributions to our Unitholders. In accordance with the InvIT Regulations, each financial year we are required to distribute at least 90% of our net cash available for distribution to our Unitholders at least once every quarter in a financial year. For further details in relation to distribution, see "*Distribution*" on page 209. Following utilization of the Issue Proceeds, our aggregate consolidated borrowings and deferred payments net of cash and cash equivalents will be below 70% of the total value of Anzen Trust's assets, as prescribed under the InvIT Regulations.

Competitive Strengths

Stable cash flows from Initial Portfolio Assets with minimal counterparty and operational risks

We derive our revenue for electricity transmission from contracted charges under long-term TSAs, creating stable, predictable and low-risk revenue and cash flows for our power transmission business. The transmission charges for each Initial Portfolio Asset are contracted for the period of the TSA, which is 35 years from its respective Scheduled COD. The transmission charges consist of fixed 'non-escalable' transmission charges for a period of 35 years, exposing us to minimal price risk from transmission charge resetting, thereby providing long-term revenue visibility. In addition, the Initial Portfolio Assets are contracted to generate a fixed revenue, as tariffs under the TSAs are fixed for the entire duration of the term of the TSA, i.e. 35 years from the date of the Scheduled COD. In accordance with the original TSAs signed, the non-escalable transmission charges amount to ₹2,034.41 million. There was also a one-time revenue earned from additional tariffs received from CERC orders received in our favor which amounted to a one time arrear of ₹168.98 million (comprising of ₹66.31 million attributable to NRSS and ₹102.67 million attributable to DMTCL) and a year-on-year increase of ₹63.49 million across the Initial Portfolio Assets (without incentive).

Inter-state power transmission projects receive transmission charges based on their availability, (including in case of outages due to a *force majeure* event), subject to requisite approvals and irrespective of the quantum of power transmitted through the system. Maintaining annual availability in excess of 98% also gives us the right to claim incentives under the terms of the respective TSAs, and the amount of incentive revenue earned increases as the availability levels increase, with the incentive capped at an availability of 99.75%. From the respective Scheduled CODs until March 31, 2022, each of the Initial Portfolio Assets has been certified to have achieved an annual average availability of more than 98%, for which the Initial Portfolio Assets have earned incentive revenue in accordance with the respective TSAs. In Fiscal 2022, DMTCL has been certified to have achieved an annual availability of 99.98% and NRSS has been certified to have achieved an annual availability of 99.94%. In Fiscal 2022, the aggregate annual incentive revenue from the Initial Portfolio Assets amounted to ₹73.3 million.

Tariffs under the TSAs are billed, collected, and disbursed pursuant to the PoC mechanism, in accordance with the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 ("**CERC Sharing Regulations**"). Under the PoC mechanism, payments are made to a central payment pool being the central transmission utility ("**CTU**") and the proceeds are distributed proportionately to all transmission services providers, such as the Initial Portfolio Assets, ensuring limited counterparty risk. Any shortfall in collection of transmission charges by the CTU is shared on a pro rata basis by all transmission service providers. This mechanism diversifies counter party risk, ensures a stable cash flow independent of asset utilization and provides payment security.

Power transmission projects are strategic and critical assets since they play a vital role in the power supply value chain. These projects are characterized by low levels of operational risk as once commissioned, expenditure for operations and maintenance ("**O&M**") is relatively low, thereby giving us the benefit of owning the Initial Portfolio Assets without incurring significant additional operational costs. In particular, by carrying out preventive and predictive maintenance works, and following prudent O&M practices, the useful life of our transmission lines can be extended beyond 50 years, according to the Technical Report. Each Initial Portfolio Asset is also expected to enter into a Project Implementation and Management Agreement with our Sponsor in the capacity as Project Manager pursuant to which our Sponsor/Project Manager shall be responsible for operations, maintenance, and upkeep required for the Initial Portfolio Assets. Our O&M functions are managed by an experienced team comprising senior professionals and industry veterans with significant cross-functional and techno-commercial work experience with reputed domestic and multinational utilities, consultants, and OEMs, see "*Parties to the Trust – The Project Manager"* on page 121. The scope proposed under the Project Implementation and Management Agreement includes routine O&M and preventive maintenance and breakdown rectification work. Under the proposed Project Implementation and Management Agreement, consideration for O&M services is contemplated to be a fixed amount that will be payable monthly. The Project

Manager may deploy manpower and staff as may be required for performance of services where required and engage sub-contractors for this purpose. The Project Manager shall employ sub-contractors who are competent to undertake the services and are adequately trained including on compliance with any health, safety, and environment-related policies and anti-bribery and corruption related policies. For further information on our O&M capabilities, see "- *Operation and Maintenance Services*" on page 196. We believe that in addition to the Project Manager's experience and expertise, this arrangement will provide us with necessary expertise for the O&M of such assets, visibility of maintenance costs and, therefore, steady and predictable cash flows.

Strong financial position, strategic assets with long residual life

We believe our financial position will help us fund our future expansion plans. DMTCL and NRSS have each been given a credit rating of IND AAA/Stable by India Ratings and CARE Ratings in July 2021 and September 2021, respectively. Our revenue from contract with customers for Fiscals 2020, 2021, and 2022, was ₹2,296.14 million, ₹2,176.17 million, and ₹2,218.01 million, respectively. Our EBITDA for Fiscal 2020, 2021, and 2022, was ₹2,055.26 million, ₹1,906.89 million, and ₹1,999.73 million, respectively. Post formation of the InvIT, we intend to lower our consolidated debt positions (relative to our assets) to enable us to finance the growth of our business without substantial dilution to our Unitholders in the near future and to ensure compliance with the InvIT Regulations. In addition, the security of payments for the transmission service by the Initial Portfolio Assets, as ensured under the terms of the TSAs and the CERC Sharing Regulations, results in low receivables risk, ensures timely payment and increases our financial strength.

Power transmission projects are strategic and critical assets since they operate as vital links in the power supply value chain. The Initial Portfolio Assets comprise grid assets and assets linked with inter-state power transmission covering both demand and supply centric regions of Northern India and Eastern India.

The average remaining term of the TSAs entered into by the Initial Portfolio Assets is over 30 years as at March 31, 2022. The long residual life of the Initial Portfolio Assets provides long and stable visibility of cash flows.

Use of technology and global practices to improve efficiencies

Technology has emerged as a key business enabler and plays an important role in improving efficiencies. We envisaged the need to build efficiencies into all aspects of our operations and have developed and rolled out a technology roadmap for our assets. Some of our key initiatives include:

- Establishing remote connectivity between our substations and our central control and analytics center ("**CAC**") at the Project Manager's office in Mumbai (Maharashtra), that we use to monitor and supervise key O&M functions;
- Automating our maintenance management system through a software application linked to our CAC;
- Installing wind speed and direction sensors at certain regions to continuously measure and monitor wind speeds;
- Initiating a pilot project to train drones to replace physical inspections with drone based inspections;
- Using drones to conduct pre- and post-monsoon topographical contour surveys to map the change in river course for proactive maintenance on riverbanks;
- Using software applications across various aspects and processes including: to record SHE related incidents, near-hits, track/report status of closure and ESG parameters; enable teams to mandatorily participate in evaluation sessions on SOPs, policies; update, report, and track statutory and contractual compliances; process purchase orders/work orders and payments; for treasury management and invoice processing; payroll processing, recruitments, leave management, appraisals, and other HR related matters; consolidated document repository through document management system on SharePoint, etc.;
- Deploying a hand-held laser range finder to assess safe clearance of trees from the transmission lines;
- Deploying instrument calibration tools for in-house calibration of instruments (pressure gauges, pressure switches);
- Deploying power line fault locators and signature analysis systems at sites to reduce delays in identifying faults and to measure the fitness level of transmission lines as necessary; and
- Using thermo vision cameras at substations and transmission lines to identify hot spots for prompt action.

Access to a pipeline of renewable energy assets

We intend to leverage the experience and expertise of our Sponsor in operating, maintaining and managing power transmission and renewable energy projects, and access EIYP's pipeline of renewable energy projects to gain a competitive advantage within the renewable energy industry in India. Pursuant to the ROFO Agreement, we have a 'right of first offer' to acquire 12 renewable energy assets, comprising 11 renewable energy assets from EIYP and one renewable energy asset from the Sponsor or its

affiliates, with an aggregate generation capacity of 813.2 MWp. EIYP, of which our Sponsor is a 100.00% owned entity, is engaged in investment activities primarily with an objective of generating stable returns and earning long-term capital appreciation. EIYP's portfolio includes 11 solar assets across five states of Rajasthan, Punjab, Telangana, Uttar Pradesh and Andhra Pradesh, generating 623.2 MW of DC power, and the Sponsor's portfolio includes one renewable energy asset located in Rajasthan generating 190 MW of DC power. These are long-term utility scale renewable energy assets that are contracted for the period of their power purchase agreements ("**PPAs**"), being 25 years from their respective scheduled COD. Leveraging our Sponsor's experience and EIYP's pipeline also provides us access to their long-term industry relationships with stakeholders to gain cost efficient access to funds. We believe our affiliation with our Sponsor along with its affiliates will allow us to pursue marquee and high-quality renewable assets beyond the ROFO Assets and engage effectively with regulators and central and state off-takers.

Managed by an experienced team with expertise in managing infrastructure assets with strong support from the Sponsor

We are managed by qualified personnel of Edelweiss Real Assets Managers Limited ("**ERAML**"), our Investment Manager, that is led by a professional team having extensive experience in the infrastructure sector, including the power sector, project finance and asset management with the key personnel having a combined experience of more than 30 years in fund management and advisory services. ERAML is a part of the Edelweiss Alternative Asset Advisors ("**EAAA**") business, and benefits from EAAA's experience of over a decade in the Indian private debt and real asset industry. EAAA's funds span four strategies – performing credit, real estate credit, special situations and infrastructure yield, and it manages funds for both domestic and offshore investors. EAAA's clients include global institutional investors such as pension funds, insurance companies, large family offices and ultra-high net worth individuals. Accordingly, we expect to benefit from the industry and management expertise of our Investment Manager, by receiving strategic guidance from them and access to capital markets and value accretive acquisition opportunities. Our Investment Manager's board comprises Sunil Mitra, Shiva Kumar, and Prabhakar Panda as independent directors, reinforcing its strong corporate governance framework and access to key industry relationships, that we believe will drive our growth. For further details on the Investment Manager, please see the section entitled "*Parties to the Anzen Trust*" on page 96. We draw on the knowledge of our board of directors, who bring us expertise in the areas of corporate governance, business strategy, and operational and financial capabilities, among others.

We are also supported by the experience and expertise of Sekura Energy Private Limited, our Sponsor, which provides us with a significant competitive advantage within the Indian power transmission and renewable energy industry. Our Sponsor is engaged in identifying, designing, developing, constructing, integrating, assembling and financing power plants in the field of solar energy by applying technologies and other businesses in connection with it. Our Sponsor also benefits from experienced directors on its board, with each of its directors possessing several years of industry and management experience and professional qualifications. Our Sponsor's management team has a strong understanding of the transmission and renewable energy business. The experienced team is well-positioned in asset development, technical operations, commercial construction and asset management across the renewable energy and conventional energy sectors. Drawing on this depth of experience and the experience of its subsidiary i.e. Solaire Surya Urja Private Limited ("**SSUPL**"), our Sponsor has established a strong track record of operating and maintaining projects and power plants in the field of solar energy. We seek to benefit from the Sponsor's experience and expertise across all stages of project operations and acquisitions within India's complex regulatory framework (including, among others, strategic acquisition, O&M, refinancing and receivables management).

Strong corporate governance and risk management

The InvIT Regulations set out the statutory requirements for, among other things, the board composition of an investment manager. We believe that Unitholders will benefit from the strong corporate governance requirements of the InvIT Regulations. For further details, see "*Corporate Governance*" on page 131. Key features of our corporate governance structure are as follows:

- Three members of the board of our Investment Manager are independent directors, namely, Prabhakar Panda, Sunil Mitra and Shiva Kumar, who have extensive experience in the infrastructure sector, including the power sector and asset management. Prabhakar Panda has been involved in the field of project appraisal, financial management, business development and administration for over 24 years, Sunil Mitra has over 35 years of experience in the public sector, where he headed important policy initiatives in public finance at the national level, and Shiva Kumar has over 40 years of experience across both public and private sector banking, financial services and the insurance industry. For further details, see "*Parties to the Anzen Trust – The Investment Manager – Edelweiss Real Assets Managers Limited*" on page 109.
- The Investment Manager has constituted crucial committees of the board, including, the stakeholders' relationship committee, audit committee, risk management committee, and the nomination and remuneration committee.
- All related party transactions with the Sponsor are to be approved by the audit committee of the Investment Manager.
- All acquisitions made by the Trust must be approved by our Unitholders, in accordance with the InvIT Regulations.

Business Strategy

Value accretive growth through acquisitions

The use of renewable energy in India has been experiencing staggering growth. Going forward, it is expected that the growth in renewable energy capacity additions will be healthy. Such expansion plans require large scale development in the transmission sector as large solar and wind power plants are usually located in remote areas with limited infrastructure to support generation and transmission. Renewable energy is not well distributed across states. The GOI has already implemented measures to develop the transmission capacity to support renewable capacity additions in India, which include the setting up of solar pooling stations and integrating solar and wind projects into the National Grid under "Green Energy Corridors" (*Source: CARE Report*).

The Indian renewable energy sector has also been witnessing a trend of consolidation. To boost investment in the renewable energy sector, the government has taken various measures including permitting foreign direct investment of up to 100% under the automatic route, strengthening of power purchase agreements, and mandating letters of credit as payment security mechanism for timely payments to renewable energy generators (*Source: CARE Report*).

Participation of the private sector has been growing in the transmission sector with approximately 7.5% participation in the year ended March 31, 2021 (up to December 2020) compared to no participation in Fiscal 2007. To boost private participation in the sector, the central government notified power transmission schemes to be undertaken through tariff-based competitive bidding ("**TBCB**") route. With the introduction of TBCB and viability gap funding schemes for intra-state projects, the private sector's share in the transmission sector has gradually increased over the years. Moreover, favorable risk return profile of transmission projects will further boost private participation (*Source: CARE Report*).

We intend to leverage these sectoral tailwinds to grow our operations by capitalizing on our Investment Manager's value accretive acquisition strategy. We aim to focus on acquiring power transmission and renewable energy projects and such other assets in the energy space with similar risk profiles (including, among others, energy storage assets) which provide long-term, regular, and predictable cash flows, demonstrate potential to maintain or enhance returns to Unitholders and the potential for long-term capital growth in accordance with our investment objectives. In addition to potentially acquiring the ROFO Assets from EIYP and our Sponsor, we may also acquire power transmission and solar projects from other third parties. Assets that we may acquire may also involve early-stage projects that have not yet generated regular and predictable cash flows. We believe that our experienced operational and management teams will lead us to identify, structure, execute, and integrate acquisitions effectively based on our demonstrated ability to successfully acquire energy projects.

Focus on diversification along with synergies

We are focused on the Indian market, where we believe there is a significant opportunity for growth. Our Initial Portfolio Assets comprise long-term TSAs with the CTU. The ROFO Assets comprise long-term PPAs with six off-takers including central off-takers, NTPC, SECI, and NVVN, and state off-takers, TSSPDCL and PSPCL, providing us revenue visibility and stability. Apart from state off-takers, we intend to diversify and further our growth with a focus on retaining a healthy mix of credit worthy off-takers including central off-takers.

We intend to pursue diversified growth and expand our portfolio to other sources of renewable energy such as wind energy and energy storage projects. Our target is to expand our portfolio by acquiring projects such that we are able to derive synergies with our existing projects by increasing our economies of scale. We propose to leverage a diversified asset base to negotiate favorable terms with equipment manufacturers, O&M service providers, and sub-contractors, and optimize our use of resources in terms of personnel, equipment maintenance, and asset monitoring technologies.

The Initial Portfolio Assets currently comprise power transmission projects spread across states of Bihar, Punjab and Haryana, and the ROFO Assets comprise solar projects spread across Rajasthan, Andhra Pradesh, Uttar Pradesh, Telangana, and Punjab. We intend to improve this mix by further adding diversification of geography and off-takers going forward as well and consider states in India which can provide suitable stable cash flows, weather conditions, and sustainable tariffs. We believe we can leverage our Initial Portfolio Assets and our experience in the power transmission industry to optimize the performance of our renewable energy projects through active intervention in the maintenance of evacuation infrastructure connected to our assets. Our overall objective is to ensure that there is substantial balance life remaining in the portfolio, so as to ensure long term predictable and stable cash flows. We will evaluate opportunities based on our targeted returns, operational scale, and diversification criteria.

Pursue value addition strategies to improve risk adjusted returns

We have appointed the Sponsor, in its capacity as Project Manager, to undertake operations and management of the Initial Portfolio Assets in furtherance of which the Project Manager and Initial Portfolio Assets are expected to enter into Project Implementation and Management Agreements to provide comprehensive operation and maintenance services in respect of the Initial Portfolio Assets. We have also adopted comprehensive procedures for asset management, operations and maintenance, ESG management, financial management including treasury management; human resource management, and safety, health

environment, and quality management with an objective of incorporating industry best practices. Our aim is to employ both preventive and corrective measures in order to optimize the long-term performance of each Initial Portfolio Asset and any assets we may acquire in the future and ensure timely and effective management focus and attention, to improve overall operational efficiency. For instance, DMTCL's annual availability in excess of the prescribed availability of 98% had increased significantly from 0.3 in Fiscal 2019 (pre-acquisition by our Sponsor), to 1.8, 2.0, and 1.9 in Fiscals 2020, 2021, and 2022, respectively (post-acquisition by our Sponsor).

All our O&M practices including our technical, safety, health and environment, and risk management protocols are aligned to industry practices and validated through independent ISO audits and accreditations under ISO14001 (Environment Management System), ISO45001 (Occupational Health & Safety Management System), ISO27001 (International Standard for Information Security), and ISO55001 (International Standard for Asset Management). Our standard operating procedures (SOPs) have all been developed in-house based on collective team experience and reviewed by experts including senior executives of India's central transmission licensee and ISO auditors. In addition, sustainability of our approach and practices are periodically monitored by an internal team of trained and certified ISO55001 lead ISO auditors (certified by Bureau Veritas (India) Private Limited).

We propose to leverage these initiatives together with the use of technology in monitoring our assets through the central control and analytics center, software application-based maintenance management system, drone-based inspections, cell phone-based applications, compliance management, invoicing management, and other software-based applications to further improve risk adjusted returns for our operations. We believe that having established procedures in place helps reduce the overall operational costs and increase efficiencies, which will in turn improve our financial performance. We intend to regularly review maintenance methodologies and system performance and examine for optimization of resource deployment through the infrastructure.

Focus on ESG

We have increasingly focused on environmental, social, and governance ("**ESG**") aspects to remain relevant and operate a business that is viable in the long-term. As businesses are exposed to the anticipated risk of climate change, apart from traditional risks associated with the business, we continue to orient our operations as an ESG-focused enterprise.

Furthermore, in keeping with our Sponsor's vision, mission, and values, we have also adopted and implemented a Safety, Health, Environment, and Quality Policy (the "**SHEQ Policy**") which sets out our commitment towards safety, health, environment, and quality. The SHEQ Policy aims to ensure the implementation of good industry practices, procedures and processes across our sites and corporate offices, as well as in the operation of our subsidiaries to ensure safe and sustainable operations and the maintenance and performance of our assets across technical, ESG and financial parameters.

To achieve the objectives set out in the Policy, we have issued various standard operating procedures in line with good industry practices and implemented, among others, procedures such as lock-out and tag-out; arc flash protection; chemical safety; fall protection; safety signages; marking of dangerous zones; spill control; waste management and insulation rescue sticks. Performance statistics are also tracked on a regular basis to ensure accountability. Various training programmes have been conducted across our corporate office and at operating sites to educate and train our employees on the use of these procedures. Such training programmes also build a culture of understanding, appreciating and valuing the importance of matters pertaining to safety, health and environment.

The management systems of the Sponsor and its subsidiaries, DMTCL and NRSS, have also been approved by Lloyd's Register, to standards such as ISO14001:2015 (Environment Management System), ISO45001:2015 (Occupational Healthy and Safety), ISO27001:2013 (Security Techniques), and ISO55001:2014 (Asset Management).

We will continue to focus on our ESG goals, by reinforcing our commitment to renewable energy, maximizing energy efficiency, reducing our carbon footprint, and enhancing sustainability. Under the backdrop of supportive regulatory and industry trends in India's renewable energy sector, we intend to continue to strengthen our position in our renewable energy businesses, develop a diversified portfolio of renewable energy projects and focus on new geographical clusters to increase our economies of scale. We intend to leverage our experience in executing large renewable energy projects to further win bids for firm power energy solutions. We will continue to evaluate accretive acquisition opportunities based on our targeted returns, available synergies, and off-taker criteria.

We also place significant emphasis on social and economic development by maximizing value retention in the local economy generating local employment and local content opportunities, including through training and developing human resources, seeking to maximize local procurement, protecting and contributing to environmental sustainability, and ensuring the health and safety of our workforce in the communities where we operate.

Maintain an optimal capital structure to maximize distributions

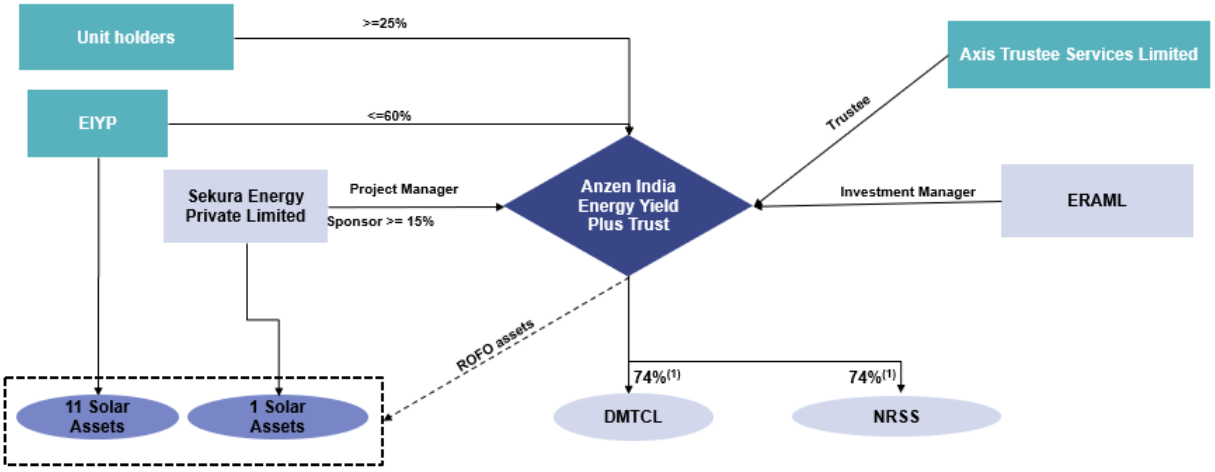
We seek to achieve an optimal capital structure for our projects and will source funds from multiple sources, including from domestic and international markets. Immediately on completion of the Issue, our aggregate consolidated borrowings and

deferred payments net of cash and cash equivalents will be below 70% of the total value of the Anzen Trust's assets, as prescribed under the InvIT Regulations. We also intend to optimize our leverage to retain enough flexibility to provide sustainable and predictable cash flows while evaluating potential acquisition opportunities in the future.

After the completion of the Issue, we believe that we will have sufficient equity capital and ability to add additional debt to support acquisition of additional assets while maintaining an optimum capital structure. We will seek to employ appropriate financing policies and also diversify our funding sources with an objective of minimizing our overall cost of capital. We will seek to optimize our debt and equity mix in such a manner that the aggregate consolidated borrowings and deferred payments of the Trust, net of cash and cash equivalents, will be in accordance with the SEBI InvIT Regulations. Further, any additional debt beyond 25% of the value of the InvIT Assets will be raised only upon compliance with the conditions set out in the SEBI InvIT Regulations. If it is in the interests of the Unitholders, the Investment Manager may also pursue growth opportunities that require raising additional capital through the issuance of new Units.

The Anzen Trust

Anzen Trust, an infrastructure investment trust, was established on November 1, 2021, by our Sponsor, Sekura Energy Private Limited, and was registered with SEBI on January 18, 2022 pursuant to the InvIT Regulations. For details in respect of the structure of Anzen Trust, see " – *Formation Transactions in relation to the Anzen Trust*" on page 20. The following chart illustrates our relationships and alignment with the Sponsor and its affiliates following the completion of the Issue:



Notes:
- Initial portfolio – 2 transmission assets (NRSS and DMTCL)
- ROFO assets – 12 solar assets
- ERAML is Edelweiss Real Assets Managers Limited, a part of Edelweiss Alternatives

Note:

*The balance 26% interest in DMTCL will be transferred once the lock in period expires as required under the transmission services agreement. Please note NRSS has received approval from the relevant LTTC for the transfer of 26% equity shareholding of NRSS held by Essel Infraprojects Limited to EIYP, and subsequently from EIYP to the Anzen Trust ("**Transfer**"). Accordingly, it is proposed that this Transfer will be undertaken prior to filing of the placement memorandum with SEBI.*

Our Sponsor

The Sponsor is an infrastructure company in India that is engaged in identifying, designing, developing, constructing, integrating, assembling and financing power plants in the field of solar energy by applying technologies and other businesses in connection with it. In accordance with the eligibility criteria specified under InvIT Regulations, the Sponsor is relying on the experience of its subsidiary i.e. Solaire Surya Urja Private Limited ("**SSUPL**"). See " – *Parties to the Anzen Trust*" on page 96 for further details.

EIYP owns (i) 74.00% equity shareholding and certain debt securities (along with 100.00% economic interest) in the two Initial Portfolio Assets; and (ii) 74.00% equity shareholding and certain debt securities (along with 74.00% economic interest) in 11 renewable energy assets with a cumulative generation capacity of 623.2 MWp. Our Sponsor, directly and through its affiliates, owns 74.00% equity shareholding and certain debt securities (along with 74.00% economic interest) in one renewable energy asset with a power generation capacity of 190 MWp. Our Sponsor's consolidated total income in Fiscal 2021 was ₹2,421.75 million and consolidated total assets as at March 31, 2021 was ₹49,986.71 million. We will initially acquire all of EIYP's shareholding, debt and economic interest in the two Initial Portfolio Assets. Pursuant to the ROFO Agreement, we have a 'right of first offer' to acquire all of EIYP's shareholding, debt and economic interest 11 ROFO Assets, and all of the shareholding, debt and economic interest held by our Sponsor, directly or through its affiliates, in one renewable energy asset.

Our Sponsor will also fulfil the role of Project Manager in respect of the Anzen Trust, with responsibility for operating and maintaining the Initial Portfolio Assets. Following completion of the Issue, our Sponsor is required to hold all of its Units for one year and must hold at least 15% of our Units for three years, and EIYP, an affiliate of our Sponsor, is required to hold all of its Units for one year, subject to the conditions specified in the InvIT Regulations.

The Project Manager

As the Project Manager under the proposed Project Implementation and Management Agreement, the Sponsor will be responsible for the implementation, development, operation and management of the Initial Portfolio Assets in accordance with the InvIT Regulations. See " – *Parties to the Anzen Trust*" on page 96 for further details.

The Investment Manager

ERAML is the Investment Manager for the Anzen Trust and is proposed to take decisions concerning the assets of the Anzen Trust for the beneficial interest of its Unitholders. The Investment Manager has overall responsibility for setting the strategic direction of the Anzen Trust and deciding on the acquisition, divestment or enhancement of assets of the Anzen Trust in accordance with its stated investment strategy. ERAML will fulfill the role of Investment Manager in respect of the Anzen Trust, with the key objective of generating sustainable income with long-term growth potential and investing in power transmission and renewable energy assets to provide our Unitholders with regular distributions at a competitive rate of return, in accordance with the InvIT Regulations. See " – *Parties to the Anzen Trust*" on page 96 for further details.

The Trustee

Axis Trustee Services Limited is the Trustee in respect of the Anzen Trust. On behalf of our Unitholders, the Trustee is responsible for ensuring that our business activities and investment policies comply with the provisions of the InvIT Documents and the InvIT Regulations as well as monitoring the activities of the Investment Manager under the Investment Management Agreement and the Project Manager under the Project Implementation and Management Agreement. See " – *Parties to the Anzen Trust*" on page 96 for further details.

Distribution Policy

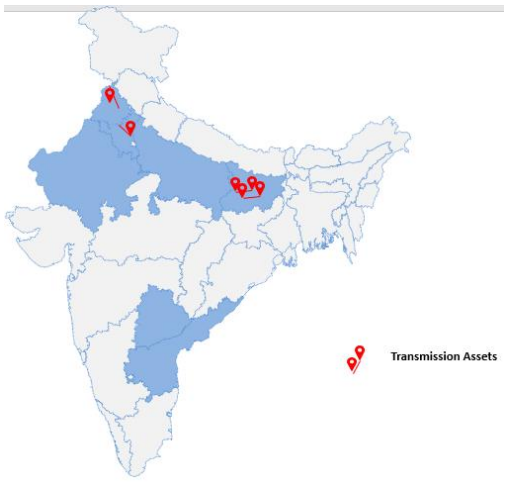
We intend to distribute at least 90% of our net cash available for distribution to Unitholders, in accordance with our distribution policy and in terms of the InvIT Regulations. See "*Distribution Policy*" on page 209 for further details. We aim to pursue additional revenues for the Initial Portfolio Assets as well as acquire additional portfolio assets, under the ROFO Agreement or otherwise, to increase the cash available for distribution and, as a result, increase our distribution per Unit. Our ability to grow the revenues from our power transmission portfolio and the ROFO Assets and thereby increase the cash available for distribution and distributions per Unit, is subject to various factors and other risks described under "*Risk Factors*" on page 60.

The Initial Portfolio Assets

The Initial Portfolio Assets comprise two power transmission projects located across three states in India. The projects comprise four 400 kV transmission lines, with a total circuit length of 854.9 ckm, and two substations with 1,400 MVA. Each of the Initial Portfolio Assets has in place a long-term TSA of 35 years from the Scheduled COD of the relevant Initial Portfolio Asset. Upon expiry of the term of a TSA, CERC may unilaterally extend the term of such TSA with the relevant Initial Portfolio Asset on such terms and conditions as CERC may specify. For further details, please see "*Regulations and Policies*" on page 242.
The two Initial Portfolio Assets were initially awarded to Essel Infraprojects Limited on October 17, 2013, and February 26, 2014, under the 'tariff based competitive bidding' mechanism ("**TBCB**") on a 'build-own-operate-maintain' ("**BOOM**") basis. Subsequently, the Sponsor acquired 100.00% economic interest from Essel Infraprojects Limited on May 28, 2019 and 74.00% equity shareholding in subsequent tranches in each of the Initial Portfolio Assets, and EIYP also subscribed to optionally convertible debentures and non-convertible debentures issued by the Initial Portfolio Assets from time to time. The Sponsor transferred its 100.00% economic interest and 74.00% equity shareholding in each of the Initial Portfolio Assets to EIYP on June 30, 2022. Post the expiry of relevant lock-in periods under the respective TSAs and receipt of consents from LTTCs, the remaining 26.00% equity shareholding in each of the Initial Portfolio Assets that is currently held by Essel Infraprojects Limited, will be transferred to the Sponsor and/ or its affiliates. The lock-in period for NRSS have expired and approval for transfer of 26.00% equity shareholding in NRSS has been granted by the LTTC on July 19, 2022.

Upon completion of the Issue, we will initially acquire EIYP's 74.00% shareholding and certain debt securities (along with 100.00% economic interest) in the two Initial Portfolio Assets. For further details in relation to the proposed transfer, please see "*Formation Transactions in Relation to the Trust – Acquisition of the Initial Portfolio Assets by the Trust"* on page 20.

The following map shows the location and certain other information of the Initial Portfolio Assets:



The Initial Portfolio Assets are owned and operated by DMTCL and NRSS. Upon completion of the Issue and pursuant to the Securities Purchase Agreement, 74.00% of the equity shares of DMTCL and NRSS shall be held by the Anzen Trust. The Anzen Trust will eventually own 100.00% of the equity shares of DMTCL and NRSS. See "*Risk Factors – The Anzen Trust will not acquire the entire equity share capital of the Initial Portfolio Assets upon completion of the Issue on account of the lock-in conditions and consent requirements from the LTTCs for the equity shareholding in the Initial Portfolio Assets.*" The following table sets forth a summary description of the Initial Portfolio Assets:

Project Name	**Transmission lines (including any stations/ substations)**	**Specifications**	**Line length (in km)**	**Transformation Capacity**	**Actual COD**	**Expiry of term of the TSA**
DMTCL – Element 1	2 X 500 MVA 400/220 kV Darbhanga GIS Station	—	N.A.	1000 MVA	March 31, 2017, Operational	35 years from project actual COD
	400 kV D/C Triple Snowbird Conductor Darbhanga – Muzaffarpur Transmission Line	—	62.8 Km	N.A.	March 31, 2017, Operational	35 years from project actual COD
DMTCL – Element 2	2 X 200 MMVA 400/132 kV Motihari GIS Sub-station	—	N.A.	400 MVA	August 10, 2017	35 years from project actual COD
	LILO of 400 kV D/C Quad Moose Barh – Gorakhpur Transmission Line at 400/132 kV Motihari GIS Sub-station	—	Barh-Motihari LILO section – 37.6 km Motihari-Gorakhpur LILO section – 38.2 km Total – 75.8 km.	—	August 10, 2017	35 years from project actual COD

Project Name	Transmission lines (including any stations/ substations)	Specifications	Line length (in km)	Transformation Capacity	Actual COD	Expiry of term of the TSA
NRSS.....	400 kV D/C Kurukshetra – Malerkotla Transmission Line	400kV D/C	139.2 km (approximately)	N.A.	January 18, 2017, Operational	35 years from project actual COD
	400 kV D/C Malerkotla – Amritsar Transmission Line	400kV D/C	149.7 km (approximately)	N.A.	March 27, 2017, Operational	35 years from project actual COD

The total revenue from contracts with customers of the Initial Portfolio Assets for Fiscals 2020, 2021 and 2022, is set forth the table below:

Initial Portfolio Asset	Fiscal 2020			Fiscal 2021			Fiscal 2022		
	Income from Trans-mission Charge	Income from operation and maintenance	Total Revenue from contracts with customers	Income from Trans-mission Charge	Income from operation and maintenance	Total Revenue from contracts with customers	Income from Trans-mission Charge	Income from operation and maintenance	Total Revenue from contracts with customers
	(₹ million)								
DMTCL.....	1,298.56	—	1,298.56	1,234.90	—	1,234.90	1,255.59	5.54	1,261.13
NRSS.....	997.58	—	997.58	941.27	—	941.27	956.88	—	956.88
Total.....	**2,296.14**	**—**	**2,296.14**	**2,176.17**	**—**	**2,176.17**	**2,212.47**	**5.54**	**2,218.01**

Both the Initial Portfolio Assets are entitled to receive certain compensation on claims filed in the Appellate Tribunal for Electricity ("**APTEL**") against the Central Electricity Regulatory Commission ("**CERC**") order disallowing certain costs incurred by the Initial Portfolio Assets during the construction phase on account of change in law and force majeure events. Based on the APTEL order, claims such as IDC and other costs have been allowed, providing an upside in tariff for the remaining life of assets and upfront arrears.

Each of the Initial Portfolio Assets is also located in strategically important areas for electricity transmission connectivity.

Transmission Charges

The Initial Portfolio Assets generate revenue from electricity transmission charges pursuant to TSAs. These projects receive availability-based transmission charges under their respective TSAs irrespective of the quantum of power transmitted through the relevant transmission line. The transmission charges for each Initial Portfolio Asset is contracted for the period of the TSA, which is 35 years from its respective Scheduled COD as per the TSA and as subsequently agreed between the parties. The actual CODs for DMTCL and NRSS were August 10, 2017 and March 27, 2017, respectively. The transmission charges comprise fixed 'non-escalable' transmission charges that are detailed in the TSA and in the CERC order for adoption of transmission charges and paid to us as part of the transmission charges. These charges are billed on a monthly basis by the CTU to the LTTCs.

The following table reflects the non-escalable transmission charges for the commissioned Initial Portfolio Assets, as per their respective Transmission Service Agreements as at March 31, 2022:

DMTCL

Year (Term of License)	Commencement Date of Contract Year	End Date of Contract Year	Quoted Non - Escalable Transmission Charges (in ₹ Million)[1] [2]	Quoted Escalable Transmission Charges (in ₹ Million)
1.....	March 27, 2017 (Scheduled COD)	March 31, 2017	1,585.93	Nil
2.....	April 1, 2017	March 31, 2018	1,429.71	Nil
3.....	April 1, 2018	March 31, 2019	1,151.37	Nil
4.....	April 1, 2019	March 31, 2020	1,151.37	Nil
5.....	April 1, 2020	March 31, 2021	1,151.37	Nil
6.....	April 1, 2021	March 31, 2022	1,151.37	Nil

Notes:

(1) The transmission charges quoted for the first year would be the transmission charges applicable for the period from the immediately preceding April 01 from the Scheduled COD up to the immediately succeeding March 31.

(2) The transmission charges quoted for the last year would be the transmission charges applicable from immediately preceding April 01 from the date of 35th anniversary of the Scheduled COD up to the immediately succeeding March 31.

NRSS

Year (Term of License)	Commencement Date of Contract Year	End Date of Contract Year	Quoted Non - Escalable Transmission Charges (in ₹ Million)[1] [2]	Quoted Escalable Transmission Charges (in ₹ Million)
1.....	July 4, 2016 (Scheduled COD)	March 31, 2017	1,243.72	Nil
2.....	April 1, 2017	March 31, 2018	883.04	Nil
3.....	April 1, 2018	March 31, 2019	883.04	Nil
4.....	April 1, 2019	March 31, 2020	883.04	Nil
5.....	April 1, 2020	March 31, 2021	883.04	Nil
6.....	April 1, 2021	March 31, 2022	883.04	Nil

Notes:

(1) The transmission charges quoted for the first year would be the transmission charges applicable for the period from the immediately preceding April 1 from the Scheduled COD up to the immediately succeeding March 31.

(2) The transmission charges quoted for the last year would be the transmission charges applicable from immediately preceding April 1 from the date of the 35th anniversary of the Scheduled COD up to the immediately succeeding March 31.

The details of the Initial Portfolio Assets are set forth below:

Darbhanga-Motihari Transmission Company Limited ("DMTCL")

DMTCL was incorporated on December 18, 2012 and entered into a transmission service agreement dated August 6, 2013 with its LTTCs (the "**DMTCL TSA**") for transmission of electricity for transmission system for Eastern Region System Strengthening Scheme – VI on a BOOM basis. The project was awarded to Essel Infraprojects Limited on October 17, 2013, through the tariff based competitive bidding ("**TBCB**") mechanism, for a period of 35 years from the Scheduled COD, i.e.

August 10, 2017. DMTCL was granted a transmission license by the CERC on May 30, 2014. Subsequently, DMTCL entered into a supplementary transmission service agreement dated August 4, 2016 with the CTU, inter-state transmission service customers, inter-state transmission service licensees and non-inter-state transmission service licensees whose assets have been certified as being used for inter-state transmission by the regional power committee ("**RPCs**"), and a revenue sharing agreement dated August 4, 2016 with the CTU. For further details in relation to the key terms of the TSA and RSA, see the section entitled "*Business*" on page 178.

DMTCL operates two 400 kV transmission lines of 277.2 ckm comprising one 400 kV double circuit line of 125.7 ckm from Darbhanga (Bihar) to Muzaffarpur (Bihar) and another, LILO of Barh (Bihar) – Gorakhpur (Uttar Pradesh) of 400 kV double circuit transmission line at 400/132 kV Motihari GSI substation of 151.5 ckm. The DMTCL project was fully commissioned in August 2017. As at March 31, 2022, the gross block of property, plant and equipment of DMTCL was ₹11,353.46 million and the net block of property, plant and equipment of DMTCL was ₹7,705.42 million.

Details of DMTCL's transmission lines are set forth as follows:

Transmission Lines	**Location**	**Line length (in km)**	**Specifications**	**Actual COD**	**Contribution to total transmission charges**
Darbhanga – Muzaffarpur..	Bihar	62.8	400 kV D/C	March 31, 2017	40.74%
LILO of 400 kV D/C Quad Moose Barh – Gorakhpur Transmission Line at 400/132 kV Motihari GIS Sub-station....	Bihar	75.8	400 kV D/C	August 10, 2017	59.26%

The yearly average certified availability of DMTCL since its commercial operation is set forth in the table below, compared to the target availability of 98% as specified in the DMTCL TSA.

Financial Year	**Average Availability**
	(%)
Fiscal 2020	99.84
Fiscal 2021	99.99
Fiscal 2022	99.98

As a result of exceeding the target availability of 98%, DMTCL earned an incentive revenue of ₹38.03 million, ₹41.66 million, and ₹41.66 million in Fiscals 2020, 2021, and 2022, respectively. The table below sets forth revenue from contracts with customers recorded by DMTCL for the months of April, May and June 2022:

	Month ended April 30, 2022	**Month ended May 31, 2022**	**Month ended June 30, 2022**
	(₹ million)		
Darbhanga-Motihari Transmission Company Limited	102.73	104.63	101.87

The revenue presented in the table above has not been adjusted for the additional tariff and accrued revenue that DMTCL is entitled to receive based on the CERC DMTCL Order as described below:

*The CERC in its order dated March 29, 2019 and review order dated January 13, 2020 provided partial relief and disallowed claims pertaining to interest during construction and other cost overruns. DMTCL filed an appeal with APTEL against the order of CERC. APTEL in its order dated December 3, 2021 ("**APTEL Order**") set aside the CERC Order and allowed claims sought by DMTCL on account of interest during construction and other cost overruns and remitted back the matter to CERC for a final order. Pursuant to the above, CERC in its order dated May 13, 2022 ("**CERC DMTCL Order**") allowed incremental tariff in respect of interest during construction and other cost overruns of ₹162.50 million per annum in accordance with the*

TSA. Consequently, DMTCL is entitled to accrue revenues from COD to March 31, 2022 of ₹ 801.00 million and for the three months ended June 30, 2022 of ₹40.5 million. DMTCL is additionally entitled to a one-time reimbursement of ₹8.0 million. However, CERC disallowed DMTCL's claim in respect of carrying costs. While aggrieved parties have the right to appeal against the above CERC DMTCL Order, no such appeal has been filed till date. Considering the appeal timeline has not yet elapsed, the consequent effect of the CERC DMTCL Order has not been given in the financial statements for the year ended March 31, 2022.

Project Background: As per the request for proposal and request for qualification issued at the time of bidding, to meet the present and future load requirement, establishment of a 400/220 kV substation at Darbhanga between Darbhanga and Muzaffarpur and a 400/132kV substation at Motihari between Muzaffarpur and Gorakhpur, was envisaged as below:

- Darbhanga substation: This substation is utilized to cater to the power demand of Darbhanga, Madhubaniand, and Samastipur districts of North Bihar. The Darbhanga substation is also connected to the existing substation at Muzaffarpur through a 400 kV high-capacity D/C line, with a conductor configuration of Triple Snowbird.
- Motihari substation: This substation is utilized to cater to the power demand of Motihari, West Champaranand, and Sheohar districts of North Bihar. The Motihari substation is established through a LILO of Barh-Gorakhpur 400 kV D/C line, with a conductor configuration of Quad Moose.

NRSS XXXI (B) Transmission Limited ("NRSS")

NRSS was incorporated on July 29, 2013 and entered into a transmission service agreement dated January 2, 2014 with its LTTCs (the "**NRSS TSA**") for transmission of electricity for transmission system for Northern Region System Strengthening Scheme – XXXI(B) on a BOOM basis. The project was awarded to Essel Infraprojects Limited on February 26, 2014 through the TBCB mechanism, for a period of up to 35 years from the Scheduled COD, i.e. March 27, 2017. NRSS was granted a transmission license by the CERC on August 25, 2014. Subsequently, NBTL entered into a transmission service agreement dated January 2, 2014 with the CTU, inter-state transmission service customers, inter-state transmission service licensees and non-inter-state transmission service licensees whose assets have been certified as being used for inter-state transmission by the regional power committee ("**RPCs**"), and a revenue sharing agreement dated August 4, 2016 with the CTU. For further details in relation to the key terms of the TSA and RSA, see the section entitled "*Business*" on page 178.

NRSS operates two transmission lines of 577.7 ckm comprising one 400 kV double circuit line of 278.4 ckm from Kurukshetra (Haryana) to Malerkotla (Punjab) and another 400 kV double circuit line of 299.3 ckm from Malerkotla (Punjab) to Amritsar (Punjab). The NRSS project was fully commissioned in March 2017. As at March 31, 2022, the gross block of property, plant and equipment of NRSS was ₹6,775.91 million and the net block of property, plant and equipment of NRSS was ₹4,394.16 million.

Details of NRSS's transmission lines are set forth as follows:

Transmission Lines	**Location**	**Line length (in km)**	**Specifications**	**Actual COD**	**Contribution to total transmission charges**
Kurukshetra – Malerkotla	Haryana & Punjab	278.4	400 kV D/C	January 18, 2017	40.5
Malerkotla – Amritsar.....	Punjab	299.3	400 kV D/C	March 27, 2017	59.5

The average availability of NRSS since its commercial operation is set forth in the table below, compared to the target availability of 98% as specified in the NRSS TSA.

Financial Year	**Average Availability**
	(%)
Fiscal 2020	99.94
Fiscal 2021	99.97
Fiscal 2022	99.94

As a result of exceeding the target availability of 98%, NRSS earned an incentive revenue of ₹31.42 million, ₹31.77 million,

and ₹31.63 million in Fiscals 2020, 2021, and 2022, respectively.

The table below sets forth revenue from contracts with customers recorded by NRSS for the months of April, May and June 2022:

	Month ended April 30, 2022	**Month ended May 31, 2022**	**Month ended June 30, 2022**
	(₹ million)		
NRSS XXXI (B) Transmission Limited	77.21	79.79	77.21

The revenue presented in the table above has not been adjusted for the additional tariff and accrued revenue that NRSS is entitled to receive based on the CERC NRSS Order as described below:

*The CERC in its order dated March 29, 2019 and review order dated January 15, 2020 provided partial relief and disallowed claims pertaining to interest during construction and other cost overruns. NRSS filed an appeal with APTEL against the order of CERC. APTEL in its order dated December 3, 2021 ("**APTEL Order**") set aside the CERC order and allowed claims sought by NRSS on account of interest during construction and other cost overruns and remitted back the matter to CERC for a final order. Pursuant to the above, CERC in its order dated May 11, 2022 ("**CERC NRSS Order**") allowed incremental tariff in respect of interest during construction and other cost overruns of ₹75.0 million per annum in accordance with the TSA. Consequently, NRSS is entitled to accrue revenues from COD to March 31, 2022 of ₹ 387.00 million and for the three months ended June 30, 2022 of ₹18.9 million. However, CERC disallowed NRSS's claim in respect of carrying costs. While aggrieved parties have the right to appeal against the above CERC NRSS Order, no such appeal has been filed till date. Considering the appeal timeline has not yet elapsed, the consequent effect of the CERC NRSS Order has not been given in the financial statements for the year ended March 31, 2022.*

Project Background: As per the request for proposal and request for qualification issued at the time of bidding, 400/220 kV substation of POWERGID at Amritsar is connected to Jallandhar through a 400 kV S/C line, and to meet the growing power demand, a 500 MVA 400/220 kV ICT line is being implemented. Connectivity of the 400 kV line to Parbati Pooling station and Makhu (PSTCL substation) is also being implemented to increase power supply at the substation in Amritsar. However, as the power supply to Amritsar which is mainly through a Jalandhar substation typically decreases in the winter due to low generation at hydro projects at Talwandi Saboo TPS, Makhu substation, power may be drawn from the substation at Amritsar. This has resulted in the need to strengthen and increase the power supply arrangement to the substation at Amritsar. A HVDC station at Kurukshetra is being established for supply of power from pit head generation station of Chhattisgarh. Accordingly, for augmenting the power supply to the substation at Amritsar 400 kV D/C Kurukshetra – Malerkotla and Malerkotla – Amritsar transmission line works have been approved under the transmission system associated with NRSS-XXXI – Part-B.

Summary of Key Agreements of the Initial Portfolio Assets

DMTCL and NRSS, have entered into TSAs and RSAs, the key terms of which are provided below:

TSA

Our Initial Portfolio Assets entered into TSAs with long-term transmission customers to set up projects on a BOOM basis and to provide transmission services on a long-term basis to such customers on the terms and conditions contained in the TSAs. The term of each TSA is 35 years from the scheduled commercial date of operation of the applicable project unless terminated earlier in accordance with the terms of the TSA. The TSAs provide for, among other things, details and procedures for project execution, development and construction, operation, and maintenance.

Pursuant to the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 (the "**Sharing Regulations 2010**"), our Initial Portfolio Assets also entered into TSAs with the CTU, to govern the provision of inter-state transmission services, specifically in relation to sharing of transmission charges and losses and disbursing the transmission charges collected by the CTU. The inter-state transmission service customers and inter-state transmission service licensees are required to abide by the detailed billing, collection, and disbursement procedures of the CTU and with the terms of the TSA. The CTU raises bills and also collects and disburses in accordance with the detailed billing, collection, and disbursement procedures of the CTU, as approved by CERC. Under the terms of the TSA, each inter-state transmission service customer has agreed to allow the CTU to enforce recovery of payment through a letter of credit on behalf of all the inter-state transmission service licensees in the event of default of payment. If payment by an inter-state transmission service customer against any invoice raised under the billing, collection and disbursement procedure, is outstanding beyond 30 days after the due date or in the event that the required letter of credit or any other agreed payment security mechanism is not being maintained by the inter-state transmission service customer, the CTU is empowered to undertake regulation of power supply on behalf of all the inter-state transmission service licensees so as to recover charges under the provisions of the Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 (the "**Power Supply Regulations**"). Additionally, the Sharing Regulations 2010 has been amended and replaced by the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, which came into effect starting November 1,

2020.

The TSA also provides for force majeure relief to the inter-state transmission service licensees and inter-state transmission service customers (the "**Affected Parties**") affected by the occurrence of a *force majeure* event. The TSA defines a "*force majeure* event" as an event or circumstance, or a combination thereof, that wholly or partly prevents or unavoidably delays the Affected Party in the performance of its obligations under such TSAs, but only if and to the extent that such event or circumstance is not within the reasonable control, directly or indirectly of the Affected Party, and includes, among others, an act of God, act of war, radioactive contamination, industry-wide strikes, and labor disturbances having a nationwide impact in India. To the extent not prevented by a force majeure event, the Affected Party must continue to perform its obligations under the TSA and must use its efforts to mitigate the effect of such event, as soon as practicable. The Affected Party will not be in breach of its obligations under the TSA, except to the extent that the performance of its obligations was prevented, hindered, or delayed due to a *force majeure* event. Each inter-state transmission service customer or inter-state transmission service licensee is entitled to claim relief for a *force majeure* event affecting its performance in relation to its obligations under the TSA. Computation of availability under outage due to a *force majeure* event must be in accordance to the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 as amended from time to time and any subsequent enactment thereof.

The TSA entered into with the CTU also defines change in law as being, among other events, (i) the enactment, coming into effect, adoption, promulgation, amendment, modification, or repeal (without re-enactment or consolidation) in India, of any law, including rules and regulations framed pursuant to such law, (ii) change in the interpretation or application of any law by the GoI having the legal power to interpret or apply such law, or any competent court of law, (iii) the imposition of a requirement for obtaining any consents, clearances, and permits which were not required earlier or a change in the terms and conditions prescribed for obtaining such consents, clearances, and permits, or (iv) any change in tax or the introduction of any tax made applicable for transmission service by the inter-state transmission service licensees, as per the terms of the TSA. Any adjustment in the monthly transmission charges due to a change in law is to be determined and effective from such date, as decided by the CERC, subject to rights of appeal provided under applicable law. Further in case of ISTS awarded through the competitive bidding process under Section 63 of the Electricity Act, the reference date for determining the implications of change in law is seven days prior to the relevant bid due date for submission of a tariff bid.

RSA

Pursuant to the Sharing Regulations 2010, our Initial Portfolio Assets entered into RSAs with PGCIL (acting in its capacity as a CTU). The transmission charges billed in accordance with the billing, collection and disbursement procedures set out in the TSAs with CTUs are disbursed to the inter-state transmission system licensees by the CTU, pursuant to and in accordance with the RSAs. The PoC charges for use of inter-state transmission services by the inter-state transmission services customers, and are billed and collected by the CTU on behalf of all inter-state transmission services licensees. The CTU must disburse the collected transmission charges to the respective inter-state transmission services licensees and owners of deemed inter-state transmission services whose transmission charges have been considered for the purpose of calculation of the PoC charges in accordance with the billing, collection, and disbursement procedure set out in the TSAs with the CTU. Delayed payment or partial payment by any inter-state transmission services customers results in a pro-rata reduction in the payouts to all the inter-state transmission services licensees and owners of deemed inter-state transmission services whose transmission charges have been considered for the purpose of calculation of PoC charges. The revenue sharing statements to be submitted to the CTU and the modality of disbursements by the CTU must be in accordance with the billing, collection and disbursement procedure. Each inter-state transmission licensee, under the applicable RSA, empowers the CTU to enforce recovery of payment from the inter-state transmission service customers through payment security mechanisms in the event of default or partial payment by the inter-state transmission service customer, in accordance with the billing, collection, and disbursement procedure. Each inter-state transmission licensee has further agreed and empowered the CTU to invoke the provisions of the Power Supply Regulations in accordance with the detailed billing, collection and disbursement procedure. The Initial Portfolio Assets have agreed to indemnify PGCIL against any damages, liabilities, losses etc. incurred in connection with PGCIL's obligations of billing and collecting transmission charges on behalf of the Initial Portfolio Assets. This indemnification obligation will survive the termination of the RSAs.

ROFO Assets

Set forth below is a brief description of the 12 ROFO Assets:

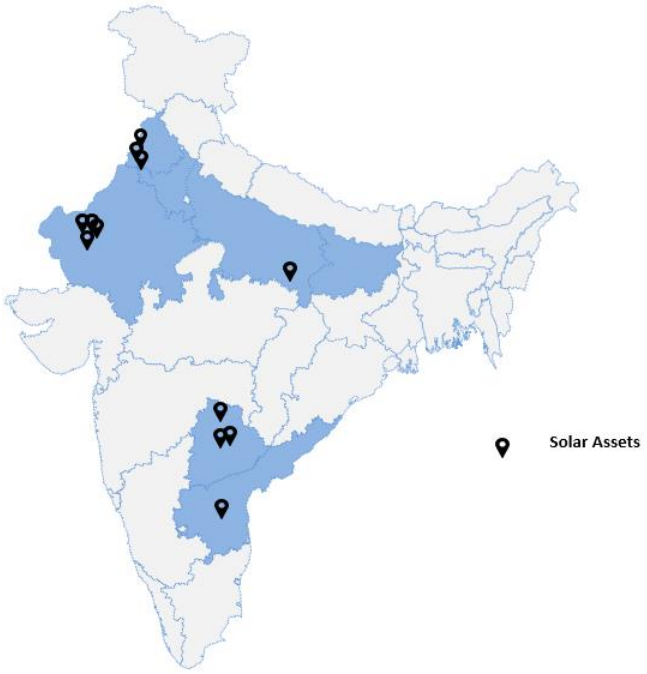
S. No.	Asset SPV	Project Name	Location	Off-taker	COD	Term of the PPA (years from COD)	Residual term of the PPA as at March 31, 2022	Tariff	Operational Capacity as at March 31, 2022	PPA Capacity as at March 31, 2022
								(₹ per unit)	*(in MW DC)*	*(in MW AC)*
1	PSEPL	Pokaran Solaire Energy Private Limited	Rajasthan	NVVN	February 24, 2013	25	~16 years	7.49	5.6	4.8
2	NSPPL	Northern Solaire Prakash Private Limited	Rajasthan	SECI	May 7, 2015	25	~18 years	5.4	23.0	20.3
3	SSPPL	Suryaudaya Solaire Prakash Private Limited	Rajasthan	SECI	April 28, 2015	25	~18 years	5.45	12.6	10.5
4	SDPIPL	Solaire Direct Projects India Private Limited	Punjab	PSPCL	March 15, 2015	25	~18 years	7.99	21.0	15.8
5	SPPL	Solaire Power Private Limited	Punjab	PSPCL	February 19, 2016	25	~19 years	6.88	25.0	20.3
6	SUPL	Solaire Urja Private Limited	Punjab	PSPCL	April 9, 2016	25	~19 years	6.88	25.0	20.3
7	NSUPL	Nirjara Solaire Urja Private Limited	Telangana	TSSPDCL	June 25, 2016	25	~19 years	6.89	12.0	9.8
8	SSEPL	Suprasanna Solaire Energy Private Limited	Telangana	TSSPDCL	December 31, 2016	25	~20 years	6.59	24.0	19.5
9	USUPL	Ujjvalatejas Solaire Urja Private Limited	Telangana	TSNPDCL	November 13, 2016	25	~20 years	6.79	24.0	19.5
10 ..	SSUPL	Solaire Surya Urja	Rajasthan	NTPC	September 10, 2017[1]	25	~20 years	4.35	190.0	140.0

S. No.	Asset SPV	Project Name	Location	Off-taker	COD	Term of the PPA (years from COD)	Residual term of the PPA as at March 31, 2022	Tariff	Operational Capacity as at March 31, 2022	PPA Capacity as at March 31, 2022
		Private Limited								
11...	ESPL	Enviro Solaire Private Limited	UP	SECI	April 10, 2018 June 2, 2019 (200 MWac)	25	~21 years	4.43	101.0	75.0
12 ..	SPUPL	Solairepro Urja Private Limited	AP	NTPC	March 9, 2020 (50 MWac)	25	~22 years	3.15	350.0	250.0

Note:

(1) *SSUPL was commissioned through two separate PPAs. Both phases had the same commissioning date of September 8, 2017.*

The following map shows the location and certain other information of the ROFO Assets:



The Sponsor acquired 74.00% economic interest and 74.00% equity shareholding in each of the 12 ROFO Assets from the JV Group. The Sponsor then transferred its 74.00% economic interest and 74.00% equity shareholding in 11 ROFO Assets to EIYP. The remaining 26.00% equity shareholding in each of the 12 ROFO Assets is held by entities of the JV Group.

Pokaran Solaire Energy Private Limited (PSEPL)

Power Purchase Agreement: On January 25, 2012, NTPC Vidyut Vyapar Nigam Limited and PSEPL entered into the PPA. NTPC Vidyut Vyapar Nigam Limited agreed to procure power from PSEPL power generation facilities at pre-determined tariff

of ₹7.49 per unit for the entire term of the agreement i.e. 25 years effective from February 26, 2013.

Land: PSEPL owns the land on which this project is situated.

Northern Solaire Prakash Private Limited (NSPPL)

Power Purchase Agreement: On March 28, 2014, Solar Energy Corporation of India ("**SECI**") and NSPPL entered into the PPA. SECI agreed to procure power from NSPPL power generation facilities at pre-determined tariff of ₹5.45 per unit for the entire term of the agreement i.e. 25 years effective from May 7, 2015. NSPPL is eligible for Viability Gap Funding ("**VGF**") support from SECI, has submitted applications for VGF disbursements. The sixth tranche VGF disbursement application for NSPPL was submitted to SECI in November 2021. Following review and approval of the application by SECI, NSPPL received 38% of the total VGF amount for the sixth tranche in April 2022. The balance of VGF amounts is still pending payment by SECI.

Land: NSPPL owns the land on which this project is situated.

Suryauday Solaire Prakash Private Limited (SSPPL)

Power Purchase Agreement: On March 28, 2014, SECI and SSPPL entered into the PPA. SECI agreed to procure power from SSPPL power generation facilities at pre-determined tariff of ₹5.45 per unit for the entire term of the agreement i.e. 25 years effective from April 28, 2015. SSPPL is eligible for VGF support from SECI, has submitted applications for VGF disbursements. The sixth tranche VGF disbursement application for SSPPL was submitted to SECI in November 2021. Following review and approval of the application by SECI, SSPPL received 38% of the total VGF amount for the sixth tranche in April 2022. The balance of VGF amounts is still pending payment by SECI.

Land: SSPPL owns the land on which this project is situated.

Solairedirect Projects India Private Limited (SDPIPL)

Power Purchase Agreement: On January 6, 2014, Punjab State Power Corporation Limited and SDPIPL entered into the PPA. Punjab State Power Corporation Limited agreed to procure power from SDPIPL power generation facilities at pre-determined tariff of ₹7.99 per unit for the entire term of the agreement i.e. 25 years effective from March 15, 2015.

Land: SDPIPL occupies the land on which the project is situated on a leasehold basis.

Solaire Power Private Limited (SPPL)

Power Purchase Agreement: On March 31, 2015, Punjab State Power Corporation Limited and SPPL entered into the PPA. Punjab State Power Corporation Limited agreed to procure power from SPPL power generation facilities at pre-determined tariff of ₹6.88 per unit for the entire term of the agreement i.e. 25 years effective from February 19, 2016.

Land: SPPL occupies the land on which the project is situated on a leasehold basis.

Solaire Urja Private Limited (SUPL)

Power Purchase Agreement: On March 31, 2015, Punjab State Power Corporation Limited and SUPL entered into the PPA wherein Punjab State Power Corporation Limited agreed to procure power from SUPL power generation facilities at pre-determined tariff of ₹6.88 per unit for the entire term of the agreement i.e. 25 years effective from April 9, 2016.

Land: SUPL occupies the land on which the project is situated on a leasehold basis.

Suprasanna Solaire Energy Private Limited (SSEPL)

Power Purchase Agreement: On March 20, 2015, Southern Power Distribution Company of Telangana Limited (TSSPDCL) and SSEPL entered into the PPA. TSSPDCL agreed to procure power from SSEPL power generation facilities at pre-determined tariff of ₹6.59 per unit for the entire term of the agreement i.e. 25 years effective from December 31, 2016.

Land: SSEPL owns the land on which this project is situated.

Ujjvalatejas Solaire Urja Private Limited (USUPL)

Power Purchase Agreement: On March 19, 2015, Northern Power Distribution Company of Telangana Limited (TSNPDCL) and USUPL entered into the PPA. TSNPDCL agreed to procure power from USUPL power generation facilities at pre-determined tariff of ₹6.79 per unit for the entire term of the agreement i.e. 25 years effective from November 13, 2016.

Land: USUPL owns the land on which this project is situated.

Nirjara Solaire Urja Private Limited (NSUPL)

Power Purchase Agreement: On March 20, 2015, Southern Power Distribution Company of Telangana Limited (TSSPDCL) and NSUPL entered into the PPA. Southern Power Distribution Company of Telangana Limited (TSSPDCL) agreed to procure power from NSUPL power generation facilities at pre-determined tariff of ₹6.89 per unit for the entire term of the agreement i.e. 25 years effective from June 25, 2016.

Land: NSUPL owns the land on which this project is situated.

Solaire Surya Urja Private Limited-08 and Solaire Surya Urja Private Limited-10 (SSUPL)

Power Purchase Agreements: On May 2, 2016, NTPC Limited entered into a PPA with SSUPL-8, and a PPA with SSUPL-10. NTPC Limited agreed to procure power from SSUPL-08 and SSUPL-10 power generation facilities at pre-determined tariff of ₹4.35 per unit for the entire term of the agreement i.e. 25 years.

Land: SSUPL-08 and SSUPL-10 occupy the land on which the respective project is situated on a leasehold basis.

Enviro Solaire Private Limited (ESPL)

Power Purchase Agreement: On June 13, 2016, SECI and ESPL entered into the PPA. SECI agreed to procure power from ESPL power generation facilities at pre-determined tariff of ₹4.43 per unit for the entire term of the agreement i.e. 25 years effective from April 10, 2018. ESPL is eligible for VGF support from SECI, and has submitted applications for disbursements. ESPL has submitted a revised VGF application and additional required documents to SECI for the second tranche disbursement, as well as applications for third, fourth, and fifth tranches. ESPL is currently coordinating with SECI to address SECI's comments on the applications and its requests for additional documents.

Land: ESPL occupies the land on which the project is situated on a right to use basis.

Solairepro Urja Private Limited (SPUPL)

Power Purchase Agreement: On February 7, 2018, NTPC Limited and SPUPL entered into the PPA. NTPC Limited agreed to procure power from SPUPL power generation facilities at pre-determined tariff of ₹3.15 per unit for the entire term of the agreement i.e. 25 years.

Land: SPUPL occupies the land on which the project is situated on a leasehold basis.

Operation and Maintenance Services

All our O&M practices including our technical, Safety, Health, and Environment (SHE), and risk management protocols are aligned to industry best practices and validated through independent ISO audits and accreditations meeting requirements of the standards prescribed under ISO14001 (Environment Management System), ISO45001 (Occupational Health & Safety Management System), ISO27001 (International Standard for Information Security), and ISO55001 (International Standard for Asset Management). Our Standard Operating Procedures ("**SOPs**") have all been developed in-house based on collective team experience and reviewed by experts including the former Chairman of PGCIL (India's central transmission licensee), ISO auditors, and our global JV partners. Compliance with SOPs by the O&M teams, and opportunities to optimize asset performance, are additionally reviewed independently by our operational excellence team that performs the role of an independent ISO audit function and advises the O&M teams on gaps and optimization opportunities. In addition, sustainability of our approach and practices are periodically monitored by a team of trained and certified ISO 55001 lead ISO auditors (certified by Bureau Veritas (India) Pvt Ltd).

In accordance with the Project Implementation and Management Agreement to be entered into between each of the Initial Portfolio Assets and our Project Manager, and the O&M agreement entered into between the Project Manager and the O&M subcontractor (together, the "**Project Implementation and Management Agreements**"), the O&M of the Initial Portfolio Assets will be undertaken by our Project Manager directly or indirectly. For further details, please see "*Parties to the Trust – The Project Manager"* on page 121.

The Project Implementation and Management Agreements will set out responsibilities of the Project Manager and O&M subcontractor for the operation, maintenance, and management activities of each of the Initial Portfolio Assets with effect from the date of their execution. The scope of services to be provided by the Project Manager shall include all the responsibilities and activities set out in article 7 of the relevant TSA, and shall also include:

- routine operational services such as maintaining operation logs and records containing monthly reports on O&M of the Initial Portfolio Asset, updating and implementing the O&M plan based on updated manuals, and periodically submitting compliance reports;

- managing and administering warranty on an ongoing basis and supplying/replacing all required RSC to ensure maximum availability in accordance with specified performance standards; and
- coordinating with relevant stakeholders in case of any breakdown to ensure maximum availability.

In addition, the O&M subcontractor is responsible for executing repair and restoration works including those listed below. The fees and costs involved for such works may be mutually decided by the Project Manager and O&M subcontractor on a case-by-case basis:

- major breakdown of transmission lines, including conductor/earth wire snapping;
- support restoration if towers are damaged or collapse;
- strengthening of foundations in transmission lines;
- construction/strengthening of retaining walls or any civil works;
- transmission line maintenance; and
- support in substation O&M and emergency restoration systems.

To undertake its functions and obligations under the Project Implementation and Management Agreements, our Project Manager will be required to deploy an O&M team. Our Project Manager will adopt monitoring techniques for substation equipment for better availability of transmission systems, improved business performance, reduced costs, and increase in revenue generated by the Initial Portfolio Assets.

Employees

Our employees contribute significantly to the business operations of the Initial Portfolio Assets. As of March 31, 2022, the Initial Portfolio Assets, Project Manager, and Investment Manager had an aggregate of 36 employees in various departments including administration, finance, human resources, legal and compliance, operations, and technology. In addition, our Project Manager has arrangements with O&M subcontractors for complete operation and maintenance of the Initial Portfolio Assets. The number of personnel deployed on this basis varies from time to time based on the nature and extent of work contracted.

Our human resource department continuously focuses on employee engagement and motivation, which further helps in achieving the strategic objectives of the organization. Our human resource practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner.

Health, Safety, and Environmental Considerations

The Project Managers will be required to comply with environmental regulations and standards applicable to the operations of the Initial Portfolio Assets and will ensure compliance with health, safety, and environment-related policies under the Project Implementation and Management Agreements. The Project Manager will be committed to provide a safe and healthy working environment and in complying with its obligations under Project Implementation and Management Agreements to be executed, the Project Manager shall develop, maintain, and apply socially acceptable practices in the workplace.

IT Infrastructure

Information technology has emerged as a key business enabler and our comprehensive information technology infrastructure plays an important role in improving our relationship with our employees, contractors and external users. The primary business functions in our information technology infrastructure include operations and maintenance of solar power plants, transmission lines, and substations. The support functions performed by our IT infrastructure include human resource management, purchasing, learning and development, compliance management, enterprise resource planning, document management, and workflow and activity tracking. The IT management systems of our Initial Portfolio Assets have been audited and accredited by Lloyds Register to ISO 27001 (Information Security Management System). This accreditation helps us comply with the stringent cyber security guidelines and norms stipulated by CERT-IN and National Critical Information Infrastructure Protection Centre (NCIIPC), and also helps benchmark our practices on an ongoing basis to identify and mitigate emerging IT security risks.

Technology and Equipment

We use advanced technology, such as drones to map river courses and for tower installations, thermo-vision cameras to identify hot spots in substations and transmission lines, instrument calibration tools, and fault analysis kits for preventive maintenance and follow prudent maintenance practices, which ensures improved business performance, reduces our costs and also increases our revenues generated by the Initial Portfolio Assets by maintaining high transmission availability. Maintenance of high availability rates entitle our projects to receive an incentive payment under the applicable TSA and tariff regulations.

The Initial Portfolio Assets have primarily extra high voltage, or EHV transmission lines and substations. EHV transmission lines are used to transmit power over long distances. Substations act as interconnecting points between transmission lines for step up/down of the voltages and provide monitoring as well as protection to the grid.

Transmission Lines: The major components of transmission lines are towers, conductors, insulators, hardware, and optical power ground wire or OPGW.

- Transmission towers: The Initial Portfolio Assets use a vertical conductor tower configuration with a self-supporting, hot dip galvanized lattice type design with bolted structural members. This design was chosen for its structural strength benefits. All towers are designed to carry 400 kV transmission lines.
- Conductors: The Initial Portfolio Assets use a combination of ACSR Twin Moose conductors in NRSS and ACSR Triple Snowbird and AAAC Moose conductors in DMTCL.
- Insulators: The Initial Portfolio Assets use a combination of single "I", double "I", and quad tension insulators for the EVH lines to ensure better operating performance.

Substations: Substations act as interconnecting points between transmission lines for step up/down of the voltages and provide monitoring as well as protection to grid. Each new transmission line starts from an existing substation and ends at a new substation.

O&M Technology: We deploy thermo-vision scanning, instrument calibration tools, and fault analysis kits for preventive maintenance. We also follow prudent maintenance practices which ensure improved business performance, reduce our costs and increases our revenues. We intend to use the drone-based asset management technology to automate identification of critical asset conditions and ensure full economic optimization of resource deployment in maintenance operations. The use of drones will increase the uptime of the grid and reduce deforestation along the corridors.

Insurance

Our business operations are subject to hazards inherent in providing operation and maintenance services, such as risk of equipment failure, work accidents, fire, earthquake, flood and other *force majeure* events. This includes hazards that may cause injury and loss of life, damage and destruction of property, equipment and environmental damage. To mitigate such risks, insurance policies covering the Initial Portfolio Assets have been obtained, as set out below.

DMTCL and NRSS have obtained insurance of the assets covering, amongst other things, risk including loss or damage from fire, flood, storm, terrorism, burglary, and any accidental and physical loss and destruction or damage to the property due to a cause, other than as excluded in the insurance policies. These insurance policies are subject to exclusions for certain circumstances including, among others, political risks, location risks, communicable diseases, loss of profit, and removal of foreign debris.

The sub-stations of DMTCL are covered under the Industrial All Risk Policy and sum insured against loss/ damage of property is based on the current replacement value of the sub-stations. Furthermore, the towers located in the Gandak river section are covered separately under the standard fire and special perils policy.

The NRSS transmission are covered under a standard fire & special perils policy. Transmission lines are covered for burglary and theft.

DMTCL and NRSS are each also covered by an insurance policy for the transmission portfolio, against risk of riots, strike, civil commotion, malicious damage, terrorism and sabotage. All insurance policies are renewed annually.

Properties

Rights of way and related compensation are dealt with under Sections 67 and 68 of the Electricity Act, read with Section 10 of the Indian Telegraph Act, 1885 (the "**Indian Telegraph Act**"). Each of the Initial Portfolio Assets after following due process has been authorized to use power conferred under Section 164 of the Electricity Act. Section 164 of the Electricity Act provides the Initial Portfolio Assets with powers of telegraph authority as provided in the Indian Telegraph Act, which facilitates the construction and operation of transmission lines by the Initial Portfolio Assets without the requirement to acquire land, subject to payment of compensation for 85% of the land value for tower footing and up to 15% of the land value for RoW of the line for transmission systems of voltage of 66 kV and above, if, and to the extent, the concerned State has adopted the MoP guidelines of October 15, 2015 and July 16, 2020. All original rights are vested with the landowner who is allowed to continue cultivation after construction. In case of resistance, the Initial Portfolio Assets can approach local authorities to take appropriate enforcement action and to obtain resolution.

Furthermore, certain of the Initial Portfolio Assets have acquired certain properties or rights to utilize such properties, for establishment of sub-stations.

The Investment Manager's Registered Office and Corporate Office are both located at Plot 294/3, Edelweiss house, Off CST Road, Kalina, Santacruz East, Mumbai City- 400098, Maharashtra and both offices are held by it on leasehold basis.

Intellectual Property

The application for the trademark for "Anzen" and the logo is under consideration by our management. For further details, please see, *Risk Factors* – "*We do not own the "Anzen" trademark or logo. The trademark application for "Anzen" and the logo, may be rejected and our ability to use the trademark and logo may be impaired*" on page 76.

Competition

Our primary competitors may include domestic and foreign operators and investors which intend to invest in the power transmission and renewable energy industry in India, who may also have access to financial, operational, marketing, personnel, and other various resources. We may compete on a number of factors, including the sourcing of power transmission and renewable energy opportunities, reputation and track record, relationship with government authorities, access to low-cost capital and control over quality, access to project land, efficiency, and reliability in project operations.

INFORMATION CONCERNING THE UNITS

Unit holding of the Anzen Trust

Particulars	Number of Units
Units issued and outstanding prior to this Issue	Up to [●]
Units issued and outstanding after this Issue	Up to [●]*

** To be updated in the Final Placement Memorandum prior to filing with SEBI and the Stock Exchange.*

Unitholders holding more than 5% of the Units

Sr. No.	Name of Unit Holders	Pre-Issue*		Post-Issue**	
		Number of Units	Percentage of holding (%)	Number of Units	Percentage of holding (%)
1.	[●]	Up to [●]	[●]	Up to [●]	[●]

** To be updated in the Final Placement Memorandum prior to filing with SEBI and the Stock Exchange.*

Unitholding of the Sponsor, Investment Manager and Trustee

Sekura Energy Private Limited, being the Sponsor and Project Manager, will acquire [●] Units in this Issue up to [●] % of the Issue, for cash, to meet the eligibility criteria of holding not less than 15% on a post-Issue basis.

The Trustee, Investment Manager and Project Manager do not hold any Units and shall not acquire any Units in this Issue.

Unitholding of the directors of the Investment Manager

As on the date of this Draft Placement Memorandum, none of the directors of the Investment Manager hold any Units or propose to hold any Units in the Anzen Trust.

Sponsor lock-in

In terms of the InvIT Regulations, the Sponsor shall hold not less than 15% of Units on a post-Issue basis, aggregating up to [●] Units, which shall be locked-in for a period of three years from the date of listing of the Units. Further, unitholding of the Sponsor, exceeding 15% on a post-Issue basis, if any, shall be locked-in for a period of not less than one year from the date of listing of the Units.

Separately, any pre-Issue unitholding in the Anzen Trust held by EIYP will be locked in for a period of one year in accordance with the InvIT Regulations.

USE OF PROCEEDS

The Issue Proceeds will be up to ₹ 8,950 million (the "**Issue Proceeds**"). The Issue Proceeds will be utilised towards the following objects:

(i) providing loans to the Initial Portfolio Assets for repayment or pre-payment of debt, including any accrued interest, by way of redemption of non-convertible debentures issued by them;

(ii) purchase of the optionally convertible debentures and non-convertible debentures issued by the Initial Portfolio Assets to EIYP; and

(iii) general purposes.

Requirements of Funds

The Issue Proceeds are proposed to be utilised in accordance with the details provided in the following table:

(In ₹ million)

S. No.	Particulars	Estimated Amount
(i)	Providing loans to the Initial Portfolio Assets for repayment or pre-payment of debt, including any accrued interest, availed by them	4,560.00
(ii)	Purchase of the optionally convertible debentures and non-convertible debentures issued by the Project SPVs to EIYP	3,240.00
(iii)	General purposes*	[●]
(iv)	Issue expenses*	[●]
	TOTAL	[●]

**To be updated in the Final Placement Memorandum prior to filing with SEBI and the Stock Exchange.*

The Investment Manager believes that providing a loan to the Initial Portfolio Assets for repayment or pre-payment of debt, including any accrued interest, availed by the Initial Portfolio Assets, will help reduce outstanding indebtedness of the Anzen Trust on a consolidated basis and assist the Anzen Trust in maintaining a favourable debt-equity ratio, which will enable the Anzen Trust to raise further resources in the future to fund potential business development opportunities and plans to grow and expand its business in the future thereby enabling the Anzen Trust to meet its commitment towards distributions to Unitholders.

The fund requirements mentioned above and the proposed deployment are based on the estimates of the Investment Manager and have not been appraised by any bank, financial institution or any other external agency. The fund requirements may vary, including due to factors beyond the Investment Manager's control, such as market conditions, competitive environment, interest rate and exchange rate fluctuations. Consequently, the fund requirements are subject to revisions, in the future, at the discretion of the Investment Manager.

Details of Utilisation of the Issue Proceeds

The details of utilisation of the Issue Proceeds are set forth herein below:

(i) Providing loans to certain Initial Portfolio Assets for repayment or pre-payment of debt, including any accrued interest, availed by them

The Anzen Trust proposes to utilise an estimated aggregate amount of ₹ 4,560 million from the Issue Proceeds to provide loans to the Initial Portfolio Assets for repayment or pre-payment of debt, including any accrued interest, availed by the Initial Portfolio Assets, as described below:

Sr. No.	Nature of the borrowing	Amount Outstanding as on July 15, 2022 (in ₹ million)
DMTCL		
1.	Listed non-convertible debentures	6,914
NRSS		
2.	Listed non-convertible debentures	5,494

For further details on borrowing availed by the Initial Portfolio Assets, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 205.

Trust Loan Agreement

Upon the Listing of the Units, Anzen Trust shall utilize the Issue Proceeds, as set out above, to provide loans to the Initial Portfolio Assets ("**Trust Loans**") through facility agreements proposed to be entered into between the Trustee (on behalf of the Anzen Trust), the Investment Manager, and the respective Initial Portfolio Assets (the "**Trust Loan Agreements**").

The key terms of the Trust Loan Agreements include:

Facility	Term Loans
Purpose	The Trust Loans shall be utilised by the by the Initial Portfolio Assets for full or partial pre-payment or repayment of its existing outstanding debts
Premature Repayment	The Initial Portfolio Assets shall, at any time, during subsistence of the Trust Loan Agreements prepay all or a portion of the outstanding Trust Loan (along with accrued interest), subject to mutual agreement between the Trustee and the Initial Portfolio Assets, without any prepayment penalty
Representations and Warranties	The Initial Portfolio Assets shall represent to the Trust that, amongst other things: 1. they are a company, duly incorporated and validly existing under the laws of India and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business; 2. they have complied with all Applicable Laws in relation to the conduct of their business and is not subject to any present, potential or threatened liability by reason of non-compliance with such applicable law, which will have a material impact on the Initial Portfolio Assets, their business or their obligations under the agreement; and 3. each certified copy of a document provided to the Trustee or Investment Manager pursuant to the terms of the Transaction Documents is a true, complete and accurate copy of the original document and the original document was in full force and effect, in each case as at the date any such document is provided.
Negative Covenants	The Initial Portfolio Assets shall not, without the prior approval of the Trustee or the Investment Manager: 1. raise or incur any further indebtedness; 2. amend any of the Transaction Documents, as defined in the Trust Loan Agreements; and 3. create any lien over or sell, transfer or dispose of, all or part of its assets.
Events of Default	The Trust Loan Agreements proposed shall contain standard events of default affecting the Initial Portfolio Assets, including: 1. failure to pay any sum under the Trust Loan Agreements; 2. breach of covenants and undertakings set out in the Trust Loan Agreements; and 3. any change in ownership, control, shareholding of the borrower without the prior written approval of Trustee (in its capacity as the trustee to the Trust) or the Investment Manager. Upon occurrence of an event of default, the Trustee may (subject to applicable law and without prejudice to any other rights it may have under applicable law) accelerate the repayment of Term Loan and all other amounts outstanding in relation thereto.

The repayment or prepayment of indebtedness availed by DMTCL and NRSS, as set out above, shall be based on various factors, including: (i) any conditions attached to the debentures or the consent issued by the debenture holders in relation to such pre-payment or repayment, restricting the Anzen Trust's ability to repay or prepay the debt and time taken to fulfil such requirements; (ii) provisions of any laws, rules, regulations and contracts governing such borrowings; and (iii) other commercial considerations, including the interest rate on the debt securities and the amount outstanding (including interest accrued till date of repayment). As on the date of this Draft Placement Memorandum, the Initial Portfolio Assets have received the necessary consents from their existing debenture holders in relation to such pre-payment or repayment.

(ii) Purchase of the optionally convertible debentures and non-convertible debentures issued by the Project SPVs to EIYP

The Project SPVs have issued optionally convertible debentures ("**OCDs**") and DMTCL has issued non-convertible debentures ("**NCDs**") which are currently held by EIYP. The Anzen Trust proposes to purchase these NCDs and OCDs, aggregating to ₹ 3,240 million, from the Issue Proceeds, pursuant to the securities purchase agreements to be executed between the Anzen Trust (acting through the Trustee), the Investment Manager, EIYP, and the respective Project SPVs.

1. NCDs issued by DMTCL

DMTCL has issued NCDs aggregating to ₹ 331 million ("**DMTCL NCDs**") to EIYP by way of term sheet approved by the board of DMTCL on March 5, 2020. The outstanding amount in relation to the DMTCL NCDs as on July 15, 2022 is ₹ 291 million. The key terms of the DMTCL NCDs have been summarised below:

Face value	₹ 1,000
Nature of the DMTCL NCDs	Unrated, unlisted
Interest	9% per annum
Security	Unsecured
Tenure	10 years from the date of the issue (till March 15, 2030) or such extended term as may be determined by the board of directors of DMTCL
Transferability	Freely transferable
Redemption	The DMTCL NCDs shall be redeemable, at the option of EIYP on the following terms: 1. at any time out of cashflow surplus (after satisfaction of restricted payment conditions as defined under the senior lenders' agreement) of DMTCL as may be permitted by the existing lenders of DMTCL; 2. with the prior consent of the existing lenders
Mandatory Prepayment	Subject to the provisions of applicable law and procurement of the consent of the existing lenders, DMTCL shall be mandatorily required to prepay the DMTCL NCDs in the event of, amongst others, DMTCL becoming (voluntarily or involuntarily) subject of insolvency proceedings which have not been stayed, quashed or dismissed by a competent court and liquidation or dissolution of DMTCL.

2. OCDs issued by DMTCL and NRSS

DMTCL has issued OCDs aggregating to ₹ 877.10 million ("**DMTCL OCDs**") to EIYP by way of a debenture subscription agreement dated May 25, 2019, as amended. Further, NRSS has issued OCDs aggregating to ₹ 701.50 million ("**NRSS OCDs**" and together with the DMTCL OCDs, the "**EIYP OCDs**") to EIYP by way of a debenture subscription agreement dated May 25, 2019, as amended. The outstanding amount in relation to the DMTCL OCDs and the NRSS OCDs as on July 15, 2022 is ₹ 877.10 million and ₹ 632.44 million, respectively. The key terms of the EIYP OCDs have been summarised below:

Face value	₹ 10
Nature of the EIYP OCDs	Unrated, unlisted
Interest	Up to 18% (per cent) per annum on the outstanding face value of the OCDs subject to maximum cashflow surplus (after satisfaction of restricted payment conditions as defined under agreements with existing lenders) of the Initial Portfolio Assets as allowed by the senior lenders under the financing documents and any limit permissible by law
Security	Unsecured
Tenure	22 years from the Completion Date (as defined in the debenture subscription agreements)
Transferability	Freely transferable
Conversion	The holders of the OCDs shall, subject to necessary approvals as needed and any shareholding restrictions under the Project Agreements, have the option to convert the OCDs at any time before the final redemption date
Redemption	The EIYP OCDs shall be redeemable, at the option of EIYP on the following terms: 1. at any time out of cashflow surplus (after satisfaction of restricted payment conditions as defined under the senior lenders' agreement) of the Initial Portfolio Assets as may be permitted by the existing lenders of the Initial Portfolio Assets; 2. with the prior consent of the existing lenders
Mandatory Prepayment	Subject to the provisions of applicable law and procurement of the consent of the existing lenders, the Initial Portfolio Assets shall be mandatorily required to prepay the EIYP OCDs in the event of, amongst others, the Initial Portfolio Assets becoming (voluntarily or involuntarily) subject of insolvency proceedings which have not been stayed, quashed or dismissed by a competent court and liquidation or dissolution of the Initial Portfolio Assets.

The NCDs and OCDs shall be transferred at fair value for cash consideration as determined in accordance with the Securities Purchase Agreements. For further details in relation to the securities purchase agreement, please see the section entitled "*Related Party Transactions – Securities Purchase Agreements*" on page 237.

(iii) General purposes

In terms of the InvIT Regulations, the Investment Manager shall, at its discretion, deploy the balance Issue Proceeds (excluding the Issue Expenses) aggregating up to ₹ [●] million towards general expenses for the operation of the Anzen Trust, subject to such utilization not exceeding 10% of the Issue Proceeds, in compliance with the InvIT Regulations. The general purposes for which the Anzen Trust proposes to utilise Issue Proceeds include meeting exigencies and expenses incurred in the ordinary course of business. In addition, the Anzen Trust may utilise the Issue Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved by the Investment Manager or the Trustee, as the case may be, subject to compliance with applicable law.

In case of a shortfall in Issue Proceeds, the Investment Manager may, in compliance with the InvIT Regulations, have the flexibility to meet such shortfall including, by utilising the Anzen Trust's internal accruals or availing facilities from lenders. The Investment Manager, in accordance with the Investment Objectives of the Anzen Trust, policies of its board of directors of the Investment Manager and the InvIT Regulations, will have flexibility in utilising any surplus amounts.

Issue Expenses

The total expenses of this Issue are estimated to be up to ₹ [●] million ("**Issue Expenses**"). The Issue Expenses consist of fee and commissions payable to the Lead Managers, fee payable to legal counsels, fee payable to Escrow Collection Bank and Registrar and all other incidental and miscellaneous expenses for undertaking the Formation Transactions and for listing the Units on the Stock Exchange. The Issue Expenses shall be borne by the Anzen Trust.

For ease of operations, if required, the expenses in relation to the Issue as stated above, at the outset, may be borne by the Sponsor or the Investment Manager on behalf of the Anzen Trust, and the Investment Manager (on behalf of the Anzen Trust) agrees that it will reimburse the Sponsor or the Investment Manager for all such expenses as may be incurred by the Sponsor or the Investment Manager on actual basis, from the future cash flows of the Anzen Trust.

Any changes in the utilization of Issue Proceeds, shall be made by the Investment Manager in accordance with applicable law and in compliance with InvIT Regulations.

FINANCIAL INDEBTEDNESS AND DEFERRED PAYMENTS

The details of indebtedness of the Anzen Trust as at March 31, 2022, together with a brief description of certain material covenants of the relevant financing agreements, are provided below:

(Amounts in ₹ million)

Sr. No.	Category of borrowing	Amount Outstanding as at March 31, 2022
1.	***DMTCL***	
	Non-convertible debentures - secured	6,904.20
	Non-convertible debentures - unsecured	331.00
	Optionally convertible debentures	877.10
	Interest accrued but not due on borrowings	337.09
	Total Borrowings (including interest accrued but not due on borrowings)	8,449.39
2.	***NRSS***	
	Non-convertible debentures - secured	5,478.49
	Optionally convertible debentures	632.44
	Interest accrued but not due on borrowings	58.16
	Total Borrowings (including interest accrued but not due on borrowings)	6,169.09

For details of the (i) equity share capital of each of the Initial Portfolio Assets, and (ii) outstanding amount, as of June 30, 2022, in relation to the unsecured NCDs and OCDs issued by each of the Initial Portfolio Assets, please see the section entitled "*Formation Transactions in relation to the Anzen Trust*" on page 20.

Principal terms of the borrowings availed by the Initial Portfolio Assets:

DMTCL has, on a private placement basis, issued:

(i) 8,600 rated, listed, secured, redeemable, non-convertible debentures of face value of ₹ 1 million aggregating to ₹ 8,600 million;

(ii) 87,710,000 unsecured, unlisted and redeemable optionally convertible debentures of face value of ₹ 10 each; and

(iii) 331,000 unsecured, unlisted and redeemable non-convertible debentures of face value of ₹ 1,000 each.

NRSS has, on a private placement basis, issued:

(i) 6,800 secured, listed, redeemable non-convertible debentures of face value of ₹ 1 million aggregating to ₹ 6,800 million; and

(ii) 70,150,000 unsecured, unlisted and redeemable optionally convertible debentures of face value of ₹ 10 each.

The principal terms of the transaction documents entered into by DMTCL and NRSS in relation to the above mentioned debt securities (the "**Debt Securities**") are as follows:

1. *Security:* the listed non-convertible debentures issued by the Initial Portfolio Assets, are secured by, amongst others:

   (i). a first *pari passu* charge over all immovable properties (both present and future);

   (ii). a first *pari passu* charge over all moveable fixed assets and tangible moveable assets (both present and future);

   (iii). a first *pari passu* charge on all intangible assets of the Initial Portfolio Assets; including but not limited to goodwill, rights, undertaking and intellectual property rights and uncalled capital (both present and future);

   (iv). a first *pari passu* charge of all accounts of the Initial Portfolio Asset, (both present and future);

   (v). a first *pari passu* charge on all current assets of the Initial Portfolio Asset (both present and future); and

   (vi). a pledge of 26% to 51% of the fully paid up equity shares and voting share capital of the Initial Portfolio Asset held by EIYP.

2. *Pre-payment:* The Initial Portfolio Assets are required to mandatorily prepay the outstanding amounts, in full or in part, together with all interests, other charges and monies due and payable, on the occurrence of certain events such as, amongst others, the occurrence of an event of default and a downgrade in the credit rating of the Initial Portfolio Asset, in accordance with the borrowing documents. In the event the Initial Portfolio Assets fail to mandatorily prepay the outstanding amounts, in full or in part, the Initial Portfolio Asset shall be liable to pay a penal interest at the rate of 2% per annum on the outstanding amounts over and above the applicable coupon rate for the defaulting period.

3. *Restrictive Covenants:* Borrowing arrangements entered into by the Initial Portfolio Assets contain certain standard restrictive covenants affecting the Initial Portfolio Assets, which prevent them from undertaking certain actions, including, but not limited to:

   (i). availing any borrowing, or creating or agreeing to create any other indebtedness other than for payment of interest in relation to the financing facilities;

   (ii). formulation of any scheme to create legal entities, joint ventures or partnerships, carry out any mergers, de-mergers, spin-offs and consolidation or creating subsidiaries without the prior consent of the Debt Security holders;

   (iii). declaring or pay dividends or other distributions on any shares;

   (iv). selling or assigning or transferring or encumbering or otherwise disposing all or part of its interest to any person;

   (v). entering into any agreement of guarantee or indemnity or any other arrangement to secure obligations of any third party other than in the ordinary course of business; and

   (vi). amending its charter documents without the prior consent of the Debt Security holders.

4. *Events of Default:* Borrowing arrangements entered into by the Initial Portfolio Assets contain standard events of default affecting the Initial Portfolio Assets, including:

   (i). failure to pay any sum under the financing agreements;

   (ii). committing a breach of any of the Applicable Laws;

   (iii). any event that may have a material adverse effect, in the opinion of the Debt Security holders;

   (iv). failure to notify any force majeure events;

   (v). default in performance of covenants and conditions;

   (vi). failure to maintain adequate insurance;

   (vii). supply of misleading information; and

   (viii). appointment of receiver or liquidator, in relation to all or part of any assets.

5. *Consequences of default*: In terms of the borrowing arrangements entered into by the Initial Portfolio Assets, the following, amongst others, are the consequences of default:

   (i). enforcement of security interests;

   (ii). acceleration of repayment obligations and declaration of amounts outstanding to be forthwith due and payable; and

   (iii). exercise of other remedies as permitted or available under the borrowing arrangements; and

   (iv). appointment of a nominee director on the board of directors of the Initial Portfolio Assets

This is an indicative list of the terms of the borrowings availed by the Initial Portfolio Assets and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by the Initial Portfolio Assets.

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, the Initial Portfolio Assets may, from time to time, enter into re-financing arrangements and draw down funds thereunder, prior to the filing of the Placement Memorandum.

Principal terms of the borrowings by the Initial Portfolio Assets from the Anzen Trust

Please see the section entitled "*Use of Proceeds*" on page 201 for a description of the terms of the Trust Loan Agreement.

Leverage

In accordance with and subject to the InvIT Regulations, the provisions of the Trust Deed, and the borrowing policy adopted by the Investment Manager, the aggregate consolidated borrowings and deferred payments of the Anzen Trust may be up to 70% of the aggregate of the InvIT Assets.

Post-Issue Indebtedness of the Anzen Trust

The post-Issue consolidated borrowings and deferred payments of the Anzen Trust will be formulated and approved by the Investment Manager in accordance with the Borrowing Policy. Upon full utilization of the Issue Proceeds, and drawdown of additional debt, the indebtedness and deferred payments of the Anzen Trust, on a consolidated basis, shall not exceed 70% of the aggregate of the InvIT Assets, subject to any additional indebtedness incurred after listing of Units in accordance with applicable law.

Status of lender consents

The Initial Portfolio Assets have availed debt from certain third-parties and consents from the respective Debt Security holders are required for and in connection with the Issue. As on the date of this Draft Placement Memorandum, the Initial Portfolio Assets have received consents from the relevant debenture trustees in relation to the Issue. For further details, please see the section entitled "*Risk Factors*" on page 60.

Borrowing Policy

The Investment Manager shall ensure that all funds borrowed in relation to the Anzen Trust are in compliance with the InvIT Regulations. Accordingly, the Investment Manager has formulated a borrowing policy to outline the process for borrowing monies in relation to the Anzen Trust. The key principles of the Borrowing Policy are set out below:

(i). The Investment Manager shall ensure that if the value of funds borrowed from related parties in a financial year, exceeds five percent of the total consolidated borrowings of Anzen Trust, any holding company and the SPVs or any other thresholds prescribed under the InvIT Regulations, approval from the unitholders shall be obtained prior to entering into any such subsequent transaction with any related party, in accordance with Regulation 22 of the InvIT Regulations;

(ii). Anzen Trust shall be permitted to borrow monies through any permitted means, by any instrument, in Indian or foreign currency, as permitted by applicable law, including as prescribed by the Reserve Bank of India;

(iii). Anzen Trust also has the power to create, mortgage or secure any of its assets or provide guarantees in order to borrow funds. However, the Investment Manager shall not be allowed to create any obligation which would allow the liabilities to extend beyond the assets held by Anzen Trust;

(iv). Except with prior approval of the Unitholders and obtaining any other approvals required under applicable law (including the InvIT Regulations), any such obligation will not allow the Investment Manager to make the liabilities of Anzen Trust or its Unitholders unlimited.

(v). The Investment Manager and the Trustee (on behalf of Anzen Trust) shall be permitted to borrow monies in relation to Anzen Trust, subject to the approval of its board of directors or such other committee of the board of directors of the Investment Manager as may be constituted in this regard. The Investment Manager may engage such intermediaries (include any other group companies of the Investment Manager) as may be necessary to facilitate the borrowings in relation to the Anzen Trust, holding companies or SPVs at such remuneration as may be reasonable and at arm's length;

(vi). In addition to the above, any borrowing by the special purpose vehicles, incorporated under the Companies Act, 1956 or the Companies Act, 2013, will be in accordance with the conditions prescribed therein;

(vii). Any variation of the Borrowing Policy shall be only with the approval of the Unitholders of Anzen Trust; and

Notwithstanding the above, the Borrowing Policy will stand amended to the extent of any change in applicable law, including any amendment to the InvIT Regulations, without any action from the Investment Manager or approval of the Unitholders of Anzen Trust.

DISTRIBUTION

Statements contained in this section entitled "Distribution" that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trustee, the Sponsor, the Investment Manager, the Lead Managers or any other person. Bidders are cautioned not to place undue reliance on these forward-looking statements that are stated only as at the date of this Draft Placement Memorandum. For details in relation to such forward-looking statements, please see the section entitled "Forward-Looking Statements" on page 15.

The net distributable cash flows of the Anzen Trust (the "**Distributable Income**") are based on the cash flows generated from the underlying operations undertaken by the InvIT Assets. For details of the business and operations presently undertaken by the InvIT Assets, please see the section entitled "*Business*" on page178. Presently, cash flows receivable by the Anzen Trust may be in the form of dividend, interest income or principal repayment received from the InvIT Assets in relation to any debt sanctioned by the Anzen Trust, or a combination of both.

In terms of the InvIT Regulations, not less than 90% of the net distributable cash flows of the Initial Portfolio Assets, shall be distributed to the Anzen Trust in proportion of its holding in such Initial Portfolio Assets, subject to applicable provisions in the Companies Act, 2013, as amended, and not less than 90% of the net distributable cash flows of the Anzen Trust shall be distributed to the Unitholders.

The Anzen Trust shall declare and distribute at least 90% of the Distributable Income to the Unitholders, at least once in every financial year. However, if any infrastructure asset is sold by the Anzen Trust or the Initial Portfolio Assets, or if the equity shares or interest in the Initial Portfolio Assets are sold by the Anzen Trust; if the Anzen Trust proposes to re-invest the sale proceeds into another infrastructure asset within one year, it shall not be required to distribute any sales proceeds to the Anzen Trust or to the Unitholders. Further, if the Anzen Trust proposes not to invest the sale proceeds into any other infrastructure asset within one year, it shall be required to distribute the same in the manner specified above. In accordance with the InvIT Regulations, distributions by the Anzen Trust shall be made no later than 15 days from the date of such declarations. The distribution, when made, shall be made in Indian Rupees. For details on the risks relating to distribution, please see the section entitled "*Risk Factors*" on page 60.

Distribution Policy

Method of calculation of Distributable Income

The Distributable Income of Anzen Trust shall be calculated in accordance with the InvIT Regulations and any circular, notification or guidance issued thereunder. Presently, Anzen Trust proposes to calculate distributable income in the manner provided below:

I. Calculation of net distributable cash flows at each SPV level:

Description
Profit after tax as per profit and loss account (standalone) (A)
Reversal of Distributions charged to P&L
Add: Interest (including interest on unpaid interest, if any) on loans availed from / debentures issued to the Anzen Trust, as per profit and loss account
Adjustment of Non-cash items
Add: Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.
Add / less: Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to • Any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • Interest cost as per effective interest rate method (difference between accrued and actual paid); • Deferred tax, lease rents, provisions, etc.
Adjustments for Assets on Balance Sheet
Add / less: Decrease / increase in working capital
Add / less: Loss / gain on sale of assets / investments
Add: Net proceeds (after applicable taxes) from sale of assets / investments adjusted for proceeds reinvested or planned to be reinvested.
Add: Net proceeds (after applicable taxes) from sale of assets / investments not distributed pursuant to an earlier plan to reinvest, if such proceeds are not intended to be invested subsequently.
Less: Capital expenditure, if any.
Less: Investments made in accordance with the investment objective, if any.
Adjustments for Liabilities on Balance Sheet

Less: Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt.
Less: Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.
Add: Proceeds from additional borrowings (including debentures / other securities), fresh issuance of equity shares / preference shares, etc.
Less: Payment of any other liabilities (not covered under working capital)
Other Adjustments
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future.
Add / less: Amounts added or retained in accordance with the transaction documents or the loan agreements in relation to the SPVs.
Add / less: Any other adjustment to be undertaken by the Board to ensure that there is no double counting of the same item for the above calculations.
Add: Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the InvIT Regulations.
Total Adjustments (B)
Net Distributable Cash Flows (C) = (A+B)

II. Calculation of net distributable cash flows at the consolidated InvIT level:

Description
Inflow from Project SPV Distributions
Cash flows received from SPVs in the form of interest / accrued interest / additional interest
Add: Cash flows received from SPVs in the form of dividend
Add: Cash flows from the SPVs towards the repayment of the debt provided to the SPVs by the Anzen Trust and/ or redemption of debentures issued by SPVs to the Anzen Trust
Add: Cash flows from the SPVs through capital reduction by way of a buy back or any other means as permitted, subject to applicable law
Inflow from Investments / Assets
Add: Cash flows from sale of equity shares or any other investments in SPVs adjusted for amounts reinvested or planned to be reinvested
Add: Cash flows from the sale of the SPVs not distributed pursuant to an earlier plan to reinvest, or if such proceeds are not intended to be invested subsequently
Inflow from Liabilities
Add: Cash flows from additional borrowings (including debentures / other securities), fresh issuance of units, etc.
Other Inflows
Add: Any other income accruing at the Anzen Trust and not captured above, as deemed necessary by the Investment Manager, including but not limited to interest / return on surplus cash invested by the Anzen Trust
Total cash inflow at the Anzen Trust level (A)
Outflow for Anzen Trust Expenses / Taxes
Less: Any payment of fees, interest and expenses incurred at the Anzen Trust, including but not limited to the fees of the Investment Manager, Project Manager, Trustee, Auditor, Valuer, Credit Rating Agency, etc.
Less: Income tax (if applicable) for standalone Anzen Trust and / or payment of other statutory dues
Outflow for Liabilities
Less: Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt
Less: Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.
Outflow for Assets
Less: Amount invested in any of the SPVs
Less: Amounts set aside to be invested or planned to be invested, as deemed necessary by the Investment Manager in compliance with the InvIT Regulations
Less: Investments including acquisition of other SPVs
Other Outflows
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses which may be due in future
Add / Less: Amounts added/ retained in accordance with the transaction documents or the loan agreements in relation to the Anzen Trust
Less: Any other expense of the Anzen Trust not captured herein as deemed necessary by the Investment Manager
Add / Less: Any other adjustment to be undertaken by the Board to ensure that there is no double counting of the same item for the above calculations
Total cash outflow/retention at the Anzen Trust level (B)
Net Distributable Cash Flows (C) = (A+B)

In terms of the InvIT Regulations, if the distribution is not made within 15 days of declaration, the Investment Manager shall be liable to pay interest to the Unitholders at the rate of 15% per annum or such other rate as may be specified under applicable law, whichever is lower, until the distribution is made. Such interest shall not be recovered in the form of fees or any other form payable to the Investment Manager by the Anzen Trust.

DISCUSSION AND ANALYSIS BY THE DIRECTORS OF THE INVESTMENT MANAGER OF THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE INITIAL PORTFOLIO ASSETS OF THE ANZEN TRUST

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Summary Combined Financial Statements" and "Audited Special Purpose Combined Financial Statements" on pages 23 and 322, respectively. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 60. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the section entitled "Forward-Looking Statements" on page 15.

Since the settlement and registration of the Anzen InvIT, the Anzen InvIT has not undertaken any meaningful business activities and therefore the Investment Manager does not believe that a discussion of the Anzen InvIT's results of operations would be meaningful. Accordingly, the following discussion includes a discussion and analysis of the financial condition and results of operations of the Asset SPVs on a combined basis as at and for the years ended March 31, 2020, 2021 and 2022.

The Audited Special Purpose Combined Financial Statements are prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 read with SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, which differs in certain respects from Indian GAAP, IFRS and U.S. GAAP. For the sole purpose of the Audited Special Purpose Combined Financial Statements, references to "we", "us" and "our" is to DMTCL and NRSS on a combined basis.

The Asset SPVs' financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of such year.

Overview

We are an infrastructure investment trust ("**InvIT**") established to own power transmission and renewable energy assets in India as permissible under the InvIT Regulations. Anzen India Energy Yield Plus Trust (the "**Anzen Trust**") was established on November 1, 2021, by our Sponsor, Sekura Energy Private Limited, and were registered with SEBI on January 18, 2022, pursuant to the InvIT Regulations. Our Sponsor has experience in designing and engineering, operations and maintenance and managing power transmission and renewable energy projects across India, and is the project manager of two power transmission assets and 12 renewable energy assets in India.

Given our financial position, support of and experience from our Sponsor and the robust regulatory framework for power transmission and renewable energy generation in India, we believe that we are well-positioned to take advantage of the growth potential of India's energy sector. Edelweiss Infrastructure Yield Plus Fund ("**EIYP**"), of which our Sponsor is a 100.00% owned entity, owns (i) a 74.00% equity shareholding and certain debt securities (along with 100.00% economic interest) in each of DMTCL and NRSS, the two inter-state power transmission projects, with a total network of 427.4 kms power transmission lines of 854.9 ckm and two substations, having 1,400 MVA of transformation capacity across three states in India (the "**Initial Portfolio Assets**"); and (ii) a 74.00% equity shareholding and certain debt securities (along with 74.00% economic interest) in 11 renewable energy assets with a cumulative generation capacity of 623.2 MWp. Our Sponsor, directly and through its affiliate entities, owns a 74.00% equity shareholding and certain debt securities (along with 74.00% economic interest) in one other renewable energy asset with a generation capacity of 190 MWp. The 12 renewable energy projects together have an aggregate generation capacity of 813.2 MWp (the "**ROFO Assets**"). We will initially acquire EIYP's 74.00% equity shareholding and certain debt securities (along with 100.00% economic interest) in the two Initial Portfolio Assets. Pursuant to the 'right of first offer agreement' to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, the Sponsor and EIYP (the "**ROFO Agreement**"), the Anzen Trust has a 'right of first offer' to acquire: (i) 74.00% equity shareholding and debt securities as specified in the ROFO Agreement (along with 74.00% economic interest) in 11 renewable energy projects from EIYP, and (ii) 74.00% equity shareholding and debt securities as specified in the ROFO Agreement (along with 74.00% economic interest) in one renewable energy project from the Sponsor or its affiliates. For further details on the ROFO Agreement, see "*Related Party Transactions"* on page 235.

The two Initial Portfolio Assets were initially awarded under the 'tariff based competitive bidding' mechanism ("**TBCB**") on a 'build-own-operate-maintain' ("**BOOM**") basis. For further information on EIYP's interest in the Initial Portfolio Assets, see "*Business – The Initial Portfolio Assets*" on page 185. The power transmission projects earn revenue pursuant to long-term transmission service agreements ("**TSAs**"). These projects receive availability-based tariffs under the TSAs, irrespective of the quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including the Initial Portfolio Assets, is predetermined and contracted for the period of the TSA, which is 35 years from the scheduled commercial operation date ("**Scheduled COD**") of the asset. The actual CODs for DMTCL and NRSS were August 10, 2017 and March 27, 2017 respectively, and as provided in various orders issued by CERC (i.e. see "*Legal and Other Information*" on page 255), the Scheduled CODs shall stand extended till the actual CODs.

Transmission charges under the TSAs are billed and collected pursuant to the 'point of connection' ("**PoC**") mechanism, a

regulatory payment pooling system offered to Inter State Transmission Systems ("**ISTS**"), such as the systems operated by the Initial Portfolio Assets. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Initial Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream and minimize receivables risk (for further details, see "*Industry Overview*" on page 140). Tariffs for our ROFO Assets are predetermined for a period of 25 years from their respective scheduled COD at a per unit rate, as set out in "*Business – ROFO Assets*" on page 192.

We are focused on providing stable and sustainable distributions to our Unitholders. In accordance with the InvIT Regulations, each financial year we are required to distribute at least 90% of our net cash available for distribution to our Unitholders at least once every quarter in a financial year. For further details in relation to distribution, see "*Distribution*" on page 209. Following utilization of the Issue Proceeds, our aggregate consolidated borrowings and deferred payments net of cash and cash equivalents will be below 70% of the total value of Anzen Trust's assets, as prescribed under the InvIT Regulations.

Factors Affecting Our Results of Operations

Transmission Charges

Each of the Initial Portfolio Assets was awarded to Essel Infraprojects Limited under the tariff based competitive bidding ("**TBCB**") mechanism. Under the TBCB, technically-qualified developers bid for an inter-state power transmission project on a build-own-operate-and-maintain, or BOOM, basis, which is awarded to the developer quoting the lowest levelized tariff. Majority economic interest in the Initial Portfolio Assets were subsequently transferred to our Sponsor and its affiliates. For further information, see "*Business – The Initial Portfolio Assets*" on page 185.

The Initial Portfolio Assets earn revenue, i.e., availability-based transmission charges, pursuant to the transmission service agreements ("**TSAs**"), from the LTTCs under such TSAs irrespective of the quantum of power transmitted through the transmission line. The transmission charges for power transmission projects acquired through the TBCB mechanism, including the Initial Portfolio Assets, is contracted for the period of the relevant TSAs, which is 35 years from the Scheduled COD of the relevant power transmission project, and is subject to renewal in accordance with the relevant TSA and the CERC.

Electricity transmission tariffs comprise a majority of our revenue from contracts with customers, which includes incentives we receive from customers for high availability, net of rebates we offer to customers for timely payment. The electricity transmission tariff is collected and paid to us in the form of transmission charges by the CTU. The transmission charges consist of fixed 'non-escalable' transmission charges, and incentives for actual availability beyond the target availability of 98% for the Initial Portfolio Assets, which is capped at an availability of 99.75%. In accordance with the CERC Sharing Regulations, a transmission licensee is entitled to recover its transmission charges from ISTS charges collected by the CTU, on behalf of the transmission licensee, from the LTTCs. If there is any failure or delay on the part of LTTCs to make the requisite payments to the CTU, beyond the due date, which affects the capability of the CTU to make corresponding payments to a transmission licensee, the transmission licensee is entitled to a delayed payment surcharge from the LTTCs at a rate of 1.5% per month on the unpaid amount under the CERC Sharing Regulations. The CERC Sharing Regulations and the TSAs also provide for a rebate mechanism as an incentive for timely payment by the LTTCs. The ability of the LTTCs to pay the CTU on time directly impacts our cash flows. Furthermore, any shortfall in the collection of transmission charges by the CTU is shared on a *pro rata* basis by all transmission licensees, thereby affecting cash flows.

Non-escalable charges are fixed charges, detailed in the TSAs and Tariff Order and paid to us as part of the transmission charges. These charges are billed on monthly basis by the CTU to the LTTCs. For further information on such non-escalable transmission charges, see "*Business – Transmission Charges*" on page 187. The table below sets forth the revenue earned from our Initial Portfolio Assets for the periods indicated:

Revenue from contracts with customers

	March 31,					
	2020		2021		2022	
	Amount	Percentage of Revenue from Contracts with Customers	Amount	Percentage of Revenue from Contracts with Customers	Amount	Percentage of Revenue from Contracts with Customers
	(₹ million)	*(%)*	*(₹ million)*	*(%)*	*(₹ million)*	*(%)*
Revenue from Contracts with Customers						
DMTCL	1,298.56	56.55%	1,234.90	56.75%	1,261.13	56.85%
NRSS	997.58	43.45%	941.27	43.25%	956.88	43.15%
Revenue from contracts with customers	2,296.14	100.00%	2,176.17	100.00%	2,218.01	100.00%

Availability determined incentive payments and penalties

We operate our power transmission projects under an availability-based tariff regime, which incentivizes transmission system operators like us to provide the highest possible system reliability. System reliability is measured as "availability", which is defined as the hours during a given period for which the transmission system is capable of transmitting electricity at its rated voltage and transmission capacity, expressed as a percentage of total hours in the period. The CERC Tariff Regulations provide specific guidance on the calculation of availability and take into account the elements in the transmission system (including transmission lines, transformers and substations) as well as the reason for any outages, with force majeure outages being excluded from the calculation. We are required to maintain system availability of 98.00% for our systems to receive 100.00% of the transmission charge. We receive incentive payments under the TSAs of the Initial Portfolio Assets if our availability exceeds 98%. If our annual average availability rate falls below 95.00%, we may be subject to penalties under the TSAs, which shall be apportioned in the ratio of the transmission charges paid or actually payable by our Long Term Transmission Customers ("**LTTCs**") existing at the end of the relevant contract year, subject to force majeure. In the event we fail to maintain our target availability of 98.00% for six consecutive months or within a non-consecutive period of six months within any continuous aggregate period of 18 months (except where the availability is affected by force majeure events), the LTTC's may exercise their right of termination under the TSAs.

From the respective Scheduled CODs until March 31, 2022, each of the Initial Portfolio Assets has been certified to achieve an annual average availability of more than 98%, accordingly, we have earned incentives for the Initial Portfolio Assets and have never been subject to penalties. In Fiscals 2020, 2021 and 2022, we recognized revenue on incentive payments of ₹68.60 million, ₹73.43 million and ₹73.29 million, respectively, representing 2.99%, 3.37% and 3.31% of revenue from contracts with customers, respectively. Our availability is affected by our ability to maintain our power transmission projects and restore them in the event they are rendered inoperable. Our ability to maintain target availability under the TSAs directly impacts our revenue.

In accordance with the CERC Sharing Regulations, a transmission licensee such as us is entitled to recover its tariff from ISTS charges collected by CTU. If there is any failure or delay on the part of LTTCs to make the requisite payments to the CTU, which affects the capability of the CTU to make corresponding payments to us as a transmission licensee, we are entitled to a delayed payment charge from the LTTCs at a rate of 1.5% per month under CERC Sharing Regulations. We have received surcharge payment of ₹8.84 million in Fiscal 2021.

Commissioning of power transmission projects and acquiring additional projects

Under the terms of the TSAs, our electricity transmission tariff commences upon commissioning of the project or element of the project. Commissioning dates have been a major factor affecting the results of operations of the Initial Portfolio Assets. DMTCL's and NRSS's construction and development of the transmission lines were completed and commissioned in Fiscals 2017 and 2018, respectively. During the monsoon months of 2019 and due to a sudden change in course of the Gandak river, four towers of the Line-In-Line-Out ("**LILO**") section of 400kV Barh- Motihari -Gorakhpur line collapsed and in the long-term interest of the assets, the management decided to strengthen the lines in the impacted section of the assets by strengthening and/or replacing twelve towers during the monsoon season which was completed in March 2021. During Fiscal 2022, the Gandak river changed its course again which made four towers highly vulnerable. As a precautionary measure, DMTCL is in

the process of installing two taller towers with pile foundation at its location to improve and strengthen the LILO line asset. Out of the two towers, one tower was installed on March 31, 2022 and one tower was installed on April 30, 2022, as a result of which our capital work in progress was ₹93.99 million as of March 31, 2020, ₹5.15 million as of March 31, 2021 and ₹46.59 million as of March 31, 2022. The revenue is recognized from the date of commissioning of the element.

Once all the elements are commissioned for a power transmission project, the transmission charges for each Initial Portfolio Asset are contracted for the period of the TSAs, which is 35 years from its respective Scheduled COD. The transmission charges consist of fixed 'non-escalable' transmission charges for a period of 35 years, exposing us to minimal price risk from transmission charge resetting, providing long-term revenue visibility. In addition, the Initial Portfolio Assets are contracted to generate a fixed revenue, as tariffs under the TSAs are fixed for the entire duration of the term of the TSAs, i.e. 35 years from the date of the Scheduled COD.

Under applicable regulations, we are permitted to recover capital expenditure incurred in project construction. The CERC has passed orders granting us relief by adding ₹184.82 million for DMTCL and ₹102.97 million for NRSS, each incurred during construction of the relevant project as an expenditure allowed to be recovered in accordance with the respective TSA provisions of "Change in law", which ultimately translates to an increase of 3.38% (for DMTCL) and 2.78% (for NRSS) in yearly transmission charges to be recovered by the Initial Portfolio Assets. For further information, see "*Legal and Other Information*" on page 255.

The acquisition of additional commissioned transmission projects directly results in higher revenue and impacts other results of operations and cash flows. Key factors which affect our ability to acquire additional projects, including the ROFO Assets, include the limited availability of inter-state transmission projects, our ability to finance such acquisitions within the debt to equity ratio prescribed by the InvIT Regulations and our ability to compete with third parties for such acquisitions. Any future project acquisitions, including the ROFO Assets, will directly affect our revenue.

Financing Requirements

We operate in a capital-intensive industry. As a result, our ability to access cost-effective financing is crucial to our business and operations. As at March 31, 2022, our total outstanding borrowings (current and non-current borrowings) were ₹ 14,223.23 million. For details, see "*Financial Indebtedness and Deferred Payments*" on page 205.

Our Sponsor's ability to access diversified pools of capital has enabled us to raise finance on competitive terms to maximize our capital efficiency. Our ability to meet payment obligations under our outstanding debt depends on our ability to generate significant cash flows in the future, which, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors that are beyond our control.

The level of our borrowings and our ability to obtain additional borrowings on existing terms as well as any interest rate fluctuations and other borrowing costs, have had, and will continue to have, a material effect on our finance costs and consequently, our results of operations and financial condition. Our finance costs charged to our statement of profit and loss, which primarily consisted of interest expense on non-convertible debentures and optionally convertible debentures for the Fiscals 2020, 2021 and 2022, was ₹ 1,525.19 million, ₹ 1,524.70 million and ₹ 1,498.53 million, respectively. Rising interest rates could adversely affect our ability to secure financing on favourable terms, or at all, and our cost of borrowings could, consequently, increase. We intend to regularly refinance our existing indebtedness to extend repayment tenors, enhance borrowing limits and reduce our overall debt service requirements. Further, any future capital requirements and/ or acquisitions may be financed through the issuance of fresh Units, which could affect our cash flows or could lead to dilution of holdings of existing holders that do not maintain their percentage interests upon the issuance of fresh Units.

For DMTCL, we have been given a credit rating of IND AAA/Stable by India Ratings and Research Private Limited and AAA by CARE Ratings Limited. For NRSS, we have been given a credit rating of IND AAA/Stable by India Ratings and Research Pvt Ltd and AAA by CARE Ratings Limited.

Our Critical Accounting Policies

The special purpose combined financial statements comprise financial statements of Darbhanga - Motihari Transmission Company Limited ("**DMTCL**") and NRSS XXXI (B) Transmission Limited ("**NRSS**") (individually referred to as "SPV" and together referred to as "**Initial Portfolio Assets**"). The Initial Portfolio Assets are companies domiciled in India.

DMTCL and NRSS are developers for the designing, construction and maintenance of power transmission lines and substations on Build Own Operate and Maintain ("**BOOM**") basis and are required to operate and maintain the transmission systems for a period of 35 years.

DMTCL and NRSS are proposed to be transferred to Anzen India Energy Yield Plus Trust (the "**Trust**" or the "**InvIT**"). The Sponsor settled Trust on November 1, 2021 as an irrevocable trust, pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882 and registered with SEBI as an Infrastructure Investment Trust under Regulation 3(1) of the Securities Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014. The Sponsor has transferred to the Trustee a sum

of ₹10,000 towards the initial settlement of Trust. The Trustee to Trust is Axis Trustee Services Limited (the "**Trustee**") and the Investment Manager for Trust is Edelweiss Real Assets Managers Limited (the "**Investment Manager**"). As required by the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, the details of various entities comprised in the combined financial statements is as given below:

Name of SPV	Principal activities	Proposed Shareholding by Trust	Nature of Proposed Investment	Status
Darbhanga – Motihari Transmission Company Limited ("**DMTCL**").....	Developer on Build Own Operate and Maintain ('BOOM') basis, for the designing, construction and maintenance of power transmission lines. The Company is required to operate and maintain the transmission system for a period of 35 years	74%	Subsidiary	Operating
NRSS XXXI (B) Transmission Limited ("**NRSS**")	Developer on Build Own Operate and Maintain ('BOOM') basis, for the designing, construction and maintenance of power transmission lines. The Company is required to operate and maintain the transmission system for a period of 35 years	74%	Subsidiary	Operating

Basis of preparation of financial statements

The Audited Special Purpose Combined Financial Statements of the Group comprise the Combined Balance Sheets as at March 31, 2022, March 31, 2021 and March 31, 2020, the Combined Statements of Profit and Loss (including Other Comprehensive Income), the Combined Cash Flow Statements, the Combined Statements of Changes in Equity for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, the Combined Statement of Net Assets at Fair Value as at March 31, 2022, the Combined Statement of Total Returns at Fair Value for the year ended March 31, 2022 and a Summary of Significant Accounting Policies and Other Explanatory Information (collectively, the "**Audited Special Purpose Combined Financial Statements**").

The Audited Special Purpose Combined Financial Statements have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 ("**Ind AS**") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder ("**InvIT Regulations**") and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India ("**Guidance Note**"). The Audited Special Purpose Combined Financial Statements are special purpose financials statements and have been prepared by the Investment manager to meet the requirements of the InvIT Regulations, for the purpose of inclusion in this Draft Placement Memorandum, the Placement Memorandum and Final Placement Memorandum prepared by the Investment Manager in connection with the proposed issue of units by the InvIT on private placement basis. As a result, the Audited Special Purpose Combined Financial Statements may not be suitable for another purpose. Further, the requirements of Schedule III notified under the Companies Act, 2013 are not applicable to the Audited Special Purpose Combined Financial Statements and hence the financial statements are not prepared in accordance with those requirements.

The Audited Special Purpose Combined Financial Statements are prepared to present the combined financial position and performance of the Initial Portfolio Assets based on the line-by-line addition of each Initial Portfolio Asset's separate financial statements for the respective financial years/period. Further, as required under the Guidance Note, in case the combining entities or any one of the combining entities are under common control, the carrying amounts pertaining to a subsidiary, as reflected in the consolidated financial statements of the parent, should be used for the purpose of preparing combined financial statements. Accordingly, for the purpose of Audited Special Purpose Combined Financial Statements, the carrying amounts of the Initial Portfolio Assets have been considered as reflected in the consolidated financial statements of Sekura Energy Private Limited (the "**Sponsor**") from the respective dates of acquisition of such the Initial Portfolio Asset by the Sponsor. The difference between the carrying amounts of such Initial Portfolio Assets reflected in the consolidated financial statements of the Sponsor and the separate financial statements of such Initial Portfolio Assets has been credited to "Adjustment on combination of SPVs" which is disclosed under "Other Equity" in the Audited Special Purpose Combined Financial Statements. Consequently, the

depreciation charge for the respective years is also based on the carrying amounts of Property, plant and equipment pertaining to the Initial Portfolio Assets as reflected in the consolidated financial statements of the Sponsor. The Audited Special Purpose Combined Financial Statements do not take into account the accounting adjustments that would arise on acquisition of NRSS and DMTCL by the InvIT. Accordingly, the Audited Special Purpose Combined Financial Statements are not indicative in any manner of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated changes in equity of the InvIT and will not be comparable with the consolidated financial statements of the InvIT post the proposed issue of units and acquisition of NRSS and DMTCL. Further, the Audited Special Purpose Combined Financial Statements may not necessarily be indicative of the financial performance, financial position, cash flows and changes in equity of the Initial Portfolio Assets that would have occurred if it had operated as a separate standalone group of entities during the periods presented or of the Initial Portfolio Assets' future performance.

The Audited Special Purpose Combined Financial Statements are presented in India Rupees which is also the functional currency of the Initial Portfolio Assets. All values are rounded to the nearest millions, unless otherwise indicated. The Audited Special Purpose Combined Financial Statements have been prepared on a historical cost convention and on an accrual basis except for certain financial assets and liabilities measured at fair value.

Basis of Combination

The Audited Special Purpose Combined Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all the Initial Portfolio Assets used for the purpose of combination are drawn up to the same reporting date i.e. year ended on March 31 each year.

The procedure for preparing Audited Special Purpose Combined Financial Statements of the Initial Portfolio Assets are stated below:

(a) combine like items of assets, liabilities, equity, income, expenses and cash flows of the Initial Portfolio Assets;

(b) eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Initial Portfolio Assets (profits or losses resulting from intragroup transactions that are recognized in assets, such as fixed assets, are eliminated in full). Ind AS-12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Dates of commencement of commercial operations

InvIT Regulations require disclosure, if there are any assets for which the financial information is considered for a period lesser than three years and the additional interim period. of incorporation and commencement of operations of DMTCL and NRSS which own the transmission infrastructure are as given below:

Name of entity	Date of incorporation	Element	Commercial operation date of the element
DMTCL.....	December 18, 2012	Darbhanga Substation	March 31, 2017
		Motihari Substation	August 10, 2017
		Darbhanga Line	March 31, 2017
		Motihari Line	August 10, 2017
NRSS.....	July 29, 2013	Kurukshetra Line	January 18, 2017
		Amritsar Line	March 27, 2017

Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Initial Portfolio Assets in preparing its combined financial statements:

Current versus non-current classification

The Initial Portfolio Assets presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is: Expected to be realized or intended to be sold or consumed in normal operating cycle; Held primarily for the purpose of trading; Expected to be realized within twelve months after the reporting period; or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: It is expected to be settled in normal operating cycle; It is held primarily for the purpose of trading;

It is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Initial Portfolio Assets classifies all other liabilities as non-current.

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

Foreign currencies

The Initial Portfolio Assets' combined financial statements are presented in INR, which is its functional currency. The Initial Portfolio Assets do not have any foreign operation and have assessed the functional currency of the Initial Portfolio Assets to be INR.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Initial Portfolio Assets at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Fair value measurement

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

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

The Initial Portfolio Assets uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities; Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Initial Portfolio Assets determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management of each Initial Portfolio Asset analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Initial Portfolio Asset's accounting policies. For this analysis, the management of each Initial Portfolio Asset verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management of each SPV also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Initial Portfolio Assets have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

a. Disclosures of Statement of Net Assets at fair value and Statement of Total Returns at fair value

b. Quantitative disclosures of fair value measurement hierarchy

c. Investment in quoted mutual fund

d. Financial instruments (including those carried at amortised cost)

Revenue from contracts with customer

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Initial Portfolio Assets expect to be entitled in exchange for those goods or services. The Initial Portfolio Assets have concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Power transmission services

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCs) pursuant to the respective Transmission Services Agreements (TSAs) executed by the Initial Portfolio Assets with LTTCs for periods of 35 years. The Initial Portfolio Assets are required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs. The Company's performance obligation vide the TSAs is to provide power transmission services. The performance obligation is satisfied over time as the customers receive and consume the benefits provided by the Initial Portfolio Assets' performance as the Initial Portfolio Assets perform. Accordingly, the revenue from power transmission services is recognized over time based on the transmission asset availabilities and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period. The payment is generally due within 60 days.

Operation and maintenance service

Revenue from operation and maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered.

Contract balances

A receivable represents the Initial Portfolio Assets's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Amounts which have been billed to the customers are disclosed as trade receivables and amounts which are to be billed to the customers (and not conditional on the group's future performance) are disclosed under "Other financial assets". Refer accounting policies for financial assets in Financial instruments - initial recognition and subsequent measurement.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend

Income from dividend on investments is accrued in the year in which generally it is approved by the shareholders, whereby the Initial Portfolio Assets's right to receive is established.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except: When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Initial Portfolio Assets and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses. Expenses and assets are recognized net of the amount of sales/value added taxes paid, except: When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; When receivables and payables are stated with the amount of tax included; The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Initial Portfolio Assets depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Depreciation is calculated on pro-rata basis on a written down value. Freehold land is not depreciated. The Initial Portfolio Assets is providing depreciation at the following useful life:

Asset class	Useful lives
Plant and equipment	7 – 35 years
Office equipment	5 – 7 years
Furnitures and fixtures	10 years
Computers	3 years

The Initial Portfolio Assets, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair

approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Initial Portfolio Assets incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Impairment of non-financial assets

The Initial Portfolio Assets assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Initial Portfolio Assets estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("**CGU**") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Initial Portfolio Assets bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These forecasts, especially for the transmission lines are based on the transmission services agreements ("**TSA**") signed by the individual SPV's for their respective assets. Accordingly, a substantial part of the revenue considered for impairment calculations is based on the transmission services agreement. Rest of the items of these budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Initial Portfolio Assets extrapolates cash flow projections (after factoring revenue as per TSA) in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products/industries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Initial Portfolio Assets estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than it's carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Initial Portfolio Assets has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Initial Portfolio Assets expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed for, (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized in the financial statements.

Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Initial Portfolio Assets has no obligation, other than the contribution payable to the provident fund. The Initial Portfolio Assets recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Initial Portfolio Assets recognizes the following changes in the net defined benefit obligation as an expense in the combined statement of profit and loss: Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Initial Portfolio Assets measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Initial Portfolio Assets recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Initial Portfolio Assets treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Initial Portfolio Assets commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories: Debt instruments at amortized cost; Debt instruments at fair value through other comprehensive income (FVTOCI); Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); Equity instruments measured at fair value through other comprehensive

income (FVTOCI).

Financial assets at amortized cost (debt instruments)

A 'financial asset' is measured at the amortized cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as the FVTOCI if both of the following criteria are met: The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Initial Portfolio Assets recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Initial Portfolio Assets can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit and loss when the right of payment has been established, except when the benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Initial Portfolio Asset's combined balance sheet) when: The rights to receive cash flows from the asset have expired, or the Initial Portfolio Asset has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Initial Portfolio Asset has transferred substantially all the risks and rewards of the asset, or (b) the Initial Portfolio Asset has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Initial Portfolio Asset has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Initial Portfolio Asset continues to recognize the transferred asset to the extent of the Initial Portfolio Asset's continuing involvement. In that case, the Initial Portfolio Asset also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Initial Portfolio Asset has retained.

Impairment of financial assets

Majority of the financial assets of the Initial Portfolio Assets pertain to Trade and other receivables. Considering the nature of business, each Initial Portfolio Asset does not foresee any credit risk on its trade and other receivables which may cause an

impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the Initial Portfolio Asset does not have any past history of impairment of Trade and other receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Initial Portfolio Asset's financial liabilities include borrowings and related costs, trade and other payables, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories: financial liabilities at fair value through profit or loss, financial liabilities at amortized cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Initial Portfolio Assets that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities at amortized cost (Loans and borrowings)

This is the category most relevant to the Initial Portfolio Assets. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Reclassification of financial assets

The Initial Portfolio Assets determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Initial Portfolio Assets' senior management determines change in the business model as a result of external or internal changes which are significant to the Initial Portfolio Assets' operations. Such changes are evident to external parties. A change in the business model occurs when the Initial Portfolio Assets either begins or ceases to perform an activity that is significant to its operations. If the Initial Portfolio Assets reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Initial Portfolio Assets does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in profit or loss.
FVTPL	Amortized cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the assets is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the combined balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the combined statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Initial Portfolio Assets' cash management.

Recent accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2022 having material impact on these financial statements. There is no impact of standard or amendment that has been issued but is not yet effective.

Principal Components of Income and Expenditure

Our Income

Revenue from contracts with customers

Revenue from contracts with customers comprises income from transmission charges and income from operation and maintenance. We generate our revenue from contracts with customers pursuant to electricity transmission tariffs, which we account for as revenue from contracts with customers in the form of income from transmission charges.

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to LTTCs pursuant to the respective TSAs executed by the respective Initial Portfolio Assets with LTTCs. The TSAs are executed for a period of 35 years and have fixed tariff charges as approved by CERC (apart from some incentives/ penalties relating to transmission assets availabilities). Under the TSAs, the Initial Portfolio Asset's performance obligation is to provide power transmission services. The Initial Portfolio Assets are required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs failing which could result in certain disincentives/ penalties. The performance obligation is satisfied over-time as the customers receive and consume the benefits provided by the Initial Portfolio Asset's performance as it performs. Payment is received in accordance with the pooling arrangements specified under the Central

Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations ('Pooling Regulations'). In the Point of Connection (PoC) mechanism, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility (i.e. Power Grid Corporation of India Limited) from LTTCs are disbursed pro-rata to all Transmission Service Providers from the pool in proportion of the respective billed amount.

Other Income

Other income primarily comprises income from insurance claims, fair value gain on financial instrument at fair value through profit and loss, net gain on sale of investments in mutual funds, liabilities no longer required written-back and miscellaneous income.

Finance Income

Finance income primarily comprises interest income on fixed deposits and income tax refund.

Our Expenses

As the Initial Portfolio Assets are fully operational, all expenses pertaining to each Initial Portfolio Asset and its elements are charged to profit and loss, including finance costs, depreciation expense, operations and maintenance expense, employee benefit expense and other expense.

Our primary expenses are set forth below:

Finance costs

Our finance cost comprise our largest expense. Our finance costs reflect interest costs which include interest on non-convertible debentures, optionally convertible debentures, late payment of tax and other borrowing costs.

Depreciation expense

Our depreciation expense primarily comprises depreciation of tangible assets, which includes plant and equipment, furniture and fixtures, office equipment, and computers. An impairment expense is recognized when management determines the carrying value of an asset to be higher than the recoverable amount of the asset.

Employee benefit expense

Our employee benefit expenses primarily comprise of salaries, wages and bonus, gratuity expenses, contribution to provident and other funds, and staff welfare expenses.

As an InvIT, Anzen Trust may not have any employees or employee benefit expense going forward, as services provided to us by the employees of the Project Manager and Investment Manager will be included in their respective fees.

Operation and maintenance expenses

Our operation and maintenance expenses comprise operation and maintenance of tower and substations, other direct cost related to maintenance of tower and substation.

Other expense

Our other expense primarily comprises of rates and taxes, membership charges, power and fuel, travelling and conveyance expenses, insurance, legal and professional fees, loss on disposal of property, rent, and miscellaneous expenses.

Insurance

Our business operations are subject to hazards inherent in providing operation and maintenance services, such as risk of equipment failure, work accidents, fire, earthquake, flood and other *force majeure* events. This includes hazards that may cause injury and loss of life, damage and destruction of property, equipment and environmental damage. To mitigate such risks, insurance policies covering the Initial Portfolio Assets have been obtained, as set out below.

DMTCL and NRSS have obtained insurance of the assets covering, amongst other things, risk including loss or damage from fire, flood, storm, terrorism, burglary and any accidental and physical loss and destruction or damage to the property due to a cause, other than as excluded in the insurance policies. These insurance policies are subject to exclusions for certain circumstances including, among others, political risks, communicable diseases, machinery loss of profit and removal of foreign debris.

The sub-stations of DMTCL are covered under the Industrial All Risk Policy and sum insured against loss/damage of property is based on the current value of the sub-stations. Further, the towers located in the Gandak river section are covered separately under the standard fire and special perils policy.

The NRSS transmission are covered under a standard fire & special perils policy. Transmission lines are covered for burglary and theft.

DMTCL and NRSS are each also covered by an insurance policy for the transmission portfolio, against risk of riots, strike, civil commotion, malicious damage, terrorism, and sabotage. All insurance policies are renewed annually.

Non-GAAP Measures

EBITDA and EBITDA Margin (together, "**Non-GAAP Measures**"), presented in this Draft Placement Memorandum are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, EBITDA and EBITDA Margin are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, the Investment Manager believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate our operating performance.

Reconciliation of EBITDA and EBITDA Margin to Loss for the Year

The table below reconciles loss for the year to EBITDA. EBITDA is calculated as loss for the year, plus tax expenses, finance costs and depreciation, less finance income, while EBITDA Margin is the percentage of EBITDA divided by revenue from contracts with customers.

	Fiscal 2020	**Fiscal 2021**	**Fiscal 2022**
		(in ₹ million, except for %)	
Loss for the year (I)	(630.88)	(679.75)	(512.25)
Add: Tax expense (II)	—	—	—
Add: Finance costs (III)	1,525.19	1,524.70	1,498.53
Add: Depreciation expense (IV)	1,231.40	1,131.78	1,073.75
Less: Finance income (V)	70.45	69.84	60.30
EBITDA (VI = I+II+III+IV-V)	2,055.26	1,906.89	1,999.73
Revenue from contracts with customers (VII)	2,296.14	2,176.17	2,218.01
EBITDA Margin (VI/VII)	89.51%	87.63%	90.16%

Results of Operations

Particulars	**March 31,**					
	2020		**2021**		**2022**	
	Amount	**Percent-age of Total Income**	**Amount**	**Percent-age of Total Income**	**Amount**	**Percent-age of Total Income**
	(₹ million)	*(%)*	*(₹ million)*	*(%)*	*(₹ million)*	*(%)*
Income						
Revenue from contracts with customers	2,296.14	95.67%	2,176.17	93.98%	2,218.01	96.29%

Particulars	March 31,					
	2020		2021		2022	
	Amount	Percent-age of Total Income	Amount	Percent -age of Total Income	Amount	Percent-age of Total Income
	(₹ million)	*(%)*	*(₹ million)*	*(%)*	*(₹ million)*	*(%)*
Other income	33.54	1.40%	69.67	3.01%	25.07	1.09%
Finance income	70.45	2.94%	69.84	3.02%	60.30	2.62%
Total	2,400.13	100.00%	2,315.68	100.00%	2,303.38	100.00%
Expenses						
Operation and maintenance expense	81.29	3.39%	98.46	4.25%	65.62	2.85%
Employee benefit expense	8.77	0.37%	13.19	0.57%	14.95	0.65%
Depreciation expense	1,231.40	51.31%	1,131.78	48.87%	1,073.75	46.62%
Finance costs	1,525.19	63.55%	1,524.70	65.84%	1,498.53	65.06%
Other Expenses	184.36	7.68%	227.30	9.82%	162.78	7.06%
Total	3,031.01	126.29%	2,995.43	129.35%	2,815.63	122.24%
Loss before tax	(630.88)	(26.29)%	(679.75)	(29.35)%	(512.25)	(22.24)%
Tax expense						
Current tax	—	—	—	—	—	—
Deferred tax	—	—	—	—	—	—
Loss for the year [A]	(630.88)	(26.29)%	(679.75)	(29.35)%	(512.25)	(22.24)%
Other Comprehensive Income						
Other Comprehensive Income not to be reclassified to profit or loss in subsequent period						
Re-measurement of defined benefit plans (net of tax INR Nil)	(0.16)	(0.01)%	(0.10)	(0.00)%	0.10	0.01%
Total other comprehensive income for the year, net of tax [B]	(0.16)	(0.01)%	(0.10)	(0.00)%	0.10	0.01%
Total comprehensive income for the year, net of tax [A+B]	(631.04)	(26.29)%	(679.85)	(29.36)%	(512.15)	(22.23)%

Fiscal 2022 compared to Fiscal 2021

Income

Our total income decreased by 0.53% from ₹2,315.68 million in Fiscal 2021 to ₹2,303.38 million in Fiscal 2022. This decrease in total income was primarily due to a decrease in other income, in particular income from insurance claims decreased from ₹57.75 million in Fiscal 2021 to ₹8.77 million in Fiscal 2022.

- *Revenue from contracts with customers*. Our revenue from contracts with customers increased by 1.92% from ₹2,176.17 million in Fiscal 2021 to ₹2,218.01 million in Fiscal 2022.This increase in revenue is principally attributable to an increase in income from transmission charges from ₹2,176.17 million in Fiscal 2021 to ₹2,212.47 million in Fiscal 2022. Revenue from contracts with customers from DMTCL increased by 2.12% from ₹1,234.90 million in Fiscal 2021to ₹1,261.13 million in Fiscal 2022 and revenue from contracts with customers from NRSS increased by 1.66% from ₹941.27 million in Fiscal 2021 to ₹956.88 million in Fiscal 2022.
- *Finance income*. Our finance income decreased by 13.66% from ₹69.84 million in Fiscal 2021 to ₹60.30 million in Fiscal 2022, primarily due to a decrease in interest income from fixed deposits from ₹69.38 million in Fiscal 2021 to ₹59.89 million in Fiscal 2022.

- *Other income*. Our other income decreased by 64.02% from ₹69.67 million in Fiscal 2021 to ₹25.07 million in Fiscal 2022, principally from a decrease in income from insurance claims from ₹57.75 million in Fiscal 2021 to ₹8.77 million in Fiscal 2022.

Expenses

Our total expenses decreased by 6.00% from ₹2,995.43 million in Fiscal 2021 to ₹2,815.63 million in Fiscal 2022. This decrease in total expenses was primarily due to a decrease in depreciation expense and other expenses, principally attributable to a decrease in loss on disposal of property, plant and equipment.

- *Operation and maintenance expense.* Our operation and maintenance expenses decreased by 33.35% from ₹98.46 million in Fiscal 2021 to ₹65.62 million in Fiscal 2022, which was principally attributable to additional costs incurred in Fiscal 2021 for emergency restoration of four towers that were damaged during the monsoon season in 2019.

- *Employee benefit expense*. Our employee benefit expenses increased by 13.34% from ₹13.19 million in Fiscal 2021 to ₹14.95 million in Fiscal 2022, which was principally attributable to an increase in salaries, wages and bonus from ₹11.72 million in Fiscal 2021 to ₹13.32 million in Fiscal 2022.

- *Depreciation expense*. Depreciation expense decreased by 5.13% from ₹1,131.78 million in Fiscal 2021 to ₹1,073.75 million in Fiscal 2022, which was principally attributable to a decrease in plant and equipment depreciation from ₹1,131.12 million in Fiscal 2021 to ₹1,072.46 million in Fiscal 2022 due to application of the written down value method of depreciation accounting.

- *Finance costs*. Our finance costs decreased from ₹1,524.70 million in Fiscal 2021 to ₹1,498.53 million in Fiscal 2022, primarily due to a decrease in interest on non-convertible debentures from ₹1,237.36 million in Fiscal 2021 to ₹1,213.17 million in Fiscal 2022 on account of principal repayments.

- *Other expenses.* Our other expenses decreased by 28.39%, from ₹227.30 million in Fiscal 2021 to ₹162.78 million in Fiscal 2022. This is principally attributable to a decrease in loss on disposal of property, plant and equipment due to the decapitalisation of written down value in Fiscal 2021 of four towers that were damaged during the monsoon season in 2019, from ₹82.08 million in Fiscal 2021 to ₹4.66 million in Fiscal 2022 which was marginally offset by an increase in cost of legal and professional fees from ₹80.03 million in Fiscal 2021 to ₹89.48 million in Fiscal 2022.

EBITDA

Our EBITDA increased by 4.87% from ₹1,906.89 million in Fiscal 2021 to ₹1,999.73 million in Fiscal 2022. As a percentage of revenue from contracts with customers, our EBITDA Margin increased from 87.63% in Fiscal 2021 to 90.16% in Fiscal 2022.

Loss before tax

As a result of the factors above, our loss before tax decreased from ₹679.75 million in Fiscal 2021 to ₹512.25 million in Fiscal 2022.

Tax expense

We did not record any current tax expense or deferred tax expense in Fiscals 2021 and 2022.

Loss for the year

As a result of the factors above, our loss for the year decreased from ₹679.75 million in Fiscal 2021 to ₹512.15 million in Fiscal 2022.

Fiscal 2021 compared to Fiscal 2020

Income

Our total income decreased by 3.52% from ₹2,400.13 million in Fiscal 2020 to ₹2,315.68 million in Fiscal 2021. This decrease in total income was primarily due to a 5.22% decrease in revenue from contracts with customers in Fiscal 2021 from Fiscal 2020.

- *Revenue from contracts with customers.* Our revenue from contracts with customers decreased by 5.22% from ₹2,296.14 million in Fiscal 2020 to ₹2,176.17 million in Fiscal 2021.This decrease in revenue is principally attributable to the relief granted by CERC to allow for expenditure incurred during project construction to be recovered as per the TSAs' provision of "Change in law", which translated into an increase in yearly transmission charges (by 3.38% in DMTCL and 2.78% in NRSS). This increase in yearly transmission charges were to be

recovered with effect from the 'Project Actual Commercial Operation Date' which led to the recognition of arears of revenue in Fiscal 2020 of ₹131.35 million as compared to Fiscal 2021.

- *Finance income*. Our finance income decreased by 0.87% from ₹70.45 million in Fiscal 2020 to ₹69.84 million in Fiscal 2021, due to a decrease in interest income from fixed deposits that decreased from ₹70.43 million in Fiscal 2020 to ₹69.38 million in Fiscal 2021.

- *Other income*. Our other income increased by 107.72% from ₹33.54 million in Fiscal 2020 to ₹69.67 million in Fiscal 2021, principally from increases in income from insurance claims from no such income in Fiscal 2020 to an income of ₹ 57.75 million in Fiscal 2021. The insurance claim was primarily for the damaged towers along the Barh-Motihari-Gorakhpur lines of the DMTCL project, and of a total claim of ₹66.54 million, ₹22.50 million was received in Fiscal 2021.

Expenses

Our total expenses decreased by 1.17% from ₹3,031.01 million in Fiscal 2020 to ₹2,995.43 million in Fiscal 2021. This decrease in total expenses was primarily due to decrease in depreciation expenses and other expenses.

- *Operation and maintenance expense.* Our operation and maintenance expenses increased by 21.12% from ₹81.29 million in Fiscal 2020 to ₹98.46 million in Fiscal 2021, which was principally attributable to the additional costs incurred in Fiscal 2021 for emergency restoration of the four towers that were damaged in monsoons of 2019 due to change in the course of the Gandak river; and was partially offset by additional costs of site repairs and maintenance incurred in Fiscal 2020 respectively.

- *Employee benefit expense*. Our employee benefit expenses increased by 50.40% from ₹8.77 million in Fiscal 2020 to ₹13.19 million in Fiscal 2021, which was principally attributable to an increase in salaries, wages and bonus paid of ₹11.72 million in Fiscal 2021 compared to ₹7.39 million in Fiscal 2020.

- *Depreciation expense*. Depreciation expense decreased by 8.09% from ₹1,231.40 million in Fiscal 2020 to ₹1,131.78 million in Fiscal 2021, which was principally attributable to a decrease in plant and equipment depreciation from ₹1,230.92 million in Fiscal 2020 to ₹1131.12 million in Fiscal 2021 due to application of the written down value method of depreciation accounting.

- *Finance costs*. Our finance costs were ₹1,525.19 million in Fiscal 2020 and ₹1,524.70 million in Fiscal 2021 primarily due to a decrease in interest on NCDs that decreased from ₹1,262.02 million in Fiscal 2020 to ₹1,237.36 million in Fiscal 2021.

- *Other expenses.* Our other expenses increased by 23.29%, from ₹184.36 million in Fiscal 2020 to ₹227.30 million in Fiscal 2021. This increase is principally attributable to loss on disposal of property, plant and equipment, that was ₹82.08 million in Fiscal 2021 as compared to no such loss in Fiscal 2020. This was primarily due to the decapitalisation of written down value of the four towers that were damaged in monsoons of 2019 due to change in the course of the Gandak river which was offset by a decrease in rates and taxes from ₹35.15 million in Fiscal 2020 to ₹2.21 million in Fiscal 2021.

EBITDA

Our EBITDA decreased by 7.22% from ₹2,055.26 million in Fiscal 2020 to ₹1,906.89 million in Fiscal 2021. As a percentage of revenue from contracts with customers, our EBITDA Margin decreased from 89.51% in Fiscal 2020 to 87.63% in Fiscal 2021.

Loss before tax

As a result of the factors above, our loss before tax increased from ₹630.88 million in Fiscal 2020 compared to a loss before tax of ₹679.75 million in Fiscal 2021.

Tax expense

We did not record any current tax expense or deferred tax expense in Fiscals 2020 and 2021.

Loss for the year

As a result of the factors above, our loss for the year increased from ₹631.04 million in Fiscal 2020 to ₹679.85 million in Fiscal 2021.

Liquidity and Capital Resources

Our principal capital requirements are interest costs and the repayment of long-term borrowings.

Over the past three years, we have been able to finance our capital requirements through cash generated from our operations and long- and short-term bank loans and facilities. As at March 31, 2022 we had ₹43.53 million of cash and cash equivalents, ₹272.37 million in current investments and had ₹603.45 million other current financial assets.

After taking into account repayment of debt from the proceeds of the Issue and the expected cash to be generated from our operations, we expect to have sufficient liquidity for our present requirements and anticipated requirements for interest costs and the repayment of long-term borrowings for at least 12 months following the date of this Draft Placement Memorandum.

The following table sets forth information on our investments and cash and cash equivalents as at the dates indicated:

	As at March 31,		
	2020	**2021**	**2022**
		(in ₹ million)	
Current Investment.....	225.84	325.66	272.37
Cash and cash equivalents.....	32.99	81.12	43.53

The following table sets forth certain information concerning our cash flows for the years indicated:

	Fiscal 2020	**Fiscal 2021**	**Fiscal 2022**
		(in ₹ million)	
Net cash flow from operating activities	1,960.37	2,219.22	1,876.44
Net cash flow from/ (used in) investing activities.....	(770.48)	(457.94)	4.71
Net cash flow from/ (used in) financing activities	(1,409.71)	(1,713.15)	(1,918.74)

Operating Activities

Net cash flow from operating activities decreased from ₹2,219.22 million in Fiscal 2021 to ₹1,876.44 million in Fiscal 2022, primarily due to a decrease in trade receivables (mainly due to a realisation of arears of revenue in Fiscal 2021) from ₹167.96 million in Fiscal 2021 to nil in Fiscal 2022, and a decrease in other liabilities from ₹127.40 million in Fiscal 2021 to ₹(52.94) million in Fiscal 2022.

Net cash flow from operating activities increased from ₹1,960.37 million in Fiscal 2020 to ₹2,219.22 million in Fiscal 2021, primarily due to a realisation of arears of revenue in Fiscal 2021 which were booked in Fiscal 2020 of ₹196.02 million.

Investing Activities

Net cash flow from investing activities was ₹4.71 million in Fiscal 2022, an increase from net cash flow used in investing activities of ₹(457.94) million in Fiscal 2021, primarily due to a decrease in cash flow used in investments in fixed deposits with banks having maturity of more than 3 months from ₹(3,189.39) million in Fiscal 2021 to ₹(1,742.26) million in Fiscal 2022 and an increase in cash flow from proceeds from sale of investment in mutual funds from ₹1,770.25 million in Fiscal 2021 to ₹2,015.80 million in Fiscal 2022.

Net cash flow used in investing activities decreased by ₹264.29 million, or 36.57%, to ₹(457.94) million for Fiscal 2021 from ₹(770.48) million in Fiscal 2020, primarily due to proceeds from maturity of fixed deposits with banks having maturity more than three months of ₹2,930.90 million in Fiscal 2021 compared to ₹3,723.81 million in Fiscal 2020, decrease in net proceeds from mutual funds of ₹(90.65) million Fiscal 2021 as compared to ₹52.20 million in Fiscal 2020 as well as an insurance claim received on disposal / discard of property, plant and equipment of ₹22.50 million in Fiscal 2021 compared to no such cash flow in Fiscal 2020.

Financing Activities

Net cash flow used in financing activities increased by ₹205.59 million, or 12.00%, to ₹(1,918.74) million for Fiscal 2022 from ₹(1,713.15) million in Fiscal 2021 primarily due to a decrease in proceeds from non convertible debentures (unsecured) from ₹271.00 million in Fiscal 2021 to nil in Fiscal 2022 and an increase in repayment of non-convertible debentures from ₹(400.00) million in Fiscal 2021 to ₹(429.00) million in Fiscal 2022.

Net cash flow used in financing activities increased by ₹303.42 million, or 21.52%, to ₹(1,713.15) million for Fiscal 2021 from ₹(1,409.71) million in Fiscal 2020 primarily due to payment of interest on NCDs, OCDs and other finance costs of ₹1,515.09 million. In addition, proceeds from issue of optionally convertible debentures amounted to ₹1,578.60 million in Fiscal 2020,

compared to no such issuance in Fiscal 2021.

Financial Resources

As at March 31, 2022, we had aggregate cash and cash equivalents of ₹43.53 million, a decrease of ₹37.59 million from ₹81.12 million as of March 31, 2021 due to a decrease in net cash flow from operating activities from ₹2,219.22 million in Fiscal 2021 to ₹1,876.44 million in Fiscal 2022 which was partially offset by an increase in net cash flow from investing activities of ₹4.71 million in Fiscal 2022, increased from net cash flow used in investing activities of ₹(457.94) million in Fiscal 2021.

As at March 31, 2021, we had aggregate cash and cash equivalents of ₹81.12 million, an increase of ₹48.13 million from ₹32.99 million as of March 31, 2020 primarily due to an increase in net cash flow from operating activities of ₹1,960.37 million in Fiscal 2020 to ₹2,219.22 million in Fiscal 2021, partially offset by an increase in net cash flow used in financing activities from ₹(1,409.71) million in Fiscal 2020 to ₹(1,713.15) million in Fiscal 2021 and a decrease in net cash flow used in investing activities from ₹(770.48) million in Fiscal 2020 to ₹(457.94) million in Fiscal 2021.

Contractual Liabilities

The table below sets forth, as of March 31, 2022, our contractual obligations with definitive payment terms. These obligations primarily relate to indebtedness incurred for the construction of the Initial Portfolio Assets.

Particulars	**As at March 31, 2022**					
	Less than 1 month	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
			(₹ in million)			
Non convertible debentures (Secured)	—	116.00	350.00	2,452.00	9,464.69	12,382.69
Optionally convertible debentures (Unsecured)	—	—	—	—	1,509.54	1,509.54
Non convertible debentures (Unsecured)	—	—	—	—	331.00	331.00
Trade and other payables	—	20.93	—	—	—	20.93

Contingent Liabilities

As of March 31, 2020, 2021 and 2022, our contingent liability (as per Ind-AS 37 Provisions, Contingent Liabilities and Contingent Assets) was as follows:

	As at March 31,		
	2020	**2021**	**2022**
		(in ₹ million)	
Other matters	76.43	84.43	84.43

Borrowings

Our borrowings consist of non-current borrowings (including current maturities of debentures), which includes listed secured non-convertible debentures and unsecured non-convertible debentures and optionally convertible debentures.

Our total borrowings (current and non-current borrowings) decreased by 2.84% from ₹14,639.31 million as of March 31, 2021 to ₹14,223.23 million as of March 31, 2022, due to the repayment of secured non-convertible debentures of ₹429.00 million and the amortization of expenses of ₹12.92 million in Fiscal 2022.

Our total borrowings (current and non-current borrowings) decreased by 1.25% from ₹14,824.19 million as of March 31, 2020 to ₹14,639.31 million as of March 31, 2021, mainly due to the repayment of secured non-convertible debentures of ₹400 million and repayment of optionally convertible debentures of ₹69.06 million, which was partially offset by an issuance of unsecured non-convertible debentures of ₹271.00 million and the amortization of expenses of ₹13.17 million in Fiscal 2021.

Description	Borrowings		
	March 31,		
	2020	2021	2022
		(₹ million)	
Secured Borrowing			
Non-Convertible debentures	13,185.59	12,798.77	12,382.69
Unsecured Borrowing			
Non-Convertible debentures and optionally convertible debentures	1,638.60	1,840.54	1,840.54
Total borrowings	14,824.19	14,639.31	14,223.23

DMTCL and NRSS have, on a private placement basis, issued (i) rated, senior, listed, secured, redeemable, non-convertible debentures; and (ii) unsecured, unlisted and redeemable optionally convertible debentures. DMTCL has, on a private placement basis, issued unsecured, unlisted and redeemable non-convertible debentures.

The secured borrowings are secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Borrowings are also secured by assignment by way of security of all our right, title, interest benefits, claims and demands, including insurance proceeds, concerning the project.

Historical and planned capital expenditure

All of our capital expenditure is incurred in connection with the construction and development of the transmission lines and towers of DMTCL and NRSS that were commissioned in Fiscal 2017 and Fiscal 2018. Certain capital expenditure was incurred in DMTCL post commissioning of the project for strengthening of towers. Other than as disclosed in this Draft Placement Memorandum we do not anticipate any further capital expenditures for the Initial Portfolio Assets.

Off-Balance Sheet Transactions

As at March 31, 2022, we did not have any off-balance sheet transactions.

Market Risks

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, bank deposits and Investments in short-term mutual funds. Financial instruments affected by market risk include loans and borrowings, deposits. However, we did not have currency risk as at March 31, 2022, March 31, 2021 and March 31, 2020.

Interest rate risk

Our exposure to the risk of changes in market interest rate primarily relates to our long-term debt obligations with fixed/ floating interest rates.

The development and construction of the Initial Portfolio Assets were funded to a large extent by debt and increase in interest expenses could have adverse effect on our cash flows, results of operations and financial condition. Although from time to time we may engage in interest rate hedging transactions or exercise any rights available to us under these financing arrangements to terminate the existing debt financing arrangement and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily trade receivables) and from our financing activities, including deposits with banks and other financial instruments.

Trade Receivables

DMTCL and NRSS are engaged in transmission infrastructure development business under BOOM (Build, Own, Operate and

Maintain) and currently derive its revenue primarily from BOOM contracts with long term transmission customers ("**LTTC**"). DMTCL and NRSS being transmission licensees receive payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ("**Pooling Regulations**"). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ("**CTU**") from LTTC's are disbursed pro-rata to all Transmission Service Providers ("**TSPs**") from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's of payments which were due, the Group has not considered any expected credit loss on the financial assets in the nature of trade receivables. During the various periods presented, there has been no change in the credit risk of trade receivables.

Other Financial Assets

Credit risk from balances deposited/invested with banks as well as investments made in mutual funds, is managed by the Group's senior management in accordance with the Initial Portfolio Asset's treasury policy approved by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the top management on an annual basis and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. Based on this policy, the group does not foresee any risk on account of credit losses, either in the scheduled commercial bank deposits which are made with AA+ rated banks and also in regard to mutual funds which is primarily debt-oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.

The Group's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2022, March 31, 2021 and March 31, 2020 is the carrying amounts of investments, trade receivables, cash and cash equivalents and other assets as disclosed in the relevant notes to the Audited Special Purpose Combined Financial Statements. However, the credit risk is low due to reasons mentioned above.

Financial Risk Management Objectives and Policies

The Group's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group reviews and agrees policies for managing each of these risks, which are summarised below.

The risk management policies of the Group are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Management has overall responsibility for the establishment and oversight of the Group's risk management framework. In performing its operating, investing and financing activities, the Group is exposed to the credit risk, liquidity risk and market risk.

Seasonality

Our financial results are not affected by seasonality.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Placement Memorandum, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in the sections "*Risk Factors*" and this "*Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Assets of the Anzen Trust*" on pages 60 and 211, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenue or income from continuing operations.

Future Relationships between Expenditure and Income

Other than as described in the sections "*Risk Factors*" on page 60 and "*Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Initial Portfolio Assets of the Anzen Trust*" on page 211, to our knowledge there are no known factors which will have a material adverse impact on our operations or finances.

New Services or Business

Other than as described in the section "*Business*" on page 178, there are no new services or business in which we operate.

Significant Developments after March 31, 2022

CERC in its order dated May 11, 2022 and May 13, 2022 ("**CERC Order**") allowed incremental tariff in respect of 'interest during construction' and other cost overruns of ₹237.50 million per annum as per TSA. Consequently, the Initial Portfolio Assets are entitled to accrue revenues from COD to March 31, 2022 of ₹1,188.00 million.

Further, NRSS has received approval from the relevant LTTC for the transfer of 26% equity shareholding of NRSS held by Essel Infraprojects Limited to EIYP, and subsequently from EIYP to the Anzen Trust

Other than as disclosed in the paragraphs above and otherwise disclosed in this Draft Placement Memorandum, there is no subsequent development after the date of the Audited Special Purpose Combined Financial Statements which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

RELATED PARTY TRANSACTIONS

In terms of Regulation 2(1)(zv) of the InvIT Regulations, related party shall be as defined as under the Companies Act, 2013 or under the applicable accounting standards and shall also include: (i) Parties to the Anzen Trust; and (ii) promoters, directors, and partners of the Parties to the Anzen Trust. Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being Ind AS 24 on "*Related Party Disclosures*" ("**Related Parties**") in relation to related party transactions for the financial years ended March 31, 2022, 2021 and 2020 as per Ind AS 24. For further details in relation to related party transactions, please see the section entitled "*Audited Special Purpose Combined Financial Statements*" on page 322. The Parties to the Anzen Trust, may, from time to time, enter into related party transactions, in accordance with applicable law.

Procedure for dealing with Related Party Transactions

To ensure proper approval, supervision and reporting of the transactions between the Anzen Trust and its Related Parties, the board of directors of the Investment Manager ("**Board**") has adopted the policy in relation to related party transactions and conflict of interests ("**RPT Policy**"), pursuant to its resolution dated July 8, 2022, to regulate the transactions between the Anzen Trust and its Related Parties. The key terms of the RPT Policy are provided below:

(i). In accordance with the InvIT Regulations, the Investment Manager will ensure that all future Related Party Transactions shall be:

(a). on an arm's length basis;
(b). in accordance with the relevant accounting standards;
(c). in the best interest of the Unitholders;
(d). consistent with the strategy and investment objectives of Anzen Trust; and
(e). compliant with applicable law.

(ii). The Investment Manager will ensure that if the total value of all the Related Party Transactions in a financial year pertaining to acquisition or sale of assets, whether directly or through a holding company or SPV, or investments into securities, exceeds 5% of the value of the assets of the Anzen Trust or any other threshold prescribed by the InvIT Regulations, approval from the Unitholders shall be obtained prior to entering into any such subsequent transaction with any Related Party, in accordance with Regulation 22 of the InvIT Regulations.

(iii). The Investment Manager will ensure that if the value of the funds borrowed from Related Parties in a financial year exceeds 5% of the total consolidated borrowings of the Anzen Trust, any holding company and the SPVs, or any other threshold prescribed by the InvIT Regulations, approval from the Unitholders shall be obtained prior to entering into any such subsequent transaction with any Related Party, in accordance with Regulation 22 of the InvIT Regulations.

(iv). The Investment Manager will establish an internal control system to ensure that future Related Party Transactions are compliant with the InvIT Regulations and applicable accounting standards. Further, the Investment Manager shall convene meetings of the Unitholders in accordance with Regulation 22 of the InvIT Regulations, and maintain records pertaining to such meetings in the manner prescribed. The Investment Manager shall also ensure compliance with any additional guidelines issued in this regard by SEBI and other regulatory, statutory or governmental authorities from time to time.

(v). In addition to any other requirement that may be prescribed in terms of the InvIT Regulations or other applicable laws, all Related Party Transactions to be entered into in the future will be:

(a). decided by the Board after the examination of the nature of the transaction and its supporting documents; and
(b). such other data as may be deemed necessary by the Board.

(vi). As a general rule, the Investment Manager must demonstrate to the Board that future Related Party Transactions satisfy the criteria set out in Paragraph D(i) at the time of recommending the same for the approval of the Board.

(vii). The Investment Manager will maintain a register to record all Related Party Transactions entered into by Anzen Trust and the basis on which they are entered into.

(viii). The Investment Manager will also incorporate into its internal audit plan a review of all material Related Party Transactions entered into by Anzen Trust during each financial year.

(ix). The Board shall review at least quarterly in each financial year the Related Party Transactions entered into during such quarter to ascertain that the guidelines and procedures established to monitor the Related Party Transactions have been complied with.

(x). The review by the Board will include the examination of the nature of the transaction and its supporting documents or such other data as may be deemed necessary by the Board, including the following.

(xi). While considering a Related Party Transaction, any director on the Board who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the Related Party Transaction. Further, while considering voting on a Related Party Transaction which requires approval of the Unitholders, voting by any person who is a related party in such transaction as well as Associate of such person(s) shall not be considered on the specific issue.

Potential Conflict of Interest

(i). All resolutions in writing of the Board in relation to matters concerning related party transactions of Anzen Trust must be approved by a majority of the Directors.

(ii). Where matters concerning the Anzen Trust relate to transactions entered into or to be entered into by the Investment Manager for and on behalf of Anzen Trust with a Related Party, the Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted in accordance with the parameters set out in this Policy.

(iii). As part of its review of the internal audit reports, the Board will review the internal audit reports of the implementation of the agreements to acquire assets from the Sponsor to ensure compliance. The review will include an examination of supporting documents and such other data deemed necessary to the Board.

Disclosure and Reporting

(i). The Investment Manager shall submit to the Trustee, quarterly reports on the activities of the Anzen Trust, including the status of compliance with the requirements specified under the InvIT Regulations in relation to Related Party Transactions, within such time as may be prescribed in the InvIT Regulations and applicable law.

(ii). Related Party Transactions shall be disclosed: (a) in the offer document with respect to any such transactions entered into prior to the offer of units and any such proposed transactions subsequent to the offer; and (b) to the stock exchanges and the Unitholders periodically, in accordance with the InvIT Regulations and the agreements to be entered into with the stock exchanges in relation to the listing of the Units. The Investment Manager shall adequately disclose the details of any fees or commissions received or to be received by such related party(ies) to the stock exchanges.

(iii). In accordance with the InvIT Regulations, the annual report to be submitted by the Investment Manager to all Unitholders, electronically or by physical copies, and to the stock exchanges within three months from the end of the financial year, shall contain, inter alia, details of all related party transactions, including acquisitions or disposal of any projects, directly or through SPVs during the year, the value of which exceeded five percent of value of the assets of the Anzen Trust.

Related Party Transactions

Present and On-going Related Party Transactions

Related Party Transactions of the Anzen Trust in relation to the setting up of the Anzen Trust and this Issue

A number of present and on-going transactions with certain Related Parties have been, or will be, entered into in relation to the setting up of the Anzen Trust. The Trustee and the Investment Manager confirm that the following related party transactions have been, or shall be, entered into, on an arm's length basis in accordance with the relevant accounting standards, in the best interest of the Unitholders, consistent with:

(i). Trust Deed

Please see the section entitled "*Parties to the Anzen Trust – Key Terms of the Trust Deed*" on page 99 for a description of the terms of the Trust Deed. The Trustee has received a sum ₹ 0.01 million towards the initial settlement of the Anzen Trust from the Sponsor.

(ii). Investment Management Agreement

Please see the section entitled "*Parties to the Anzen Trust – Key Terms of the Investment Management Agreement*" on page 112 for a description of the terms of the Investment Management Agreement.

(iii). Project Implementation and Management Agreement

Please see the section entitled "*Parties to the Anzen Trust – Key terms of the Project Implementation and Management Agreements*" on page 122 for a description of the terms of the Project Implementation and Management Agreements.

(iv). Securities Purchase Agreements

Please see the section entitled "*Related Party Transactions – Acquisition of the Initial Portfolio Assets by the Anzen Trust*" on page 237 for a description of the terms of the Securities Purchase Agreements.

(v). Trust Loan Agreement

Please see the section entitled "*Use of Proceeds – Trust Loan Agreement*" on page 202 for a description of the terms of the Trust Loan Agreement.

(vi). Shared Services Agreement

Please see the section entitled "*Related Party Transactions – Shared Services*" on page 239 for a description of the terms of the Shared Services Agreement.

The Securities Purchase Agreements, the Project Implementation and Management Agreement, the Trust Loan Agreement and the Shared Services Agreement will take effect prior to the Allotment of Units.

Acquisition of the Initial Portfolio Assets by the Anzen Trust

Securities Purchase Agreements

The Anzen Trust (acting through its Trustee) (the "**Buyer**"), proposes to enter into the Securities Purchase Agreements with EIYP (the "**Seller**"), the Investment Manager, the Initial Portfolio Assets and the Sponsor.

After the Issue Opening Date and prior to the Allotment pursuant to this Issue, the Anzen Trust, acting through its Trustee, proposes to acquire (i) equity shares representing 74% of the total issued, subscribed and paid up equity share capital of the Initial Portfolio Assets on a fully diluted basis ("**Sale Shares**"); (ii) 291,000 NCDs issued by DMTCL of a face value of ₹ 1,000 per NCD ("**Sale NCDs**"); (iii) 87,710,000 OCDs issued by DMTCL of a face value of ₹ 10 per OCD ("**DMTCL OCDs**"), and (iii) 63,243,500 OCDs issued by NRSS of a face value of ₹ 10 per OCD ("NRSS OCDs" and together with the DMTCL OCDs, the "**Sale OCDs**") ("**Sale Securities**"), and (iii) the erstwhile seller NCDs (as defined in the Securities Purchase Agreements) ("**NCDs**"), subject to and in accordance with the provisions of the Securities Purchase Agreements.

Assignment of the Investment Agreement: Subject to the terms and conditions specified in the Securities Purchase Agreements, all rights and obligations under an investment agreement entered into between the erstwhile sellers of the Initial Portfolio Assets, EIYP and the Initial Portfolio Assets ("**Investment Agreement**"), including (i) a call option to acquire 26% of the issued, subscribed and paid up equity share capital of the Initial Portfolio Assets ("**Call Option**"), and (ii) certain receivables as specified in the Investment Agreement, have been assigned by the Seller to the Buyer and are payable by the Buyer.

Consideration: The Anzen Trust has agreed to issue such number of Units payable against the purchase of Sale Shares, NCDs, assignment of the erstwhile seller receivables and Call Option, in relation to (i) the sale of the Sale Shares, (ii) the NCDs, (iii) the assignment of the erstwhile seller receivables and (iv) the assignment of the Call Option, as determined upon the finalisation of the Issue Price in accordance with the formula set forth in the Securities Purchase Agreement. The Sale NCDs and Sale OCDs shall be transferred at fair value for cash consideration as determined in accordance with the Securities Purchase Agreements.

Treatment of Claims:

DMTCL

(i) The entire economic and beneficial interest in any and all amounts due to DMTCL pursuant to the order of the Central Electricity Regulatory Commission dated May 13, 2022 in relation to the petition filed by DMTCL bearing petition number 238/MP/2017 ("**DMTCL Order**") and pertaining to period prior to and including March 31, 2022 (including any amounts received as one-time settlements for issues raised in the petition above), subject to actual receipt or realization by DMTCL (the "**SPV Receivables**"), shall vest finally and forever, to the Seller. Subject to the Applicable Law, DMTCL shall, upon receipt of the amounts (or any part thereof) pursuant to the Securities Purchase Agreement, promptly transfer the same to the Seller and/or to any Person as the Seller may direct in such manner as specified by the Seller. It is clarified that any obligation to pay the erstwhile sellers pursuant to Investment Agreement in respect of the DMTCL Order shall be solely the responsibility of the Seller and shall be to the Seller's account. For further details on the DMTCL Order, please see the section entitled "*Legal and other Information*" on page 255.

(ii) The Buyer and the Seller agree that in relation to any and all amounts due to DMTCL pursuant to any future order passed by any competent authority pursuant to claims or appeals filed by DMTCL until the Closing Date (including any claims or appeals filed in relation to the DMTCL Order such as the appeal filed by DMTCL dated June 24, 2022) ("**Future Receivables**") and subject to Applicable Law, the Buyer or DMTCL shall, upon determination of the Future

Receivables pursuant to the receipt of final, non-appealable orders of a court of competent jurisdiction, transfer to the Seller and/or to any Person as the Seller may direct in such manner as specified by the Seller, a value arrived after discounting such Future Receivables at an IRR of 10% ("**Seller Future Receivables**") within 90 (ninety) days of such determination. It is clarified that any obligation to pay the erstwhile sellers pursuant to Investment Agreement and in respect of the Future Receivables shall be solely the responsibility of the Seller and shall be to the Seller's account. Any costs incurred in pursuing the claims under this clause shall be deducted from the Seller Future Receivables.

(iii) The Buyer and the Seller agree and acknowledge that the SPV Receivables and the Seller Future Receivables shall not form part of the assets of the Buyer and/or DMTCL, at any time or in any manner whatsoever. In respect of the Securities Purchase Agreement, the Buyer and the Seller shall not be required to execute and deliver any further instruments or documents or take any further action, unless specified otherwise in accordance with Applicable Law or as may be mutually decided.

NRSS

(i) The entire economic and beneficial interest in any and all amounts due to NRSS pursuant to the order of the Central Electricity Regulatory Commission dated May 11, 2022 in relation to the petition filed by NRSS bearing petition number 195/MP/2017 ("**NRSS Order**") and pertaining to period prior to and including March 31, 2022 (including any amounts received as one-time settlements for issues raised in the petition above), subject to actual receipt or realization by NRSS (the "**SPV Receivables**"), shall vest finally and forever, to the Seller. Subject to the Applicable Law, NRSS shall, upon receipt of the amounts (or any part thereof) pursuant to the Securities Purchase Agreement, promptly transfer the same to the Seller and/or to any Person as the Seller may direct in such manner as specified by the Seller. It is clarified that any obligation to pay the erstwhile sellers pursuant to Investment Agreement in respect of the NRSS Order shall be solely the responsibility of the Seller and shall be to the Seller's account. For further details on the NRSS Order, please see the section entitled "*Legal and other Information*" on page 255.

(ii) The Buyer and the Seller agree that in relation to any and all amounts due to NRSS pursuant to any future order passed by any competent authority pursuant to claims or appeals filed by NRSS until the Closing Date (including any claims or appeals filed in relation to the NRSS Order such as the appeal filed by NRSS dated June 24, 2022 ("**Future Receivables**") and subject to Applicable Law, the Buyer or NRSS shall, upon determination of the Future Receivables pursuant to the receipt of final, non-appealable orders of a court of competent jurisdiction, transfer to the Seller and/or to any Person as the Seller may direct in such manner as specified by the Seller, a value arrived after discounting such Future Receivables at an IRR of 10% ("**Seller Future Receivables**") within 90 (ninety) days of such determination. It is clarified that any obligation to pay the erstwhile sellers pursuant to Investment Agreement and in respect of the Future Receivables shall be solely the responsibility of the Seller and shall be to the Seller's account. Any costs incurred in pursuing the claims under this clause shall be deducted from the Seller Future Receivables.

(iii) The Buyer and the Seller agree and acknowledge that the SPV Receivables and the Seller Future Receivables shall not form part of the assets of the Buyer and/or NRSS, at any time or in any manner whatsoever. In respect of the Securities Purchase Agreement, the Buyer and the Seller shall not be required to execute and deliver any further instruments or documents or take any further action, unless specified otherwise in accordance with Applicable Law or as may be mutually decided.

Representations and Warranties:

The representations and warranties provided by the Buyer under the Securities Purchase Agreements pertain to, amongst others:

(i). due incorporation and existence under the laws of India;
(ii). due authorisation for consummation of the Securities Purchase Agreements;
(iii). non-contravention of trust deed, applicable law and material agreements to which the Buyer is a party; and
(iv). no liquidation, dissolution, winding up, commencement of bankruptcy, insolvency, or similar proceedings, whether voluntary or involuntary, with respect to the Buyer is pending or has been pending, or to the knowledge of the Buyer, threatened.

Subject to the provisions of the Securities Purchase Agreements, the representations and warranties provided by the Seller in respect of the Initial Portfolio Assets under the Securities Purchase Agreements, pertain to, amongst others:

(i). due incorporation and existence under the laws of India;
(ii). due authorisation for consummation of the Securities Purchase Agreements;
(iii). non-contravention of the charter documents, applicable law and agreements to which such entity is a party, subject to the conditions specified in the Securities Purchase Agreements;
(iv). no breaches by the Sellers of its memorandum or articles of association;

(v). legal and beneficial ownership of the Sale Shares, the Sale OCDs and NCDs, free of all encumbrances (save as disclosed in the Securities Purchase Agreements) and right to exercise all voting and other rights over such Sale Securities, as applicable;
(vi). business warranties in relation to, share capital of the Initial Portfolio Assets, material licenses, employees, property, insurance, corporate records and litigation involving the Initial Portfolio Assets, amongst others; and
(vii). warranties in relation to tax returns and notices.

Indemnity: The Sponsor will indemnify the Buyer and/or the Investment Manager ("**Indemnified Party**") against losses which relate from actual or alleged breach of or inaccuracies or misrepresentations of any seller warranties. A claim for indemnity made against the Sponsor may be brought by giving a notice of the claim within a claim period i.e. 30 working days to cure the breach of default referred to in the claim, incase capable of cure in the reasonable opinion of the Sponsor without loss to the Indemnified Party, or, the Sponsor may give a reasonable objection for the claim. In the event, the breach is incapable of cure without loss to the Indemnified Party, the Sponsor shall make payment to the Indemnified Party of such claim, not later than 30 working days from the expiration of the cure period. In case of a contingent liability, the Sponsor shall not be liable to pay the Indemnified Party unless such contingent liability gives rise to an obligation on part of the Indemnified Party. The claim period shall be calculated as provided for in the Securities Purchase Agreement. The Sponsor shall be responsible for all omissions, acts and representations/covenants, related to the Trust's formation, sale and transfer of the Initial Portfolio Assets to the Trust. Obligations of the Sponsor shall be subject to limitations on liability as set out in the Securities Purchase Agreement, and the Indemnified Party shall have no right to seek any other form of monetary relief apart from damages or claim in tort.

Shared Services

Shared Services Agreement

The Sponsor, the Trustee, the Investment Manager and the Initial Portfolio Assets will enter into a shared services agreement ("**Shared Services Agreement**"), by way of which, the Sponsor shall provide certain support services to the Investment manager and the Initial Portfolio Assets ("**Recipient Parties**"). The salient features of the ROFO Agreement are set out below:

Provision of Services:

(i). The Sponsor shall provide support services to the Recipient Parties: (a) with reasonable skill and care and keeping with the good practices for the industry in which the Anzen Trust and the Sponsor operates; (b) in a manner which is compliant with applicable law; and (c) in a manner which ensures the Recipient Parties remain fully compliant with applicable law with respect to the support services.

(ii). The Recipient Parties may, from time to time, request the Sponsor to provide services other than those specifically referred to in the Shared Services Agreement. The Sponsor shall provide such additional services on such terms and conditions and fees as may be mutually agreed in writing.

(iii). The Sponsor may subcontract any part of its obligations to its affiliates or any third party contractor ("**Contractor**"), provided that the Sponsor shall ensure that any of its affiliates or the Contractors (i) are adequately trained, skilled and experienced at a level appropriate to provide and perform the services, and (ii) provide and perform the services in compliance with applicable law and the terms of the Shared Services Agreement. The Sponsor shall be liable for all acts and omissions of such affiliates and the Contractors in relation to the services, as well as for compliance by such affiliates and Contractors with the applicable provisions of the Shared Services Agreement.

(iv). The services that that Sponsor shall provide, include, amongst others: (a) general management services; (b) corporate secretarial services; (c) invoicing related services; (d) financial management services; (e) technical services; (f) accounting related services; (g) services in relation to annual budget and cash forecasting; (h) insurance services; (I legal and regulatory services; (j) human resources related services; and (k) risk and compliance services.

Consideration

(i). The Sponsor shall be reimbursed for the any expenses in relation to the services ("**Support Services Expenses**"):

a. by the Trustee, from the funds of the Anzen Trust, in the event such Support Service Expenses are incurred while providing services to the Anzen Trust or the Initial Portfolio Assets; and

b. by the Investment Manager, in the event such Support Service Expenses are incurred while providing services to the Investment Manager.

(ii). In the event the Sponsor is providing a service to more than one of the Recipient Parties, and the Support Service

Expenses cannot be attributed to the Recipient Parties on an individual basis, the Sponsor shall be reimbursed for such Support Service Expenses by the Trustee, from the funds of the Anzen Trust.

(iii). In consideration of the services to be rendered by the Sponsor, either directly or through the appointment and supervision of Contractors, the Recipient Parties hereby agree to pay fees, either to the Sponsor or directly to any Contractor appointed in this regard, as the case may be, as per the terms of the Shared Services Agreement.

Termination

The Shared Services Agreement may be terminated as follows:

(i). by mutual consent of the parties hereto in writing; or

(ii). by the Investment Manager after consultation with the Trustee by delivery of a written notice to the Sponsor at any time, upon breach of any of the terms, covenants, conditions or provisions of the Shared Services Agreement by the Sponsor and a failure of the Sponsor to remedy the said breach within a period of 180 days or such other period as may be mutually agreed to cure such breach; or

(iii). by any party by delivery of a written notice to the other party upon the bankruptcy of such other party or if winding up or liquidation proceedings whether voluntary or involuntary are commenced or admitted against such other party (and such proceedings persist for a period of more than 3 months); or

(iv). in the event of cancellation of registration of the Anzen Trust by SEBI, or winding up of the Anzen Trust, then the Shared Services Agreement shall automatically terminate without any liability to any party.

Borrowings from Related Parties

Borrowings in the form of optionally convertible debentures were provided by EIYP to the Initial Portfolio Assets. For details, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 205.

Potential Conflicts of Interest

The Investment Manager has established certain procedures to deal with conflict of interest issues. For further details on management of potential conflicts of interest, please see the section entitled "*Related Party Transactions – Procedure for dealing with Related Party Transactions*" on page 235.

Acquisition of the future assets by the Anzen Trust

ROFO Agreement

The Sponsor will enter into a ROFO Agreement (the "**ROFO Agreement**") with the Trustee (acting in its capacity as the trustee of Anzen Trust), the Investment Manager and EIYP. The salient features of the ROFO Agreement are set out below:

Right of First Offer:

(i). In accordance with the ROFO Agreement, the Anzen Trust will have a right of first offer over the securities of the special purpose vehicles holding the ROFO Assets ("**ROFO SPVs**"), subject to the lock-in periods specified in the project agreements executed in relation to renewable energy assets held by the ROFO SPVs.

(ii). During the period between the date which is 6 months from the listing of the Units to December 31, 2027, the Anzen Trust may communicate to the Seller Entities (being, the Sponsor, EIYP and/or its affiliate) and/or the Seller Entities may communicate to the Trust or the Trust and the Seller Entities may mutually decide, its interest in acquiring all or some of a particular ROFO SPV, along with any pre-conditions for such acquisition ("**Letter of Interest**").

(iii). Upon receipt of the Letter of Interest and in the event the Sponsor and/ or the Seller Entity proposes to sell all its ROFO Securities to the Trust, the relevant Seller Entity shall be required to intimate the JV Partner (as defined in the ROFO Agreement) in terms of the JV Agreement (as defined in the ROFO Agreement) of its intention of selling its holding in the ROFO SPVs to the Anzen Trust ("**JV Intimation**"). In the event the JV Intimation is provided to the JV Group (as defined in the ROFO Agreement) prior to December 31, 2025, the Seller Entity shall procure that, within 45 days of the JV Intimation, and in the event the JV Group proposes to sell its securities in the ROFO SPVs to the Anzen Trust, the JV Group shall sign the deed of adherence as set out in the ROFO Agreement and be considered a "Seller Entity" in terms of the ROFO Agreement. In the event the JV Group does not propose to sell its securities to the Anzen Trust or does not respond to JV Intimation within 30 days, the Seller Entities shall accordingly be required to follow the process as prescribed under the ROFO Agreement subject to the JV Group signing the shareholders'

agreement as set out in the ROFO Agreement. In the event the Letter of Interest, is issued by the Anzen Trust to any of the JV Group and the Seller Entity on or after December 31, 2025, the Anzen Trust shall purchase the ROFO SPVs in accordance with the terms specified under the JV Agreement.

(i). Subsequently, the relevant Seller Entity shall make (or procure that the relevant affiliate of the Seller Entity makes) an irrevocable invitation to offer to the Anzen Trust, through the Trustee or the Investment Manager, for the acquisition of the securities of the ROFO SPV (the "**ROFO Securities**") (the "**Invitation to Offer**").

(ii). In the event the Anzen Trust is interested in the acquisition of the ROFO Securities, the Anzen Trust shall communicate such interest in writing within a period of 30 days from the date of receipt of the Invitation to Offer, which shall be accompanied with a due diligence questionnaire that is customary for transactions of such nature (the "**Notice of Interest**"). The Seller Entity shall provide information as requested by the Anzen Trust through the due diligence questionnaire ("**Information**") by within 45 days of receipt of the Notice of Interest.

(iii). Within a period of 60 days from the date of receipt of the information or such other time period as may be mutually agreed, and subject to the provisions of the ROFO Agreement, the Anzen Trust shall have the right, but not the obligation to make an irrevocable offer to acquire all (and not less than all) of the ROFO Securities at a value determined in accordance with the ROFO Agreement (the "**ROFO SPV Offer Price and Terms**") by delivering an irrevocable offer letter (the "**ROFO SPV Offer Letter**") to the relevant Seller Entity.

Acceptance of the ROFO SPV Offer Price and Terms by the Seller Entity*:*

(i). The Seller Entity may accept the ROFO SPV Offer Price and Terms, by delivering a notice of acceptance to the Anzen Trust within a period of 30 days (the "**ROFO Acceptance Period**") from the date of receipt of the ROFO SPV Offer Letter by the Seller Entity (the "**ROFO Acceptance Notice**").

(ii). If the ROFO Acceptance Notice is received by the Anzen Trust during the ROFO Acceptance Period, the sale of the ROFO Securities shall be completed in accordance with the ROFO SPV Offer Price and Terms within 60 days from receipt of the ROFO Acceptance Notice by the Anzen Trust or any other such period as may be mutually agreed between the parties.

(iii). The ROFO Securities sold, shall be free and clear of any encumbrances, except encumbrances in favour of any lender from whom consent for the sale of ROFO Securities has been obtained.

Non-Acceptance of the ROFO SPV Offer Price and Terms by the Seller Entity**:**

(i). In the event that no ROFO Acceptance Notice from the Seller Entity is received by the Anzen Trust during the ROFO Acceptance Period or the Seller Entity declines to accept the offer set out in the ROFO SPV Offer Letter, the Seller Entity shall be entitled to sell all ROFO Securities to any person within 12 months from the expiry of the ROFO Acceptance Period at an amount higher than the value (as specified in the ROFO Agreement) offered by the Anzen Trust. The Seller Entity shall deliver a notice to the Anzen Trust of its intent to sell the ROFO Securities to any person within 7 days of acceptance by such third person to purchase the ROFO Securities, setting out the price and the terms upon which the ROFO Securities are proposed to be sold to such third person.

(ii). In the event the Seller Entity does not consummate the sale of ROFO Securities to a third person, the Seller Entity will be required to follow the process as set out in the ROFO Agreement if it subsequently desires to sell the ROFO Securities to the Anzen Trust, upon receipt of the ROFO SPV Offer Letter from the Anzen Trust.

REGULATIONS AND POLICIES

Given below is an indicative summary of certain relevant laws, policies and regulations applicable to us. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The indicative summary is based on the current provisions of applicable law, which are subject to change or modification or amended by subsequent legislative, regulatory, administrative or judicial decisions.

Regulatory framework for the Power Sector

"Electricity" is an entry in the Concurrent List of the Seventh Schedule to the Constitution of India. Therefore, both Centre and State legislatures have jurisdiction to legislate in the power sector, provided that the State enactment does not conflict with any Central enactment in this sector.

The Electricity Act, 2003 ("Electricity Act")

The Electricity Act was enacted by the GoI, repealing the Indian Electricity Act, 1910 (which governed transmission, supply and use of electricity), the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998.

The Central Electricity Authority ("**CEA**") consists of chairperson and members appointed by the GoI. Among other functions, the CEA specifies technical standards for construction of electrical plants and electric lines, technical standards for connectivity to the grid, grid standards for operation and maintenance of transmission lines, safety requirements for construction, operation and maintenance of electrical plants and electric lines, measures relating to safety and electric supply, installation and operation of meters, technical standards for communication systems in power system operation etc., as well as advising the GoI on matters relating to the national electricity policy and formulation of the national electricity plan. The Electricity Act also provides for the constitution of a Central Electricity Regulatory Commission ("**CERC**") and State Electricity Regulatory Commission" ("**SERCs**"), or a Joint Commission by agreement between two or more State governments or, in respect of one or more union territories and one or more Government of States, between the GoI and one or more State governments.

In this regard, the Electricity Act designated the central electricity regulatory commission established under the Electricity Regulatory Commissions Act, 1998 as the CERC for purposes of the Electricity Act. CERC's responsibilities include grant of licenses to persons to function as transmission licensees and to regulate inter-State transmission of electricity, determination of tariff for generation and inter-State transmission of electricity under Section 62 of the Electricity Act and adoption of tariff discovered under competitive bidding process under Section 63 of the Electricity Act, specifying and enforcing standards with respect to quality, continuity and reliability of service by transmission licensees and specifying regulations, amongst others, for grant of open access and payment of transmission charges. The Electricity Act vests SERCs with the responsibility to facilitate and promote transmission, wheeling and inter-connection arrangements within their territorial jurisdiction for the transmission and supply of electricity by economical and efficient utilisation of the electricity. In addition, the Electricity Act constitutes an Appellate Tribunal for Electricity ("**APTEL**") to hear appeals against orders of an adjudicating officer or the appropriate commission under the Electricity Act.

The Electricity Act requires a person undertaking transmission, distribution or trading in electricity in any area in the territory of India to obtain a prior license for such activity from the appropriate commission (the "**Appropriate Commission**"). The Electricity Act also provides that the Central Transmission Utility ("**CTU**") and the State Transmission Utility ("**STU**") is a deemed transmission licensee. The GoI may notify any Government company as a CTU. POWERGRID was notified as the CTU in 1998. Subsequently in 2021, Central Transmission Utility of India Limited, a public sector undertaking, was notified as the CTU. A person intending to act as a transmission licensee is required to approach Appropriate Commission through an application with a copy of the application forwarded to the CTU or STU, as the case may be, which sends its recommendations to the CERC or the relevant SERC, as the case may be. The Appropriate Commission may specify any general or specific conditions that may apply to a particular licensee or a class of licensees. A license granted under the Electricity Act continues to be in force for a period of 25 years. The Appropriate Commission may at any time, if public interest requires, alter the terms of the license or revoke the license as it thinks fit in accordance with the procedure prescribed in the Electricity Act. The Electricity Act empowers the Appropriate Commission to issue directions to licensees if necessary, and also prescribes a detailed procedure for the sale of the utilities of the licensee in the event the Appropriate Commission revokes the license. The Electricity Act prohibits a licensee from assigning its license or transferring its utility or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission, or from undertaking any transaction to acquire the utility of any other licensee or merging its utility with the utility of any other licensee, without prior approval of the Appropriate Commission. The duties of the CTU include undertaking transmission of electricity through Inter State Transmission System ("**ISTS**"), discharging all functions of planning and coordination relating to ISTS, ensuring development of an efficient, coordinated and economical system of ISTS for smooth flow of electricity and to provide non-discriminatory open access to the ISTS on payment of transmission charges. The duties of a transmission licensee include building, maintenance and operation of an efficient inter/intra State transmission system, and providing non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges or to any consumer who has obtained open access on payment of transmission charges and a surcharge thereon in accordance with the Electricity

Act. The Electricity Act requires every transmission licensee to comply with the technical standards of operation and maintenance of transmission lines, in accordance with grid standards specified by the CEA.

The Electricity Act provides for the establishment of the National Load Despatch Centre ("**NLDC**") and the Regional Load Despatch Centre ("**RLDC**") by the GoI. The NLDC and RLDCs are prohibited from trading in electricity and RLDCs are also prohibited from engaging in the business of generation of electricity. Responsibilities of RLDCs include optimum scheduling and despatch of electricity within the region in accordance with the contracts entered into with licensees or generating companies operating in the region, monitoring grid operations, keeping accounts of the quantity of electricity transmitted through the regional grid, exercising supervision and control over the ISTS and carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the grid standards and grid code. The RLDC and NLDC will be operated by a Government company or any authority or corporation constituted under a Central enactment, as may be notified by the GoI. The concerned State Government is required to establish a State Load Despatch Centre ("**SLDC**") as an apex body to ensure integrated operation of the power system in a State, through supervision and control over the intra-State transmission system. The SLDC is required to comply with the directions of the RLDCs. The CTU is prohibited from engaging in the business of generation of electricity or trading in electricity. Transmission Licensees are prohibited from entering into contracts in relation to, or otherwise engaging in the business of trading in electricity.

Section 68 of the Electricity Act permits installation of overhead lines with prior approval of the Appropriate Government. Section 164 of the Electricity Act also provides that the Appropriate Government as defined under the Electricity Act, may confer upon any public officer, a licensee or any other person, the powers of a telegraph authority, as provided under the Indian Telegraph Act, 1885, with respect to the placement of electrical lines for the proper coordination of the project. The Electricity Act provides certain principles in accordance with which the Appropriate Commission will specify terms and conditions for determination of tariff. A transmission licensee may engage in any business for optimum utilization of its assets as per CERC Sharing of Revenue Derived from Utilization of Transmission Assets for Other Business Regulations, 2020.

The Draft Electricity (Amendment) Bill, 2020 is sought to be enacted to amend certain provisions of the Electricity Act. In addition, the Electricity (Amendment) Bill, 2021 which is proposed to be introduced to the Lok Sabha seeks to de-license the distribution business, bring in competition, appoint member from law background in every commission, strengthen APTEL, and prescribe rights and duties of consumers.

Regulations

a. Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009

The CERC notified the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 ("**Connectivity Regulations**") on August 7, 2009. The Connectivity Regulations provide for the procedures and other requirements for obtaining connectivity, availing medium-term open access and long term access in respect of ISTS. Applications for the grant of connectivity or long-term access or medium-term open access shall be made to the CTU, the nodal agency. Under the Connectivity Regulations, connectivity to ISTS can be sought by any generating plant having an installed capacity of at least 250 MW and any bulk consumer having at least a load of 100 MW.

Further, medium term open access is available for any period exceeding three months but not exceeding three years and it shall be granted if the resultant power flow can be accommodated in the existing transmission system or the transmission system under execution expected to be commissioned within the next six calendar months as per the status reported to the CEA. An entity who has been granted medium term open access can exit (relinquish their right) after giving a prior notice of at least 30 days and by paying transmission charges for the period of relinquishment or a period of 30 days, whichever is lesser to the CTU.

Long term access can be availed for a period exceeding 12 years but not exceeding 25 years. An exit option is available from the long term access without any financial liability if the access has been availed for at least 12 years and an advance notice is given at least one year before such exit. An exit option can be exercised even before the period of 12 years subject to payment of relinquishment charges provided an application to the CTU is submitted at least one year prior to such exit. If the notice in either case is less than one year period, relinquishment charges for the period falling short of the notice period of one year is also to be paid.

b. Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2009

The CERC notified the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2009, as amended ("**Transmission License Regulations**") on May 25, 2010. As per these Regulations, a committee as referred to in the Bidding Guidelines identifies projects included in the prospective plan for transmission prepared by the CEA or network plan prepared by

CTU in accordance with the National Electricity Policy to be developed under the guidelines for competitive bidding in India ("**Bidding Guidelines**"). Presently, once the transmission scheme is discussed and ratified in National Committee of Transmission (NCT), Ministry of Power, GOI notifies the implementation modalities /route (TBCB or RTM). The Transmission License Regulations provide the procedure for application for Transmission License upon selection of a project developer to develop the project as specified in the Bidding Guidelines. Under the Transmission License Regulations, licensee is required to (i) maintain insurance with regard to the transmission assets as may be necessary in terms of any agreements entered into by it, or under the laws in force in India, provided that the licensee may opt for self-insurance; (ii) build the project in a time-bound, efficient, coordinated and economical manner; (iii) establish, operate and maintain the project in accordance with the prudent utility practices and the agreements; (iv) comply with such directions of the NLDC or the RLDC under the Electricity Act; (v) provide non-discriminatory open access to its transmission system for use by any other licensee, including a distribution licensee or an electricity trader, or generating company or any other person in accordance with the Central Electricity Regulatory Commission (Open Access in inter-state Transmission) Regulations, 2008, as amended from time to time; (vi) pay the license fee in accordance with the Central Electricity Regulatory Commission (Payment of Fee) Regulations, 2008 or such other regulations as may be in force from time to time; (vii) make an appropriate application before the CERC for obtaining any prior approval whenever required; and (vii) comply with all other regulations, including the regulations specified by the CERC regarding utilisation of the transmission assets for a business other than transmission of electricity. The transmission license issued, shall, unless revoked earlier, continue to be in force for a period of 25 years from the date of issue. If the useful life of a transmission asset for which transmission license has been issued extends beyond the period of 25 years, the CERC may consider granting license for another term for which the licensee may make an application in accordance with Regulation 7 of the Transmission License Regulations, two years before the expiry of the initial period of license. For projects developed through competitive bidding which have tariff upto 35th year of commercial operation the tariff for the extended period upto 35th year shall be payable on the basis of the rate quoted in the bidding and adopted by the Commission for the respective year of operation. In case the transmission licensee decides to undertake renovation and modernization of the transmission system after the initial period of licence, it shall make an application for approval of the cost of renovation and modernization along with the application for grant of fresh licence, which shall be considered by the Commission in accordance with the prevalent norms.

c. Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019

The CERC notified Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019, as amended, which came into force on April 1, 2019 and are valid for a period of five years ("**CERC Tariff Regulations**"). The CERC Tariff Regulations apply in all cases where tariff for a generating station or a unit thereof and the ISTS or an element thereof, is required to be determined by the CERC in accordance with the provisions of Section 62 read with Section 79 of the Electricity Act. However, the CERC Tariff Regulations shall not be applicable to generating stations based on renewable energy sources and to generating stations or ISTS, where tariffs have been discovered through competitive bidding or where tariff has been determined through applicable CERC Regulations.

The generating company/ inter-state transmission licensee shall make an application as prescribed in the CERC Tariff Regulations, for determination of tariff based on capital cost incurred or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred or projected to be incurred during the tariff period of the generating station or the transmission system, as the case may be, duly certified by the auditors and in case of non-availability of auditors, a management certificate duly signed by an authorised person, not below the level of director of the company.

d. Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020

The CERC notified the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 ("**CERC Sharing Regulations**") on May 4, 2020. These regulations came into force with effect from November 1, 2020, superseding the Central Electricity Regulatory Commission (Sharing of inter-state transmission charges and losses) Regulations, 2010.

These regulations provide that the yearly transmission charges ("**YTC**") as determined or adopted by CERC for transmission elements related to ISTS shall be shared amongst the users of such transmission systems on monthly basis such that the YTC and any adjustment thereof are fully recovered. The users, termed as DICs, include generating stations, state transmission utilities, distribution licensee including state electricity boards or their successor companies, electricity departments of States and any other entity directly connected to the ISTS and intra-State entity or a trading licensee that has obtained medium term open access or long term access to ISTS ("**DICs**").

e. Central Electricity Regulatory Commission (Grant of Regulatory Approval for Execution of Inter-State Transmission Scheme to Central Transmission Utility) Regulations, 2010

The CERC notified the Central Electricity Regulatory Commission (Grant of Regulatory Approval for Execution of Inter-State Transmission Scheme to Central Transmission Utility) Regulations, 2010 on May 31, 2010. These regulations apply to any scheme proposed by a CTU for the development of ISTS in consonance with the National Electricity Plan. The CTU may file an application before the CERC for regulatory approval of identified ISTS scheme, with a project inception report. The CTU will within 7 days of making such an application, post the complete application on its website and publish a notice of the application in 2 leading national newspapers inviting objections and / or suggestions within a period of 1 month from the date of publication. The ISTS schemes will be evaluated on the basis of: (i) need for the transmission scheme, i.e., technical justification, urgency and prudence of the investment; (ii) cost assessment and possible phasing of implementation; and (iii) a cost-benefit analysis to the users of the proposed ISTS scheme. The CERC may either approve the ISTS scheme with such modifications, if required or reject the application or require the CTU to submit a fresh application with required particulars. The CTU will implement the transmission elements out of the approved ISTS scheme in accordance with the Connectivity Regulations. The tariff of the ISTS scheme will be borne by the users of the scheme and the transmission charges will be shared among the users based on the sharing methodology specified by the CERC from time to time.

f. Central Electricity Regulatory Commission (Standards of Performance of inter-State transmission licensees) Regulations, 2012

The CERC notified the Central Electricity Regulatory Commission (Standards of Performance of inter-State transmission licensees) Regulations, 2012 on September 17, 2012. These regulations provide that the transmission system availability must be calculated element-wise on a monthly basis, in the same manner as provided in the Tariff Regulations. Further, these regulations lay down the maximum restoration periods for different types of failures of transmission lines and failures of inter-connecting transformers. Any failure by the inter-state transmission licensee to maintain the standards of performance specified in the regulations will be liable to payment of compensation to an affected person.

g. Central Electricity Regulatory Commission (Procedures for Calculating the Expected Revenue from Tariffs and Charges) Regulations, 2010

The CERC notified the Central Electricity Regulatory Commission (Procedures for Calculating the Expected Revenue from Tariffs and Charges) Regulations, 2010 on April 12, 2010. These regulations apply in all cases where tariff other than those based on non-conventional energy sources is determined by the CERC. Every generating company or transmission licensee which has made an application for determination of tariff will submit information in the formats with respect to expected revenue from tariffs and charges determined by the CERC from time to time.

h. CERC (Sharing of Revenue Derived from Utilization of Transmission Assets for Other Business) Regulations, 2020

The CERC notified the CERC (Sharing of Revenue Derived from Utilization of Transmission Assets for Other Business) Regulations, 2020 ("**CERC Regulations**") on February 17, 2020. These regulations apply to all interstate transmission licensees whose transmission charges are determined by the CERC under Section 62 of the Electricity Act or adopted by the CERC under Section 63 of the Electricity Act and who are proposing to undertake certain other business. In accordance with these regulations, the transmission licensees are required to intimate the CERC as to the other business they are proposing to undertake and in the event the other business is not a telecommunication business, the transmission licensees are required to seek prior approval of the CERC by filing a petition, in relation to sharing of revenues derived from such other business. CERC Regulations also provide for, amongst other things, the manner of sharing of revenue by transmission licensees.

i. Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules 2021

The MoP notified the Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules 2021 on October 1, 2021. These rules provide for a system of transmission access known as General Network Access which allows non-discriminatory access to user of any element of the ISTS including States and generating stations and allows flexibility for the States and generating stations to acquire, hold and transfer transmission capacity as per their requirements. The rules also, amongst other things (i) empower state power distribution and transmission companies to determine their transmission requirements and build them; (ii) provide for

States to be able to purchase electricity from short term and medium term contracts; and (iii) specify the roles of various agencies involved in the transmission planning process.

j. Electricity (Late Payment Surcharge and Related Matters) Rules, 2022

The MoP has notified the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 on June 3, 2022 in supersession of the Electricity (Late Payment Surcharge) Rules, 2021. These rules prescribe that, amongst other things, late payment surcharge shall be payable on the payment outstanding after the due date at the base rate of the late payment surcharge applicable for the period for the 1st month of default. The rate of late payment surcharge for the successive months of default shall increase by 0.5% for every month of delay provided that the late payment surcharge shall not be more than 3% higher than the base rate at any time. Further, all payments by a distribution licensee to a generating company or a trading licensee for power procured from it or by a user of a transmission system to a transmission licensee shall be first adjusted towards late payment surcharge and thereafter, towards monthly charges, starting from the longest overdue bill.

National Electricity Policy, 2005

The GoI notified the National Electricity Policy ("**NEP"**) on February 12, 2005, under Section 3 of the Electricity Act. The key objectives of the NEP are, amongst other things, (i) stipulating guidelines for accelerated development of the power sector, and (ii) providing supply of electricity to all areas and protecting interests of consumers and other stakeholders. The NEP vests the CTU and the STUs with the responsibility for transmission system planning and development on the national and regional and the intra-State levels, respectively, and requires the CTU to coordinate with the STUs for eliminating transmission constraints in a cost-effective manner. The NEP provides that the network expansion be planned and implemented keeping in view anticipated transmission needs that would be incident on the system in the open access regime. The NEP encourages private investment in the transmission sector, and states that prior agreement with Beneficiaries would not be a pre-condition for network expansion and the CTU and STUs should undertake network expansion after identifying requirements in consultation with stakeholders and obtaining due regulatory approvals.

National Electricity Policy, 2021

The MoP has also issued the draft National Electricity Policy, 2021 ("**Draft NEP**") on April 27, 2021. The key objectives of the Draft NEP are, amongst other things, (i) promoting clean and sustainable generation of electricity, (ii) development of adequate and efficient transmission system, (ii) promoting manufacturing of goods and services in India in the generation, transmission and distribution segments of the power sector under the 'Make in India initiative' and 'Aatmanirbhar Bharat Abhiyan' and (iii) providing supply of reliable and quality power of specified standards in an efficient manner. The Draft NEP stipulates that the CEA, while formulating the perspective plan under section 73 of the Electricity Act, shall consult with all the relevant stakeholders such as the CTU, STU, system operators, generating and distribution companies, industry associations and the state governments. Additionally, the Draft NEP highlights the need to streamline the process of approval of transmission projects, before any investment is made in creating these infrastructures.

National Electricity Plan

India is now amongst the fastest developing countries in the world in terms of GDP as well as the electricity consumption. The challenge is to meet the energy needs of high economic growth and electricity consumption of about 1.30 billion people. The development of an efficient, coordinated, economical and robust electricity system is essential for smooth flow of electricity from generating station to load centers (as per Electricity Act, 2003) and for optimum utilization of resources in the country, in order to provide reliable, affordable, un-interruptible 24x7 and quality power for all. Transmission system establishes the link between source of generation on one side and distribution system, which is connected to load / ultimate consumer, on the other side. Transmission planning is a continuous process of identification of transmission system addition requirements, their timing and need. The transmission requirements may arise from, amongst others:

a. new generation additions in the system;
b. increase in demand; and
c. system strengthening that may become necessary to achieve reliability as per the planning criteria under change load-generation scenario.

These transmission system requirements are identified, studied and firmed through the co-ordinated planning process i.e. through Regional Power Committees on Transmission Planning (erstwhile Standing Committee(s) on Power System Planning for the Region) and operational feedback from POSOCO and other stakeholders. Development of adequate intra state transmission system is equally important in order to ensure delivery of power to the load centres and effective utilization of ISTS. The progress of ISTS as well as intra-State transmission systems is regularly monitored by CEA. ISTS transmission schemes after approval by the GoI, are being implemented either through the TBCB process or under cost-plus mechanism with RTM. As per Section 3 of the Electricity Act, CEA has been entrusted with the responsibility of preparing the National Electricity Plan in accordance with the NEP and to notify such plan once in five years. The National Electricity Plan (Volume I) on Generation Planning was notified in March 28, 2018. The National Electricity Plan (Volume II) ("**NEP Volume II**") on

Transmission Planning was prepared after the finalisation of the generation plan. In the NEP Volume II, the review of development of transmission system during 12th Plan Period and Planning for the ongoing plan period 2017-22 and Perspective plan for 2022-27 have been discussed, keeping in view various factors, such as inter-regional transmission links, reactive compensation, cross border exchange of power etc. For the preparation of the National Electricity Plan for the next five years (2022-2027), a committee has been constituted by the CEA.

The Tariff Policy 2016 ("Tariff Policy, 2016")

In 2006, the GoI, under the Electricity Act, notified the tariff policy which was revised in 2016. The Tariff Policy, 2016 came in effect on January 28, 2016. The goals of the Tariff Policy, 2016 are to ensure availability of electricity to consumers at reasonable and competitive rates, ensure the financial viability of the power sector, attract investment to the power sector, promote transparency, consistency and predictability in regulatory approaches across jurisdictions, minimise perceptions of regulatory risks, promote competition, ensure operational efficiency, improve the quality of the power supply, promote generation of electricity from renewable sources, promote hydroelectric power generation including pumped storage projects to provide adequate peaking reserves, reliable grid operation and integration of variable renewable energy sources, evolve a dynamic and robust electricity infrastructure for better consumer services, facilitate supply of adequate and uninterrupted power to all categories of consumers and ensure creation of adequate capacity including reserves in generation, transmission and distribution in advance, for reliability of supply of electricity to consumers.

In so far as transmission is concerned, the Tariff Policy, 2016 seeks to achieve the objectives of ensuring optimal development of the transmission network ahead of generation with adequate margin for reliability and to promote efficient utilization of generation and transmission assets in the country and attracting the required investments in the transmission sector and providing adequate returns. The Tariff Policy, 2016 stipulates that all future inter-state transmission projects are ordinarily required to be developed through a competitive bidding process. However, the GoI may exempt, from competitive bidding, specific category of projects of strategic importance, technical upgradation etc. or works required to be done in response to an urgent situation, on a case-by-case basis. Intra-state transmission projects shall also be required to be developed through competitive bidding process for projects costing above a threshold limit decided by the relevant SERC.

The Tariff Policy, 2016 requires CERC to determine the rate of return on equity keeping in view the overall risk and prevalent cost of capital, and to establish norms for capital and operating costs, operating standards and performance indicators for transmission lines at different voltage levels. The Tariff Policy, 2016 provides that transmission charges under the national tariff framework be determined on MW per circuit kilometre basis, zonal postage stamp basis, or some other pragmatic variant, such that transmission system users share the total transmission cost in proportion to their respective utilization of the transmission system, and that transactions be charged on the basis of average transmission losses arrived at after appropriately considering distance and directional sensitivity, as applicable to relevant voltage levels.

Recent Guidelines and Notifications from the Ministry of Power

The (i) Guidelines for Encouraging Competition in Development of Transmission Projects; and (ii) Tariff based Competitive-bidding Guidelines for Transmission Service (collectively, the "**MoP Guidelines**") were notified by the Ministry of Power on August 10, 2021. These guidelines seek to, amongst other things, (i) promote competitive procurement of transmission services; (ii) encourage private investment in transmission system; (iii) facilitate transparency and fairness in procurement processes; (iv) facilitate reduction of information asymmetries for various bidders; and (v) enhance standardization and reduce ambiguity.

The Ministry of Power also revised the Standard Bid Documents ("**SBDs**") for transmission services in India, comprising of the request for proposal ("**RFP**") and the transmission service agreement ("**TSA**"), by way of a notification dated August 6, 2021. The salient provisions of the revised SBDs include, amongst other things, (a) the TSA with the selected bidder will be signed by CTU or the nodal agency, instead of the long term transmission customers; (b) the entire bidding process shall be completed online through the electronic bidding platform; (c) bidders having adequate experience of developing and construction of infrastructure projects subject to certain eligibility requirements; and (e) the mode of execution of ISTS project has been changed from the 'Build-Own-Operate-Maintain (BOOM)' model to the 'Build-Own-Operate-Transfer (BOOT)' model; and (f) bidders will now be required to quote one transmission tariff, which will remain fixed for a period of 35 years commencing from the scheduled COD of the project.

The Jawaharlal Nehru National Solar Mission

The National Solar Mission (the "**NSM**") was approved by the Government of India on November 19, 2009 and launched on January 11, 2010. The immediate aim of the NSM was to focus on setting up an enabling environment for solar technology penetration in the country both at a centralized and decentralized level. The NSM has set a target of 100 GW of solar power in India by 2022 and seeks to implement and achieve the target in three phases (Phase I from 2012 to 2013, Phase II from 2013 to 2017 and Phase III from 2017 to 2022). The target will principally comprise 40 GW rooftop solar power projects and 60 GW large and medium scale grid connected solar power projects. In addition, the Government of India on March 22, 2017 sanctioned the implementation of a scheme to enhance the capacity of solar parks from 20,000 MW to 40,000 MW for setting up at least 50 solar parks each with a capacity of 500 MW and above by 2019 or 2020.

Integrated Energy Policy 2006

The Integrated Energy Policy, 2006, (the "**Policy**") is a report of an expert committee constituted by the Government of India, to explore alternative technologies and possible synergies that would increase energy system efficiency and meet the requirement for energy services. The aims and objectives of this Policy include, amongst others, providing appropriate fiscal policies to take care of externalities, tax measures, transparent and targeted subsidies, promoting energy efficiency, providing incentive for renewable energy production by linking the incentive to not just the outlay but also the output. The Policy also provides for the respective power regulators to mandate feed-in-laws for renewable energy, as may be appropriate and as provided under the Electricity Act. With respect to wind power, the Policy provides that where cultivations are not affected, a wind turbine installation should be permitted on an agricultural land without requiring its conversion into non-agricultural land.

The Ministry of New and Renewable Energy ("MNRE")

The MNRE is the nodal ministry of the Government of India at the national level for all matters relating to non-conventional sources of energy and renewable energy. The mandate of MNRE includes research, development, commercialisation and deployment of renewable energy systems or devices for various applications in rural, urban, industrial and commercial sector.

Net Metering Regulations

These regulations have been formulated by various states to promote the generation of electricity from renewable energy sources in respect of the grid connected solar rooftop photovoltaic systems. These regulations regulate the supply of excess electricity from an eligible consumer allowing the consumer to export the excess quantum of electricity produced from his premises to the distribution licensee. Under these regulations, the eligible consumer can avail the benefit of the excess quantum supplied to be carried forward to the next billing cycle as credited units of electricity.

Guidelines for Tariff Based Competitive Bidding Process for Procurement of Wind and Solar Power and Wind-Solar Hybrid Projects

The Ministry of Power (the "**MoP**") has issued guidelines on August 3, 2017 and December 8, 2017 for procurement of solar and wind power, respectively, through tariff based competitive bidding process (the "**Competitive Bidding Guidelines**"). The Competitive Bidding Guidelines as amended from time to time, provide a framework for procurement of solar power through a transparent process of bidding, including standardisation of the process and defining responsibilities of the stakeholders. The guidelines are applicable for long term procurement of electricity through competitive bidding process by the procurer(s) from grid connected solar power projects having size of 5 MW and above. For procurement of electricity, the procurer may opt for either the 'tariff as a bidding parameter' option or the 'viability gap funding as a bidding parameter' option. e. Further, the Competitive Bidding Guidelines aim to enable the distribution licensees to procure wind power at competitive rates in a cost-effective manner. The Competitive Bidding Guidelines were further amended by the MoP on July 16, 2019 to include, certain changes pertaining to the wind power projects and the MNRE further amended the Competitive Bidding Guidelines on September 25, 2020 to include certain changes pertaining to the solar power projects.

Additionally, the MNRE on October 14, 2020, issued guidelines for tariff based competitive bidding process for procurement of power from grid connected wind solar hybrid projects pursuant to the Wind-Solar Hybrid Policy 2018. These guidelines were issued, amongst other things, (i) to promote competitive procurement of electricity from grid connected wind solar hybrid projects by distribution licensees to promote consumer interests; (ii) to facilitate transparency and fairness in the procurement process; and (iii) to provide for a framework for an intermediary procurer as an aggregator or trader for the inter-state sale purchase of long term power and to provide a risk-sharing framework between various stakeholders, involved in the wind solar hybrid power procurement, thereby encouraging investments, enhanced bankability of the projects and profitability for the investors.

Permission from Municipal Authorities/Zila Parishad/Gram Panchayat/ any other local authority

The local laws of many states in India require that in order to set up infrastructure, 'no objection certificates', change of user of land from local authority as applicable, such as, municipal authorities, zila parishad or gram panchayat in whose jurisdiction such infrastructure is being constructed are to be obtained. For instance, in the State of Maharashtra, Section 44 of the Maharashtra Regional and Town Planning Act, 1966 specifies that any person intending to carry on any development on any land has to obtain permission from the planning authority by making an application in writing. On receipt of such application, the planning authority by under Section 45 of the aforesaid legislation, grant such permission unconditionally, or subject to such conditions as may be imposed with the prior consent of the State Government. Such permission would be granted in form of a commencement certificate. Similar restrictions upon the development of land are laid down under Section 12 and 13 of the Delhi Development Act, 1957, as amended.

Foreign Investment Regulations

In terms of the Consolidated FDI Policy, 2020 issued by the Department for Promotion of Industry and Internal Trade (formerly, Departmental of Industrial Policy and Promotion), foreign direct investment, upto 100%, under the automatic route, is permitted

in the power sector (except atomic energy). This includes generation, transmission and distribution of electricity, as well as power trading, subject to the provisions of the Electricity Act, 2003.

Environmental Laws

The Ministry of Environment, Forests and Climate Change ("**MoEFCC"**) of the GoI is the nodal agency for Planning, promotion, coordination and overseeing and implementation of India's environmental and forest policies and programmes. The Environment (Protection) Act, 1986 ("**EPA**") provides GoI with the power to take all such measures as it deems necessary or expedient for the purpose of protecting and improving the quality of the environment and preventing, controlling and abating environmental pollution. MoEFCC has notified Environment Impact Assessment ("**EIA**") notifications under the EPA in 1994 and 2006 (as amended) (collectively, the "**EIA Notifications**"), prescribing the procedure with respect to environmental impact assessment for the commencement, expansion or modernization of industrial or mining operations. However, provisions of both EIA Notifications are not applicable to transmission projects barring certain notified areas of Aravali Range falling in the districts of Alwar in Rajasthan and Gurgaon and Nuh (Mewat) in Haryana. In accordance with MoEFCC notification dated May 7, 1992 prior environment clearance is required under EPA even for electrification and laying of new transmission lines without detailed EIA if it is passing through such notified areas of given districts. The MoEFCC has issued a draft of the Environment Impact Assessment Notification, 2020, with the intention of replacing the existing EIA Notification, 2006 under the Environment (Protection) Act, 1986, which is yet to be notified.

Further, provisions of certain rules like Batteries (Management and Handling) Rules, 2001, Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016 etc. notified under EPA does apply to transmission projects. Other environment regulation applicable to the project assets, is the Forest (Conservation) Act, 1980 ("**FCA**") if the line route passes through a notified forest area. Similarly, permission of National Board for Wildlife is a statutory requirement under Wildlife (Protection) Act, 1972 ("**WPA**") for all non-forest activities in protected areas (such as national parks and wildlife sanctuaries).

MoEFCC notification dated February 5, 2013, under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, exempts transmission system developers from obtaining a resolution from Gram Sabhas and only require certificate from the deputy commissioner for using the forest land for non-forest purposes provided that recognized rights of primitive tribal groups and pre-agricultural communities are not affected. MoEFCC vide gazette notification dated March 6, 2017 further extended the timeline for obtaining FRA certificate from DC till Stage-I approval.

Penalties for non-compliance under the EPA, FCA & WPA range from closure or prohibition of operations as well as monetary penalties on and imprisonment of the persons in charge of the conduct of the business of the defaulting company.

Laws relating to Taxation

Tax related laws that are pertinent, include the Income Tax Act 1961, Income Tax Rules, 1962, Customs Tariff Act, 1975 and GST which includes the Central Goods and Services Tax Act, 2017, various State Goods and Services Tax legislations, the Integrated Goods and Services Tax Act, 2017 and various rules and notifications thereunder and as issued by taxation authorities.

Laws relating to Employment

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws which may be applicable to us due to the nature of our business activities:

(i). Contract Labour (Regulation and Abolition) Act, 1970.

(ii). Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

(iii). Employees' State Insurance Act, 1948.

(iv). Minimum Wages Act, 1948.

(v). Payment of Bonus Act, 1965.

(vi). Payment of Gratuity Act, 1972.

(vii). Payment of Wages Act, 1936.

(viii). Maternity Benefit Act, 1961.

(ix). Industrial Disputes Act, 1947.

(x). Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

(xi). The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.

(xii). The Industries (Development and Regulation) Act, 1951.

(xiii). Employees' Compensation Act, 1923.

(xiv). The Industrial Employment Standing Orders Act, 1946.

(xv). The Child Labour (Prohibition and Regulation) Act, 1986.

(xvi). The Equal Remuneration Act, 1976.

(xvii). The Trade Unions Act, 1926 and the Trade Union (Amendment) Act, 2001.

(xviii) Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996.

(xix) Public Liability Insurance Act, 1991

(xx) The Code on Wages, 2019*.

(xxi) The Occupational Safety, Health and Working Conditions Code, 2020**.

(xxii) The Industrial Relations Code, 2020***.

(xxiii) The Code on Social Security, 2020****.

* *The Government of India enacted 'The Code on Wages, 2019' and received the assent of the President of India on August 8, 2019. Some of the provisions of this code have come into force on December 18, 2020. However, the remaining provisions that are proposed are yet to be brought into force by the Central Government on a date to be notified. It subsumes four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.*

** *The Government of India enacted 'The Occupational Safety, Health and Working Conditions Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.*

*** *The Government of India enacted 'The Industrial Relations Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.*

**** *The Government of India enacted 'The Code on Social Security, 2020 which received the assent of the President of India on September 28, 2020. The provisions of this code are proposed to be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations including the Employees' Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008.*

Other Applicable Laws

In addition to the above, certain other applicable laws include, the Indian Contract Act, 1872, Companies Act**,** 2013, Transfer of Property Act, 1882, Foreign Exchange Management Act, 1999, the Copyright Act, 1957, the Trade Marks Act, 1999, Prevention of Corruption Act, 1988, Listing Regulations, RBI guidelines, IBC, Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, Central Electricity Authority (Grid Standards) Regulations, 2010 and other applicable laws and regulations imposed by the central and state governments and other authorities for its day-to-day operations.

REGULATORY APPROVALS

Anzen Trust, and the Initial Portfolio Assets are required to obtain consents, licenses, registrations, permissions and approvals for carrying out their present business activities which include, approvals for registration as an infrastructure investment trust and for carrying out its present business, as applicable. Such approvals include transmission licenses, consents, licenses, registrations, permissions and approvals under the Electricity Act, 2003 and regulations made thereunder, approvals from the telegraph authority, energisation approvals from the Central Electricity Authority, aviation clearances from the Airport Authority of India, no objection certificates from the Ministry of Defence, certain environmental approvals and clearances and tax related approvals. There are certain other consents, licenses, registrations, permissions and approvals that the Initial Portfolio Assets obtain for our business, which include, labour related approvals, approvals under the shops and establishments acts of various states, power line crossing approvals, railway line crossing approvals and other approvals. The requirement for such approvals for a particular project undertaken by us may vary based on factors such as the legal requirement in the state in which the project is being undertaken, the size of the projects undertaken and the type of project. Further, as the obligation to obtain such approvals arises at various stages of construction or completion of our projects and related assets, applications are filed and the necessary approvals are obtained at the appropriate stage.

Other than as stated in this section, the Anzen Trust and the Initial Portfolio Assets have obtained necessary consents, licenses, permissions, registrations and approvals from various governmental, statutory and regulatory authorities, required for the registration as an infrastructure investment trust and for carrying out its present business, as applicable. Certain material consents, licenses, registrations, permissions and approvals that are required to be obtained by Anzen Trust and the Initial Portfolio Assets for undertaking their business may elapse from time to time in their normal course and they make applications to the relevant Central or State government authorities for renewal of such consents, licenses, registrations, permissions and approvals or may have made such applications (wherever expedient and prudent) for renewal of such consents, licenses, registrations, permissions and approvals. In view of the approvals listed below, Anzen Trust can undertake the Issue as well as its current business, as applicable, and no further major approvals from any governmental or regulatory authority under the Electricity Act, 2003, or the rules made thereunder or any other entity are required to undertake the Issue or to continue its business, as applicable. Unless otherwise stated, these approvals are all valid as on date of this Draft Placement Memorandum.

I. Approvals in relation to the Issue

1. In-principle approval from the NSE dated [●].

II. Approvals for Anzen Trust

1. Certificate of registration bearing number IN/InvIT/21-22/0020 dated January 18, 2022 with SEBI as an infrastructure investment trust.

III. Approvals received by DMTCL

1. Transmission license dated May 30, 2014 issued by the CERC under Section 14 of the Electricity Act.

2. Tariff approval dated May 20, 2014 issued by the CERC.

3. Approval dated January 3, 2022 for transfer of ownership up to 74% of equity shareholding in DMTCL, held by EIYP to the Anzen Trust.

4. Approval dated July 24, 2013 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act in respect of the 'Transmission System for Eastern region System Strengthening Scheme-VI' developed by DMTCL ("**DMTCL Project**").

5. Approval dated September 4, 2014 issued by the Ministry of Power, Government of India, under Section 164 of the Electricity Act in relation to the DMTCL Project.

6. User registration as a transmission licensee dated January 12, 2017 issued in accordance with Section 28(4) of the Electricity Act read with Regulation 4 of the RLDC Regulations issued by the Power System Operation Corporation Limited.

7. Approval dated August 20, 2016 in relation to the DMTCL Project from the power telecommunication co-ordination committee.

8. Aviation NOCs granted by the Airports Authority of India for civil airports (i) dated September 16, 2016 in respect to elevation clearances for Pole ID 61; (ii) dated September 20, 2016 in respect to elevation clearances for Pole ID 47; and (iii) dated October 18, 2016 granted by the Director Operations (ATS).

9. Approvals for power line crossing arrangements of transmission lines, in relation to (i)132 kV D/C Muzaffarpur – Samastipur transmission line at Loc. 8 no. AP 8/0 AP 9/0 dated May 16, 2015 from BSPTCL; (ii) Barh Gorakhpur

transmission line up to 400/ 132 kV GIS sub-station - Motihari district – East Champaran, Bihar over existing Powerlinks 400 kV D/C Muzzaffarpur – Gorakhpur - Transmission (IC) Line dated July 6, 2015; (iii) Muzaffarpur-Darbhanga transmission line and 220 kV LILO of Darbhanga-Kanti transmission line at transmission line Mushahari GSS dated September 24, 2015; (iv) 132 kV D/C Gopalhanj – Bettiah Line, 132 kV D/C Siwan – Gopalganj Line, 20 kV D/C Muzaffarpur – Gopalganj Line dared September 9, 2015 and (v) 132 kV S/C Darbhanga – Samastipur transmission line at loc no. AP 35/3- AP 36/0 dated July 24, 2015; (vi) 132 kV S/C Muzaffarpur – Turki TSS two phase transmission line at tower no. AP 06 and gantry 3 dated November 9, 2015; (vii) Muzaffarpur, Bihar under existing Powerlinks line 400kV D/C Purnea- Muzaffarpur Transmission Line between Tower no. 652(DA+0)-653 (DD+3O) dated November 2, 2015; (viii) 400 KV D/C Muzaffarpur – Darbhanga transmission line, dated March 11, 2016, from PGCIL; and (ix) approval dated September 19, 2015 for the 132 kV D/C Gopalganj – Betiah transmission line, the 132 kV D/C Sawan – Gopalganj transmission line and the 220 kV D/C Muzaffarpur to Gopalganj transmission line issued by the BSPTCL.

10. Approvals for overhead crossing of transmission lines granted by NHAI, for (i) 400 kV D/C Muzaffarpur- Darbhanga transmission line on NH 28 between chainage 533.900 and 534.100 near Takshshila School dated April 18, 2016; (ii) 400 kV D/C Barh-Gorakhpur transmission line on NH 28 between chainage 398.200 near Dewapur Village dated July 29, 2016; (iii) 400 kV Muzaffarpur-Darbhanga transmission line on NH 77 between chainage 44.100 and 44.200 near Village Dariapur Kafen dated April 6, 2016; (iv) 400 kV D/C Barh-Gorapkhpur transmission line over SH 74 dated May 6, 2015 (granted by Road Division, Motihari); and (v) 400 kV D/C Darbhanga – Samastipur transmission line over SH 50 dated January 13, 2016 (granted by Road Construction Department, Darbhanga).

11. Approvals for overhead crossing the railway track, at (i) Km 75/11-13, 75/12-14 between Narayanpur Manant - Silaun station dated September 29, 2016 issued by the Divisional Rail Manager (Engineer.), Sonpur; (ii) 400 kV D/C transmission line overhead electric cable on TUR-RD section at Km 43/8-9 (01 Crossing) dated January 16, 2017 issued by Divisional Rail Manager (Engineer), Sonpur; (iii) conditional approval for kM 29/01 to 29/02 between Thalwara – Laheriasarai dated June 15, 2016 issued by the Divisional Engineer; and (iv) mile stone No.89/15 to 89/16 between Ratansarai and Mazagadh railway stations June 14, 2017 issued by the Northern East Railways Department.

12. Approvals issued by the CEIG, for energization of (i) electrical installations of 62.79 km of 400 kV D/C (Triple Snowbird) Muzaffarnagar – Darbhanga Transmission Line dated March 29, 2017, (ii) LILO section of 400 kV D/C Barh – Motihari - Gorakhpur Transmission Line at the 400 kV Motihari substation of DMTCL dated May 31, 2022 (iii) 400/220 kV GIS substation and Muzaffarpur Darbhanga 400KV D/C line at Darbhanga substation of DMTCL dated December 14, 2021; and (iv) 400/132 kV GIS DMTCL Motihari substation, Bihar dated April 18, 2022.

13. Approvals, (i) in respect of utilisation of 0.9016 Ha of forest land, dated July 22, 2016, granted by Environment and Forest Department, Bihar; and (ii) in respect of utilisation of 0.791 Ha of forest land for construction of 400 KV D/C Barh-Gorakhpur Transmission Line, Gopalganj and Motihari district, Bihar, dated June 05, 2018, granted by Department of Environment, Forest and Climate Change, Ranchi.

14. Certificate of registration as principal employer in accordance with sub section (2) of section 7 of the Contract Labour (Regulation and Abolition) Act, 1970 dated February 11, 2020 issued by the Government of India.

15. Fire NOCs dated January 8, 2022 and August 16, 2021 for the Darbhanga and Areraj projects respectively.

16. NOCs for ground water abstractions granted by the Department of Water Resources, Ministry of Jal Shakti, Government of India dated (i) December 14, 2020 for the Darbhanga project; and (ii) November 6, 2020 for the Motihari project.

IV. Approvals received by NRSS

1. Transmission license dated August 25, 2014 issued by the CERC.

2. Tariff approval dated August 7, 2014 issued by the CERC.

3. (i) Approval dated April 30, 2022 for transfer of ownership of 74% of equity shareholding in NRSS, held by EIYP to Anzen Trust; and (ii) Approval dated July 19, 2022 for transfer of 26% of equity shareholding in NRSS, held by Essel Infraprojects Limited to EIYP and subsequently from EIYP to the Anzen Trust.

4. Approval dated September 16, 2013 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act in respect of the 'Transmission System for Northern Region System Strengthening Scheme NRSS-XXXI' developed by NRSS ("**NRSS Project**").

5. Approval dated October 15, 2014 issued by the Ministry of Power, Government of India, under Section 164 of the Electricity Act in relation to the NRSS Project.

6. Approval dated (i) December 12, 2016 from D.E.T (PTCC), New Delhi; and (ii) March 14, 2017 in relation to the

NRSS Project from the power telecommunication co-ordination committee;

7. Aviation NOCs granted by Airports Authority of India for civil airports (i) dated April 6, 2016 in respect of the Kurukshetra – Malerkotla line; (ii) dated February 22, 2016 in respect of the Malerkotla - Amritsar line; (iii) dated October 17, 2016 granted by the Director Operations (ATS); and (iv) dated February 14, 2017, in respect of the Malerkotla to Amritsar transmission line, granted by Director Operations (ATS).

8. Approvals for power line crossing arrangements of transmission lines, in relation to (i) 220kV D/C Dhulkote-Panipat and 220kV S/C Panipat-Kurukshetra transmission lines issued by Bhakra Beas Management Board dated August 14, 2015; (ii) 400kV S/C Dehar-Bhiwani transmission line of Bhakra Beas Management Board dated October 6, 2015; (iii) 220kV S/C Jamalpur-Sangur transmission line of Bhakra Beas Management Board dated June 15, 2015; (iv) 132kV S/C Pehowa-Malikpur transmission line, 132kV D/C Pehowa-Bhore-Lukhi transmission line, 220kV D/C Cheekha-Durala transmission line, 132kV D/C BBMB(Kurukshetra) - Bhore transmission line, 132kV D/C Pehwa-Shahbad transmission line, 132kV D/C Pehowa-Badhoni transmission line dated December 3, 2015 and January 15, 2016; (v) 220kV S/C Jamalpur-Sangur transmission line of Bhakra Beas Management Board dated July 15, 2015; (vi) 220kV D/C Malerkotla-Barnala (Pakhowal), 220kV D/C Malerkotla-Dhuri and 220kV D/C Malerkotla-Gobindgarh transmission lines dated December 21, 2015; (vii) 220kV D/C Patiala - Patran transmission line dated October 28, 2015; (viii) 400kV D/C Rajpura-Dhuri transmission line dated August 5, 2015; (ix) 220kV D/C Nabha-Dhuri transmission line dated November 5, 2015; (x) Provisional approval for crossing with 400 kV D/C Kaithal - Patiala transmission line dated July 26, 2016; (xi) 132 kV S/C Shahbad – Taroari Line of Northern Railway November 7, 2016; (xii) 220 kV D/C AP 3/1 – AP 4/0 line; (xiii) 220kV S/C Lalton-Malerkotla transmission line, 220kV D/C Lalton-Jagraon transmission line and 132kV S/C Jamalpur-Moga transmission line dated November 23, 2015; (xiv) 220 kV Verpal-Patti transmission line dated July 8, 2015; (xv) 220kV D/C Malerkotla - Dhuri transmission line and 220kV D/C Malerkotla –Barnala transmission line dated March 10, 2016; (xvi) 400 kV D/C Jalandhar - Moga transmission line dated September 29, 2015; (xvii) 800kV Kishenpur – Moga Ckt - I transmission line and 800kV Kishenpur – Moga Ckt - II transmission line dated November 5, 2015 (xviii) 400 kV D/C Patiala - Malerkotla transmission line dated November 30, 2015; (xix) 400 kV D/C Malerkotla – Ludhiana transmission line dated November 30, 2015; (xx) 132kV S/C Jamalpur-Moga-II transmission line dated November 11, 2015; (xxi) 220kV S/C Lalton-Malerkotla transmission line, 220kV D/C Lalton-Jagraon transmission line and 132kV S/C Jamalpur-Moga transmission line dated November 24, 2015; (xxii) 400kV D/C Talwandi Sabo - Nakodar transmission line dated November 13, 2015; (xxiii) 132kV Kapurthala - Sultanpur transmission line and 132kV Buatari – Taran Taran transmission line dated October 19, 2015; (xxiv) 400 kV D/C Kurukshetra – Malerkotla transmission line, dated July 26, 2016; (xxv) 400 kV D/C Malerkotla – Amritsar transmission line, dated August 25, 2014; (xxvi) 400 kV Nakodar – Makhu line; 220 kV D/C Jamsher – Sultanpur line; 220 kV D/C Goindwal Sahib – Sultanpur line and 220 kV D/C Goindwal Sahib – Chohla Sahib line dated June 29, 2015 issued by PSTCL for; (xxvii) 400 kV D/C Kaithal – Patiala transmission line dated July 26, 2016 issued by PGCIL; (xxviii) 220kV DC Nisang -Salempur transmission line, dated March 29, 2016; and (xxix) 400 kV D/C Koldam – Hissar transmission line, dated July 26, 2016.

9. Approvals for overhead crossing of transmission lines granted by NHAI, for (i) RD 77.598 (Design Chainage RD 82.310) of Patiala- Bathinda Road NH 64(07) dated May 10, 2016; (ii) Ambala – Kaithal Section of NH-65 (New NH-152) between KM 48.000 to KM 49.000 dated January 15, 2016; (iii) Panipat - Jalandhar Section of NH-1 (New NH-44) at KM 153.161 dated January 15, 2016; (iv) NOC for crossing for crossing Thanesar Pehowa Road, State Highway 6 between KM Stone 94.918 dated August 26, 2015; (v) NOC for crossing Bhawanigarh – Nabha – Gobindgarh road (State Highway-12A) dated March 17, 2016; (vi) NOC for crossing State Highway-11 dated March 9, 2016; (vii) NOC for crossing State Highway-9 dated October 22, 2015; (viii) NOC for crossing State Highway - 10(R.D.88 to 89) dated January 12, 2016; (ix) NOC granted vide letter dated August 18, 2015 bearing No. 1278 from the Executive Engineer, Central Works Division, PWD, Patiala; (x) NOC for crossing at Ch. 99.464 near Mullanpur of Ludhiana- Talwandi Section of NH 95 (New NH 5) dated April 7, 2016; (xi) NOC for crossing State Highway 13 and State Highway 14 dated September 16, 2015; and (xii) NOC for construction of 400kV D/C Malerkotia – Amritsar transmission line, dated August 18, 2015.

10. Approvals for overhead crossing the railway track, issued by Divisional Railway Manager Northern Railway, at (i) TP No. 58/3 and 58/4 between Kakrala and Chintawala Rly. Stations on DUI-RPJ Rly Section dated April 21, 2016; (ii) the railway station Pindarsi-Thanesar city on KKDE-NRW section at TP no. 75/6-7 dated November 7, 2016; (iii) the railway station Amin-Kurukshetra on DUK section at TP No. 148/27-28 & 149/1-2, dated November 7, 2016; (iv) the railway track between KM stone no. 40/0 and KM stone no. 40/1 between Dadwindi and Sultanpur Lodhi Railway Station on JUC-FZR Section dated June 22, 2016; (v) the railway track between KM stone no. 25/6 and KM stone no. 28/7 between Goindwal Sahib and Malmori Railway Stations on BES-TTO Section dated June 24, 2016; (vi) the railway track between KM stone no. 22/6 and KM stone no. 22/7 between Mullanpur and Chaukiman Stations on LDH-FZR Section dated June 28, 2016; (vii) the railway track between KM stone no. 41/9 and KM stone no. 42/0 between Gahandran and Malsian Shahkot Stations on LDH-LNK Section June 6, 2016; (viii) the railway track between KM no. 13/4 and 13/5 between Sangrana Sahib and Goharwal Varpal Stations on DUI-LDH Section dated November 23, 2016; and (ix) the railway track between TP no. 36/7 and 36/8 between KUP and Malerkotla Stations on DUI-LDH Section dated April 21, 2016.

11. Approvals issued by the CEIG dated June 24, 2022, for energization of (i) electrical installations of 400 kV D/C Malerkotla- Amritsar Transmission Line; and (ii) electrical installation of 400 kV D/C Kurukshetra – Malerkotla Transmission Line.

12. Approvals granted by the Ministry of Environment, Forest and Climate Change, (i) dated July 4, 2016 in respect of diversion of 2.1247 Ha of land (1.748 Ha in Kurukshetra and 0.287 Ha land in Karnal and 0.0897 Ha land in Kaithal forest division) in the Haryana section; (ii) dated June 16, 2017 in respect of Diversion of 3.3083 Ha (1.47672 Ha in Patiala forest Division + 2.2606 ha in Sangrur Forest Division) in the Punjab section; (iii) dated August 22, 2017 in respect of diversion of 5.0064 Ha (1.3363 Ha in Amritsar Forest diversion + 1.522 Ha in Jalandhar Forest Division +1.62 Ha in Ludhiana forest division + 0.5295 Ha in Sangrur Forest Division);

13. Defense NOC dated (i) January 18, 2016 issued by the Directorate General of Signals - 7, General Staff Branch, Integrated HQ of Ministry of Defense (Army) in relation to 400 kV D/C transmission line from PGCIL substation at Kurukshetra to PGCIL substation at Malerkotla and PGCIL substation at Malerkotla to PGCIL substation at Amritsar. and (ii) February 14, 2017 issued by the Director Operations (ATS) in relation to 400 kV D/C transmission line from Malerkotla to Amritsar by PGCIL.

V. Approvals applied for, but not yet received

As of the date of this Draft Placement Memorandum, there are no approvals required by Anzen Trust and the Initial Portfolio Assets for which applications have been made, but approvals have not been received.

VI. Approvals for which applications are yet to be made

Except as disclosed below, as of the date of this Draft Placement Memorandum, there are no approvals required by Anzen Trust and the Initial Portfolio Assets for which applications are yet to be made:

1. Trademark application for “Anzen” mark and logo.

LEGAL AND OTHER INFORMATION

Except as stated in this section and on the basis of the disclosures below, there are no pending material litigation and actions by regulatory authorities, which are not in the ordinary course of business, in each case against (i) the Anzen Trust, its associates and the Initial Portfolio Assets; (ii) the Sponsor (in its capacity as Sponsor and Project Manager), the Investment Manager and each of their associates; and (iii) the Trustee, as on the date of this Draft Placement Memorandum. Further, except as stated in this section and on the basis of the disclosures below, there are no pending material litigation and actions by regulatory authorities which are not in the ordinary course of business, against the Sponsor or any of its Associates or Associates of the Investment Manager (which may be affiliates of the Sponsor).

For the purpose of this section, details of all regulatory actions and criminal matters, which are not in the ordinary course of business, that are pending against the Sponsor, the Investment Manager and their associates have been disclosed. Further, any civil matter that is pending involving an amount equivalent to, or more than, the amount or threshold as disclosed below, in respect of (i) the Anzen Trust, its associates and the Initial Portfolio Assets; (ii) the Sponsor (in its capacity as Sponsor and Project Manager), the Investment Manager and each of their associates; and (iii) the Trustee has been disclosed.

In respect of the Sponsor and its associates, all outstanding civil cases, litigations, claims and matters which involve an amount exceeding ₹ 1 million or 1% of the net-worth of the Sponsor (based on the unaudited financials of the Sponsor) as on March 31, 2022, whichever is less have been considered material. Additionally, all outstanding cases where an adverse outcome would materially and adversely affect the business, operations, prospects or reputation of the Sponsor, irrespective of the amount involved, have been considered material. In respect of the Investment Manager and its associates, all outstanding civil cases, litigations, claims and matters which involve an amount exceeding ₹ 1,000 million or 1% of the net-worth of the Investment Manager, as on March 31, 2022, whichever is less, have been considered material. Additionally, all outstanding cases which are nor quantifiable but where an adverse outcome would materially and adversely affect the business of the Investment Manager, have been considered material.

In respect of the Trustee, all outstanding civil matters which involve an amount equal to or exceeding ₹ 11.61 million (being 5% of the total consolidated income for the financial year ended March 31, 2022) have been considered material.

In relation to the the Anzen Trust, its associates (apart from entities which are associates of the Sponsor and Investment Manager) and the Initial Portfolio Assets, all outstanding civil cases which involve an amount equivalent to or exceeding 5% of the total combined income of the Anzen Trust and the Initial Portfolio Assets for the financial year ended March 31, 2022, being approximately ₹ 115.10 million have been considered material. Further, all outstanding matters that may have a material impact on each of the InvIT or the Initial Portfolio Assets in terms of its business, operations, financial position, prospects or reputation, have been considered material for the purposes of disclosure in this section.

I. Litigation involving the Anzen Trust and its Associates.

A. DMTCL

Regulatory matters

1. The CERC impleaded DMTCL as a respondent in Petition dated October 6, 2016 ("**Petition I**"), filed by PGCIL, for approval of DOCO of Asset as at August 31, 2016 and determination of transmission tariff for 02 no. 400 kV PGCIL line bays at Muzaffarpur sub-station for termination of Muzaffarpur (PG) – Darbhanga (TBCB) 400 kV D/C (triple snowbird) line under the Eastern Region System Strengthening Scheme – VI ("**ERSS-VI**"). CERC, by way of its order dated September 1, 2017, disposed of Petition I and observed that interest during construction ("IDC") and incidental expenditure during construction ("**IEDC**") for the period starting from August 31, 2016 until April 21, 2017 would be borne by DMTCL, which was thereafter duly paid by DMTCL as the instant assets were not put into use due to non-commissioning of the associated transmission line by DMTCL.

   Subsequently, DMTCL filed petition dated October 26, 2017 ("**Petition II**"), before the CERC against Bihar State Power Transmission Co. Ltd, amongst others, for seeking extension of the scheduled commercial operation date ("**SCOD**") and compensation for force majeure and change in law events which impacted the ERSS-VI as per the scope of work specified in the transmission services agreement ("**TSA**") dated August 6, 2013 ("**Project**"), and for the grant of an increase in transmission charges to offset the cost of ₹ 217.50 million incurred on account of additional IDC, among other things. CERC, by way of its order dated March 29, 2019, allowed DMTCL to recover expenditure incurred on account of change of law i.e. obtaining forest clearance, extension of SCOD on account of force majeure, and increase in taxes and duties. However, CERC disallowed recovery of IDC and IEDC beyond scheduled COD till actual COD, additional expenditure in terms of order dated September 1, 2017 and work affected due to increase in number of power lines. ("**Impugned Order I** "). Thereafter, a review petition dated April 23, 2019 was filed by DMTCL in relation to review of the Impugned Order I. CERC by way of its review order dated January 13, 2020 held that as per the TSA, in case of any extension from the SCOD, the applicable transmission charges of an element would be from the of the contract year in which the commercial operation date has occurred. CERC accordingly rejected DMTCL's review

petition.("**Review Order**").

Thereafter, DMTCL filed an appeal dated June 20, 2020 ("**Appeal I**") before the Appellate Tribunal for Electricity at New Delhi, against the Review Order, wherein DMTCL challenged, amongst others, (i) the Impugned Order I, claims in relation to IDC and IEDC, grant of relief for compensation due to delay in SCOD and loss of tariff along with seeking grant of consequential interest on account of change of law and force majeure events.

Subsequently, the Hon'ble Tribunal in relation to Appeal I, passed order dated December 3, 2021 and held that, (i) DMTCL would be entitled to be fully compensated for the IDC and IEDC incurred on account of the change in law and force majeure events, (ii) DMTCL would be compensated for the actual change in the length of the transmission lines, (iii) tariff would be levied only for services provided, and not on account of force majeure or change in law events. Thus, no compensation was granted to DMTCL in case of delay of commissioning of transmission system. (iv) DMTCL would be allowed to recover amounts paid to PGCIL along with interest pursuant to order dated September 1, 2017, and (v) compensation for increased number of power lines crossings would be paid, amongst other things, and directed the matter back to CERC for passing appropriate orders. Subsequently, CERC pursuant to a record of process in relation to Petition II directed DMTL to submit details of the IDC and IEDC from scheduled COD to actual COD, the additional costs on account of increase in number of power line crossings and ground improvement work along with. DMTCL submitted relevant details on February 25, 2022 and submitted details in relation to ₹ 696 million incurred towards IDC and IEDC along with consequential carrying costs, ₹ 31.50 million towards change in length of transmission lines, ₹ 18.40 million on account of increase in number of power line crossing along with carrying costs, along with additional expenditure of approximately ₹ 73.20 million along with carrying costs, amongst other things.

Accordingly, CERC through order dated May 13, 2022 ("**Impugned Order II**") allowed DMTCL's claims, however, the claims in relation to consequential carrying costs were disallowed. Consequently, DMTCL filed an appeal dated June 24, 2022 ("**Appeal II**") challenging the Impugned Order II seeking the payment of consequential carrying costs in relation to IDC/IEDC and other costs allowed. The matter is currently pending.

B. NRSS

Regulatory matters

1. Power Grid Corporation of India Ltd ("**PGCIL**") has filed a petition before the CERC dated December 9, 2016 ("**Petition I**") against NRSS, amongst others, for determination of transmission tariff under CERC (Terms and conditions of Tariff) Regulations, 2014 from COD to March 31, 2019 for its transmission assets claiming transmission charges on account of delay in commissioning of the transmission lines by NRSS.

   Subsequently, NRSS filed a petition dated August 28, 2017, ("**Petition II**"), before the CERC seeking extension of the scheduled commercial operation date and increase in transmission charges, in relation to the transmission system being compensation for certain force majeure and change in law events which impacted the "Northern Region System Strengthening Scheme – XXXI (B)" as specified in the transmission services agreement dated January 2, 2014 entered into between NRSS and certain long term transmission customers. Simultaneously, CERC, vide order dated November 30, 2017 ("**Impugned Order I**") allowed PGCIL's claim under Petition I and held NRSS liable for the payment of IDC and IEDC on account of delay by NRSS in commissioning the NRSS project.

   However, CERC, by way of its order dated March 29, 2019 ("**Impugned Order II**") disposed of Petition II and allowed certain force majeure and change in law claims of NRSS along with extending the SCOD to the actual COD. However, the Impugned Order II disallowed NRSS claims in relation to consequential relief of ₹ 238 million on account of the IDC and IEDC as a direct consequence of the force majeure events, ₹ 68.80 million on account of gantry coordinates and subsequent change in connection arrangement and restitution for loss of first year tariffs to the extent of ₹ 586.80 million

   Subsequently, NRSS filed an appeal dated August 9, 2019 before the Appellate Tribunal for Electricity at New Delhi, challenging the Impugned Order I on the ground that CERC had incorrectly held NRSS liable for the payment of IDC and IEDC and had not provided any reasons for the same. Consequently, the Hon'ble Tribunal vide order dated September 14, 2020, set Impugned Order I aside, held that NRSS cannot be held liable to pay IDC and IEDC on account of delay in commissioning of PGCIL's transmission assets and remanded the matter back to CERC ("**Remand Order I**").

   NRSS also filed an appeal dated March 19, 2020 before the Appellate Tribunal for Electricity at New Delhi, challenging Impugned Order II on the grounds that despite certain events in change in law and force majeure, CERC disallowed direct consequential relied i.e. IDC and IEDC. Accordingly, the Hon'ble Tribunal vide order dated December 13, 2021 held that NRSS was liable to be fully compensated for the IDC and IEDC incurred on account of change in law and force majeure events, allowed compensation in relation to the gantry coordinates, amongst other things and remanded the matter back to CERC. ("**Remand Order II**"). The CERC however, vide order dated May 11, 2022 in relation to

clarification application filed by NRSS upheld Remand Order II, however, disallowing NRSS's claim for consequential carrying costs in relation to allowed IDC/IEDC and other claims. Consequently, NRSS filed an appeal dated June 24, 2022 ("**Appeal I**") challenging order dated May 11, 2022 and seeking compensation in relation to the carrying costs for the allowed IDC/IEDC and other claims.

Further, the CERC vide order dated April 26, 2022 ("**Impugned Order III**") in Petition I fastening the liability for payment of the IDC and IEDC on NRSS for PGCIL, contrary to the finding of the Hon'ble Tribunal in the Remand Order. Accordingly, NRSS filed appeal dated June 10, 2022 ("**Appeal II**") challenging Impugned Order III and seeking a declaration from the Hon'ble Tribunal to hold NRSS not liable for the payment of IDC and IEDC for PGCIL's transmission assets.

Both, Appeal I and Appeal II are currently pending.

2. Central Transmission Utility (Power Grid Corporation of India Ltd.) ("**CTU**" or "**Petitioner**") has filed a petition before CERC dated March 19, 2021 against NRSS ("**Respondent**") under section 79(1)(f) of the Electricity Act, 2003 read with Regulation 111 of the Central Electricity Regulation Commission (Conduct of Business) Regulations, 1999 wherein CTU is seeking directions for laying the optical ground wire (OPGW) on the NRSS XXXI (B) Tr. Ltd. 400kV Kurukshetra-Malerkotla transmission line established under the Northern Region System strengthening scheme XXXI(B), later on at the direction of CERC, CTU also made respondent to all transmission licensees in this matter. Subsequently, CERC through record of proceedings dated March 10, 2022, directed CTU to furnish a list of transmission assets along with transmission licensee's names wherein this replacement of earthwire is planned with OPGW and the key issues being raised by asset owner . CTU vide affidavit dated March 29, 2022 confirmed to CERC that as per communication received form Powergrid, PGCIL has no objection if laying of OPGW would be undertaken by NRSS at its own. The matter is currently pending.

3. Power Grid Corporation of India Ltd ("**PGCIL**") filed petition dated January 22, 2018 before the CERC against NRSS for determination of tariff for 400 kV Malerkotla bays at 400/220 kV GIS Substation at Kurukshetra under 'provision of 400 kV bays for lines under NRSS in northern region for the Financial year 2014-2019 tariff period due to an alleged delay by NRSS in achieving commercial operation date for the asset. Pursuant to the petition, NRSS filed reply affidavit dated June 1, 2018 and affidavit May 31, 2019 dated stating that CERC follow the same approach as taken in previous petitions and not hold NRSS liable to compensate PGCIL for delay due to force majeure events. The CERC vide order dated January 7, 2020 ("**Impugned Order**") determined the transmission tariff from the anticipated commercial operation date to March 31, 2019 and allowed PGCIL to recover transmission charges of asset mismatching period of Kurukshetra bays and further directed that the transmission charges be paid from December 1, 2016 till the commercial operation date as well. Subsequently, NRSS filed appeal dated February 24, 2020 challenging the Impugned Order. The matter is currently pending at APTEL.

4. NRSS has, on July 6, 2022, received a letter dated June 28, 2022 from the Serious Fraud Investigation Office, Ministry of Corporate Affairs ("**SFIO**") requesting for certain information in relation to its investigation into the affairs of Jyoti Structures Limited and 12 other companies under Section 212 of the Companies Act, 2013. NRSS has responded to the notice by way of letter dated July 7, 2022 requesting for time for providing the requested information. The mater is currently pending.

5. Litigation involving the Sponsor and Project Manager and its Associates

1. Solaire Surya Urja Private Limited ("**SSUPL**") filed a petition dated July 11, 2019, before CERC under Section 79 of the Electricity Act, 2003, seeking (i) extension of the scheduled commercial operation date ("**SCOD**") for two 70 MW solar power projects; and (ii) refund of ₹ 70.6 million which was collected by NTPC Limited purportedly as liquidated damages for delay in commencement of supply of power, along with consequential carrying costs.

CERC by way of its order dated August 4, 2021, disposed of the petition and rejected the claims of SSUPL for the refund of liquidated damages ("**Impugned Order**"). Subsequently, SSUPL filed an appeal dated September 28, 2021 before APTEL, challenging the Impugned Order. The claim of this matter has been assigned to the erstwhile seller. The matter is currently pending.

2. Solairepro Urja Private Limited ("**SUPL**") filed a petition dated July 28, 2020, before Central Electricity Regulatory Commission ("**CERC**"), seeking (i) direction to State Load Dispatch Centre to implement the must-run station accorded to SUPL's Solar Project and (ii) compensation of ₹ 99.16 million for the unlawful and arbitrary curtailment of generation of power from SUPL's Solar Project. In another similar matter of Prayatna Power Limited, Andhra Pradesh State Load Despatch Centre ("**APSLDC**"), along with others, approached the High Court of Andhra Pradesh, where an interim stay order, dated December 1, 2021, was granted for all such further proceedings ("**Prayatna Developers' case**").

APSLDC has filed an affidavit dated February 2, 2022 before CERC to bring on record the interim stay order dated December 1, 2021, granted by High Court of Andhra Pradesh. Subsequently, APSLDC has impleaded that the

proceeding of the current CERC case should not continue as the case is on the same subject matter as the Prayatna Developers' case. The claim of this matter has been assigned to the erstwhile seller. The matter is currently pending.

3. Solairepro Urja Private Limited (**"SPUPL"**) filed a petition dated June 14, 2019, before CERC, under section 79 of the Electricity Act, 2003, seeking relief on account of amendments imposed on safeguard duty through notification no. 01/2018 customs (SG) dated July 30, 2018, issued by the Department of Revenue, Ministry of Finance, GoI. CERC through order dated February 5, 2020, disposed off the matter by allowing SPUPL to claim the safeguard duty under the said notification and directed NTPC Limited to pay the compensation amount to SPUPL by claiming the same with Southern Power Distribution Company of Andhra Pradesh Limited And Eastern Power Distribution Company of Andhra Pradesh Limited.

   Further, Southern Power Distribution Company of Andhra Pradesh Limited And Eastern Power Distribution Company of Andhra Pradesh Limited filed a writ petition dated February 26, 2020, before the High Court of Andhra Pradesh, challenging the CERC Order dated February 5, 2020 in relation to the SPUPL's claim of safeguard duty. Accordingly, the High Court of Andhra Pradesh granted a stay order on all further proceedings pursuant to CERC order dated February 5, 2020.The High Court of Andhra Pradesh, through its order dated January 5, 2021, further extended the stay order. Subsequently, SPUPL filed an early disposal application dated October 12, 2020 before the High Court of Andhra Pradesh, to expedite the disposal procedure. Further, a special leave petition was also registered with the Supreme Court of India in relation to the same. On April 7, 2022, the High Court of Andhra Pradesh communicated that the matter can be assigned for a fixed period. The claim of this matter has been assigned to the erstwhile seller. The matter is currently pending.

4. Ujjvalatejas Solaire Urja Private Limited ("**USUPL**"), Nirjara Solaire Urja Private Limited ("**NSUPL**") and Suprasanna Solaire Energy Private Limited ("**SSEPL**") filed a petition dated May 27, 2022 before the Telangana State Electricity Regulatory Commission ("**TSERC**") against Northern/ Southern Power Distribution Company of Telangana Limited. & Ors. ("**PPA Offtakers**") for recovery of outstanding energy invoice amounts of ₹ 1,000.95 million, along with applicable late payment surcharge. Notices were issued to PPA Offtakers to file their replies. The matter is currently pending.

5. Solairepro Urja Private Limited ("**SPUPL**") filed a writ petition dated July 31, 2020 before the High Court of Andhra Pradesh challenging the ultra vires nature of the impugned notification no.8/2017-integrated tax (rate) dated June 28, 2017 and notification no.10/2017-integrated tax (rate) dated June 28, 2017 issued by the Union of India on the recommendation of Goods and Service Tax Council. The impugned notifications lack legislative competency and is ultra vires to the Integrated Goods and Service Tax Act, 2017("**IGST Act**"). SPUPL imported modules from Jinko Solar Technology Limited under the supply contract dated September 14, 2018. The integrated goods and service tax was paid on ocean freight for the period ranging from December 2018 to April 2019.

   The Supreme Court in its order dated May 19, 2022 held that Goods and Services Tax ("**GST**") imposed on ocean freight for Cost, Insurance and Freight ("**CIF**") imports will not be levied on importer under reverse charge mechanism. Subsequently, it was confirmed that any amount collected from CIF importers towards ocean freight services lacks legal sanction and thus were collected in violation of Article 265 of the Constitution. The claim of this matter has been assigned to the erstwhile seller. The writ petition filed by SPUPL dated July 31, 2020, is currently pending.

6. Sekura Roads Private Limited ("**SRPL**") has filed a commercial suit dated September 27, 2021 before the High Court of Bombay seeking certain reliefs in its disputes with IL&FS Transportation Networks Limited ("**ITNL**"), Infrastructure Leasing and Financial Services Limited ("**IL&FS**") and Jorabat Shillong Expressway Limited ("**JSEL**"). Amongst other reliefs, SRPL requested the Hon'ble High Court to declare that the Share Purchase Agreement dated December 10, 2020 ("**SPA**") executed between SRPL, IL&FS, ITNL and JSEL for the sale of ITNL's shareholding in JSEL to SRPL had not lapsed and continued to remain valid, binding and subsisting.

   On October 13, 2021, the High Court of Bombay passed an injunction order, restraining IL&FS/ ITNL/ JSEL from in any manner disposing of or encumbering or transferring or, alienating or creating any third-party right or interest in the shares, assets and properties of JSEL, except in performance of the SPA in favour of SRPL. The High Court clarified that the said injunction would continue pending the disposal of IL&FS's application to the National Company Law Tribunal, Mumbai (NCLT) in terms of the SPA and for one week thereafter.

   Against the order dated October 13, 2021, IL&FS filed an appeal (Commercial Appeal (L) No. 25664 of 2021) before the Hon'ble High Court of Bombay. On November 22, 2021, the Hon'ble High Court of Bombay was pleased to admit the appeal. However, the Hon'ble High Court did not stay the operation of the order dated October 13, 2021. The said appeal is presently pending and is likely to be taken up for hearing by the Hon'ble High Court in due course.

6. Litigation involving the Investment Manager and its Associates

A. <u>Edelweiss Broking Limited ("EBL")</u>

Civil Litigation (Against EBL)

1. EBL and ECL Finance Limited ("**ECL Finance**") have been served with writ petition bearing (stamp) no. 6589 of 2021 along with summons filed by Yes Bank AT1 Bondholders Associations (398 bondholders) before the High Court of Bombay against RBI and 15 others including Union of India through Secretary, Ministry of Finance, SEBI, Yes Bank, CDSL, BSE, amongst other things, seeking to quash and set aside the impugned letters dated March 14, 2020 and March 17, 2020 of Yes Bank as it pertains to write off of Yes Bank AT1 Bonds holding of the individual retail investor and made a claim of ₹ 1,600 million against Yes Bank. EBL and ECL Finance, have also been made a party as respondents. Petitioner also filed an application for interim relief against ECL Finance and EBL, amongst other things, for orders against the directors and promoters of EBL and ECL Finance not to leave India, during the pendency of the proceeding. The matter is currently pending.

2. Jayant Kantilal Sanghvi, a client of EBL filed an arbitration application bearing No. NSEVAD/0005702/21-21/ARB for allegedly carrying out unilateral unauthorised trades in futures segment dated March 13, 2020 and made a claim of ₹ 95.67 million before NSE, Vadodara, vide application dated April 30, 2021. EBL received proceeding along with intimation of arbitration on June 2, 2021. Further, EBL filed its statement of defence dated July 8, 2021. After hearing on July 30, 2021 and August 9, 2021, written arguments were filed by both the parties on August 12, 2021. An award stating a claim of sum of ₹ 95.67 million along with interest of 9% per annum was passed in favour of the applicant vide order dated August 18, 2021 ("**Order**"). Challenging the Order, EBL filed an appeal before the NSE, Ahmedabad on October 14, 2021. On January 31, 2022 the matter was argued by both the parties. As per the directive given by arbitrators panel, EBL has submitted the written arguments dated February 14, 2022. An award dated March 30, 2022 was passed in favour of Jayant Kantilal Sanghvi. EBL has filed an appeal dated June 24, 2022 under section 34 of the Arbitration and Conciliation Act challenging the award dated March 30, 2022. EBL has also filed an interim application seeking a stay on the impugned award and such other reliefs as the court may deem fit and proper. The matter is currently pending.

Criminal Litigation

By EBL

1. EBL has filed a criminal writ petition ("**Petition**") against State of Maharashtra and BKC police station before the High Court of Bombay praying that Central Bureau of Investigation or any other investigating agency be directed to investigate the offence committed by Pranav Patki under the provisions of IPC. The matter is currently pending.

2. EBL has filed a criminal complaint dated March 2, 2016 ("**Complaint**") with the Gandhi Nagar Police Station, Jammu against AEN Collective Market Management Private Limited and its directors (collectively, the "**Accused**") under the applicable criminal laws of the State of Jammu and Kashmir and the Trademarks Act, 1999 restraining the Accused from posing as the complainant's franchise and conducting fraudulent transactions. Subsequently, EBL filed an application under the applicable Criminal Procedure Code of the State of Jammu and Kashmir ("**Application**") before the Chief Judicial Magistrate, Jammu ("**Court**") for investigation of the Complaint. The Court *vide* its order dated April 26, 2016, issued a direction to the Gandhi Nagar Police Station, Jammu to register a first information report and commence investigation. Additionally, EBL filed a complaint dated October 20, 2016 with the cyber-crime cell against the Accused for violating of sections 66A and 66D of the IT Act by fraudulently and dishonestly using electronic email media by creating fabricated email id 'edelweissfal@gmail.com' online uploaded on cyber cell website (on-line) to mislead the public at large by using EBL's registered logo. The matter is currently pending and A.K. Dewani *vide* his letter dated November 17, 2016 has raised a complaint with the RBI against EBL demanding that the value of bonds invested in pursuance of the fraud committed by the Accused be refunded to him stating that the Accused is related to EBL. A copy of this letter has also been sent to the RBI and the RBI has forwarded the letter to EBL advising them to resolve the complaint amicably within ten days. A.K. Dewani has through an undated letter highlighted that the total amount of fake bonds issued by Accused is ₹ 2.33 million. Thereafter, EBL denied any involvement of itself. The matter is currently pending.

3. EBL has filed a criminal complaint dated December 14, 2021 before Station House Officer, Desh Bandhu Gupta Road, Pahar Ganj, New Delhi against its ex-employee, Ishan Pundit, and other unknown persons for he is having engaged in illicit activities of unauthorised trading in clients account thereby causing a loss of about ₹ 1.24 million. The investigation is pending.

4. EBL has filed criminal cases under section 138 of the Negotiable Instrument Act, 1881, against our clients for dishonor of cheques towards trading account dues, which are currently pending before the Magistrate Court.

Against EBL

1. Rajat Tyagi ("**Complainant**") has filed a complaint and lodged FIR on February 22, 2020 ("**FIR**") under section 406 of IPC with the Kotwali police station, Bijnor, Uttar Pradesh against Mohit Singhal, advisor of EBL. The authorized

Complainant alleged unauthorised share transactions to an amount of ₹ 0.25 million. By its email dated May 14, 2021, EBL filed its reply dated May 11, 2021 alongwith relevant recordings and transcripts with Investigating Officer ("**IO**") against the undated letter of the Complainant for re-investigation of case. No further information has been sought by IO.

2. Manish Varshney ("**Complainant**") filed a first information report dated March 28, 2012 ("**FIR**") against Anagram Capital Limited (now amalgamated with EBL) and its employees Manoj Tomar and Manoj Gupta (collectively, the "**Accused**") under sections 406, 417 and 506 of IPC for alleged fraudulent trading using the Complainant's trading account. Subsequently, Manoj Gupta filed a criminal petition under Article 226 of the Constitution of India, 1949 before the High Court of Judicature at Allahabad ("**Court**"), seeking a stay order and directions to quash the FIR. The Court granted a stay and directed the police to submit a police report under section 173(2) of the CrPC. The matter is currently pending.

3. Amarjeet Arora filed a complaint before Economic Offence Wing, Ludhiana for alleging wrong transactions carried out in his account. EBL received a notice from Economic Offences Wing asking to produce documents from account opening date, which were furnished in first week of May 2013. During personal visit to Ludhiana on May 14, 2013 by EBL's representative, Investigating Officer directed EBL to produce more documents in respect of trades executed from March 2012 till April 2013 along with voice recording. Statement has been recorded by investigating officer on July 26, 2013, and relevant documents have been taken on record. Final hearing took place on September 13, 2013 before the investigating officer for closure of complaint. The matter is currently pending.

4. A first information report dated December 5, 2013 was filed by Gaurang Doshi ("**Complainant**") against one Mehul Kantilal Vala, ex-employee of the Complainant under section 154 of the CrPC for violation of sections 408, 418, 381 and 506(2) of IPC with Ellisbridge Police Station at Ahmedabad, for alleged theft of the physical share certificates of different companies, challan of the banks and cash of ₹ 0.03 million aggregating to value of ₹4 million, pursuant to which EBL received a notice dated December 11, 2013 from Ellisbridge Police Station at Ahmedabad, amongst other things, requesting to produce relevant documents pertaining to delivery instruction slips ("**DIS**") lodged by Mehul Kantilal Vala along with relevant share certificates as well as demat account statement of the Complainant, which has been provided by EBL *vide* its letter dated December 13, 2013 and December 23, 2013. The erstwhile company official Rakesh Kori of Ahmedabad office recorded his statement on behalf of the company. The matter is currently pending.

5. Baburajan Pillai, a client of EBL, filed a police complaint before S Roopesh Raj, PSI, Anjalummoodu, Kollam Police station under sections 408, 418, 468 and 420 of IPC for unauthorised trading in his account. His complaint is that one of EBL's officials took 300 Bank of India share certificates from the client and carried out unauthorized trading in his account. All the shares were sold at loss. Branch officials have visited the police station from time to time and have filed requisite documents. Thereafter, a notice dated January 7, 2016, was sent by the police, under section 91 of CrPC directing EBL to provide the relevant documents, which have been duly submitted. The matter is currently pending.

6. H. R. Verma ("**Complainant**") filed a criminal complaint ("**Complaint**") before the Judicial Magistrate First Class, Bhopal ("**Judicial Magistrate**") under sections 406, 420, 467, 468, 471 and 120B of IPC against Sanjay Kumar, Asha Batham, Anita Gupta and Edelweiss Financial Advisory Limited (now amalgamated with EBL) (collectively, the "**Accused**") for fraudulent transfer of shares of 4,000 shares of Reliance Industries Limited from their designated accounts. The Judicial Magistrate dismissed the Complaint *vide* an order dated March 16, 2015 ("**Order**"). Subsequently, the Complainant filed a criminal revision petition under section 397 of the CrPC before the District and Sessions Court, Bhopal ("**Court**") against the Order of the Judicial Magistrate. The Court heard the matter and directed the Judicial Magistrate to conduct further investigations *vide* an order dated December 22, 2015. The matter is stayed and currently pending.

7. George Ommen ("**Complainant**") filed a criminal case dated July 10, 2008 ("**Criminal Case**") before the Chief Judicial Magistrate Court at Ernakulum ("**Court**") against Anagram Securities Limited (now amalgamated with EBL) and its employees, alleging criminal breach of trust and misappropriation of the Complainant's money by conducting unauthorised trades leading to a loss of ₹0.03 million under sections 406, 409 and 34 of the IPC. Subsequently, the Complainant moved an application dated December 24, 2014 ("**Application Order**") before the Court to implead Rashesh Shah as one of the co–accused in the Criminal Case, subsequent to the amalgamation of Anagram Securities Limited with EBL. Pursuant to an order dated July 7, 2015 ("**Order**"), the Court allowed the application for impleading Rashesh Shah as one of the co-accused in the Criminal Case. Pursuant to a criminal miscellaneous application, Rashesh Shah applied to stay the Order and all further proceedings in the Criminal Case. EBL filed a quashing petition at High Court against the order and criminal complaint. The High Court of Kerala subsequently stayed the Order. On November 25, 2015 a stay order passed in the criminal miscellaneous application by High Court of Kerala (Ernakulum) was produced before the Metropolitan Magistrate Court. By an order dated January 10, 2018, the High Court of Kerala has set aside the Order dated July 7, 2015 passed by the Magistrate Court, Ernakulum to implead Rashesh Shah as party respondent as in the finding the High Court concluded that the procedure adopted by the Metropolitan Magistrate Court to implead Rashesh Shah per se is illegal. On February 15, 2019, George Ommen filed another petition to implead Rashesh Shah as an accused and the same has been dismissed by the Court. Complainant thereafter, on May 27, 2019

filed fresh petition before Chief Judicial Magistrate, Kochi for substitution of Anagram Securities Limited to Edelweiss Financial Services Limited. On August 31, 2019, EBL filed its objection to the fresh petition. The matter is currently pending.

8. On December 11, 2020, EBL received a notice under section 54 of PMLA from Directorate of Enforcement, Government of India, Jaipur ("**ED**") in respect of investigation against clients, M/s. Bhavishya Credit Cooperative Society and 11 others, amongst other things, requesting to provide details of shareholding with present value. ED also directed not to allow any further sale/ transfer transaction in the account of said clients without NOC from ED. EBL vide its email dated December 21, 2020 requested ED to provide certain additional information in order to comply with the said notice. The matter is currently pending.

9. Malvika Saluja and Jyotika Saluja both of Bhubhneshwar, investors in Edelweiss Multi Strategy Fund Management Private Limited **("EMSFMPL")** filed two separate criminal complaints both dated February 3, 2021 with Laxminagar Police Station, Bhubhneshwar against employees of EBL, namely, Debasis Nayak, Dipankar Datta and Raja Ram, amongst other things, alleging forgery in respect of documents submitted with EMSFMPL for investment in Hexogen Product. On February 9, 2021, EBL's officials received telephonic directions from Laxminagar Police Station to provide details and documents relating to the said investments in the matter. EBL's official Debasis Nayak appeared before the investigating officer alongwith his advocate on March 3, 2021 and recorded his statement. Thereafter, no further case has been registered before Laxmi Sagar Police Station, Bhubaneshwar.

10. Mr. Bhopalam filed a criminal complaint against Dinesh Kumar G and Niraj R. Sharma, officials of EBL, with Thousand Lights Police Station, Chennai – 6, amongst other things, raising concerns about his investment of ₹1.50 million made in crossover fund series II offered by Edelweiss Asset Management Limited. Based on telephonic call received from police station, both the officials attended police station on August 3, 2021, and denied all alleged concerns raised by the client. On June 15, 2022, said Dinesh Kumar and Niraj R Sharma had attended the police station as per the call received from the said police. The matter is currently pending.

11. EBL has been served with notice dated September 9, 2021 issued by the office of the Assistant Commissioner of Police, Section V: Economic Offences Wing, Mandir Marg, New Delhi against EBL's senior branch manager for the branch at Karol Bagh, Delhi under Section 91 of CrPC, amongst other things, informing that the investigation is being conducted in case FIR No. 5 of 2021 registered under sections 420, 467, 468, 471 read with sections 34 and 120B of IPC against EBL and others and directed to appear alongwith documents and details pertaining to D H Limited (Client) such as account opening forms for trading and demat with all supporting, ledgers, brokerage and other charges details etc. EBL, vide its letter dated September 15, 2021 responded to the notice, and submitted all required documents and information before investigating officer. The investigation is pending.

12. Smt. Iti**,** a client of Edelweiss Financial Advisors Limited ("**EFAL**") (now amalgamated with EBL), filed a first information report on June 30, 2012 ("**FIR**"), before Hari Parvat, Janpad Police Station, Agra ("**Station**") against Saurabh Jain, Richa Jain and Mahendra Jain (collectively "**Accused**"), under sections 420, 467, 468, 471 read with section 120B of the IPC and sections 66, 66C and 66D of the IT Act, for alleged unauthorised trading by modifying her trading account and password with EBL. The total amount claimed by Smt. Iti is ₹ 13.8 million. Thereafter, notices were received by three of the directors of Edelweiss Financial Services Limited **("Directors")** from the police station and was followed by a supplemental charge sheet of the police station filed with the Chief Judicial Magistrate, Agra ("**CJM, Agra**"). In response, a quashing petition under section 482 of CrPC was filed by the Directors in the Allahabad High Court ("**AHC**") which stayed the proceedings before the CJM, Agra. Similarly, a supplemental charge sheet was also filed by the police station against employees and directors of EBL including Prashant Mody with the CJM, Agra. This was also stayed by the AHC pursuant to a Section 482 application. Further, in August 2019, the AHC clubbed the above section 482 applications. The matter is currently pending.

13. EBL received two notices both dated July 7, 2021, issued by Senior Inspector of Police, District Investigation Unit, Chanakya Puri Police Station, New Delhi under section 91 and 160 of CrPC, informing that the investigation is being conducted in case FIR No. 5 of 2021 and FIR No. 6 of 2021, both registered under sections 420, 467, 468, 471 read with sections 34 and 120B of IPC, based on the complaints of Shri Jagrit Sahni and Shri Gurmanak Sahni respectively **("Complainants")** against one Rajesh Ambwani (no relation with Edelweiss) and Ms. Saloni Singh (represented herself as relationship manager of EBL) for having induced the Complainants with dishonest intention to invest a sum of ₹ 6 million and ₹ 2.5 million respectively and caused the loss for the same. EBL furnished the required details and documents vide its letter dated July 12, 2021 and July 26, 2021. The investigation is pending.

14. Chayya Jitendra Mohite, a client of EBL has filed a criminal writ petition being No. 225 of 2020 ("**Petitioner**") before High Court of Mumbai against senior police officer, Vakola Police Station, Mumbai and State of Maharashtra, (the "**Respondents**"), amongst other things, praying for an order directing Respondent to register FIR on the Petitioner's complaint dated June 25, 2020 filed with Respondent against EBL, ECL Finance and S. R. Batliboi and Company LLP and thereafter transfer the same to Economics Offences Wing ("**EOW**") or Central Bureau of Investigation ("**CBI**") for further investigation. Petitioner, amongst other things, alleged the opening of his and his family members loan account/s

with ECL Finance without knowledge and consent. On January 20, 2021, EBL and ECL Finance appeared before the Hon'ble Court as intervener, when Hon'ble Court allowed the Petitioner to amend the petition and served the copies thereof upon all the Respondents and interveners. The petition is pending for hearing.

15. Mr. Paras H. Shah and Mrs. Joyti H Shah filed a special criminal application bearing no. 923 of 2022 before the High Court of Gujarat against i) Bombay Stock Exchange, ii) superintendent of police (SP), Bhavnagar iii) Edelweiss Financial Advisors Limited (now Edelweiss Broking Limited), iv) Shree Naman Securities and Finance Private Limited, and v) State of Gujarat, (collectively the **"Respondents**") seeking for an order to release of amount of about ₹ 1.72 million alongwith interest withheld by the Respondent No. 1 in pursuance to letter dated June 29, 2012 of Asst. Commissioner of Police, Economic Offences Wing, Mumbai and for declaration that the Respondent No. 2 have no jurisdiction to investigate the transaction in relation to the trades carried out on the stock exchange in shares of Dinesh Allogra Limited on June 28, 2012 for offences under Securities (Contract) Regulations Act, 1956 and other reliefs claimed therein. There are no allegations or claim against EBL. The petition is pending for hearing.

16. Rajiv Kumar Saxena ("**Complainant**") has filed a criminal complaint against EBL and one of our employees for commission of criminal breach of trust, cheating and forgery at the CR Park Police Station, New Delhi. The complainant has alleged that he had paid a total of ₹ 2.5 million to EBL by way of cheques for the purpose of investment in two schemes, wherein he was promised a return of 2% per month on the investment of ₹ 1 million, while the remaining ₹1.5 million was kept with Edelweiss Crossover Opportunities Fund and was to be invested in the NSE IPO. The Complainant has not received any returns nor a copy of the agreement. The matter is currently pending.

(iii) Regulatory proceedings against EBL

1. SEBI had issued notice under Regulation 25 of the SEBI (Intermediaries) Regulations, 2008 dated October 4, 2018 in the matter of Economic Offence Wing Investigation relating to investigation into alleged fraud involving physical shares and demat accounts. In the notice it is alleged that there was lack of due skill, care, diligence, professionalism and efficiency by EBL while dealing with Yatin Parekh, client of EBL, named in the investigation report in the aforesaid matter. EBL had duly responded to the SEBI letter on October 25, 2018. SEBI vide its email dated February 18, 2022 had intimated about transfer of matter to new designated authority **("DA")** and scheduled for hearing before new DA. The matter is currently pending for hearing.

2. EBL has been served with summons issued by investigation authority **("IA"),** Securities and Exchange Board of India **("SEBI")** under section 11C (3) of the Securities and Exchange Board of India Act, 1992 in relation to the trading activities of EBL's client, Bhawarlal Ramnivas Jajoo in the script of Reliance Industries Limited for a period from March 1, 2020 to March 31, 2020. EBL vide its letter dated December 16, 2020 furnished the required information and data alongwith supporting documents and complied with the same. No further communication is received from IA. The investigation is pending.

3. National Stock Exchange of India Limited ("**NSE**") vide its email letter dated March 5, 2021, sought certain information relating to certain dealers and authorised person ("**AP**") who had transacted in the scrip of ZEE Entertainment Enterprises Limited ("**ZEEL**"). EBL vide its email dated March 6, 2021 provided the required information. Further, SEBI vide its order dated August 12, 2021 held that, Amit Bhanwarlal Jajoo, an authorized person of EBL, and Mr. Manish Jajoo, a dealer of EBL, along with other persons were actively involved in the placement and execution of transactions mentioned hereinabove. SEBI in the order also advised EBL to examine code of conduct and employment terms. It is pertinent to state that Mr. Manish Jajoo is not an employee of EBL, but an approved user of the AP. SEBI vide its confirmatory order dated February 18, 2022 had lifted the restrictions imposed on the entities vide interim order dated August 12, 2021 subject to the outcome of the appeal proceedings filed by SEBI against the order of SAT before the Hon'ble Supreme Court of India. The matter is currently pending.

4. On January 19, 2022 NSE issued a show cause notice to EBL ("**SCN**"), pursuant to an off-site inspection. The crux of the observation in the SCN was that on 23 dates during the period October 1, 2021 to December 17, 2021 the funds available in the client bank accounts of EBL together with balances available with clearing member and funds with clearing corporation were less than the funds payable (credit balances) to clients. NSE also observed certain instances wherein EBL had reported incorrect amounts under the head collaterals deposited with the clearing member.

5. EBL has submitted a detailed response to NSE on January 31, 2022 wherein it has demonstrated that, it was well capitalised and has maintained a networth of over ₹3,000 million and further, EBL demonstrated that it had sufficient balances in its own bank accounts, exchange dues accounts and borrowed credit lines from banks which were sufficient to meet any obligations due to client and such amounts were far in excess of the shortage as pointed out by NSE. EBL also mentioned that it had ensured from January 2022 that the balances available in the client bank accounts along with the cash collateral with clearing member and clearing corporation were sufficiently in excess of the credit balances due to clients. EBL also mentioned that it had not reported any incorrect amounts under the head collaterals deposited with clearing member and such discrepancy was on account of liquid mutual funds being included in the working.

B. Edelweiss Securities Limited ("ESL")

(i) Criminal Litigations

1. Sharad Jagtiani, a client of ESL, Edelweiss Securities Limited, filed an application dated November 11, 2008 under Section 156(3) of the CrPC before the Additional Chief Metropolitan Magistrate, Rohini Courts, Delhi ("**Court**") against directors and senior officer of ESL , alleging unauthorised trading in futures and options ("**F&O**") in Sharad Jagtiani's account and a loss of approximately ₹ 4.1 million to Sharad Jagtiani's son on account of cheating, breach of trust and conspiracy. A first information report dated January 16, 2009 ("**FIR**") was registered in Subhash Palace Police Station, Delhi, alleging loss of approximately ₹ 4.1 million in the stock market trade on account of cheating, breach of trust and conspiracy by the Sharad Jagtiani. The police proceeded to investigate the allegations and on October 11, 2010, a closure report ("**Report**") was filed by the investigating officer before the Court. The Report was challenged by Sharad Jagtiani by way of application under section 173 (8) of the CrPC. The matter is currently pending.

2. S & D Financials Private Limited ("**SDFL**"), a client of ESL, filed an application under Section 156(3) of the CrPC pursuant to which a first information report dated March 22, 2008 ("**FIR**") was registered under various sections of IPC against ESL and others. In the FIR, amongst other things, alleged unauthorised trading, criminal breach of trust and cheating in future and options transactions amounting to ₹ 8.48 million. ESL vide a letter dated September 8, 2008, denied all the allegation against it and, amongst other things, stated that (a) there are arbitration proceedings initiated by ESL against SDFL for non-payment of monies which are currently pending; and (b) there was a running account maintained between ESL and SDFL and only when SDFL suffered a loss in January 2008, it chose to file a criminal complaint on frivolous grounds to avoid payment of monies to ESL. The matter is currently pending.

C. Edelweiss Financial Services Limited ("EFSL")

(i) Civil proceedings filed by EFSL

1. ECL Finance along with Edelweiss Housing Finance Limited, Edelweiss Financial Services Limited, Edelweiss Retail Finance Limited, Edel Finance Company Limited, Edelweiss Finance and Investments Limited, Edelweiss Finvest Limited (now merged with Edel Finance Company Limited), Allium Finance Private Limited ("**Plaintiffs**") jointly filed a defamation suit against Moody's Corporation and others ("**Moody's**") before the High Court of Bombay ("**Court**"), as Moody's in their research report titled "nonbank financial institutions - India" and "economic slowdown worsened by coronavirus will exacerbate liquidity stress", published misleading information about Edelweiss' liquidity position on May 18, 2020. On July 23, 2020, the Court issued directions to Moody's to publish a clarification specifying that the error in the report dated May 18, 2020, pertaining to Edelweiss has been rectified and that report of May 18, 2020 should not be relied upon. The matter is currently pending.

(ii) Criminal proceedings filed by EFSL

1. EFSL *vide* its letter dated December 30, 2011 had filed a complaint under various sections of IPC, the IT Act, Trademark Act, 1999, and the Copyright Act, 1957 against Vaibhav Singh, Percept Profile, Harindra Singh, Shailendra Singh, Rajeev Mehrotra and unknown persons in relation to press release titled "*Edelweiss Asset Management Head Quits, to Start Own*", which was allegedly released by the aforesaid employees of Percept Profile on behalf of EFSL. EFSL also moved a criminal writ petition before Bombay High Court against the State of Maharashtra and others, praying, amongst other things, that the respondents or the Central Bureau of Investigation ("**CBI**") or any other agency be directed to register and investigate the aforesaid complaint dated December 30, 2011. The High Court of Bombay *vide* its order dated July 23, 2012, directed the police to register a first information report on August 6, 2012 ("**FIR**"). Subsequently, Harindra Singh and Shailendra Singh filed a Criminal Application before the High Court of Bombay praying, amongst other things, for quashing the FIR. Further, Rajeev Mehrotra filed a criminal application before High Court of Bombay, amongst other things, praying for declaration that investigation under FIR is null and void and for staying further proceedings in the FIR. The Court, *vide* its order dated December 3, 2012, directed that a 72 hours' advance notice has to be given prior to any arrest of any of the accused in the case, so that appropriate remedy can be sought. The matter is currently pending.

2. On June 13, 2020, EFSL filed a criminal complaint against LeapUp-Edutech Private Limited and its two directors ("**Accused**") for having committed offences under provisions of IPC, amongst other things, defamation, cheating, criminal breach of trust, hatching a criminal conspiracy along with mischief for publishing defamatory video against EFSL, on its private channel on YouTube. The video has been taken down by the Accused. The matter is currently pending.

3. EFSL has filed various criminal cases under section 138 of the Negotiable Instrument Act, 1881, against its clients for dishonor of cheques, which are currently pending before the Magistrate Court.

(iii) Civil proceedings filed against EFSL

1. EFSL has been served with provisional attachment order dated May 18, 2020 ("**PAO**") from the office of the Enforcement Directorate, Jalandhar, under various provisions of PMLA against the immovable properties and investments of Kuldeep Singh, Vikram Seth and others for allegedly siphoning off about ₹213.10 million from Bank of Baroda, Phagwara Branch. It is revealed from PAO that certain non-performing asset were taken over by our group entity, Edelweiss Asset Reconstruction Company Limited ("**EARC**") under assignment deed from State Bank of Patiala (now merged with State Bank of India) in its ordinary course of business. EFSL promoter has been served with show cause notice dated July 10, 2020 from the Adjudicating Authority, PMLA, New Delhi ("**Authority**"). EFSL has been served with show cause notice dated July 10, 2020 under Section 8 of PMLA amongst other things inquiring about source of income, earning or assets by means of which EFSL acquired attached property and directed to appear before the Adjudicating Authority, New Delhi along with supporting evidence/documents. On January 15, 2021, EFSL submitted its Application dated December 7, 2020 before Adjudicating Authority, PMLA and advanced submissions that it has been incorrectly arraigned in the present proceedings. EARC, also filed its reply dated November 2, 2020 before the Authority on merit to decline confirmation of PAO. Upon noting the submission of EFSL, the Adjudicating Authority adjourned the matter for final arguments. The Authority vide its order dated December 28, 2021 confirmed the PAO against the proprieties under provisions of the PMLA Act and ordered to continue pending investigation. Being aggrieved, EARC preferred an Appeal being no 4530 of 2022 before the Hon'ble Appellate Tribunal constituted under PMLA Act challenging said order and the same is pending for hearing. EFSL is considering further appropriate steps against the said order. The matter is currently pending.

(iv) Regulatory proceedings involving EFSL

1. EFSL (ought to have been ECL Finance Limited) has been served with a notice dated February 16, 2022 ("**Notice**") issued by Member Secretary, Micro and Small Enterprises Facilitation Council, MMR Region, Mumbai inter-alia informing that one M/s. Pagdandi Marketing Solutions Private Limited, the complainant has filed a petition on Samadhan Portal under Section 18(1) of Micro Small Medium Enterprises Development Act, 2006. The Complainant, being channel partner of ECL Finance Limited for sourcing equipment and mortgaged finance, alleged against ECL Finance Limited for non-payment of commission / invoice amounting to ₹ 2.36 million along with interest of ₹ 2.30 million aggregating to ₹ 4.66 million for processing of loan business. ECL Finance Limited is in process of filing of defense statement on merit alongwith required balance sheet. The Petition is pending for hearing.

2. The Securities and Exchange Board of India ("**SEBI**") vide its letter dated July 27, 2020, addressed to EFSL made certain observations relating to merchant banking activities of the Company during inspection carried out in the month of February, 2020 and advised to be careful in future, thereby avoiding any lapses. EFSL has submitted its response on August 26, 2020 dealing with all the observations on merit.

D. <u>ECL Finance Limited ("ECL Finance")</u>

i. Civil proceedings filed by ECL Finance

Except as disclosed below and under *"Litigation involving group companies – Edelweiss Financial Services Limited – Civil Proceedings filed by EFSL",* there are no other civil proceedings filed by ECL Finance.

ii. Civil proceedings against ECL Finance

Except as disclosed below and under this Chapter, there are no other civil proceedings filed against ECL Finance.

1. SAM Family Trust and AHA Holdings Private Limited **("Applicants")** have filed securitization applications being dairy nos. 1260 of 2021 and 1261 of 2021 respectively along with applications for interim stay before the Debt Recovery Tribunal, Pune **("DRT")** on November 21, 2021 against Catalyst Trusteeship Limited, EARC, ECL Finance, Smaaash Entertainment Private Limited **("Smaaash")** and resident Naib Tahsildar, Mahul **("Defendants**"), amongst other things, challenging demand notice dated July 3, 2020 for ₹ 2,689.37 million issued by defendant no. 1, under sub-section (2) of Section 13 of SARFAESI Act, 2002, notice dated October 25, 2021 to take physical possession mortgaged assets located at Village Kunenama, Taluka , Maval, District Pune in pursuance of order dated June 29, 2021 passed by the Additional District Collector, Pune. Applicants alleged the classification of NCD account of defendant Smaaash as NPA for non-payment of interest is contrary to RBI guidelines. Furthermore, alleged assignment agreement dated June 28, 2019, executed by ECL Finance in favour of EARC assigning the benefits of NCDs is contrary to regulatory framework of SARFAESI Act, 2002, the SARFAESI Guidelines, 2003 and various guidelines/circulars/directions issued by the RBI. An appeal was filed against the DRT order allowing the securitisation application before the Debt Recovery Appellate Tribunal ("**DRAT**). The DRAT, vide order dated June 3, 2022 stayed the DRT order. Further, DRAT has order to maintain status quo of the property being adjudicated vide its order dated June 27, 2022. The matter is currently pending.

Additionally, Smaaash and AHA Holdings Private Limited ("**Applicants**") have filed a commercial suit being suit nos.

1292 of 2022 and 987 of 2022 respectively along with an application for interim stay on the assignment agreement entered between ECL Finance and EARC before the High Court of Bombay on January 13, 2022. ECL Finance Limited, EARC, Catalyst Trusteeship Limited and Reserve Bank of India have been listed as defendants in the suit ("**Defendants**"). The suit inter alia challenges the invoking of pledge of shares by EARC that were pledged by Smaaash with EARC. The single judge bench appreciated that dues are acknowledged but since DRT has stayed all SARFAESI actions and NPA declaration by ECL Finance, the single judge bench stayed defendants to act upon the assignment agreement till the next date of hearing. Against which ECL Finance, EARC, Catalyst Trusteeship Limited ("**Appellants**") filed an appeal before Division Bench of High Court Bombay being commercial appeal nos. 13541 of 2022 and 13542 of 2022 respectively against Smaaash and AHA Holdings Private Limited ("**Respondents**") challenging the order of the single judge bench citing all the debt, dues and default admitting emails and balance sheet, where the division bench appreciated the facts placed and reversed the order of the single judge bench in appellants' favour. The matter is currently pending.

2. A. Rani ("**Plaintiff**") has filed a suit against ECL Finance and others before for the District Court of Munsiff at Poonamalee for declaration and injunction that the deed of mortgage dated February 23, 2018 which was executed in favour of ECL Finance Limited is invalid and amongst other things, claiming ownership with respect to the mortgaged property. The suit property is one of the properties forming part of the security for the loan of ₹1,450 million sanctioned by ECL Finance to Neptune Developers Private Limited. The Plaintiff has challenged the ownership right of Neptune Developers Private Limited with respect to the said property. Subsequently, ECL Finance has assigned the debt along with underlying securities (which includes mortgage of said property) to Assets Care and Reconstruction Enterprise Limited ("**ACRE ARC**") under deed of assignment dated March 27, 2020. The matter is currently pending.

3. Bhumiraj Builders Private Limited ("**Plaintiff**") have filed a suit against ECL Finance, Edelweiss Asset Reconstruction Company Limited and Edelweiss Rural and Corporate Services Limited in the High Court of Bombay. The Plaintiff has alleged that ECL Finance has malafidely and prematurely declared the loan as NPA, has illegally assigned the loan to Edelweiss Asset Reconstruction Company Limited, unilateral and incorrect imposition of interest rates, and mismanagement in the diversion of funds. Further, it has also been alleged that Edelweiss Asset Reconstruction Company Limited malafidely initiated a corporate insolvency resolution plan against the Plaintiff. The Plaintiff has prayed for an amount of ₹ 45,458.77 million along with interest, and a permanent injunction in order to restrain Edelweiss Asset Reconstruction Company Limited from acting up on the assignment of the loan. The matter is currently pending.

4. ECL Finance granted secured credit facilities to Fortis Healthcare Holdings Private Limited **("Fortis Holdings")** and RHC Holdings Private Limited **("RHC Holdings")** during 2016 to 2018 amounting to about ₹7,200 million against, amongst others, the pledge of certain equity shares of Fortis Healthcare Ltd. **("Fortis')** by Fortis Holdings as a security towards repayment of loan amount (Fortis and RHC Holdings collectively referred to as the **("Borrowers").**

   Daiichi Sankyo Company Limited **("Daiichi"),** a creditor has obtained an arbitration award dated April 29, 2016 and April 30, 2016 against Mr. Malvinder Singh and Mr. Shivendra Singh, promoters of Fortis and RHC Holdings and others **("Respondents")** in Singapore whereby Daiichi was held entitled to receive ₹ 35,000 million approximately from Respondents. Daiichi thereafter filed proceeding in Delhi High Court for enforcement of said award by way execution Petition being OMP (EFA) (COMM.) No. 6 of 2016. During the proceedings before High Court of Delhi, the promoters of Fortis Holdings and some of their companies had given certain undertakings and subsequently High court of Delhi restrained them from pledging their respective shareholding in Fortis and other Companies. These proceedings happened during the period ECL Finance lent and advanced the loans to the Borrowers. Daiichi filed SLP No. 20417/2017 before Hon'ble Supreme Court against the Respondents. Hon'ble Supreme Courts vide its order dated August 11, 2017 directed the Respondents to maintain status qua with respect to shareholding of Fortis. Hon'ble Supreme Court vide its order dated August 31, 2017 clarified that the interim order dated August 11, 2017 also apply to the encumbered shares of Fortis. ECL Finance being one of the secured creditors, as aggrieved from aforesaid orders filed application for intervention No. 98913 of 2017 and application for directions being IA No. 98915 of 2017 before Hon'ble Supreme Court. Other secured creditors also filed similar applications. While disposing off the said applications of the secured creditors including that of ECL Finance, the Hon'ble Supreme Court of India on February 15, 2018 allowed the applications of the secured creditors and passed an order, amongst other things, clarifying interim orders dated August 11, 2017 and August 31, 2017 to mean that the status quo granted shall not apply to shares of Fortis Healthcare Limited held by Fortis Healthcare Holdings Private Limited as may have been encumbered on or before the interim orders of this Court dated August 11, 2017 and August 31, 2017.

   ECL Finance therefore, during the period from February 16, 2018 and February 26, 2018 sold the 3,27,75,000 shares of Fortis pledged by Fortis Holdings as security for the loans to recover its dues.

   Subsequently Daiichi filed a Contempt Petition (CC. 2120/2018 in the SLP (C) No. 20417/2017 before the Hon'ble Supreme Court of India ("**Court**"), against Indiabulls Housing Finance Limited ("**Indiabulls**") for violation of order dated August 11, 2017 and August 31, 2017 wherein Indiabulls was found guilty and directed to deposit the amount. ECL Finance was not a party to the contempt proceedings. *Suo motu* contempt proceedings were initiated by the Court in 2019 under motu contempt petition (C) No. 4 of 2019 and the Court vide order dated February 18, 2021 directed all

the banks / financial institutions to file an affidavit bringing on record the entire transactions and to inspect whether there any violation of undertakings / status quo orders had taken place. ECL Finance filed the affidavit in compliance of this order. The matter is reserved for judgement.

In the interim, Daiichi has moved Execution Application No. 819 of 2020 before High Court of Delhi against the promoters, various banks and financial institutions including ECL Finance, in whose favour the shares of fortis were pledged by the promoters of Fortis Holdings and their companies. Daiichi has claimed that the promoters and their Companies had created pledge in violation of the undertakings given and order passed by High Court of Delhi. Daiichi has prayed for declaring the pledge as void and alternatively if the pledge shares are already sold then direction to banks and NBFCs to deposit/refund the shares price of sold shares. Daiichi, amongst other things, prayed against ECL Finance to set aside the creation of 3,09,55,000 Fortis Healthcare Limited shares held by Fortis Healthcare Holdings Private Limited and pass a consequential order of attachment and sale of 3,09,55,000 Fortis Healthcare Limited shares held by Fortis Healthcare Holdings Private Limited or in the alternative direct ECL Finance to deposit a sum equivalent to the value of 3,09,55,000 Fortis Healthcare Limited shares held by Fortis Healthcare Holdings Private Limited as on June 21, 2017 before the Hon'ble Court. On December 18, 2020 ECL Finance filed its counter reply before the High Court of Delhi. The matter is currently pending.

5. GVK Energy and others ("**Plaintiffs**") have filed a suit for declaration and permanent injunction on the sale of Alaknanda Hydro Power Company Limited ("**Alaknanda**") against ECL Finance, Ecap Equities Limited, Edelweiss Finvest Limited, Edelweiss Asset Reconstruction Company Limited and others ("**Defendants**"). The Plaintiffs had taken various loans which they had secured by way of shares. The Plaintiffs committed default in repayment of loans and a settlement agreement was entered into, after the default of which, one of the Defendants invoked the shares. The Plaintiffs have prayed for reliefs including stay on the operation of the invocation notice dated May 27, 2022 pertaining to the pledge agreement and maintenance of status quo of the shares of the plaintiff and the security interest under the settlement agreement. It was agreed that the shares of the Alaknanda were to be sold at the best price. ECL Finance submitted that they are in process of selling the shares. The High Court of Delhi, vide order dated May 31, 2022 has asked for it to be intimated of any good offers for selling shares. Further, if in the interim, another offer is received by the plaintiffs, they shall intimate the same to the Court and the Defendants. In the event the Plaintiffs are unable to match the offer of the Defendants, the Defendants would be eligible to sell the said shares at the best offer received by them. Further, it was ordered that the defendants shall not sell any other shares that have been pledged by the Plaintiffs with the Defendants until the impugned shares are sold. However, it was clarified that the defendants shall be free to invoke the pledged shares. The Plaintiffs have filed another interim application no. 9762/2022, seeking restraining order against defendants for taking any action on the demand notices issued by them. The matter is currently pending.

(i) Criminal proceedings filed by ECL Finance

1. A criminal complaint filed by ECL Finance against Prakash Patel, Kalpesh Padhya, Vyomesh Trivedi and Gaurav Davda (together referred to as "**Accused No. 1**") before the Joint Commissioner of Police, Economic Offences Wing, Unit – V, Crime Branch, Mumbai ("**EOW**") for criminal breach of trust and cheating amounting to ₹ 82.9 million. During the investigation, one more person, Mukesh Kanani was impleaded as an accused ("**Accused No. 2**"). FIR was registered against the Accused No. 1 and 2 for an offence under sections 420 34 of IPC. EOW filed charge sheet against both the accused. The matter is currently pending.

2. ECL Finance has filed a criminal complaint before the BKC police station, Bandra against Mahesh Chavan, proprietor of Global Overseas, Kaushal *alias* Renu Menon, Deepali, Sandeep Kelkar and Rohit Paranjape, Deodhar Gholat ("**Accused**") for committing an act of cheating with respect to purchase of a car, for ECL Finance's employee, Ram Yadav. Subsequently, a first information report dated December 2, 2014 ("**FIR**") was filed with the BKC Police station for procurement of documents. The police filed a case on January 27, 2015 before the 9th Metropolitan Magistrate Court at Bandra ("**Court**"). The matter is currently pending.

3. ECL Finance, pursuant to the requirements under an RBI circular (No. RBI/2015-16/75DBS.CO.CFMC.BC. No. 1/23.04.001/2015-16) dated July 1, 2015, reported an instance of suspected fraud by its customer Shridhar Udhavrao Kolpe and Saraswati Bhimrao Shinde ("**Borrowers**") under the requisite form to RBI on July 7, 2016. The Borrowers were given a loan of ₹ 5.83 million by ECL Finance against their property. ECL Finance filed a complaint on August 12, 2016 against the Borrowers under various sections of IPC and relevant provisions of the Maharashtra Control of Organised Crime Act, 1999 for allegedly defrauding ECL Finance. Further, ECL Finance has submitted documents requested by EOW, Pune in relation to the complaint. The matter is currently pending.

4. A criminal complaint dated October 31, 2019 ("**Complaint**") was filed by ECL Finance before the Bandra Kurla Complex, Mumbai Police Station against JSK Marketing Limited, its directors, and others ("**Accused**") for having committed offence, amongst other things, criminal breach of trust, fraud, cheating punishable under various provisions of IPC and Maharashtra Control of Organized Crime. ECL Finance in its Complaint has alleged the Accused for wrongful loss of towards SME equipment Loan amounting to ₹ 20.9 million. BKC Police Station registered FIR bearing No. 300/2020 against directors of JSK Marketing Limited under sections 403, 406, 420 read with section 34 of IPC.

Kunal Jiwarajka, one of the Accused made an application before the Sessions Court at Mumbai for anticipatory bail being No. 27 of 2021, which was rejected by the by the Hon'ble Court vide its order dated February 3, 2021. Being aggrieved, the said Accused preferred an Appeal before the Bombay High Court being No. ABA/385 /2021. ECL Finance filed Intervention Application for opposing the said anticipatory bail application. The matter is currently pending.

5. ECL Finance has filed numerous cases under section 138 of the Negotiable Instruments Act, 1881, and under section 25 of Payment and Settlement Systems Act, 2007 against their clients for dishonor of cheques. Further, in some of the cases, clients have filed appeal against ECL finance. These cases are currently pending across different courts in India.

(ii) Criminal proceedings against ECL Finance

Except as disclosed below and under this Chapter, there are no other civil proceedings filed against ECL Finance.

1. The Directorate of Enforcement ("**Complainant**") filed an original complaint dated September 3, 2016 with the adjudicating authority under the Section 5(5) of PMLA against Kingfisher Airlines Limited, Vijay Mallya, and others for acquisition of property using proceeds of crime in terms of Section 2(1)(u) of PMLA. Certain shares of Vijay Mallya and his associates were pledged with ECL Finance as security ("**Pledged Securities**") for various loans availed by them. The Complainant has sought for attachment of the Pledged Securities. The adjudicating authority, (Prevention of Money Laundering Act), New Delhi has confirmed the provisional attachment vide an order dated February 22, 2017 and ECL Finance has challenged the same vide an appeal before the appellate authority. The matter is currently pending.

2. ECL Finance filed a criminal writ petition on June 12, 2018 against State of Maharashtra and others, amongst other things, challenging order dated April 18, 2017 passed by the 47th Magistrate Court, Esplanade Court at Mumbai directing ECL Finance to satisfy the claim of 18 Flat purchasers in project Godrej Central and Kamla Aquina, as and when said purchasers approach to the Magistrate's Court. This case pertains to project Godrej Central and Kamla Aquina, which is one of security provided by Rajiv Construction Company ("**Kamla Group**") for NCD of about ₹870 million subscribed by ECL Finance. Since the promoters of the developer company were taken in police custody by Economic Offence Wing, Mumbai for various complaints filed by the flat purchasers alleging fraud in various projects, the Project Acquina which is offered as a security has remain incomplete. In order to complete the project through Project Management Contract ("**PMC**") to recover ECL Finance's dues from the flat purchasers, ECL Finance had moved an application to the Magistrate Court for allowing accused promoters of Rajiv Construction Company to execute the PMC agreement etc. However, while deciding the application, Economic Offence Wing had submitted that beside the flat purchasers, which are known to ECL Finance, there were 18 more flat purchasers. ECL Finance had refused to entertain claim of those 18 flat purchasers as the promoters were not taken no objection certificate from ECL Finance to sell those 18 flats and had not deposited the advance with ECL Finance though the property was mortgaged with ECL Finance. The Magistrate while allowing the application of ECL Finance had directed ECL Finance to consider the claim of those 18 flat purchasers. Thus, ECL Finance filed the present Petition. Subsequently, this account has been assigned by ECL Finance to Omkara Assets Reconstruction Private Limited vide Assignment Agreement dated June 15, 2020. The matter is currently pending.

3. Rajiv Shivram Rane, proprietor of Jankie Properties vide his letter dated August 18, 2020 filed a complaint with Economics Offences Wing, Mumbai against Sanghvi Gruha Nirman Private Limited ("**Mortgagor**") and ECL Finance, amongst other things, alleging cheating having deprived him of getting his percentage of area shares to be allotted under the development agreement executed between him and Sanghvi Gruha Nirman Private Limited and caused him to pay rentals to Maharashtra Housing and Area Development Authority of the tenants etc. Sanghvi Gruha Nirman Private Limited, thereafter in order to raise finance for construction of building mortgage the said properties with ECL Finance under mortgaged deed dated March 21, 2016, wherein complainant was the confirming party. Pursuant thereto ECL Finance granted a loan of ₹ 1,500 million to Sanghvi Gruha Nirman Private Limited, however said Sanghvi Gruha Nirman Private Limited failed to utilize the loan amount towards constructions of building. Due to raising of loan against the land properties and not doing construction, he could not deliver the flats to the original tenants and compelled to pay rents to the original tenants. On December 5, 2020 representative of ECL Finance along with legal counsel had attended the office of Economics Offences Wing for recording of statement in the matter. The investigation is pending.

4. ECL Finance has received notices dated December 28, 2020 from Investigating Officer ("**IO**"), Mahanagar Police Station, Lucknow, UP issued under Section 41 (A) of CrPC addressed in the name of ECL Finance, Ms. Madhur Bhatia, relationship manager, Romanshu Tandon, Himanshu Chhatrawal, Zonal Manager and Rashesh Shah, Chairman (the "**Accused**"), amongst other things, informing that FIR No. 497 of 2020 has been registered against the Accused under sections 406 and 420 of IPC based on the complaint filed by one Amir Ahmad ('**Complainant**") and directed to appear before IO for investigation with respect to the said FIR. Complainant alleged that ECL Finance arbitrarily liquidated his 4383 equity shares of HDFC Bank Limited, pledged with ECL Finance as Security for repayment of ESOP loan facility amounting to ₹ 5.74 million and unsecured loan facility amounting to ₹ 2.35 million availed by the

Complainant. ECL Finance limited vide its letter dated January 12, 2021, replied to the said notice alongwith relevant documents denying the allegations made by the Complainant. All addressees of notice dated December 28, 2020 filed their reply vide letter dated February 2, 2021. The investigation is currently pending.

5. ECL Finance received a notice dated January 12, 2021 from Station House Officer ("SHO"), Bhankrota Police Station, Jaipur (west) under Section 91 of Cr. P. C. *inter-alia* informing that he is investigating crime in FIR No. 371of 2020 registered under Sections 420, 467, 468, 471 read with Section 120 B of IPC filed by one Vinod Kumar Bothra **("Complainant")** against Moolchand Bothra, Trilokchand Das Ahuja, Kamal Kumar Bothra, Sunil Jain, Saurabh Khandelwal and Manager, ECL Finance. The Complainant alleged that accused made a forged mortgaged document, in respect of plot of land being No. F-69, Bindayaka Industrial Estate, RIICA, Jaipur belongs to his partnership firm Jain Industries without his knowledge and consent and availed a loan from ECL Finance.

6. SHO requested to furnish certain mortgaged loan documents pertaining to Borrowers, Jain Industries such as Loan Agreement, statement of accounts etc. During September 2021, officials of ECL Finance attended investigation and submitted copies of required information and documents. SHO vide another notice dated December 15, 2021 requested to furnish original loan agreement alongwith name and contact details of sanctioning authorities. ECL Finance is in process of complying with the same. The investigation is pending.

E. Edelweiss Global Wealth Management Limited ("EGWML")

(i) Criminal Proceedings against EGWML

1. EGWML received notice dated September 4, 2020 from Economic Offence Wing, Gurugram in regard to the complaint dated August 20, 2020 filed by one of it's the client Parinidhi Minda against EGWML officials Anshul Kapoor, Amit Saxena and Ashish Gopal and directed to attend personally along with necessary papers and documents to record statements. Subsequently, the complaint stands transferred to police station, namely, SEC-7, IMT, MSR, Manesar, District – Gurugram. EGWML and its officials, thereafter, received a notice dated October 27, 2020 from said police station to appear before Investigating Officer along with supporting documents for the purpose of recording statements. The inquiry is currently pending.

F. Edel Finance Company Limited ("Edel Finance")

(ii) Civil proceedings filed by Edel Finance

Except as disclosed under this Chapter, there are no other civil proceedings filed by Edel Finance.

(iii) Criminal proceedings by Edel Finance

1. Edel Finance filed criminal complaint dated August 29, 2011 ("**Complaint**") before the Additional Chief Metropolitan Magistrate Court, Bandra, Mumbai ("**Court**") against Vipul Shah ("**Accused**") seeking an order from the Court to direct the Senior Inspector of Police, Bandra West Police Station to register an complaint against the Accused for committing an offence under Section 420 of the Indian Penal Code, 1860 in relation to a loan facility and defaulting on repayment of the facility, thereby causing a loss to the Complainant for an amount of ₹10 million. The matter is currently pending.

2. Edel Finance has filed various criminal cases under Section 138 of the Negotiable Instrument Act, 1881, against their clients for dishonor of cheques dues, which are currently pending before Magistrate Court.

G. Ecap Equities Limited

(i) Civil Proceedings against Ecap Equities Limited

Except as disclosed under this chapter there are no other civil proceedings against Ecap Equities Limited

H. Edelweiss Finvest Limited

(i) Civil Proceedings against Ecap Equities Limited

Except as disclosed under this chapter there are no other civil proceedings against Edelweiss Finvest Limited

I. Edelweiss Asset Management Limited ("EAML")

(i) Criminal proceedings against EAML

Edelweiss Arbitrage Fund has been served with a Show Cause Notice ("SCN") dated January 10, 2019, from the office of Registrar / Adjudicating Authority (Prevention of Money Laundering Act) to appear before Adjudicating Authority (Prevention of Money Laundering Act), New Delhi ("Adjudicating Authority") to show cause as to why Provisional Attachment Order dated December 8, 2018, in relation to the investment made by one of the client, Mainak Agency Private Limited and some of the directors of Edelweiss Mutual for a value of about ₹ 3.51 million for having alleged unethical dealing in the case of Agusta Westland, Italy VVIP Helicopter Case. On March 25, 2019, EAML, being Investment Manager filed its reply, amongst other things, conforming freeze of concern mutual fund account and fluctuation of value of units depending upon NAV at the time of redemption. The Adjudicating Authority vide order dated May 30, 2019 confirmed the provisional attachment order dated December 8, 2018. Pursuant thereto, Edelweiss Arbitrage Fund received a notice dated June 8, 2019 from the Adjudicating Authority directing to handover the investments lying in Mutual Fund account of captioned clients. Accordingly, Edelweiss Arbitrage Fund liquidated the investments on June 26, 2019, and transferred the sale proceeds to bank accounts of the Adjudicating Authority. The matter is currently pending.

(ii) Criminal proceedings by EAML

1. A Complaint was filed before Additional Chief Metropolitan Magistrate, 71st Court, Bandra by EAML against Anil Nath ("**Accused**"), amongst other things, for the offences of criminal defamation, under Section 499 of the IPC for the defamation and loss of reputation caused to EAML, due to the acts and actions of the Accused. The matter is currently pending.

J. Edelweiss Asset Reconstruction Company Limited ("EARC")

(i) Civil proceedings filed by EARC

1. IDFC First Bank Limited (Assignor bank and applicant in the original application) filed an application in Debt Recovery Tribunal, Hyderabad ("**DRT**") against Coastal Projects Limited, and others for recovery of the debt amount from defaulter, Coastal Projects Limited amounting to ₹ 2,382.76 million. EARC has acquired the debts pertaining to Coastal Projects Limited from IDFC Bank Limited vide Assignment Agreement dated August 24, 2018. After assignment of debts, EARC has filed an application for implement as an applicant, in its capacity as assignee, in the original application ("**OA**") filed by IDFC Bank Limited in DRT, which was allowed.

   Defendants also filed their counter claim of about ₹2,390 million against the Assignor Bank on the ground that Bank, which was holding 3,385,939 shares of the defendant company in security, have liquidated at a much lower price of about ₹670 million without any notice to the defendants. Defendants alleged that the liquidation is in violation of the provisions of the agreement executed between the Bank and the Defendants and the Assignor bank ought to have realized ₹ 3,510 million upon liquidation of securities.

   Since the corporate debtor (i.e., Coastal Projects Limited) has undergone liquidation under IBC, EARC had filed an interim application for bringing on record the liquidator. The said interim application for bringing on record the liquidator has been allowed and the matter was listed on August 17, 2022 for the purpose of evidence. The matter is currently pending.

(ii) Civil proceedings against EARC

Except as disclosed below and under this chapter, there are no other civil proceedings filed against EARC.

1. Winsome Yarns Limited, has filed a Petition being Miscellaneous Application No. 24 of 2020 before the Court of Chief Controlling Revenue Authority-cum-Financial Commissioner (Revenue) Punjab, Chandigarh **("CCRA"),** amongst other things, praying for an order that EARC be directed not to act upon the assignment agreement dated December 10, 2015 executed between PNB and EARC for want of paying requisite stamp duty before any lawful authority including DRT/NCLT, Chandigarh etc. CCRA vide its interim order dated February 3, 2020 passed an order to issue notice to District Collector, Ludhiana to submit certified copy of the assignment agreement dated December 10, 2015 and to submit his opinion on quantum of stamp duty, if any payable and if so, by which party. CCRA further passed an order to issue notice to EARC for appearance before CCRA and to contest the stamp duty liability amounting to about ₹ 14.59 million and interest, if any. On February 19, 2020 EARC entered its appearance, however on account of pandemic Covid-19, matter adjourned from time to time. On October 07, 2020 EARC filed its reply and an application for maintainability of miscellaneous application, which was rejected by CCRA. The matter is pending for final arguments.

   In the meantime, EARC filed a Civil Writ Petition being No. 13346 of 2020 before the High Court at Punjab and Chandigarh against (i) State of Punjab through CCRA, Punjab, (ii) Deputy Commissioner, Ludhiana and (iii) Joint Sub Registrar cum Naib Tehsildar, Mullanpur Dhakan, Ludhiana, amongst other things, challenging the ex-parte interim order dated February 03, 2020 passed by CCRA.

Winsome Yarns Limited, filed an application before the Hon'ble High Court to become a party in Civil Writ Petition filed by EARC, which was allowed by the Court vide its Order dated November 5, 2020 with the observations that Winsome Yarns Limited shall assist the Court on the legal aspect of payment of stamp duty. On December 7, 2020, the Hon'ble High Court observed that the CCRA would dispose of the pending application of EARC qua maintainability and pass an appropriate order thereon in accordance with law. The said writ petition was disposed off vide order dated October 26, 2021 wherein the Hon'ble High Court of Punjab and Haryana, while allowing said petitions has set aside impugned orders in all the petitions and the consequence of the same is that EARC no longer has any stamp duty liability as on date. The matter is pending before CCRA

CCRA vide its order dated December 18, 2020 held that the Financial Commissioner has the jurisdiction to adjudicate the Miscellaneous Application No. 24 of 2020 and is maintainable for final adjudication. Application is pending for final adjudication.

(iii) Criminal proceedings filed by EARC

1. Catalyst Trusteeship Limited ("**Debenture Trustee**"), on behalf of EARC Trust ("**Debenture Holder**") filed a criminal case on May 24, 2019 before the Metropolitan Magistrate's 28th Court ("**MMC**"), Esplanade, Mumbai (the "**Court**"), against Smaaash Entertainment Limited and its directors and officials (collectively referred to as "**Accused**") under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881. The Accused issued and delivered a cheque for an amount of ₹1,120 million drawn on HDFC Bank, Mumbai in favour of EARC towards its liabilities in respect of non-convertible debentures. The said cheque was dishonored on its presentation vide its order July 31, 2019. The Court issued summons against the Accused under Section 138 of Negotiable Instrument Act, 1881. The Accused has been given time to settle the dues. The Court issued non-bailable warrants against the accused and have asked for report on execution of the warrants from the police. The matter is currently pending and is listed for hearing on October 01, 2022.

2. EARC has filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, and under Section 25 of Payment and Settlement Systems Act, 2007 against their clients for dishonor of cheques. Further, in some of the cases, clients have filed appeal against EARC. These cases are currently pending across different courts in India.

(iv) Criminal proceedings against EARC

1. EARC acquired the Portfolio of 27 assets in March 2014 including the accounts of the Perfect group consisting of (i) Perfect Engineering Products Limited; (ii) Perfect Engine Components Private Limited; and (iii) Karla Engine Components Limited from State Bank of India.

   Post-acquisition, the promoters of Perfect Group approached EARC to restructure the dues of the Perfect Group accounts. The promoters introduced, the Chhatwal brothers ("**Investors**") including Hitesh Chhatwal to EARC as strategic investors who were purportedly willing to make an equity infusion into the Perfect Group companies on the basis of various representations made by the promoters and the Investors.

   The Perfect group companies failed to comply with the terms and conditions of the restructuring plan and EARC was compelled to revoke the same in 2016 and in 2018. EARC thereafter decided to move towards recovery from secured assets in accordance with law. To stall such recovery, dated February 26, 2019 there was a complaint filed by the Hitesh Chatwal (one of the Investors) with Economic Offences Wing against the promoters and EARC. Subsequently, the said complaint was closed by Economic Offences Wing after investigations.

   EARC thereafter, received letter dated February 26, 2019 from inspector of Police G.C III, Economic Offences Wing Mumbai directing officials of EARC to attend his office regarding fresh complaint filed by Hitesh Chatwal in January 2020 along with the supporting documents namely, due diligence of Perfect group companies, ledger book maintained for business between Edelweiss and Perfect Group, balance sheet reports of Perfect Group between the Fiscal 2015 to Fiscal 2018. The matter is currently pending.

2. Pankaj Sharma filed a contempt application before the Court of Civil Judge Gurgaon under section 94(C) read with Order XXXIX (2A) and Section 151 of the CPC against EARC for disobedience and breach of injunction The injunction was granted in civil suit filed by Pankaj Sharma against RPS Clothing ("**Borrower**"), where stay was granted in taking any action against the properties of Borrower and praying for civil imprisonment of Siby Antony, an employee of EARC. On January 31, 2020, advocates appearing for EARC argued that the present suit is infructuous since Pankaj Sharma has not even made EARC the party to the suit. The presiding judge had also asked Pankaj Sharma to withdraw the suit. The matter is currently pending for arguments on the issue of maintainability.

3. Debt of Aqua Logistics Limited ("**Aqua**") was acquired by EARC from Bank of India. Post assignment, EARC initiated action under SARFAESI with respect to an asset belonging to the guarantor being a residential premises at

Mumbai and in the process filed an application before the Chief Magistrate Court ("**CMM Court**"), seeking possession orders. In the said proceedings, the third party filed an intervention application contesting the SARFAESI proceedings initiated by EARC. The said third party claimed to have a right over the secured asset on the basis of an arbitration award and an attachment warrant issued by the Bombay High Court over the secured asset in the execution proceedings initiated by the said third party for execution of the award passed in his favour. The said third party has also filed an application, under section 340 of CrPC against EARC and its officers. EARC filed a chamber summons for vacating the attachment warrant passed by the High Court in the execution proceedings of the third party. The Bombay High Court passed an interim order in favour of EARC staying the attachment warrant. After a series of litigation proceedings, EARC obtained possession orders from the CMM Court, and the Commissioner appointed by the CMM Court took possession of the mortgaged property and handed over the possession to the authorised officer of EARC. EARC put the mortgaged asset for auction under SARFAESI and successfully auctioned the asset in March 2020. EARC has simultaneously filed a recovery suit against Aqua Logistics Ltd, qua the principal borrower and Harish G. Uchil and Rajesh G. Uchil qua guarantors before Debt Recovery Tribunal - II, Mumbai and the same is pending adjudication and is currently at the stage of evidence. The principal borrower is undergoing liquidation under the orders of Bombay High Court. The matter is currently pending.

4. The Enforcement Director attached the Orissa plant of Bhushan Power and Steel Limited ("**BPSL**") in October 2019 while BPSL was in Corporate Insolvency Resolution Process ("**CIRP**") under IBC. The charge over the plant was given to certain financial institutions in a consortium for the financial facilities extended to BPSL. EARC is a part of that consortium. The matter has been filed before Supreme Court of India by the Committee of Creditors through Punjab National Bank, seeking clarification on retrospective applicability of section 32A under IBC. The matter is currently pending.

K. Edelweiss Comtrade Limited ("Edelweiss Comtrade")

(i) Criminal proceedings filed against Edelweiss Comtrade

1. Edelweiss Comtrade has been served with the notice dated January 9, 2019 from the office of Economic Offence Wing Special Investigation Team, Mumbai ("**EOW**") issued under Section 91 of CrPC, amongst other things, informing that department is investigating the offences registered against National Spot Exchange Limited, its directors, Financial Technology India Limited, its directors, borrowers, brokers and others for committing serval acts of forgery and criminal breach trust pursuant to criminal conspiracy hatched by them. Economic Offence Wing, therefore, directed to provide the information along with supporting documents such as total year wise brokerage from AY 2009-10 till 2012-13, year wise volume of turnover executed in all pair trade contracts since AY 2009-10 till 2012-13 with brokerage earned etc., more particularly mentioned therein. Edelweiss Comtrade *vide* its letter dated January 22, 2019 provided the required details as were called for. The matter is currently pending.

2. Edelweiss Comtrade has been served with the Notice dated February 15, 2019 on March 16, 2019 from the office of Economic Offence Wing, National Spot Exchange Limited – Special Investigation Team ("**EOW**"), Mumbai issued under Section 91 of CrPC, amongst other things, informing that department is investigating the offences registered against National Spot Exchange Limited ("**NSEL**"), its directors, Financial Technologies India Limited, its directors, borrowers, brokers and others for committing serval acts of forgery and criminal breach trust pursuant to criminal conspiracy hatched by them. Economic Offence Wing is investigating the complaint of SEBI against 300 brokers for illegal trading on NSEL. Economic Offence Wing, directed to provide the information along with supporting documents like original membership form with agreement with NSEL, certified Registrars of Companies' documents, PAN card, volume of trades, brokerage etc. and attend the office of Economic Offence Wing to record statement. Edelweiss Comtrade *vide* its letter dated March 25, 2019 provided the required details as called for. The matter is currently pending.

3. On September 26, 2018, Edelweiss Comtrade has been served with show cause notice ("**SCN**") dated September 25, 2018 from SEBI (Designated Authority), Enquiries and Adjudication Department, Mumbai issued under Section 25(1) of SEBI (Intermediaries) Regulations, 2008. The SCN was issued with respect to pair contract in National Spot Exchange Limited ("**NSEL**"). Edelweiss Comtrade *vide* its letter dated October 15, 2018 replied to the SCN along with supporting documents. Further to the written submission, SEBI granted personal hearing to Edelweiss Comtrade on December 11, 2019. The matter is currently pending.

(ii) Regulatory Proceedings involving Edelweiss Comtrade

The Economic Offences Wing ("**EOW**") is investigating a matter against National Spot Exchange Limited and others. Further to this, EOW has served a notice on Edelweiss Comtrade dated October 28, 2021 requiring submission of information and personal attendance for the further investigation of the matter. Edelweiss Comtrade vide its reply dated November 15, 2021 submitted various documents requested by EOW. Later, Edelweiss Comtrade provided additional documents vide its reply dated January 21, 2022 that were requisitioned by EOW vide its notice dated December 31, 2021.

L. Edelweiss Housing Finance Limited ("EHFL")

(i) Civil proceedings filed by EHFL

Except as disclosed under this chapter, there are no other civil proceedings filed by EHFL.

(ii) Criminal proceedings filed by EHFL

1. EHFL filed a complaint before the Senior Police Inspector, Bandra Kurla Complex Police Station, Mumbai ("**Authority**") *vide* its letter dated November 19, 2014 against Sachin R. Jayswal and Ratan Ram Jayswal and others (collectively, the "**Accused**") for cheating and forgery in relation to a property situated at 4th Floor, Shree Samarth Ashirwad Apartment, Thane ("**Secured Property**"). Subsequently, EHFL filed a first information report ("**FIR**") dated January 20, 2015 under Section 154 of the CrPC against the Accused before the Authority under sections 420, 465, 468, 471, 120-B, 467 and 34 of the IPC. Thereafter, EHFL issued a notice dated January 20, 2016 under section 13(2) of the SARFAESI to the Accused for payment of the outstanding amount due. However, we did not receive any reply to such notice. Hence, EHFL filed an application under Section 14 of the SARFAESI on September 22, 2016 before the Court of District Magistrate, Thane ("**Court**") seeking possession of the Secured Property. An order dated November 19, 2016 was passed by the Court directing Tahsildar, Thane to take possession of the Secured Property and to handover the articles present in the Secured Property to EHFL. Subsequently, Reshma Khan, alleging to be the real owner of the Secured Property, instituted a special civil suit dated April 19, 2017 before the Civil Judge, Senior Division, Thane against EHFL and the Executive Magistrate, Thane Tahsildar Office Station, Thane ("**Defendants**") praying, amongst other things, to declare Reshma Khan as the legal owner of the Secured Property, to restrain the Defendants from taking possession of the Secured Property. The matter is currently pending.

2. EHFL filed a complaint before the Senior Police Inspector, Chaturshrungi Police Station, Pune against Sachin Yashwant Rananaware and Nilam Sachin Rananaware (collectively, the "**Accused**") *vide* its letter dated July 28, 2016 alleging fraud and cheating with reference to a property situated at flat No. 6, 2nd floor and flat No. 10 on 4th floor, Chaya Smruti, Suncity Road, Pune ("**Secured Property**"). Subsequently, EHFL filed an application dated August 9, 2016 before District Magistrate, Pune ("**Authority**") under Section 14 of SARFAESI seeking possession of the Secured Property. Thereafter, an order dated March 20, 2017 was passed by the Authority directing authorised personnel to take physical possession of the Secured Property. Subsequently, Anil Kenjalkar, alleging to be the original owner of the Secured Property ("**Applicant**"), instituted a special civil suit dated April 13, 2017 before the Civil Judge, Junior Division, Pune ("**Court**") against EHFL, Collector of Pune and other parties ("**Defendants**") praying, amongst other things, to restrain the Defendants from creating any third party interest or taking possession of flat no. 6 on 2nd floor, Chaya Smruti, Suncity Road, Pune and for an ad-interim injunction to be passed in favour of the Applicant ("**Suit dated April 13, 2017**"). Further, the Applicant has filed an application for condonation of delay dated May 19, 2017 before the Debt Recovery Tribunal, Pune, praying, amongst other things, to restrain EHFL from taking physical possession of the Secured Property. Thereafter, Anil Kenjalkar withdrew his case before the Debt Recovery Tribunal, Pune and filed a fresh case before Debt Recovery Tribunal, Pune, amongst other things, challenging taking of symbolic possession and other incidental reliefs. EHFL filed an application dated October 24, 2017 before the Court under Section 9A of the CPC to set aside the Suit dated April 13, 2017. By an order dated October 9, 2021, the Civil Judge, Pune rejected the Suit filed by Anil Kenjalkar. The matter is currently pending with the Debt Recovery Tribunal.

3. EHFL issued a notice dated October 20, 2016 to P. Aravindan and A. Aruna (collectively, the "**Accused**") under Section 13(2) of SARFAESI for payment of the amount due to EHFL in relation to charge created on the property under a home loan dated August 30, 2014 entered between us and the Accused ("**Home Loan Agreement**"). EHFL issued another notice dated January 3, 2017 under Section 13(4) of the SARFAESI to the Accused, on non-receipt of any payment under Section 13(2) notice, for taking possession of the charged property in relation to the Home Loan Agreement. The matter is currently pending. Thereafter, EHFL filed a complaint against P. Aravindan, Tholkappian, J. Vinayagamoorthy, K. Babu and B. Saravanan before the Commissioner of Police, Egmore, Chennai *vide* letter dated September 27, 2017 alleging that pursuant to an internal investigation conducted by EHFL, it was found that P. Aravindan and Tholkappian along with the previous employees of EHFL, J. Vinayagamoorthy, K. Babu and B. Saravanan had, amongst other things, forged the 'Know Your Customer' ("**KYC**") documents and other transactional documents in relation to the Home Loan Agreement. The Accused are presently in judicial custody and the matter is currently pending.

4. EHFL issued a notice dated October 20, 2016 to Prem Anand ("**Accused**") under Section 13(2) of SARFAESI for payment of the amount due to us in relation to charge created on the property under a home loan dated January 1, 2015 entered between EHFL and the Accused ("**Home Loan Agreement**"). EHFL issued another notice dated January 3, 2017 under Section 13(4) of the SARFAESI to the Accused, on non-receipt of any payment under section 13(2) notice, for taking possession of the charged property in relation to the Home Loan Agreement. Thereafter, EHFL filed a complaint against the Accused, Tholkappian and J. Vinayagamoorthy before the Commissioner of Police, Egmore, Chennai *vide* its letter dated September 27, 2017 alleging that pursuant to an internal investigation conducted by us, it

was found that the Accused along with Tholkappian and a previous employee of EHFL, J. Vinayagamoorthy, had, amongst other things, forged the 'Know Your Customer' ("**KYC**") documents and other transactional documents in relation to the Home Loan Agreement. The matter is currently pending.

5. EHFL disbursed a loan to Om Prakash Singh on December 31, 2017 for an amount of ₹ 20.05 million for purchase of Residential Property in Jangpura Extension Delhi. Om Prakash Singh owner of V3 Mobi Communication Private Limited ("**Company**"), a company engaged in developing software and proving online platform for trading. The Company had been defaulting since March 2018 and was hence declared a non-performing asset ("**NPA**") in August 2018. EHFL filed a complaint to the Police and Economic Offences Wing, New Delhi ("**EOW**") on June 28, 2018. EHFL filed an application before the Delhi High Court for seeking stay of sale proceeding and the Delhi High Court allowed the stay on sale proceeding and directed Punjab National Bank to file their reply on October 29, 2018. A securitization application under Section 17 of the SARFAESI Act was filed before DRT-II on September 6, 2018. The complaint has been registered after rigorous follow up with EOW and a first information report was lodged on dated September 28, 2018 by EOW. EHFL filed an application before Chief Metropolitan Magistrate Court, Delhi seeking the status of investigation from EOW. The matter is currently pending.

6. EHFL issued a notice dated January 20, 2016 against Somprashant M. Patil and Sonali S. Patil (collectively, the "**Accused**") under Section 13(2) of SARFAESI. We thereafter issued a notice dated March 29, 2016 under Section 13(4) of SARFAESI to the Accused intimating them about the symbolic possession of the mortgaged property by EHFL. Further, EHFL received notices dated July 15, 2015 and April 25, 2016 from Chinchwad Police Station seeking certain documents in relation to the loan granted by EHFL to the Accused, pursuant to a first information report filed by Ganpat Datta Salunkhe against the Accused, for which we have provided the relevant documents. The matter is currently pending.

7. Rayabarapu Ranapratap availed a loan from EHFL for the purchase of plot at Enumamula location. In the year 2001, Kasarala Laxminarsimha Rao, Kasarala Ranga Rao, and Kodari Sadanandam, executed the registered sale deed in favour of Betheli Santosh Kumar. In the year 2012, Betheli Santosh Kumar executed the general power of attorney dated February 23, 2012 in favour of Masna Sampath Kumar and cancelled it in the year October 2015. In the same month Betheli Santosh Kumar executed self-declaration deed for change of boundaries. EHFL has filed a criminal complaint on February 9, 2019, against Rayabarapu Ranaprathapunder various sections of IPC for showing the non-existing property and obtained the loan amount fraudulently before PS Hanmakonda Warangal District. The matter is currently pending.

8. EHFL has filed a criminal complaint on January 13, 2020 against Pawan Kumar Goel under various sections of IPC, for showing the non-existing property and obtaining the loan amount fraudulently on February 22, 2018, before Station Head Officer Barakhamba Road, New Delhi. The matter is currently pending for investigation.

9. EHFL has filed five separate criminal complaints against its borrowers, Amit Sesmal Jain and nine others before Economic Offences Wing, Pune under various sections of CrPC for fraudulently siphoning off EHFL's money amounting to ₹14 million while availing home loan facility from the Pune branch. These cases and matter are pending for inquiry.

10. EHFL had provided home loan of ₹1.6 million to Ajaykumar Ashokkumar Raut ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks from the Maharashtra IGR portal, Department of Registration and Stamps it was found that the Borrower in connivance with seller submitted fraudulent registered property agreements to EHFL towards the home loan. The Borrower had also fraudulently obtained multiple financing from other financial institutions on the same property. Currently, charge of other financial institutions including EHFL is registered on subject property. EHFL has filed an application under Section 14 of SARFAESI Act before District Magistrate Court, Nagpur on December 8, 2020 and the said matter is pending for orders from District Magistrate.

11. EHFL had provided a home loan of ₹ 3.06 million to Amol Jalinder Phuge ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower had created multiple property documents and had availed loans from other financial institutions on the same property. Charge of other financial institutions is registered by virtue of Notice of Intimation ("**NOI**") however charge of EHFL is first as our disbursement is prior to other financial institutions. We have filed an application under Section 14 of SARFAESI before District Magistrate Court, Pune. The matter is currently pending before Tahsildar, Pune for fixation of appointment to take physical possession of property as per order passed by District Magistrate.

12. EHFL had provided a home loan of ₹ 2 million to Bhausaheb Balasaheb Jahdav ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower fraudulently opened account in builder's name, siphoned off the loan amount and registered cancellation sale deed. Builder sold the subject property to another buyer without intimating to EHFL. Though EHFL is yet to initiate the SARFAESI proceedings, we have reported this case as fraud to National Housing Board.

13. EHFL had provided a home loan of ₹ 2 million to Divya Flora Sundaram Gollapalli ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower had submitted fraudulent property papers/registered agreements with absence of layout plan, mismatched dimensions of property stated in the sale deed, technical report vis-à-vis property taken as collateral. The Borrower is not traceable, and property is in the possession of some third party who is claiming the owner of property. EHFL has filed Criminal complaint with SR Nagar Police Station, Hyderabad City against Borrower on September 8, 2020. The matter is pending for investigation.

14. EHFL had provided a home loan of ₹ 7.4 million to M Hanumantha Rao ("**Borrower"**). The Borrower turned delinquent and on carrying out further checks, it was found that the builder had done multiple transactions on the subject property and sold the property to multiple buyers. The builder has provided fraudulent registered property agreement to the Borrower which was submitted to EHFL towards the home loan. The builder has absconded and is not traceable. Currently, the subject property is occupied by third parties, and they are claiming to be the owner of the property. EHFL has filed criminal complaint on September 24, 2020 against the Borrower at Koramangala Police station, Bangalore. The matter pending for investigation.

15. EHFL had provided a home loan of ₹ 2 million to Menta Bhanuprakash ("**Borrower"**). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower defrauded EHFL by submitting colour xerox/fake property documents. The subject property falls under prohibited property list. EHFL has filed application under section 14 of SARFAESI before the District Magistrate Court, Nellore on December 22, 2019. The said application is pending for order.

16. EHFL had provided a home loan of ₹ 4.99 million to Rajkumar Silarpur ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower had misrepresented the facts about seller and submitted an invalid sale deed. The general power of attorney basis which the sale deed was executed was not valid as the seller was not alive at the time of execution and consequently the sale deed also becomes invalid. The subject property is in the possession of some third party, B. Karunakar, who is claiming to be the original owner of the property. The third party has filed an application before the Debt Recovery Tribunal on October 6, 2020 against EHFL, which is pending for hearing. EHFL has filed application under section 14 of SARFAESI before District Magistrate Court, Secunderabad on January 8, 2021 and is pending for orders.

17. EHFL had provided a home loan of ₹ 2.82 million to Sham Suryawanshi ("**Borrower"**). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower in connivance with the builder and landowner submitted fraudulent registered property agreements to EHFL. The builder sold the property initially to Magal Jagtap, and parallelly allotted the same flat to one of the landowner, who in turn sold the same flat to Rahul Khadve. Subsequently, Rahul Khandve sold the property to the Borrower. EHFL has filed an application under section 14 of SARFAESI before District Magistrate Court, Pune on December 22, 2019. The Upper District Magistrate, Pune vide its order July 31, 2021 directed Tahsildar, Haveli, Pune to handover possession of mortgaged property to EHFL. The matter is pending for possession.

18. EHFL had provided a home loan of ₹ 1.5 million to Yernamma Kommineni ("**Borrower**"). The Borrower turned delinquent and on carrying out further checks, it was found that the Borrower in connivance with the seller defrauded EHFL by misrepresenting the facts and creating a false profile and submitting fake business and income documents. The Borrower is not traceable. The subject property was overvalued by more than ₹1.9 million (It was valued at ₹3 million at acquisition. The latest valuation is at ₹1.08 million). The valued property lies near the highway/main road and is different from the subject property mentioned in the sale deed, that lies in the interiors. EHFL has sold the property in auction to third party. EHFL is in process of filing an original application for loss on sale before the Debt Recovery Tribunal. Though EHFL is yet to initiate SARFAESI proceedings, we have reported this case as fraud to the National Housing Board.

19. EHFL had provided a home loan of ₹ 10.5 million to Jitendra Dalchand Jain and Kavita Jain **(**"**Borrowers**"). The Borrowers turned delinquent, and on carrying out further checks, it was found that the Borrowers in connivance with the developer have defrauded EHFL by misrepresenting the unit numbers being mortgaged with us, submitting forged approved plan, and issuing no-objection certificate, receipts and entering into a registered sale deed for non-existent properties by the developer. The developer fraudulently submitted a plan where the Permanent Transit Cam ("**PTC**") were shown as free sale units, and the Slum Redevelopment Authority ("**SRA**") stamp and correct approval number were put on the fabricated plan. On February 25, 2021, EHFL filed a criminal complaint against the Borrowers, and Neeraj M Ved, Proprietor of Shreenath Corporation, Builders and Developers alleging forgery, criminal breach of trust and cheating with BKC Police Station, Bandra, Mumbai. The complaint is pending for investigation.

20. EHFL had provided a home loan of ₹ 14.2 million to Nikesh Mohan Gajara and Gitaben Mohanlal Gajara ("**Borrowers**"). The Borrowers turned delinquent, and on carrying out further checks, it was found that the Borrowers in connivance with the developer have defrauded EHFL by misrepresenting the unit numbers being mortgaged with us, submitting forged approved plan, and issuing no-objection certificate, receipts and entering into a registered sale deed for non-existent properties by the developer. The developer fraudulently submitted a plan where the Permanent

Transit Cam ("**PTC**") were shown as free sale units, and the Slum Redevelopment Authority ("**SRA**") stamp and correct approval number was put on the fabricated plan. On February 25, 2021, EHFL filed a criminal complaint against the Borrowers, and Neeraj M Ved, Proprietor of Shreenath Corporation, Builders and Developers alleging forgery, criminal breach of trust and cheating with BKC Police Station, Bandra, Mumbai. The Complaint is pending for investigation.

21. EHFL filed a complaint before the Senior Police Inspector, Chaturshrungi Police Station, Pune against Ganesh Shankar Rakshe and Rupali Ganesh Rakshe (collectively, the "Accused") vide its letter dated June 22, 2021 alleging fraud and cheating with reference to a property situated at the Flat No 703, 7th floor, in the Building No.1 known as "California Heights S. No. 101/2, situated at Rakshewadi, Tal. Khed, District Pune ("**Secured Property**"). Subsequently, EHFL issued a demand notice dated April 30, 2019 to Ganesh Rakshe and Rupali Rakshe ("**Accused**") under Section 13(2) of SARFAESI for payment of the amount due to us in relation to charge created on the property under a home loan dated 31, May 22017entered between EHFL and the Accused ("**Home Loan Agreement**"). Thereafter, EHFL came to know that borrower has availed multiple loans from various other Banks and Financial Institutions by submitting forged documents. Hence, we have issued Loan Recall Notice dated June 20, 2021.

22. EHFL filed a complaint before the Senior Police Inspector, Chaturshrungi Police Station, Pune against Aashish Nandkumar Gaikwad and Sonali Aashish Gaikwad (collectively, the "**Accused**") vide its letter dated 04/03/21 alleging fraud and cheating with reference to a property situated at Flat no.102, 1st floor, Bldg A, Samarth residency, Gavane wasti, CTS No. 3308 P, Bhosari Pune. ("**Secured Property**"). EHFL issued a demand notice dated 29/06 2019 to Aashish Nandkumar Gaikwad and Sonali Aashish Gaikwad ("**Accused**") under Section 13(2) of SARFAESI for payment of the amount due to us in relation to charge created on the property under a home loan dated 14/12/2017 entered between EHFL and the Accused ("**Home Loan Agreement**"). Thereafter, EHFL came to know that borrower has availed multiple loans from various other Banks and Financial Institutions by submitting forged documents. Hence, we have issued Loan Recall Notice dated 20/06/2021.

23. EHFL, filed a criminal complaint dated December 4, 2021 before the Dy. Commissioner of Police- Central, Faridabad, Haryana against Manish Kumar Pandey, ii) Haribansh Kumari Pandey and iii) Raghav Sharma (collectively, the "**Accused**") for committing offence of criminal breach of trust, fraud, cheating punishable under various provisions of IPC while availing mortgage loan against the property situated at H/No. 2161, Type MIG, Sec 28 HB Colony, Faridabad, Haryana. It is alleged that the accused persons have submitted the forged title and loan documents and availed a loan of ₹ 150 million. Subsequently, under detailed verification it's revealed that the original property owner was deceased much prior to executing sale deed/title deed and Accused persons obtained the loan against forged documents. EHFL reported this case as Fraud to Central Fraud Monitoring Cell, RBI, Bengaluru and Department of Non-Banking Supervision, RBI, Mumbai as well as National Housing Bank, Department of Supervision, New Delhi. The investigation is currently pending.

24. EHFL filed a criminal complaint dated February 24, 2022 before the In-charge, Police chowki, Sector 28, Faridabad, Haryana against Renu Dialani, Vinay Kumar Bhatia, Vishal Pawar, DSA, Pramod Agarwal, Rekha Agarwal, Mrs. Veena Pahwa, Kuldeep Arya alias Kuldeep Pundir (collectively, the "**Accused**") for committing offence of criminal breach of trust, fraud, cheating punishable under various provisions of IPC while availing mortgage loan against the property situated at House No. 2148, Type – MIG, Sector 28, Housing Board Colony, Faridabad – 121 008. The Accused persons have submitted the forged title and loan documents, while availing mortgage loan of ₹ 118 million. Subsequently, under detail verification it's revealed that the Borrowers, the Accused Nos. 1 and 2 are not original owners of the mortgaged property and property has been claimed by the Accused Nos. 4 and 5 after purchasing from Accused No. 6. EHFL reported this case as Fraud to Central Fraud Monitoring Cell, RBI, Bengaluru and Department of Non-Banking Supervision, RBI, Mumbai as well as National Housing Bank, Department of Supervision, New Delhi. The investigation is currently pending. During the investigation EHFL, also noticed similar fraud committed by the Accused Nos. 3, 4, 5 and 7 in another mortgage loan account wherein the borrowers Ms. Smita Singh and Abhishek Singh availed a mortgaged loan of ₹ 29,50,000 against the property namely, Flat No. 406, Tower – D-5, 4th Floor, KLJ Platinum Plus situated at Village Neemka, Sector – 77, Faridabad, Haryana. This mortgaged property is occupied and claimed by Gaurav Agarwal and Ms. Chetana Agarwal, daughter, and son-in-law of the Accused Nos. 4 and 5 under gift deed. The investigation is currently pending. EHFL reported this case as fraud to Central Fraud Monitoring Cell, RBI, Bengaluru and Department of Non-Banking Supervision, RBI, Mumbai as well as National Housing Bank, Department of Supervision, New Delhi.

25. EHFL has filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, and under Section 25 of Payment and Settlement Systems Act, 2007 against their clients for dishonor of cheques. Further, in some of the cases, clients have filed appeal against EHFL. These cases are currently pending across different courts in India.

(iii) Criminal proceedings filed against EHFL

1. EHFL sanctioned a loan for an amount of ₹ 31.10 million as a loan to N. K. Proteins Limited ("**Borrower**") *vide* a loan agreement dated January 27, 2012 to purchase a property being flat number 1203, Tower B, 12 Floor, Bhagtani

Krishaang, Powai, Mumbai ("**Suit Property**") from Jaycee Homes Limited. A no-objection certificate for mortgage of suit property dated January 23, 2012 was issued by Jaycee Homes Limited in favour of EHFL. A notice dated August 26, 2013 was issued to the Borrower for recalling the total loan amount sanctioned to which no reply was received by EHFL. Thereafter, a first information report dated September 30, 2013, was registered against the National Spot Exchange Limited, its borrowers and trading members including the Borrower. Pursuant to the investigation conducted by the Economic Offences Wing, Mumbai Police, ("**Authority**"), Enforcement Director, Government of India, Mumbai **("ED"),** *inter-alia* attached the Suit Property being the proceeds of crime *vide* its provisional attachment order dated August 27, 2014, which was confirmed vide an order dated February 20, 2015 ("**Impugned Order**"). EHFL received a show cause notice ("**SCN**") dated September 30, 2014 issued by the Authority seeking confirmation of the provisional attachment through the Impugned Order. Subsequently, EHFL filed a writ petition before the Delhi High Court ("**High Court**") against the Impugned Order and the SCN. The High Court granted a stay on the Impugned Order vide its interim order dated December 18, 2014 and directed to file a petition before the Bombay High Court. The Bombay High Court disposed the writ petition filed by EHFL *vide* its order dated November 28, 2016, granting us liberty to approach the Appellate Tribunal, New Delhi ("**Tribunal**") under PMLA. EHFL filed an appeal dated January 5, 2017 before the Appellate Tribunal under Section 26 of PMLA for quashing of the Impugned Order passed by the Authority. The matter is currently pending.

(iv) Regulatory matters involving EHFL

1. EHFL received a show cause notice ("**SCN**") dated June 30, 2020 issued by the National Housing Bank ("**NHB**") seeking reasons as to why the penalty of ₹0.01 million in terms of the provisions of the National Housing Bank Act, 1987, should not be imposed on EHFL amongst other things for non-adherence of certain policy circular. EHFL has submitted its reply on SCN on July 21, 2020. The NHB vide its email dated October 15, 2020 has sought for additional information. EHFL has submitted its reply on October 19, 2020. No further information has been sought by the NHB.

M. Edelweiss Investment Advisors Limited ("EIAL")

(i) Civil proceedings by EIAL

1. EIAL ("**Plaintiff**") filed commercial Civil Suit (COMM) bearing No. 397 of 2020 before the Delhi High Court ("**DHC**") against Lily Realty Private Limited and another ("**Defendants**")**,** amongst other things, seeking a decree of specific performance of the Memorandum of Understanding dated October 29, 2015 ("**MOU**") and repayment of a sum of ₹ 103.32 million along with the pendente lite and future interest @ 28.25% per annum from the date of filing of the suit. EIAL has also sought a permanent injunction restraining the Defendants, agents etc. from creating any third-party rights on any movable and immovable assets of the Defendants. DHC, by its order dated September 29, 2020 restrained Defendant No.2 from creating any charge or liability on the three flats specified in the order. Further, by its order dated April 9, 2021, DHC has restrained the Defendants from selling or encumbering all their immovable properties till further orders. The next hearing is schedule on July 15, 2022.

2. EIAL ("**Plaintiff**") filed a Commercial Suit bearing Lodging No. COMSL/12616/2021 on June 9, 2021, alongwith an application for interim injunction before the Bombay High Court against Wondervalue Realty Developers Pvt Ltd and 12 others. The Plaintiff, amongst other things, prayed for a declaration that the 15 Investment Agreements dated November 20, 2017, February 17, 2018, May 15, 2018 and June 27, 2018 **("Investment Agreements")** in respect of redevelopment of the project 'HBS Towers', at Worli, Mumbai are valid, subsisting and binding upon the Defendants and for an order / direction that Defendants No 1 to 9 be directed to pay an aggregate sum of ₹ 2873.61 million as on May 24, 2021, along with interest thereon at the rate of 18% p.a. and for other reliefs more particularly mentioned in the plaint. The matter is currently pending at pre-admission stage.

(ii) Civil proceedings against EIAL

1. Om Builders Private Limited ("**Plaintiff**") filed a suit against Orbit Abode Private Limited ("**Defendant no. 1**") and EIAL ("**Defendant no. 2**") before the Bombay High Court ("**Court**"). The Plaintiff has filed the suit for declaration of the sale deed executed in favour of Defendant no. 2 for sale of 95% share in one fourth undivided share, right, title and interest in all that piece and parcel of land hereditaments and premises equivalent to 11,198 square yards equivalent to 9,363 square meters of Malabar Cumballa Hill Division together with the bungalow known as 'Kilachand House' by Defendant no.1, as null and void. The matter is currently pending.

(iii) Criminal proceedings by EIAL

1. EIAL filed a criminal complaint dated January 14, 2021 ("**Complaint**") with the Joint Commissioner of Police, Economic Offence Wing, Mumbai against Lily Realty Private Limited, Asit Koticha, Mrs. Kanan Koticha and other unknown persons ("**Accused**") for having committed offence, amongst other things, criminal breach of trust, fraud, criminal conspiracy, cheating. EIAL in its Complaint has, amongst other things, alleged that the Accused in connivance with each other and with malafide intent failed to construct the residential project named "Pashmina Waterfront" at

Bhattarahalli Village, Bidarahalli Hobli, Bangalore **(**the **"Project")** wherein EIAL invested a sum of ₹ 300 million against certain units aggregating 82,485 sq. ft. saleable area alongwith 82 car parks under MOU dated October 29, 2015. The Accused further disposed off the three flats that were available as security in terms of the guarantee agreement, shortly after creating the security documents in favour of EIAL and did not disclose the same to the Hon'ble Delhi High Court while passing the order dated September 29, 2020 whereby the Accused were restrained from dealing with the aforesaid three flats. The Complaint is pending for investigation.

N. Edelweiss Retail Finance Limited ("Edelweiss Retail")

(i) Civil proceedings filed by Edelweiss Retail

Except as disclosed under this chapter, there are no other civil proceedings filed by Edelweiss Retail.

(ii) **Criminal proceedings filed by Edelweiss Retail**

Edelweiss Retail has filed numerous cases under Section 138 of the Negotiable Instruments Act, 1881, and under Section 25 of Payment and Settlement Systems Act, 2007 against their clients for dishonour of cheques. Further, in some of the cases, clients have filed appeal against Edelweiss Retail. These cases are currently pending across different courts in India.

O. Edelweiss Rural & Corporate Services Limited (erstwhile Edelweiss Commodities Services Limited) ("ERCSL")

(i) Civil proceedings against ERCSL

Except as disclosed below and under this chapter, there are no other civil proceedings filed against ERCSL

1. Betul Oil Limited, a client of Edelweiss Rural and Corporate Services Limited ("**ERCSL**") filed a civil suit on July 22, 2019 before the District Court, Betul against ERCSL, its directors and key managerial personnel, and others ("**Defendant**"), *inter-alia* for recovery of an amount of ₹ 5.91 million together with interest @ 18% for TDS erroneously paid on purchase transactions between the parties. On February 5, 2020, the Defendant filed their reply. The matter is currently pending.

(ii) Criminal proceedings by ERCSL

1. Edelweiss Agri Value Chain Limited (now merged with Edelweiss Rural and Corporate Services Limited) registered FIR on September 19, 2017 in Jasdan Police Station, Rajkot against Mahendrabhai Gida-Guard, Ashokbhai Dhadhal-Gunman, Babubhai Bhayabhai Ramani, Sanjaybhai Khimjibhai, Shambhubhai Jivabhai Ramani, Mansukhbhai Khimjibhai Ramani, Ravjibhai Ramani, and Sanjaybhai Ramani (collectively the "**Accused**") under sections 406, 409, 420, 435, 120B and 114 of Indian Penal Code, 1960 for committing intentional act of fire at warehouse. The Investigating office, Jasdan Police Station registered criminal case on August 6, 2019 before Taluka Court, Jasdan against accused and filed the charge-sheet. The matter is currently pending.

2. ERCSL has filed various criminal cases under section 138 of the Negotiable Instrument Act, 1881, against their clients for dishonour of cheques dues, which are currently pending before Magistrate Court.

(iii) Criminal proceedings against ERCSL

1. Pravin Virchand Shah of Ashirvad Traders ("**Complainant**") filed a criminal enquiry ("**Complaint**") before Judicial Magistrate First Class ("**Court**") at Unjha, Gujarat against Edelweiss Trading and Holdings Limited ("**ETHL**"), subsequently amalgamated with ERCSL, and others including its chairman, ERCSL, Ashok Patni and Vimalesh Kumar Ghiya, partner of R. K. Exports ("**Accused**") under Sections 406, 420 read with section 120B of the Indian Penal Code, 1860 for alleged mishandling of account and alleged siphoning–off an amount of about ₹ 38.7 million and an alleged unauthorized sale 568 metric tonnes of commodity lying with R. K. Exports. The Court through its order dated July 30, 2014 directed the local police authorities to inquire into the Complaint. On December 3, 2014, the Accused received three notices issued by the police authorities, directing them to attend and record statements in respect of the Complaint. On December 30, 2014, Tarang Mehta recorded his statement on behalf of ERCSL, ETHL and chairman, ETHL and also submitted copies of the arbitration proceedings initiated by Ashirwad Traders against ERCSL along with the order of Bombay High Court dated August 8, 2014 appointing a sole arbitrator in the matter. ERCSL filed its reply to the Notices on December 5, 2014. However, the Bombay High Court on March 13, 2020, in the arbitration petition, has allowed the withdrawal of the arbitration petition by ERCSL, in view of the consent terms entered into between ERCSL and the Complainant. The arbitration petition has accordingly been disposed off.

2. Edelweiss Commodities Services Limited (formerly known as Comfort Project Limited/Edelweiss Trading and Holding Limited and now known as ERCSL) has been served with the notice dated February 15, 2019 from the Economic Offence Wing – National Spot Exchange Limited – Special Investigation Team, Mumbai ("**EOW**") issued

under Section 91 of the Cr. PC *inter-alia* informing that department is investigating the offences registered against National Spot Exchange Limited, its directors, FTIL, its directors, borrowers, brokers and others for committing serval acts of forgery and criminal breach trust. Further, Economic Offences Wing is investigating complaint of SEBI against 300 brokers for illegal trading on National Spot Exchange Limited. ECSL furnished all the information as called for by Economic Offences Wing. The matter is currently pending**.**

3. ERCSL (formerly known as Edelweiss Commodities Services Limited) received notices dated April 3, 2019 and June 14, 2019 ("**Notices**") issued under Section 41 read with section 36(2) of the Competition Act, 2002 ("**Act**") from the office of the Director General, Competition Commission of India, New Delhi along with copy of Commission Order dated November 9, 2018 under Section 26(1) of the Act ("the **Order**") to conduct an investigation against 11 trading organizations which included ERCSL for allegedly being involved in increasing the prices of pulses in India. ERCSL vide the Notice has been *inter-alia* directed to furnish various information and documents (which include details of pulses business of ERCSL such as procurement, stocking, local sale, etc.) for the Fiscals 2011 to 2018. ERCSL has furnished the said information and documents in compliance with the said Notices *vide* its letters dated April 25, 2019 and June 26, 2019. The Competition Commission of India has instructed 2 ex-employees of ERCSL and a director of the company, Mr. Santosh Dadheech, to appear before them in September 2021 and the same was complied with. Additional information, as directed by the CCI was submitted and no request for personal appearance or information request is pending to be complied with. The matter is currently pending with authorities.

4. ERCSL received a notice under section 91 of Cr. PC on February 3, 2020 ("**Notice**") from a Senior Police Inspector, Turbhe, *inter-alia* directing ERCSL to produce all the original documents listed therein, in respect of the criminal case registered against ERCSL under Sections 3, 7 and 8 of the Essential Commodities Act, 1955 and Maharashtra Scheduled Commodities Wholesale Dealers Licensing Order, 2015. The Notice emanates from a 2015 matter in which the Deputy Controller of Rationing, Civil Supply Department of Maharashtra ("**Authority**") issued show cause notices to ERCSL for alleged violation of applicable stock limits. Pursuant to the directions issued by the Authority, the ceased stock was released. Furthermore, ERCSL received a notice from the Office of the Deputy Commissioner of Police, Cyber Crime Cell/Economic Offences Wing ("**Police**") dated August 16, 2016, received by the Police, regarding alleged hoarding of pulses. All information sought by the authorities has been duly provided. The matter is currently pending with authorities.

5. The Deputy Controller of Rationing, Civil Supply Department of Maharashtra ("**Authority**") issued a show cause notices dated October 23, 2015, dated October 30, 2015, October 31, 2015 and dated October 31, 2015 to ERCSL for violation of applicable stock limits on imported pulses under the Essential Commodities Act, 1955 ("**Act**") resulting in seizure of the stock stored at various warehouses by the Authority and registration of first information reports ("**FIR**") under the Act. ERCSL argued that the stock limits were not applicable to ERCSL as the stock was imported. Pursuant to the directions issued by the Authority, the ceased stock was released, subject to certain conditions. ERCSL, upon fulfilment of the specified conditions and execution of the undertakings, lifted and sold the released stock in open market and subsequently informed the Authority. The matter is currently pending.

6. ERCSL received a notice from Office of the Deputy Commissioner of Police, Cyber Crime Cell / Economic Offences Wing ("**Police**") on August 16, 2016 in relation to a complaint received by the Police, regarding alleged cartelization and nexus of importers-traders causing artificial scarcity of pulses. No request for information or for personal appearance is pending to be complied with. The matter is currently pending.

7. Food Safety and Standards Authority of India filed a complaint before Additional Chief Judicial Magistrate, Kasganj ("**the Court**") against erstwhile Edelweiss Agri Value Chain Limited (now merged with ERCSL) and Neeresh Kumar, an employee of ERCSL, for alleged violation of section 31(1) of the Food Safety and Standards Act, 2006 for storing of commodities in warehouse without having Food Safety and Standards Authority of India ("**FSSAI**") license. The matter is currently pending.

(iv) Regulatory Proceedings involving ERCSL

1. Edelweiss Commodities Services Limited (now known as Edelweiss Rural and Corporate Services Limited, **"ERCSL**") has been served with a letter from the Enforcement Directorate ('**ED**") on August 26, 2016, concerning an enquiry for an alleged violation of the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") in relation to import of pulses by commodities importer and advised to produce certain details like memorandum of association, annual report/balance sheet, bank accounts and details of pulses import since 2011. ERCSL duly complied with the requisitions in September 2016. In June 2021, ERCSL also furnished with additional information about the pulses business – listing of all suppliers, imports, local sales, bank statements, warehousing details and other information. Personal appearances of the ERCSL's executives were sought and the same have been complied with. A show cause notice ("**SCN**") has been served to the ERCSL and the then directors/key executives in this matter in August 2021 by ED under sections 16(3), 10(6) and 42(1) of FEMA. The authorities have alleged that ERCSL has contravened provisions of Section 10(6) of FEMA read with Regulation 6(1) of the FEMA (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000. Mr Venkat Ramaswamy and Mr Rujan Panjwani, both

Executive Directors, Edelweiss Financial Services Ltd, have received the said notice in their capacity as directors in ERCSL. ERCSL has filed the response to the SCN. The matter is currently pending.

2. ERCSL has been served with a show cause notice dated June 30, 2021 ("**SCN**") from the office of the Principle Commissioner of Customs, Hyderabad inter-alia alleging ₹ 3.1 million was erroneously refunded pertaining to eight consignments of bullion products imported during 2013-2014 was erroneously.

P. Edelweiss Tokio Life Insurance Company Limited ("Edelweiss Tokio")

(i) Criminal proceedings against Edelweiss Tokio

1. Sekhar Kumar Chanda **("Complainant"),** a policyholder filed a first information report dated March 13, 2018, before Baguihati Police Station, Kolkata under Section 420, 468, 470 and 471 of IPC alleging signature forgery and cheating vis-à-vis mis-selling against Edelweiss Tokio and others. Police authorities have filed final report before Additional Chief Judicial Magistrate, BDN, North 24 Parganas, Kolkata for discharge of accused persons. The matter is currently pending for final orders.

Q. Edelweiss Custodial Services Limited ("ECSL")

(i) Civil proceedings against ECSL

1. On October 4, 2020, ECSL was served with three arbitration petitions ("**Arbitration Petitions**") filed by Lalit Shah, Lalit Shah HUF and Prafulla Shah ("**Petitioners**"), all of whom claim to be clients of Anugrah Stock and Broking Private Limited ("**Anugrah**"). The principal grievance raised in these Arbitration Petitions is that stocks / securities / units entrusted by the Petitioners with Anugrah have been wrongly sold by Anugrah and ECSL. The Petitioners have also sought a direction that Anugrah and ECSL remit back the securities / stocks / units belonging to the Petitioner or deposit in Court an equivalent aggregate sum. The petition has been filed under Section 9 of the Arbitration and Conciliation Act, 1996, seeking interim relief pending arbitration. The matter is currently pending.

2. Writ Petition has been filed before the Bombay High Court by Jaidev Krishnan Iyer, Ashwin Kantilal Mehta and Vimal Kishor Sikchi, Mahendra Kumar Mohta respectively, who claim to be end investors who have invested their monies and given shares as collateral to Anugrah Stock and Broking Private Limited ("**Anugrah**"). The Petitioners have alleged that the securities placed by them were wrongfully liquidated by Anugrah and ECSL. The main prayers of these Petitions is to seek a Special Investigation Team to conduct investigation into the affairs of NSE, NCL, BSE, ECSL, ICICI Bank, Anugrah and Teji Mandi Analytics Private Limited and their auditors to ascertain the role played by each of the entities and submit a report. As Economic Offences Wing ("**EOW**") is already seized of the matter on account of the complaints filed with it by certain end-investors of Anugrah, EOW has been directed to submit a report on the progress of the investigation. The matter is currently pending.

3. Writ Petition has been filed before the Bombay High Court by Nimish Shah and others including Karim Maredia, Alpita Apurva Mayekar and others, end clients of Anugrah Stock and Broking Private Limited ("**Anugrah**"), amongst other things, seeking a direction against SEBI to take action against all respondents including NSE, NCL, CDSL, Edelweiss Custodial Services Limited, Anugrah and Teji Mandi, and pass appropriate orders to protect the interest of the petitioners and other investors As the petition involves a common cause of action and similar/overlapping reliefs, the parties were given the liberty to make an application to tag the above petition with other writ petitions filed before the Bombay High Court. All the writ petitions have been tagged together and common orders have been passed in all the writ petitions. The matter is currently pending for hearing.

(ii) Criminal proceedings involving ECSL

1. On a complaint made by certain end-clients of Anugrah Stock and Broking Private Limited ("**Anugrah**"), the Economic Offence Wing ("**EOW**") registered a first information report dated September 9, 2020 against Anugrah and its affiliates/promoters for defrauding customers under Ponzi scheme and lured investors with assured returns of 15% to 20%. Although ECSL is not an accused in that matter, the Economic Offence Wing passed a direction marking a debit lien on ECSL's Clearing Account held with Citibank to the tune of ₹ 4,603.2 million. ECSL challenged this direction before the 47th Additional Chief Metropolitan Magistrate's Court at Esplanade, Mumbai. The Additional Chief Metropolitan Magistrate's 47th Court at Esplanade, Mumbai has temporarily lifted the lien on ECSL's clearing account by passing a stay order, on ECSL submitting an Undertaking that ECSL will maintain unencumbered assets which were worth Rs.4,603.2 million till the miscellaneous application filed by ECSL is finally decided. The matter is currently pending.

(iii) Regulatory proceedings involving ECSL

1. NSE Clearing Limited ("**NCL**") had issued a Show Cause Notice ("**SCN**") dated January 8, 2020, after completing

the limited purpose inspection to understand the issue raised by the trading member Vrise Securities Private Limited ("**Vrise**"). NCL made certain observations in its SCN, and a personal hearing was scheduled before the Member and Core Settlement Guarantee Fund Committee ("**MCSGFC**") of NCL. The MCSGFC of NCL passed an order dated February 12, 2020 stating that ECSL should reinstate such securities that are liquidated by ECSL. ECSL thereafter filed an appeal against the impugned order with Securities Appellate Tribunal ("**SAT**") and a miscellaneous application. SAT by its order dated February 26, 2020 granted a stay on the matter until the matter is disposed of and directed ECSL to maintain its unutilized and free collateral with NCL above ₹240 million till the appeal has been decided. The matter is currently pending.

2. NSE Clearing Ltd ("**NCL**") had issued a Show Cause Notice ("**SCN**") dated September 19, 2020 after completing the limited purpose inspection to understand the issue raised by the trading member Anugrah Stock and Broking Private Limited ("**Anugrah**"). NCL made, amongst other things, certain observations in its SCN, and personal hearing was scheduled before Member and Core Settlement Guarantee Fund Committee ("**MCSGFC**") of NCL. The MCSGFC of NCL passed an order dated October 20, 2020 stating that post detailed scrutiny of NSE, the quantum of securities to be re-instated will be intimated by NSE to ECSL for further action. Further, a penalty of ₹ 0.1 million has also been levied. ECSL thereafter filed an appeal against the impugned order with Securities Appellate Tribunal ("**SAT**") and SAT by its order dated November 5, 2020 while granting a stay order, amongst other things, directed ECSL to give an undertaking to NCL that ECSL will deposit ₹2,120 million or any other amount as may be directed by tribunal after disposal of appeal. The matter is currently pending.

3. NSE Clearing Ltd ("**NCL**") had issued a show cause notice ("**SCN**") dated August 24, 2021 after completing the regular inspection of books of ECSL. NCL made, amongst other things, certain observations in its SCN which was duly responded by ECSL vide its letter dated September 8, 2021. On October 6, 2021, a personal hearing was concluded before the Member and Core Settlement Guarantee Fund Committee ("**MCSGFC**") of NCL and in pursuance thereof, ECSL submitted its written submission dated October 13, 2021. NCL had further sought clarifications on certain points vide its letter dated March 17, 2022 which are duly responded by ECSL vide its letter dated April 27, 2022 to NCL. The matter is currently pending.

4. SEBI jointly with the clearing corporations had conducted joint inspection of clearing business of ECSL for the period April 2020 to December 2021 and raised certain observations vide its letter dated March 30, 2022. The same has been responded by ECSL to SEBI on April 8, 2022. The matter is currently pending.

R. Edelweiss Finance & Investments Limited ("EFIL")

(i) Civil proceedings filed by EFIL

Except as disclosed under this chapter, there are no other civil proceedings filed by EFIL.

Details of disciplinary action taken by SEBI or Stock Exchanges against the associates of the Investment Manager in the last five financial years, including outstanding action

1. EFSL along with other Merchant Bankers **("Appellants")** preferred an appeal before the Securities Appellate Tribunal, Mumbai ("**SAT**") on May 19, 2016, amongst other things, challenging an order dated March 31, 2016 **("Order")** passed by an adjudicating officer of SEBI ("**Respondent**") imposing a penalty of ₹ 10 million jointly and severally on the Appellants for violation of certain disclosure requirements set forth under the SEBI ICDR Regulations, 2009 and adherence to the code of conduct set forth under the Merchant Bankers Regulations, 1992 for the merchant bankers in relation to the initial public offer of Electrosteel Steels Limited. SAT vide its order dated November 14, 2019, has reduced the penalty amount from ₹ 10 million to ₹ 5 million, and the said order was compiled by the Appellants jointly.

2. SEBI had issued a show cause notice (No. EAO/MC/DPS/17392/2018) to ESL("**ESL**") wherein it was alleged that ESL had failed to segregate its own proprietary funds from client funds (e.g., made proprietary fund pay in obligation from the client bank accounts) and had other lapses in internal control measures in relation to access to its Institutional Trading Desk Dealing Room operations. Accordingly, ESL was found to be in violation of SEBI Circular No. SMD/SED/CIR/93/2331 date November 18, 1993 and clause 3 of SEBI circular No. Cir/ISD/1/2011 dated March 23, 2011, read with clauses A (2) and A (5) of the code of conduct specified under schedule II read with Regulation 9(f) of the SEBI (Stockbrokers and Sub Brokers) Regulations, 1992. ESL had submitted its response vide letter dated July 3, 2018 that it has undertaken remedial measures. ESL filed for settlement application with SEBI and the proposed terms were put forth. The High-Powered Advisory Committee ("**HPAC**") recommended that the case be settled at an amount of Rs. 3.53 million, which was agreed upon by the panel of SEBI whole time members. The settlement order was granted to ESL and passed on March 13, 2019.

7. Litigation involving the Trustee

As at the date of this Draft Placement Memorandum, there are no material litigation or any outstanding criminal litigation or non-ordinary course regulatory actions against the Trustee.

8. Tax Proceedings

Details of all direct tax and indirect tax matters against the InvIT, the Initial Portfolio Assets, the Sponsor, the Project Manager, the Investment Manager and their respective Associates, as of the date of this Draft Placement Memorandum, are as follows:

Sr. No.	Nature of Case	Number of cases	Amount involved (in ₹ million)
Anzen Trust and its Associates			
Anzen Trust			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
DMTCL			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
NRSS			
1.	Direct Tax	1	0.18
2.	Indirect Tax	-	-
Sponsor or Project Manager and its Associates			
1.	Direct Tax	11	41.92
2.	Indirect Tax	9	18.14
Investment Manager and its Associates*			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-

* *Please note we have considered material tax matters for the associates of the Investment Manager.*

SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchange and has not been prepared or independently verified by the Parties to the Anzen Trust or the Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE, together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**"). SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Regulations, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Units

The InvIT Regulations provide for listing and delisting of units of infrastructure investment trusts on the stock exchanges.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1957, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. 1ST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The NSE and the BSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives

segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen-based trading in securities and was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

SELLING AND TRANSFER RESTRICTIONS

The distribution of this Draft Placement Memorandum and the offer, sale or delivery of the Units is restricted by law in certain jurisdictions. Persons who may come into possession of this Draft Placement Memorandum are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Draft Placement Memorandum may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Units or making any resale, pledge or transfer of the Units.

Each purchaser of the Units in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors – Representations by Eligible Investors" on page 2 of this Draft Placement Memorandum.

Republic of India

The Draft Placement Memorandum may not be distributed directly or indirectly in India or to residents of India and any Units may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible Investors and is not an offer to the public. The Draft Placement Memorandum is neither a public issue nor a prospectus under the Companies Act, 2013 or an advertisement and should not be circulated to any person other than to whom this Issue is made. The Placement Memorandum and Final Placement Memorandum has not been and will not be registered as a prospectus with any Registrar of Companies in India.

No action has been taken or will be taken by the Anzen Trust, the Investment Manager or the Lead Managers that would permit a public offering of the Units to occur in any jurisdiction, or the possession, circulation or distribution of the Draft Placement Memorandum or any other material relating to the Anzen Trust or the Units in any jurisdiction where action for such purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and the Draft Placement Memorandum, any offering materials and any advertisements in connection with the offering of the Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable InvIT Regulations. Each purchaser of the Units in this Issue will be deemed to have made acknowledgments and agreements as described under "*Notice to Investors*" on page 1, "*Notice to Investors - Representations by Eligible Investors*" on page 2 and these Selling and Transfer Restrictions.

Australia

The Draft Placement Memorandum:

2. does not constitute a product disclosure document or prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Australian Corporations Act**");

3. has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act;

4. does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of Australian Corporations Act and applicable regulations) in Australia; and

5. may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Australian Corporations Act.

The Units may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Units may be issued, and no draft or definitive Draft Placement Memorandum, advertisement or other offering material relating to any Units may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Australian Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Units, you represent and warrant to us that you are an Exempt Investor.

As any offer of Units under this Draft Placement Memorandum will be made without disclosure in Australia under Chapter 6D.2 of the Australian Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Units you undertake to the Issuer that you will not, for a period of 12 months from the date of issue of the Units, offer, transfer, assign or otherwise alienate those securities to any person in Australia except in circumstances where disclosure to such person is not required under Chapter 6D.2 of the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. The Draft Placement Memorandum has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Anzen Trust has not made and will not make any invitation to the public in the Kingdom of Bahrain and the Draft Placement Memorandum will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, the Draft Placement Memorandum or the marketing of Units in the Kingdom of Bahrain. Accordingly, Units may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

British Virgin Islands

The Units are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on the behalf. The Units may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a "**BVI Company**"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

The Draft Placement Memorandum has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the Units for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

Canada

Units may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions of the Canadian Securities Administrators or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Units must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Draft Placement Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Placement Agents are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with any offer of Units.

Upon receipt of this Draft Placement Memorandum, each Canadian purchaser is hereby deemed to confirm that it has expressly requested that all documents evidencing or relating in any way to the sale of the Units described herein (including, for the avoidance of doubt, any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque acheteur canadien est réputé d'avoir confirmé par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des unités décrites aux présentes (incluant, pour éviter toute incertitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Cayman Islands

No offer or invitation to subscribe for Units may be made to the public in the Cayman Islands to subscribe for any of the Units but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL.

The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it and has no responsibility for it. The Units to which this Draft Placement Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Units offered should conduct their own due diligence on the Units.

Dubai International Financial Centre

The Draft Placement Memorandum relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. The Draft Placement Memorandum is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The

DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved the Draft Placement Memorandum nor taken steps to verify the information set forth herein and has no responsibility for this Draft Placement Memorandum. The securities to which the Draft Placement Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of the Draft Placement Memorandum you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre, the Draft Placement Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the Dubai International Financial Centre.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Units have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Units which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the Units may be offered to the public in that Relevant State at any time:

a. to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
b. to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or
c. in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the Units shall require the Anzen Trust or any Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Units in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Units to be offered so as to enable an investor to decide to purchase or subscribe for any Units, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

Each Book Running Lead Manager has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Units other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(ii) it has not issued or had in its possession for the purposes of the issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Units, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Indonesia

The Units have not been, and will not be, registered with the Indonesia Financial Service Authority (Otoritas Jasa Keuangan or OJK) in Indonesia, and therefore, the Units may not be offered and/or sold within the territory of Indonesia or to Indonesian citizens or entities, wherever domiciled, or to Indonesian residents, in a manner which constitutes a public offering under Law No. 8 of 1995 on Capital Markets and the implementing regulations or private placement under OJK Regulation No. 30/POJK.04/2019 on the Privately Issued Debt-Linked Securities and/or Sukuk.

Japan

The Units have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Units. No Units have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in

Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "Qualified Institutional Investor"), the Units will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Units will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Units (the "**QII Units**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Units other than to another Qualified Institutional Investor.

Kuwait

The Units have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Draft Placement Memorandum and the offering and sale of the Units in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Units has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, the Draft Placement Memorandum, and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Units may not be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Units, as principal, if the offer is on terms that the Units may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Units is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of the Draft Placement Memorandum is subject to Malaysian laws. The Draft Placement Memorandum does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Units may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither the Draft Placement Memorandum nor any offering material or information contained herein relating to the offer of the Units may be released or issued to the public in Mauritius or used in connection with any such offer. The Draft Placement Memorandum does not constitute an offer to sell the Units to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

The Draft Placement Memorandum is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). The Draft Placement Memorandum is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting the Draft Placement Memorandum, each investor represents and warrants that if they receive the Draft Placement Memorandum in New Zealand they are a Habitual Investor and they will not disclose the Draft Placement Memorandum to any person who is not also a Habitual Investor.

Sultanate of Oman

The Draft Placement Memorandum and the Units to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Units, no prospectus has been filed with the CMA. The offering and sale of Units described in the Draft Placement Memorandum will not take place inside Oman. The Draft Placement Memorandum is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

The Units have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. The Draft Placement Memorandum has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, the Draft Placement Memorandum is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.
The Capital Market Authority does not make any representation as to the accuracy or completeness of the Draft Placement Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Draft Placement Memorandum. Prospective purchasers of the Units offered hereby should conduct their own due diligence on the accuracy of the information relating to the Draft Placement Memorandum. If you do not understand the contents of the Draft Placement Memorandum, you should consult an authorized financial adviser.

Qatar Financial Centre

The Draft Placement Memorandum does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center ("**QFC**"), and accordingly should not be construed as such. The Draft Placement Memorandum has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. The Draft Placement Memorandum is strictly private and confidential and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. The Anzen Trust has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

The Draft Placement Memorandum may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of the Draft Placement Memorandum and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Draft Placement Memorandum. Prospective purchasers of the Units offered hereby should conduct their own due diligence on the accuracy of the information relating to the Units. If you do not understand the contents of the Draft Placement Memorandum, you should consult an authorized financial adviser.

Singapore

The Draft Placement Memorandum has not been and will not be registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, the Draft Placement Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Units may not be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, (Chapter 289), of Singapore as modified and amended from time to time (the "**Securities and Futures Act**")) pursuant to Section 274 of the Securities and Futures Act, (ii) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Units are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
(2) where no consideration is or will be given for the transfer;
(3) where the transfer is by operation of law;
(4) as specified in Section 276(7) of the Securities and Futures Act; or
(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: The Anzen Trust determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Units are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAAN16: Notice on Recommendations on Investment Products).

South Korea

We are not making any representation with respect to the eligibility of any recipients of this document to acquire the Units therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Units have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Units may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Units, except (i) where relevant requirements are satisfied, the Units may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Units may not be re-sold to Korea residents unless the purchaser of the Units complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Units.

Switzerland

The Units may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. The Draft Placement Memorandum does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Units or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Units or the Issue or the Anzen Trust have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority, and the Issue has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Units.

Taiwan

The Units have not and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Units in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the United Arab Emirates ("**UAE**"). No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this document or the Units may be made to the general public in the UAE) unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to non-natural persons "Qualified Investors" (as such term is defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

United Kingdom

The Draft Placement Memorandum is only directed at, and will only be provided to, persons to whom interests may lawfully be promoted pursuant to section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**"). In particular, this Draft Placement Memorandum is only directed at, and will only be provided to, investment professionals ("**Relevant Persons**") within the meaning of article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**FPO**"). Any investment or investment activity to which the Draft Placement Memorandum relates is available only to Relevant Persons and dealings hereunder will be made only with Relevant Persons. Persons who are not investment professionals within the meaning of article 19 of the FPO should not rely on the Draft Placement Memorandum.

The Draft Placement Memorandum has not been delivered for approval to the United Kingdom Financial Conduct Authority in the United Kingdom or to an authorized person within the meaning of the FSMA. No approved prospectus within the meaning of section 85 of the FSMA or of the Prospectus Regulation has been published or is intended to be published in relation to the Offer. The Draft Placement Memorandum does not constitute a prospectus for the purposes of the FSMA or the Prospectus Regulation.

United States of America

Each purchaser or subscriber of Units in the United States will be deemed to have represented and agreed that it has received a copy of this Draft Placement Memorandum and such other information as it deems necessary to make an investment decision and that:

i. it is (A) a U.S. QIB, (B) acquiring the Units for its own account or for the account of one or more U.S. QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth in this paragraph, (C) acquiring the Units for investment purposes, and not with a view to further distribution of such Units and (D) aware, and each beneficial owner of the Units has been advised, that the sale of the Units to it is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

ii. it understands and agrees that the Units have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred, except (A)(1) to a person whom the purchaser and any person acting on its behalf reasonably believes is a U.S. QIB purchasing for its own account or for the account of a U.S. QIB in a transaction meeting the requirements of Rule 144A, (2) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (3) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder (if available) or (4) pursuant to an effective registration statement under the Securities Act and (B) in accordance with all applicable securities laws of any state, territory or other jurisdiction of the United States;

iii. it acknowledges that the Units are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, that the Units are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Units;

iv. it understands that in the event Units are held in certificated form, such certificated Units will bear a legend substantially to the following effect:

"THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT: (A) IN A TRANSACTION IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT

THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER; (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 (IF AVAILABLE); OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER AND EACH PURCHASER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS";

v. notwithstanding anything to the contrary in the foregoing, it understands that Units may not be deposited into an unrestricted depository receipt facility in respect of Units established or maintained by a depository bank unless and until such time as such Units are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

vi. any resale made other than in compliance with the above stated restrictions shall not be recognised by the Trust;

vii. it agrees that it will give to each person to whom it transfers Units notice of any restrictions on transfer of such Units; and

viii. it acknowledges that the Trust, the Sponsor and the Joint Lead Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of Units are no longer accurate, it will promptly notify the Trust, the Sponsor and the Joint Lead Managers, and if it is acquiring any Units as a fiduciary or agent for one or more U.S. QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Other Jurisdictions

The distribution of this Draft Placement Memorandum and the offer and sale of the Units may be restricted by law in certain jurisdictions. Persons into whose possession this Draft Placement Memorandum comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

RIGHTS OF UNITHOLDERS

The rights and interests of Unitholders are included in this Draft Placement Memorandum and the InvIT Regulations. Under the Trust Deed and the Investment Management Agreement, these rights and interests are safeguarded by the Trustee and the Investment Manager, respectively. Any rights and interests of Unitholders as specified in this Draft Placement Memorandum would be deemed to be amended to the extent of any amendment to the InvIT Regulations.

Beneficial Interest

Each Unit represents an undivided beneficial interest in the Anzen Trust. A Unitholder has no equitable or proprietary interest in the InvIT Assets and is not entitled to transfer of the InvIT Assets (or any part thereof) or any interest in the InvIT Assets (or any part thereof) of the Anzen Trust. A Unitholder's right is limited to the right to require due administration of the Anzen Trust in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Ranking

No Unitholder of the Anzen Trust shall enjoy superior voting or any other rights over another Unitholder. Further, the Units shall not have multiple classes, except for any subordinate Units that may be issued only to the Sponsor and its Associates, where such subordinate units carry only inferior voting or any other rights compared to other Units in the future in accordance with Regulation 4(2)(h) of the InvIT Regulations.

Redressal of grievances

The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of the InvIT, and the Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager. The Stakeholders' Relationship Committee of the Investment Manager shall monitor the status of complaints and their redressal. For details, please see the section entitled "*Corporate Governance*" on page 131.

Distribution

The Unitholders shall have the right to receive distribution in accordance with the InvIT Regulations and in the manner provided in this Draft Placement Memorandum. For details, please see the section entitled "*Distribution*" on page 209.

Meeting of Unitholders

Meetings of Unitholders will be conducted in accordance with the InvIT Regulations.

Passing of resolutions

1. With respect to any matter requiring approval of the Unitholders:

    (i). a resolution shall be considered as passed when the votes cast by Unitholders, so entitled and voting, in favour of the resolution exceed a certain percentage as specified in the InvIT Regulations, of votes cast against;

    (ii). the voting may be done by postal ballot or electronic mode;

    (iii). a notice of not less than 21 (twenty one) days shall be provided to the Unitholders;

    (iv). voting by any Unitholder (including, the Sponsor in its capacity as a Unitholder), who is a related party in such transaction, as well as associates of such Unitholder(s) shall not be considered on the specific issue; and

    (v). the Investment Manager shall be responsible for all the activities pertaining to conducting of meeting of the Unitholder, subject to oversight by the Trustee.

    However, for issues pertaining to the Investment Manager, including a change in Investment Manager, removal of Investment Manager or change in control of Investment Manager; the Trustee shall convene and handle all activities pertaining to conduct of the meetings. Additionally, for issues pertaining to the Trustee, including change in Trustee, the Trustee shall not be involved in any manner in the conduct of the meeting.

2. For the Anzen Trust:

    (i). an annual meeting of all Unitholders shall be held not less than once a year within 120 days from the end of each financial year and the time between two meetings shall not exceed 15 months;

(ii). with respect to the annual meeting of Unitholders,

(a). any information that is required to be disclosed to the Unitholders and any issue that, in the ordinary course of business, may require approval of the Unitholders may be taken up in the meeting including:

- latest annual accounts and performance of the Anzen Trust;
- approval of auditors and fee of such auditors, as may be required;
- latest valuation reports;
- appointment of valuer, as may be required; and
- any other issue;

(b). for any issue taken up in such meetings which require approval from the Unitholders other than as specified in Regulation 22(6) of the InvIT Regulations and paragraph 4 below, votes cast in favour of the resolution shall be more than the votes cast against the resolution.

3. In case of the following, approval from the Unitholders shall be required where the votes cast in favour of the resolution shall be more than the votes cast against the resolution:

(i). any approval from the Unitholders required in terms of Regulation 18 (*Investment conditions and dividend policy)*, Regulation 19 (*Related Party Transactions*) and Regulation 21 *(Valuation of assets*) of the InvIT Regulations;

(ii). any borrowings, in excess of the limits specified under Regulation 20(2) of the InvIT Regulations;

(iii). any transaction, other than any borrowing, the value of which is equal to or greater than 25% (twenty five per cent) of the InvIT Assets;

(iv). increasing period for compliance with investment conditions to one year in accordance with Regulation 18(5)(c) of the InvIT Regulations;

(v). any issue, in the ordinary course of business, which in the opinion of the Sponsor or the Trustee or the Investment Manager, is material and requires approval of the Unitholders, if any;

(vi). any issue for which SEBI or the designated stock exchanges requires approval; and

(vii). de-classification of the status of Sponsor.

4. In case of the following, approval from the Unitholders shall be required where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution:

(i). any issue, not in the ordinary course of business, which in the opinion of the Sponsor or Investment Manager or Trustee requires approval of the Unitholders;

(ii). any material change in investment strategy or any change in the management fees of the Anzen Trust;

(iii). any issue for which SEBI or the designated stock exchanges require approval;

(iv). any issue taken up on request of the Unitholders including:

(a). removal of the Investment Manager and appointment of another investment manager to the Anzen Trust;

(b). removal of the Auditors and appointment of another auditors to the Anzen Trust;

(c). removal of the Valuer and appointment of another valuer to the Anzen Trust;

(d). any issue which the Unitholders have sufficient reason to believe that is detrimental to the interest of the Unitholders;

(e). change in the Trustee, if Unitholders have sufficient reason to believe that acts of the Trustee are detrimental to the interest of Unitholders; and

(f). delisting of the Anzen Trust, if the Unitholders have sufficient reason to believe that such delisting would act in the interest of the Unitholders

With respect to the rights of the Unitholders under clause 4(iv) above:

(i). not less than 25% of the Unitholders by value, other than any party related to the transactions and its associates, shall apply, in writing, to the Trustee for the purpose;

(ii). on receipt of such application, the Trustee shall require, with the Investment Manager to place the issue for voting in the manner as specified in the InvIT Regulations;

(iii). with respect to clause 4(iv)(e) above, not less than 60% of the Unitholders by value shall apply, in writing, to the Trustee for the purpose.

Information rights

The Investment Manager, on behalf of the Anzen Trust, shall also submit such information to the Stock Exchange and Unitholders, on a periodical basis as may be required under the InvIT Regulations and the Listing Agreement to be entered into with the Stock Exchange. The Investment Manager (on behalf of the Anzen Trust) shall disclose to the Stock Exchange, Unitholders and SEBI, all such information and in such manner as specified under the InvIT Regulations and such other requirements as may be specified by SEBI. The Investment Manager, on behalf of the Anzen Trust, shall also provide disclosures or reports specific to the sector or sub-sector in which the Anzen Trust has invested or proposes to invest, in the manner as may be specified by SEBI.

Buyback, Listing and Delisting of Units

Any buyback, listing or delisting of Units, shall be in accordance with the Trust Deed and the InvIT Regulations.

DILUTION

Dilution is the amount by which the Issue Price exceeds the net asset value ("**NAV**") per Unit, immediately after the completion of this Issue. NAV per Unit is determined by subtracting the total liabilities of the Anzen Trust from the total assets of the Anzen Trust and dividing by the number of Units issued and outstanding immediately before this Issue. There was no *pro forma* NAV before this Issue for the Units.

The Anzen Trust will issue [●] Units at an Issue Price of ₹ [●] for each Unit, resulting in a combined NAV of the Anzen Trust of approximately ₹ [●] million or ₹ [●] per Unit based on the total number of Units outstanding after the completion of this Issue. This represents an immediate dilution in combined NAV of approximately ₹ [●] per Unit to the Unitholders, subscribing in this Issue.

The following provides the per Unit dilution as on [●]:

Combined NAV per Unit before this Issue	Not Applicable
Combined NAV per Unit after this Issue	₹ [●]
Dilution in NAV per Unit to Unitholders	₹ [●]
Dilution to Unitholders as a percentage of the Issue Price	[●]%

ISSUE STRUCTURE

Initial offer through a private placement of up to [●] Units, for cash, at price of ₹ [●] per Unit, aggregating up to ₹ 8,950 million by the Anzen Trust. In accordance with Regulation 14(1A) of the InvIT Regulations, this Issue shall constitute at least 25% of the total outstanding Units on a post-Issue basis.

Particulars	Details
Number of Units available for Allotment/allocation	Initial offer by way of fresh issue of up to [●] Units aggregating up to ₹ 8,950 million
Basis of Allotment/ allocation	Discretionary
Minimum Bid	Such number of Units that the Bid Amount is not less than ₹ [●] million, and in multiples of [●] Units thereafter
Maximum Bid	Such number of Units (in multiples of [●] Units) not exceeding the size of this Issue, subject to applicable investment limits
Mode of Allotment	Compulsorily in dematerialised form
Bid Lot	A minimum of [●] Units, and in multiples of [●] Units thereafter
Allotment Lot	A minimum of [●] Units, and in multiples of [●] Units thereafter
Trading Lot[(1)]	Upon listing, such number of Units, the value of which is, or exceeds, ₹ [●] million
Arrangements for Disposal of Odd Lots	The Stock Exchange will provide for an odd lot window to facilitate the trading of odd lots of Units that may be created from time to time on account of various events, including instances such as declaration of NAV and any distributions in respect of the Units
Who can apply	(i) Institutional Investors; and (ii) Bodies Corporate
Terms of Payment	The entire Bid Amount shall be payable along with the Application Form

[(1)] *The trading lot post-listing of the Units may be modified in accordance with the InvIT Regulations and other applicable law.*

In accordance with the InvIT Regulations, the maximum subscription from any investor other than the Sponsor, its related parties and its associates shall not be more than 25% of the total outstanding Units on a post-Issue basis. The Sponsor shall hold not less than 15% of Units on a post-Issue basis, aggregating up to [●] Units, which shall be locked-in for a period of three years from the date of listing of the Units. Further, unitholding of the Sponsor, exceeding 15% on a post-Issue basis, if any, shall be locked-in for a period of not less than one year from the date of listing of the Units. Separately, any pre-Issue unitholding in the Anzen Trust held by EIYP will be locked in for a period of one year in accordance with the InvIT Regulations.

Indicative Issue Timeline

Event	Indicative Date
Bid/Issue Opening Date	[●]
Bidders to submit completed Application Forms	[●]
Bid/Issue Closing Date	[●]
Dispatch of CANs to successful Bidders	On or about [●]
Closing Date	On or about [●]
Designated Date	On or about [●]
Initiation of refunds, if any, in the event of any failure to obtain final listing and trading approval within 6 Working Days from the Bid/Issue Closing Date	On or about [●]
Listing Date	On or about [●]

The above timetable is indicative and does not constitute any obligation or liability on the Trust, the Investment Manager, the Sponsor, the Trustee or the Lead Managers.

While the Investment Manager shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Units on the Stock Exchange is completed within 6 Working Days from the Bid/Issue Closing Date, the timetable may change due to various factors, such as, any extension of the Bid/Issue Period by the Investment Manager or any delay in receiving the final listing and trading approval from the Stock Exchange. The commencement of trading of the Units will be entirely at the discretion of the Stock Exchange and in accordance with applicable law.

ISSUE INFORMATION

Please see below a summary, intended to provide a general outline of the procedures for the bidding, application, payment, Allocation and Allotment of the Units to be offered pursuant to the Issue.

Eligible Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them under applicable law to which they are subject and should consult their respective advisors in this regard. Eligible Investors that apply in this Issue will be required to confirm, and will be deemed to have represented, to the Trustee, the Investment Manager, the Lead Managers and their respective directors, officers, agents, affiliates and representatives, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Units. The Investment Manager, the Sponsor and the Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Units.

Authority for the Issue

The Anzen Trust is undertaking this Issue in accordance with Regulation 14(2) of the InvIT Regulations. The Issue was authorised and approved by the board of directors of the Investment Manager on July 8, 2022. This Draft Placement Memorandum has been approved by the by the board of directors of the Investment Manager on July 22, 2022.

The Anzen Trust has received the in-principle approval of NSE for the listing of the Units on NSE, pursuant to the letter dated [●]. The Investment Manager has filed a copy of this Draft Placement Memorandum, and will file a copy of the Placement Memorandum and the Final Placement Memorandum, with SEBI and the Stock Exchange.

Neither the Anzen Trust, Trustee, Project Manager, Investment Manager or any of its directors have been declared as 'Fraudulent Borrowers' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016, as amended.

The Units have not been, and will not be, registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The Units shall not be offered or sold where such offer or sale would require registration, qualification or listing.

Eligible Investors should note that Allotment to successful Bidders will only be in the dematerialized form. Application Forms which do not have the details of the Bidders' demat accounts including the DP ID, PAN and Client ID will be treated as incomplete and rejected. Bidders will not have the option of receiving Allotment in physical form. On Allotment, the Units will be traded only on the dematerialized segment of the Stock Exchange.

Issue Procedure

1. The Lead Managers, in consultation with the Investment Manager, shall electronically circulate serially numbered copies of the Placement Memorandum and the Application Form to Eligible Investors. The Application Form will be specifically addressed to each Eligible Investor. The list of Eligible Investors to whom the serially numbered copies of the Placement Memorandum and the Application Form will be circulated, shall be determined by the Investment Manager, in consultation with the Lead Managers.

2. **Unless a serially numbered Placement Memorandum along with an Application Form is addressed to a particular Eligible Investor, no invitation to subscribe shall be deemed to have been made to such Eligible Investor.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and such person shall not be eligible to participate in the Issue.

3. Bidders may submit an Application Form to the Lead Managers, only during the Bid/Issue Period and not later than the Bid/Issue Closing Date.

4. Bidders will be required *inter alia*, to indicate the following in the Application Form:

   (i). a representation that it is outside the United States acquiring the Units in an offshore transaction under Regulation S and it has agreed to certain other representations set forth in "*Notice to Investors - Representations by Eligible Investors"* on page 2 and *"Selling and Transfer Restrictions"* on page 284 and certain other representations made in the Application Form;

   (ii). name of the Bidder to whom the Units are to be Allotted;

   (iii). number of Units Bid for;

(iv). details of the demat accounts to which the Units should be credited;

(v). details of the Bid Amount deposited by the Bidder into the Cash Escrow Account;

(vi). a representation that such person is an "Institutional Investor" or a "Body Corporate" as defined under the InvIT Regulations;

(vii). the details of Bidder's bank account along with fund transfer details, in case of any refund;

(viii). that it is permitted to acquire the Units under the laws of any applicable jurisdiction and that it has necessary capacity and authority, and have obtained all necessary consents and authorisations to enable it to commit to this participation in the Issue and to perform its obligations in relation thereto (including, without limitation, on behalf of any person) and honour such obligations;

(ix). it is eligible to invest in India and in the Units under applicable law, including the FEMA Rules, and has not been prohibited by the SEBI or any regulatory authority from buying, selling or dealing in units or securities; and

(x). any other information which may be relevant to the Bid.

Note: The Bids made by asset management companies or custodians of Mutual Funds, as permitted under applicable law, shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Units that can be held by them under applicable law and the InvIT Regulations.

5. Each Bidder shall be required to make payment of the entire Bid Amount for the Units at the Issue Price, only through electronic transfer to the Cash Escrow Account during the Bid/Issue Period, along with the completed Application Form.

6. No payment shall be made by Bidders in cash. Please note that any payment of Bid Amount for Units shall be made from the bank account of the relevant Bidder applying for Units, and the Lead Managers, on behalf of the Investment Manager, shall keep a record of the bank account from where such Bid Amounts have been received. The Bid Amount payable on Units to be held by joint holders shall be paid from the bank account of the person whose name appears first in the completed Application Form. Pending listing, all Bid Amounts received from Bidders shall be kept in a separate bank account with a scheduled bank (i.e. the Cash Escrow Account).

7. Once a duly completed Application Form is submitted by a Bidder on the basis of disclosures in the Placement Memorandum, such Application Form constitutes an irrevocable offer and cannot be withdrawn.

8. Upon receipt of the completed Application Form and the receipt of the Bid Amount in the Cash Escrow Account, the Investment Manager shall, after Bid/Issue Closing Date, determine the number of the Units to be Allotted pursuant to the Issue, in consultation with the Lead Managers.

9. Upon determination of the Bidders to whom Allocation shall be made, the Lead Managers, on behalf of the Investment Manager, will send the CANs, along with a serially numbered Final Placement Memorandum, to the Bidders who have been Allocated Units. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract in respect of the number of Units Allocated to the Bidder. **Please note that the Allocation and Allotment will be at the absolute discretion of the Investment Manager in consultation with the Lead Managers, and in accordance with the InvIT Regulations**.

10. Upon the dispatch of CAN to successful Bidders, the Investment Manager shall Allot Units of the Anzen Trust as per the details in the CAN sent to successful Bidders. The Investment Manager will intimate the Stock Exchange about the details of the Allotment and apply for approval of the Units for listing and trading of the Units on the Stock Exchange after the credit of Units into the demat accounts of the successful Bidders.

11. Allottees are advised to instruct their respective Depository Participant to accept the Units that may be Allotted to them pursuant to the Issue into their respective demat accounts.

12. In the event the Investment Manager is unable to Allot the Units, in full or in part, or upon cancellation of the Issue, the Investment Manager shall be liable to refund the Bid Amounts with interest to the Bidders in accordance with applicable law. For each Bidder to whom any amounts are to be refunded, the refund shall be made to the same bank account from which the Bid Amount was remitted by such Bidder.

13. The Units that have been credited to the demat accounts of the Bidders shall be listed and eligible for trading on the Stock Exchange only upon the receipt of final listing and trading approvals from the Stock Exchange. Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchange or the Investment Manager.

14. The Bid Amount will be transferred to the account of the Anzen Trust from the Cash Escrow Account only after receipt of the final listing and trading approvals for the Units from the Stock Exchange.

Who can Bid?

Each Bidder should check if it is eligible to Bid for Units in this Issue under applicable law. Furthermore, certain categories of Bidders may not be permitted to Bid in the Issue or hold Units in excess of the limits specified under applicable law.

Only Institutional Investors and Bodies Corporate are eligible to participate in this Issue.

An Institutional Investor is defined in Regulation 2(1)(ya) of the InvIT Regulations.

A Body Corporate is defined in Section 2(11) of the Companies Act, 2013 to include a company incorporated outside India, but does not include (i) a co-operative society registered under any law relating to co-operative societies; and (ii) any other body corporate (not being a company as defined in the Companies Act, 2013) which the Central Government may, by notification, specify in this regard.

Bodies Corporate incorporated outside India are permitted to participate in the Issue subject to compliance with Schedule VIII of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended.

The Trustee, the Valuer and the employees of the Valuer who were involved in the valuation of the Anzen Trust are not permitted to Bid in this Issue.

Bids by FPIs

Foreign Portfolio Investors (other than individuals, corporate bodies and family offices) are permitted to participate in the Issue subject to compliance with Schedule II, Schedule VIII and other applicable provisions of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended. In case of Bids by FPIs the payment should be paid as inward remittance from abroad through banking channels or out of funds held in NRE, SNRR or FCNR(B) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, along with documentary evidence in support of the remittance. In case of Bids made by FPIs, a certified true copy of the certificate of registration issued by the designated depository participant under the SEBI FPI Regulations is required to be attached along with the Application Form, failing which the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid.

Bids by SEBI registered VCFs and AIFs

The SEBI VCF Regulations prescribe, amongst others, the investment restrictions on VCFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Further, VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations. Additionally, VCFs and AIFs are subject to certain investment restrictions, including with respect to the percentage of investible funds held in each investee entity. Allotments made in respect of Bids by VCFs and AIFs in this Issue shall be subject to the rules and regulations that are applicable to each of them, respectively. In case of Bids made by VCFs or AIFs, a certified true copy of the issued by SEBI is required to be attached along with the Application Form failing which the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid.

Bids by Banking Companies

Bids may be made by banks as permitted by the RBI and is subject to conditions specified in the Prudential Guidelines – Banks' investment in units of REITs and InvITs dated April 18, 2017. In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid.

Bids by Provident Funds/Pension Funds

On March 2, 2015, the Ministry of Finance issued a notification allowing investments by non-government provident funds, pension funds, superannuation funds and gratuity funds up to 5% in infrastructure investment trusts, as specified. On May 29, 2015, the Ministry of Labour and Employment issued a notification allowing investments by provident funds up to 5% in infrastructure investment trusts, as specified. However, such investments by provident funds, pension funds, superannuation

funds and gratuity funds will be subject to, amongst others, the sponsor entity of the InvIT having a minimum of AA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered with SEBI. In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Application Form, failing which the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid.

Bids by NPS Schemes

The Pension Fund Regulatory and Development Authority ("**PFRDA**") issued circulars dated June 3, 2015 and September 2, 2015, respectively, allowing investments by national pension fund schemes (other than corporate central government schemes, corporate state government schemes, central government sector schemes, state government sector schemes, NPS Lite Schemes of NPS and Atal Pension Yojana schemes) ("**Non- Govt. NPS Schemes**") up to 5% in infrastructure investment trusts, as specified. However, in accordance with the circular dated May 4, 2017 (effective from May 8, 2017), as amended by the circular dated May 8, 2018, issued by PFRDA, such investments by Non-Govt. NPS Schemes will be subject to, amongst others, such securities having a minimum of A or equivalent rating in the applicable rating scale from at least two credit rating agencies registered with SEBI, subject to the maximum permissible amount of investments in securities rated between A- and AA. Subsequently, on July 20, 2021, PFRDA permitted corporate central government schemes, corporate state government schemes, central government sector schemes, state government sector schemes, NPS Lite Schemes of NPS and Atal Pension Yojana schemes ("**Govt. NPS Schemes**" and together with the Non-Govt NPS Schemes, the "**NPS Schemes**") to invest up to 5% in listed or proposed to be listed units of infrastructure investment trusts. Such investment will be subject to, amongst others, such securities having a minimum of AAA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered with SEBI and the sponsor of the infrastructure investment trust having a minimum of AAA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered with SEBI. In case of Bids made by NPS Schemes, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Application Form, failing which the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid.

Bids by Mutual Funds

Bids may be made by mutual funds under all its schemes, existing and future, subject to the investment conditions and other restrictions prescribed under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (including, the circular on mutual funds dated February 28, 2017 and any other circulars, notifications and guidelines issued thereunder). In case of Bids made by Mutual Funds, a certified true copy of the issued by SEBI is required to be attached along with the Application Form, failing which the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid.

Bids by Eligible NRIs

In accordance with Schedule IV of the FEMA Rules, Eligible NRIs, including companies, trusts and partnership firms incorporated outside India which are owned and controlled by NRIs, are permitted to purchase units issued by an 'investment vehicle' without any limit, either on the stock exchange or outside it. The FEMA Rules define an 'investment vehicle' to mean an entity registered and regulated under the regulations framed by the SEBI or any other authority designated for that purpose, including an InvIT governed by the SEBI.

Investments by Eligible NRIs in the Units shall be on a non-repatriation basis, and shall be deemed to be domestic investment at par with investments made by residents of India.

Bids by Insurance Companies

Bids may be made by insurance companies as permitted by the Insurance Regulatory and Development Authority of India in terms of the Master Circular – Investments, 2016 and the circular issued by the IRDAI entitled, Investment in Units of Real Estate Investment Trusts (REIT) & Infrastructure Investment Trusts (InvIT), dated March 14, 2017.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by Institutional Investors or bodies corporate, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted along with the Application Form, failing which the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid.

The Investment Manager, in consultation with the Lead Managers, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form.

Allotments, if any, made to FVCIs in the Issue are subject to the respective rules and regulations that are applicable to each of them.

All Non-Resident Investors including Eligible NRIs and FPIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission.

There is no reservation for NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

The Parties to the Anzen Trust and the Lead Managers are not liable for any amendment or modification or change to applicable law or regulations, which may occur after the date of the Placement Memorandum. Eligible Investors are advised to make their independent investigations and satisfy themselves that they are eligible to apply in this Issue. Eligible Investors are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Units that can be held by them under applicable law or regulation or as specified in the Placement Memorandum.

Note: *Affiliates or associates of the Lead Managers who are Eligible Investors may participate in the Issue in compliance with applicable law.*

Maximum and Minimum Bid Size

(i) Each Bidder is required to Bid for a Minimum Bid Size of ₹ 10 million and in multiples of [●] Units thereafter.

(ii) No Bidder shall Bid for such number of Units that exceeds the Issue size.

Application Process

Application Form

Bidders shall only use the Application Forms provided by the Investment Manager electronically, for the purpose of making a Bid in terms of the Placement Memorandum.

By making a Bid for the Units through Application Forms, Bidders will be deemed to have made the following representations and warranties, respectively:

(i) The Bidder confirms that it is an Institutional Investor or a Body Corporate, and is eligible to participate in the Issue;

(ii) The Bidder has deposited the Bid Amount in the Cash Escrow Account;

(iii) The Bidder has no right to withdraw its Bid once such Bid is submitted to the Lead Managers;

(iv) Revised Bids, if any, shall have been submitted during the Bid/Issue Period;

(v) The Bidder confirms that it is eligible to apply for, and hold, any Units that may be Allotted to the Bidder pursuant to the Issue. The Bidder further confirms that any such Allotment of Units to, and the holding of Units by, the Bidder does not, and shall not, exceed the level permissible as per any law applicable to the Bidder; and

(vi) The Bidder confirms that it is either (i) inside the United States, and is a U.S. QIB, or (ii) it is purchasing the Units in an "offshore transaction" as defined in, and in reliance on, Regulation S under the Securities Act, and in either cases is not our affiliate or a person acting on behalf of such an affiliate.

ELIGIBLE INVESTORS MUST PROVIDE THEIR DEMAT ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND BANK ACCOUNT DETAILS IN THE APPLICATION FORM. ELIGIBLE INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEMAT ACCOUNT IS HELD.

Demographic details such as address and bank account details will be obtained from the Depositories as per the demat account details given in the Application Form.

Instructions for completing the Application Form

Bidders may note that Application Forms not filled completely or correctly as per instructions provided in the Placement Memorandum and the Application Forms are liable to be rejected. The Bids should adhere to the following:

(i) Bids must be made only in the prescribed Application Form;

(ii) Application Form must be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein and in the Application Form. In case of incomplete Application Forms, the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid.

(iii) Bidders must provide details of valid and active DP ID, Client ID and PAN clearly and without error. Invalid accounts, suspended accounts, or where such account is classified as invalid or suspended shall not be considered for Allotment. Bidders should note that the Lead Managers, Registrar and the Investment Manager will not be liable for errors in data entry due to incomplete or illegible Application Forms; and

(iv) Bidders are required to sign the Application Form. Bidders should ensure that the thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India, are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Bidder, the number of the Units applied for and the Bid Amount and the details of the bank account from which payment of the Bid Amount was made. The Application Form shall be submitted to the Lead Managers either through electronic form or through physical delivery at the following address:

Axis Capital Limited
1st Floor, Axis House
C 2 Wadia International Centre
Pandurang Budhkar Marg
Worli, Mumbai - 400 025
Tel.: +91 22 4325 2183
Fax: +91 22 4325 3000
E-mail: anzen.ivit@axiscap.in
Investor Grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Ankit Bhatia/Harish Patel
SEBI Registration No.: INM000012029

Credit Suisse Securities (India) Private Limited
9th Floor, Ceejay House
Plot F, Shivsagar Estate
Worli, Mumbai 400 018
Tel: 022 6777 3885
Fax: 022 6777 3820
E-mail: list.anzeninvit@credit-suisse.com
Investor Grievance E-mail: bnkg@credit-suisse.com
Website: www.credit-suisse.com/in/en/investment-banking-apac/investment-banking-in-india/ipo.html
Contact Person: Abhishek Joshi
SEBI Registration No.: INM000011161

Edelweiss Financial Services Limited
6th Floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai - 400 098
Tel: +91 22 4009 4400
Fax: +91 22 4086 3610
E-mail: anzenindia@edelweissfin.com
Investor Grievance E-mail: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Lokesh Shah
SEBI Registration No.: INM0000010650

** Edelweiss Financial Services Limited is deemed to be our associate as per the SEBI Merchant Bankers Regulations. Further, in compliance with the provisions of Regulation 21A and explanation to Regulation 21A of the SEBI Merchant Bankers Regulations, Edelweiss Financial Services Limited would be involved only in marketing of the Issue.*

The Lead Managers shall not be required to provide any written acknowledgement for receipt of the Application Form.

PAN

Each Eligible Investor must mention its Permanent Account Number ("PAN") allotted under the IT Act. Each Eligible Investor is required to submit a copy of its PAN card along with the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Eligible Investors should not submit the general index registrar number ("**GIR**") instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account for Payment of Bid Amount

The Investment Manager has opened the Cash Escrow Account with [●], acting as the Escrow Collection Bank in terms of the arrangement among the Trust, the Investment Manager, the Lead Managers and the Escrow Collection Bank. Bidders are required to deposit the entire Bid Amount during the Bid/Issue Period, together with the completed Application Form, in favour of "[●]".

If the payment of the Bid Amount is not made favouring the Cash Escrow Account within the Bid/Issue Period, the Application Form of the Bidder is liable to be rejected.

The Trustee and the Investment Manager shall utilize the amount deposited in the Cash Escrow Account only for the purposes of: (i) adjustment against Allotment; or (ii) refund of Bid Amount in case of any failure to Allot Units in the Issue. For further details, please see the section entitled "*Issue Information – Refunds*" on page 304.

Payment Instructions

The payment of Bid Amount shall be made by the Bidders in the name of the Cash Escrow Account as per the payment instructions provided in the Placement Memorandum and the Application Form.

Payments are to be made only through electronic fund transfer. Payments through cheques or cash or any mode other than electronic mode shall be rejected.

Allocation

The Bidders shall submit their Bids for the Units within the Bid/Issue Period to the Lead Managers. The book shall be maintained by the Lead Managers.

Method of Allocation

The Investment Manager shall determine the Allocation in consultation with the Lead Managers on a discretionary basis, subject to the InvIT Regulations, SEBI Guidelines and other Applicable Laws. After finalization of the Allocation, the Investment Manager will update the Placement Memorandum with the Issue details and file the Final Placement Memorandum with SEBI and the Stock Exchange, and dispatch the CAN, together with a serially numbered Final Placement Memorandum to each successful Bidder.

THE DECISION OF THE INVESTMENT MANAGER, IN CONSULTATION WITH THE LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF THE UNITS IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE INVESTMENT MANAGER, IN CONSULTATION WITH THE LEAD MANAGERS, AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS. NEITHER THE INVESTMENT MANAGER NOR THE LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY SUCH NON-ALLOCATION.

The Investment Manager in consultation with the Lead Managers reserves the right to withdraw the Issue anytime after the Bid/Issue Opening Date but before the Allotment, without assigning any reasons whatsoever.

Confirmation of Allocation Note or CAN

Based on the Application Forms and Bid Amounts received from Bidders, the Investment Manager, in consultation with the Lead Managers, in their sole and absolute discretion, will decide the Bidders to whom the serially numbered CANs shall be sent, pursuant to which the details of Units Allocated to them shall be notified to such Bidders. Further, details of the amounts payable for Allotment of the Units in their respective names shall be notified to such Bidders. Additionally, the CAN will include the probable designated date, being the date of credit of the Units to the respective Bidder's demat account ("**Designated Date**").

Bidders, who have been Allocated Units, would also be sent a serially numbered Final Placement Memorandum either in electronic form or by physical delivery along with the serially numbered CAN. The dispatch of the serially numbered Final Placement Memorandum and the CAN to Bidders shall be deemed a valid, binding and irrevocable contract in respect of the number of Units Allocated to each successful Bidder.

Bidders are advised to instruct their Depository Participant to accept the Units that may be Allotted to them pursuant to the Issue.

Bidders' Demat Account and Bank Account Details

Bidders should note that on the basis of Bidders' PAN, DP ID and Client ID provided by them in the Application Form, the Registrar will obtain from the Depository the demographic details including the Bidders' address and bank account details (including the nine-digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf) (the "**Demographic Details**"), from the Depository. The Demographic Details will be used for giving refunds (including through direct credit, NACH, NECS, NEFT and RTGS) to the Bidders. It is mandatory to provide the bank account details in the space provided in the Application Form and Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing in the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in credit of refunds to Bidders at their sole risk and none of the Lead Managers, the Registrar, the Escrow Collection Bank, the Investment Manager or the Trustee will have any responsibility or undertake any liability for this. Accordingly, Bidders should carefully fill in their demat account details in the Application Form.

By signing the Application Form, the Bidder is deemed to have authorized the Depositories to provide to the Registrar, on request, the required Demographic Details as available in their records.

Closing Date and Allotment of the Units

The Trustee and the Investment Manager will endeavour to complete the Allotment by the Closing Date.

In accordance with the InvIT Regulations, the Units will be issued and Allotment shall be made only in dematerialised form to the Allottees. The Investment Manager (on behalf of the Trust) and the Registrar have entered into:

- Agreement dated July 4, 2022 with NSDL; and
- Agreement dated July 6, 2022 with CDSL.

The Trustee and/or the Investment Manager, at their discretion, reserve the right to cancel the Issue at any time prior to the issuance of CAN, without assigning any reason whatsoever.

Following the Allotment of the Units, the Investment Manager will apply for final listing and trading approval from the Stock Exchange. The Investment Manager and the Lead Managers shall endeavour to list the Units on the Stock Exchange within 6 Working Days from the Bid/Issue Closing Date.

Refunds

In the event Investment Manager is unable to Allot the Units, in full or part or upon cancellation of the Issue or if refunds are required to be made in accordance with Applicable Law, the Investment Manager shall be liable to refund the Bid Amounts with interest to the Bidders in accordance with applicable law. For each Bidder to whom any amounts are to be refunded, the refund shall be made to the same bank account from which the Bid Amount was remitted by such Bidder. In the event of non-receipt of listing permission from the Stock Exchange, the Units shall not be eligible for listing and the Anzen Trust shall be liable to refund the Bid Amounts to the Allottees immediately along with interest at the rate of 15% per annum, from the date of Allotment until such time prescribed under, and in compliance with, the InvIT Regulations or such other rate as prescribed under applicable law.

Other Instructions

Right to Reject Applications

The Investment Manager, in consultation with the Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of the Investment Manager in relation to the rejection of Bids shall be final and binding.

Units in Dematerialised form with NSDL or CDSL

The Allotment shall be only in dematerialised form (i.e., not in physical certificates but represented by the statement issued through the electronic mode).

A Bidder applying for the Units to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of such Bidder.

Units in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. BSE and NSE have electronic connectivity with NSDL and CDSL. The trading of the Units would be in dematerialised form only for all Unitholders in the respective demat segment of BSE and NSE. For details in respect of the minimum trading lot, please see the section entitled "*Issue Structure*" on page 296.

The Trustee, the Investment Manager or the Lead Managers, will not be responsible or liable for the delay in the credit of the Units to be issued and transferred pursuant to the Issue due to errors in the Application Form, delay in payment of Bid Amount or otherwise on part of the Bidders.

Undertakings of the Investment Manager:

(i). There shall be only one denomination for the Units of the Anzen Trust; and

(ii). It shall comply with such disclosure and accounting norms specified by the SEBI from time to time.

STATEMENT OF POSSIBLE TAX BENEFITS

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STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO ANZEN INDIA ENERGY YIELD PLUS TRUST AND ITS UNITHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To
The Board of Directors
Edelweiss Real Assets Managers Limited
(As the Investment Manager of Anzen India Energy Yield Plus Trust)
Plot 294/3, Edelweiss House, Off CST Road, Kalina,
Santacruz East, Mumbai 400098
Maharashtra, India

Dear Sirs,

Sub: Statement of possible tax benefits available to Anzen India Energy Yield Plus Trust and its unitholders under the Indian direct tax laws

We hereby confirm that the enclosed Annexure, prepared by Edelweiss Real Assets Managers Limited (the "**Investment Manager**") states the possible tax benefits available to Anzen India Energy Yield Plus Trust (the "**Trust**") and its unitholders under the Income-tax Act, 1961 ('**the Act'**) as amended by the Finance Act, 2022 read with the Income tax Rules, 1962, i.e. applicable for the Financial Year 2022-23 relevant to the assessment year 2023-24 (referred to as '**the Direct Tax Law'**). Several of these benefits are dependent on the Trust or its unitholders fulfilling the conditions prescribed under the relevant provisions of the Direct Tax Law. Hence, the ability of the Trust and/or its unitholders to derive the tax benefits is dependent upon their fulfilling such conditions, which based on the business imperatives the Trust faces in the future, the Trust or its unitholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated in the Annexure is the responsibility of the Investment Manager. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Direct Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed issue of unit by the Trust on a private placement basis in accordance with the provisions of SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the guidelines and circulars issued thereunder (the "**Offering**"). We are neither suggesting nor advising the investors to invest in the Offering relying on this statement.

We do not express any opinion or provide any assurance as to whether:

- The Trust or its unitholders will obtain/continue to obtain these tax benefits in future;
- the conditions prescribed for availing the tax benefits have been/would be met with; and
- the revenue authorities/courts will concur with the views expressed herein.
-

We assume no obligation to update the Annexure on any events subsequent to this date, which may have a material effect on the discussions herein.

The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Trust and the Investment Manager and on the basis of our understanding of the business activities and operations of the Trust.

This statement is prepared solely for the purpose of inclusion in the Draft Placement Memorandum, Placement Memorandum and Final Placement Memorandum in connection with the Offering, and is not to be used, referred to or distributed for any other purpose.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Amit Singh
Partner
Membership Number: 408869
UDIN: 22408869ANLGHY5146
Place of Signature: Mumbai
Date: July 22, 2022

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO ANZEN INDIA ENERGY YIELD PLUS TRUST ('ANZEN INDIA' or 'BUSINESS TRUST') AND ITS UNITHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The information provided below sets out the possible tax benefits available to Anzen India and unitholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of equity shares or units, under the Tax Laws presently in force in India. It is not exhaustive or comprehensive analysis and is not intended to be a substitute for professional tax advice.

Unitholders should consult their own tax advisors concerning the India tax implications and consequences of purchasing, owning and disposing of units, including tax implications on any distributions by/ receipts from Anzen India, in their particular situation.

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')

1. TAX BENEFITS AVAILABLE TO ANZEN INDIA UNDER THE ACT

Anzen India is proposed as a privately placed listed Infrastructure Investment Trust in accordance with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ('**SEBI Regulations'**). The following benefits are available to the Business Trust after fulfilling conditions as per the applicable provisions of the Act and the guidelines prescribed by the Securities and Exchange Board of India ('**SEBI**') including the SEBI Regulations.

Business Trust is defined under section 2(13A) of the Act to include a trust registered as an Infrastructure Investment Trust under the SEBI Regulations.

1.1 Tax benefit in the hands of Anzen India in respect of interest and dividend income received from the Special Purpose Vehicle(s) ('SPVs'):

Interest and dividend received or receivable by Anzen India from the Project SPVs shall be exempt from tax, subject to satisfaction of conditions given under section 10(23FC) of the Act. For the purposes of this section, SPV means an Indian company in which the Business trust holds controlling interest and specified percentage of shareholding or interest, as may be required by the regulations under which such trust is granted registration.

Further, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by Anzen India, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1961 ('the Rules').

1.2 Benefits in the hands of Anzen India in respect of income, other than the income from SPVs:

1.2.1 Income from specified units as per section 10(35) of the Act

Finance Act, 2020 has discontinued the exemption available undersection 10(35) and hence the Business trusts shall be liable to pay tax on dividends received on or after April 1, 2020 at maximum marginal rate.
Deduction of interest expense wholly and exclusively incurred for earning of such dividend income can be claimed under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

1.2.2 Section 10(34A) of the Act - Income from buy back of shares

The provisions of section 115QA mandate domestic companies to pay an additional tax at the rate of 20% (plus applicable surcharge and cess) on buy-back of shares, on the amount of income determined as per Rule 40BB of the Rules. Correspondingly, income arising from buy-back of shares shall not be taxable as per section 10(34A) of the Act in the hands of Anzen India.
Also, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by Anzen India, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

1.2.3 Taxability of Capital Gains

In terms of section 115UA(2) of the Act, the total income of Anzen India shall be chargeable to tax at the maximum marginal rates in force except for

a) Income chargeable to tax on transfer of Short-term Capital assets sunder section 111A;
b) Income chargeable to tax on transfer of Long-terms Capital assets under section 112 of the Act; and

If the period of holding of a security (other than a unit) listed on a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity-oriented fund or a zero-coupon bond is more than 12 months, it will be considered a long-term capital asset as per section 2(29A) read with section 2(42A) of the Act. With respect to shares of a company not being listed on a recognized stock exchange, the determinative period of holding shall be more than 24 months for it to be regarded as long-term capital asset. With respect to other assets, including a unit of a mutual fund other than equity oriented mutual fund or unit of a Business trust, the determinative period of holding is more than 36 months for it to be regarded as long-term capital asset. Asset not considered as long-term capital asset shall be regarded as short-term capital assets.

As per the provisions of section 111A of the Act, any income arising from transfer of short-term capital asset being an equity share in a company or a unit of an equity-oriented fund or a unit of an eligible Business trust, transacted through a recognized stock exchange and subject to securities transaction tax, shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of long-term capital assets shall be chargeable to tax in the hands of Anzen India at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long-term capital gains resulting on transfer of Zero-Coupon Bonds shall be at the rate of 10% (plus applicable surcharge and cess) without indexation benefit.
Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long-term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds, debentures.

As per section 70 read with section 74 of the Act, short-term capital loss arising during a year is allowed to be set-off against short-term capital gains as well as long-term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Also, as per section 70 of the Act, long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, shall be carried forward and set-off against long-term capital gains arising during subsequent eight assessment years.

2. TAX BENEFITS AVAILABLE TO UNIT-HOLDERS OF ANZEN INDIA

2.1 Special Benefits available to the Unitholders of Anzen India:

Following tax benefits are specifically available to the unitholders of Anzen India subject to the fulfilment of the conditions specified in the Act and SEBI Regulations:

2.1.1 Section 10(23FD) of the Act - Tax exemption in respect of income distributed by Anzen India

As per the provisions of section 115UA(1) of the Act, the income distributed by Anzen India shall be deemed to be of the same nature and in the same proportion in the hands of the Unit-holder as if such income was received by or accrued to Anzen India.

As per the provisions of section 10(23FD), any income referred to in section 115UA(1) of the Act and distributed by the Business trust shall not be included in the total income of the unit-holders except for the following income:

a. Interest referred to in section 10(23FC)
b. Specified dividend i.e. dividend income received in cases where SPV has exercised the option under section 115BAA of the Act

Further, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the exempt income under section 10(23FD) shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by unitholders, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

Interest income from loan given to SPVs referred to in section 10(23FC) received by the unitholders from Anzen India shall be taxable as follows:

a) at the applicable tax rates, in case of resident unitholders; and
b) at 5% (plus applicable surcharge and cess) in case of non-resident Unitholders.

Further, in case the SPVs of Anzen India are opting for the concessional tax rate under section 115BAA, the dividend received by the unit holders shall be taxable in their hands as follows:

c) at the applicable tax rates, in case of resident unitholders; and
d) at 20% (plus applicable surcharge and cess) in case of non-resident Unitholders.

As per section 57 of the Act, no deduction shall be allowable against the taxable dividend income other than deduction on account of interest expense wholly and exclusively incurred for earning of such dividend income. Further, such interest expense shall not exceed 20% of the gross dividend income from Anzen India included in the total income for that year.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the non-resident assessee.

2.1.2 Section 10(23FE) of the Act - Tax exemption in respect of specified income earned by notified Sovereign Wealth Funds and Provident Funds

Finance Act, 2020 has introduced a specific tax exemption under section 10(23FE) of the Act to 'Specified Persons' with respect to the income in the nature of **dividend, interest or long-term capital gains** arising from direct India investments made on or after 1 April 2020 but on or before 31 March 2024, inter alia, in units of an Infrastructure Investment Trust, if such investment is:

a. made on or after the 01 April 2020 but on or before the 31 March 2024; and
b. is held for at least 3 years.

For the purposes of the above exemption, following investors are considered as 'Specified Persons':

a. Wholly owned subsidiaries of Abu Dhabi Investment Authority;
b. notified foreign Sovereign Wealth Fund ('SWF'); and
c. notified foreign pension Fund ('PF').

For the purpose of claiming the aforesaid exemption, the aforesaid 'Specified Persons' need to be specifically notified under section 10(23FE) and need to satisfy the conditions specified in the notification.

2.2 <u>General Benefits available to the all the Unitholders of Anzen India:</u>

2.2.1 For resident Unitholder:

Income arising from transfer of units of Anzen India held for more than 36 months and subject to securities transaction tax, shall be considered as long term capital assets. Assets not considered as long term capital assets shall be considered as short term capital assets.

Long term capital gain exceeding Rs. 1,00,000 on transfer of units of Anzen India through a recognized stock exchange and subject to securities transaction tax, shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess) as per the provisions of section 112A of the Act.

Income arising on transfer of units of the Business trust that are long term capital assets, which is not covered under the provisions of section 112A, shall be chargeable to tax at 20%, with indexation benefit (plus applicable surcharge and cess) under section 112 of the Act.

Short-term capital gains arising on transfer of the units of Anzen India will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act provided such transaction is subject to STT and through a recognized stock exchange. In case of a Unitholder being an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

Short-term Capital Loss computed for the given year is allowed to be set-off against Short-term/ Long-term Capital Gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short-term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Also, as per section 70 of the Act, long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, shall be carried forward and set-off against long-term capital gains arising during subsequent eight assessment years.

Where the gains arising on the transfer of the units of Anzen India are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act. The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the unitholder and various other factors.

2.2.2 For unitholders who are Foreign Portfolio Investors ('FPIs')/ Foreign Institutional Investors ('FIIs'):

As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

Income arising from transfer of units of Anzen India held for more than 36 months and subject to securities transaction tax, shall be considered as long-term capital assets. Assets not considered as long-term capital assets shall be considered as short-term capital assets.

Section 115AD read with section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from transfer of units of Anzen India, if such transfer is subject to STT. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 115AD of the Act, the tax on long term capital gains resulting on transfer of listed units of Anzen India (other than those covered under section 112A) shall be at 10% (plus applicable surcharge and cess) without indexation benefit.

Under section 115AD(1)(ii) of the Act, income by way of short term capital gains arising to the FPI/ FII on transfer of units of Anzen India shall be chargeable at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the AADT, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the AADT to the extent they are more beneficial to the FII.

Pursuant to Central Board of Direct Tax press release dated 24 September 2015, the Government has clarified the inapplicability of Minimum Alternate Tax provisions to FIIs/FPIs.

2.2.3 For non-resident Unitholder (other than FIIs/ FPIs):

Income arising from transfer of units of Anzen India held for more than 36 months and subject to securities transaction tax, shall be considered as long term capital assets. Assets not considered as long term capital assets shall be considered as short term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from the units of Anzen India, if such transaction is subjected to STT. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed units of Anzen India (other than those covered under section 112A) shall be the lower of the following:

a. 20% (plus applicable surcharge and cess) with indexation benefit; or
b. 10% (plus applicable surcharge and cess) without indexation benefit.

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of units of Anzen India through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act. The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the unitholder and various other factors.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the AADT between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the non-resident assessee.

As per Explanation 4 to section 115JB(2), the provisions of section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having AADT with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant AADT, or the foreign company is a resident of a country which does not have a AADT with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

2.2.4 <u>For unitholders who are Mutual Funds:</u>

Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

2.2.5 <u>For Venture Capital Companies/ Funds (registered post 21 May 2012):</u>

VCF/ VCC registered post 21 May 2012 shall be classified as a Category I or a Category II Alternate Investment Fund which shall be governed by the SEBI (AIF) Regulations 2012 or under the International Finance Services Centre Authorities Act, 2019. For such funds benefit of section 10(23FB) and section 115U shall not be applicable and shall be governed section 115UB read with section 10(23FBA) and 10(23FBB) which states that business income earned by such fund shall be taxable in the hands of the Fund and exempt in the hands of the unit holders, and other income earned viz. capital gains, income from other sources shall be exempt in the hands of the fund and taxable in the hands of unit holder.

II. TAX DEDUCTION AT SOURCE

<u>Section 194LBA – Certain income from units of Anzen India:</u>

Where any distributed income payable by Anzen India referred in section 115UA, is in the nature referred to in sub clause (a) of clause (23FC) of section 10 i.e., interest, to its unit holder being a resident, Anzen India shall at the time of credit of such payment deduct tax at the rate of 10%.

In case payment referred to above is made to a non-resident unit holder, then the same shall be subjected to the tax deduction at the rate of 5% (Plus applicable surcharge and cess).

Where any distributed income payable by Anzen India referred in section 115UA, is in the nature referred to in sub clause (b) of clause (23FC) of section 10 i.e. any dividend is received from SPV which has exercised the option under section 115BAA of the Act, shall at the time of credit of such payment to the account of the payee or at the time of payment, whichever is earlier, deduct tax at the rate of 10%. In case of payments to non-resident unit holders, the rate of 10% shall be further increased by applicable surcharge and cess.

No tax is required to be deducted on dividend income distributed by Anzen India to the unit holders, in case such dividend is received from an SPV which has not opted for the option under section 115BAA.

Section 194 – Dividend distribution by the SPVs to Anzen India:

As per section 194 of the Act, dividend income distributed/ paid by an SPV to Anzen India shall not be subject to withholding tax.

Section 194A – Interest paid by the SPVs to Anzen India on loans:

As per Clause xi) of sub-section 3 to section 194A of the Act, interest income paid by the SPVs to Anzen India in respect of the loans shall not be subjected to any withholding tax.

Section 196 – Distribution by Anzen India to Mutual Funds:

As per section 196 of the Act, no tax is to be deducted from income distributed/ paid by Anzen India to a Mutual Fund specified under section 10(23D) of the Act.

Applicability of other provisions

No income tax is deductible at source from income by way of capital gains arising to a resident unitholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the AADT, whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of him being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable AADT and such other document as may be prescribed as per the provision of section 90(4) of Act.
Pursuant to amendment in section 206AA vide notification 53/2016 dated 24 June 2016 introducing Rule 37BC, requirement of quoting permanent account number (PAN) in case of certain specified income is eliminated by maintaining specified documents as mentioned in the said notification.
Provisions of section 206AB of the Act shall not be applicable on payment made to a non-resident who does not have a permanent establishment in India.

Notes:

1. The income-tax rates specified in this note are as applicable for the financial year 2022-23, and are exclusive of surcharge and education cess, if any. Rate of surcharge and cess are provided below:

   Surcharge:

   Domestic companies (not opting for Section 115BAA/ 115BAB):

   If the net income does not exceed INR 10 million – Nil
   If the net income exceeds INR 10 million but does not exceed INR 100 million - 7 per cent
   If the net income exceeds INR 100 million - 12 per cent

   Domestic companies (opting for Section 115BAA/ 115BAB): 10%

   Foreign companies:

   If the net income does not exceed INR 10 million - Nil
   If the net income exceeds INR 10 million but does not exceed INR 100 million - 2 per cent
   If the net income exceeds INR 100 million - 5 per cent

   Individuals, HUF, AOP and BOI:

   If the net income does not exceed INR 5 million – Nil
   If the net income exceeds INR 5 million but does not exceed INR 10 million – 10 per cent
   If the net income exceeds INR 10 million but does not exceed INR 20 million – 15 per cent
   If the net income exceeds INR 20 million but does not exceed INR 50 million – 25 per cent
   If the net income exceeds INR 50 million – 37 per cent

   The enhanced surcharge of 25% and 37%, is not levied on income chargeable to tax under sections 111A, 112A and 115AD. The maximum rate of surcharge on tax payable on such incomes shall be 15 per cent.

   For other assessees, surcharge at the rate of 12% shall be applicable if the total income exceeds INR 10 million.

   Health and Education cess:

   In all cases, health and education cess will be levied at the rate of 4 per cent of income-tax and surcharge.

2. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares, units and other securities.

3. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

4. The stated benefits will be available only to the sole/ first named holder in case the units are held by joint holders.

5. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable AADT, if any, between India and the country in which the non-resident has fiscal domicile.

6. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We will not be liable to any person in respect of this statement.

8. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the Finance Act, 2022. The above statement of possible direct-tax benefits sets out the possible tax benefits available to the Business Trust and its unitholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the taxpayer's parties to the transaction fulfilling the conditions prescribed under the relevant tax laws.

9. The information provided above sets out the possible tax benefits available to the investors in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of units and other securities, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the units particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

For Edelweiss Real Assets Managers Limited
(As the Investment Manager of Anzen India Energy Yield Plus Trust)

Subahoo Chordia
Director
Place: Mumbai
Date: July 22, 2022

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Units by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Units that are U.S. Holders and that will hold the Units as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Units by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 10 per cent. or more of the Units of the Anzen Trust by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Units as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Units in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Units that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Units will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Units by the partnership.

This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE UNITS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Characterisation of the Anzen Trust for U.S. Federal Income Tax Purposes

The U.S. tax classification of the Anzen Trust will depend on whether the Anzen Trust is considered to be an ordinary trust or a business trust. An arrangement generally will be treated as an ordinary trust for U.S. tax purposes if it can be shown that its purpose is to vest in trustees the responsibility for the protection and conservation of property for beneficiaries who cannot share in the discharge of this responsibility and, therefore, are not associates in a joint enterprise for the conduct of business for profit. However, a trust that engages in business activities generally will be considered a business trust and, in the case of a non-U.S. trust, generally will be treated as a corporation for U.S. federal income tax purposes. Although the issue is not free from doubt, the Anzen Trust intends to take the position that the Anzen Trust is properly treated as a corporation for U.S. federal income tax purposes, and the Units are properly treated as equity in a corporation for U.S. federal income tax purposes. However, the Anzen Trust's position is not binding on the U.S. Internal Revenue Service (the "**IRS**") or the courts, and there can be no assurance that this characterisation will be accepted by the IRS or a court. If the Anzen Trust is properly characterised as an ordinary trust for U.S. federal income tax purposes, U.S. Holders would be subject to certain information reporting applicable to non-U.S. trusts, and U.S. investors generally would be required to take account of income and expenses incurred at the level of the Anzen Trust. U.S. Holders that fail to comply with applicable information reporting requirements in a timely manner could be subject to significant penalties. Each prospective investor should consult its own tax adviser about the proper characterisation of the Anzen Trust and the Units for U.S. federal income tax purposes and the consequences of acquiring, owning or disposing of Units if the Anzen Trust is treated as an ordinary trust for U.S. federal income tax purposes. The remainder of this summary assumes that the Anzen Trust is properly characterised as a corporation for U.S. federal income tax purposes, and that the Units are properly characterised as equity in a corporation for U.S. federal income tax purposes.

Passive Foreign Investment Company Rules

A non-U.S. corporation will be a passive foreign investment company ("**PFIC**") in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i)

at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For these purposes, "passive income" generally includes interest, dividends, rents, royalties, and gains from non-dealer securities transactions. The Anzen Trust has not made, and does not expect to make, any determination as to its potential classification as a PFIC during any taxable year.

If the Anzen Trust is a PFIC in any year during which a U.S. Holder owns Units, and the U.S. Holder has not made a mark-to-market or qualified electing fund election (each as described below), the U.S. Holder generally will be subject to special rules (regardless of whether the Anzen Trust continues to be a PFIC) with respect to (i) any "excess distribution" (generally, any distributions received by the U.S. Holder on the Units in a taxable year that are greater than 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Units) and (ii) any gain realised on the sale or other taxable disposition of Units. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Anzen Trust is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. If the Anzen Trust is a PFIC for any taxable year during which a U.S. Holder holds the Units, the Anzen Trust would generally continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such holder owns the Units, even if the Anzen Trust ceases to meet the threshold requirements for PFIC status.

If the Anzen Trust is a PFIC for any taxable year, to the extent any of its subsidiaries are also PFICs, a U.S. Holder will generally be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by the Anzen Trust in the proportion which the value of the Units owned by such U.S. Holder bears to the value of all of the Anzen Trust's equity interests, and such U.S. Holder will generally be subject to the tax consequences described above (and the IRS Form 8621 reporting requirement described below) with respect to the shares of such lower-tier PFIC the U.S. Holder is deemed to own. As a result, if the Anzen Trust receives a distribution from any lower-tier PFIC or sells shares in a lower-tier PFIC, a U.S. Holder will generally be subject to tax under the excess distribution rules described above in the same manner as if such U.S. Holder had held a proportionate share of the lower-tier PFIC stock directly, even if such amounts are not distributed to the U.S. Holder. However, if a U.S. Holder is treated as receiving an excess distribution in respect of a lower-tier PFIC, such holder would increase its tax basis in the Units by the amount of such distribution. In addition, if the Anzen Trust were to distribute such amount to the U.S. Holder with respect to its Units, such U.S. Holder would not include the distribution in income but would instead reduce its tax basis in the Units by the amount of the distribution. The application of the PFIC rules to indirect ownership of any lower-tier PFIC held by the Anzen Trust is complex and uncertain, and U.S. Holders should therefore consult their own tax advisers regarding the application of such rules to their ownership of Units.

U.S. Holders can avoid the interest charge and the other adverse PFIC consequences described above by making a mark-to-market election with respect to the Units, provided that the Units are "marketable". Units will be marketable if they are regularly traded on a non-U.S. stock exchange to the extent (i) the exchange is regulated or supervised by a governmental authority of the country in which the exchange is located; (ii) the exchange has trading volume, listing, financial disclosure, surveillance and other requirements designed to prevent fraudulent and manipulative acts and practices, remove impediments to, and perfect the mechanism of, a free and open, fair and orderly, market, and to protect investors; (iii) the laws of the country in which the exchange is located and the rules of the exchange ensure that these requirements are actually enforced; and (iv) the rules of the exchange ensure active trading of listed stocks. For these purposes, the Units will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded.

A U.S. Holder that makes a mark-to-market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the Units at the close of the taxable year over the U.S. Holder's adjusted basis in the Units. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the Units over the fair market value of the Units at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains for prior years. The U.S. Holder's basis in the Units will be adjusted to reflect any such income or loss amounts. Any gain that is recognised on the sale or other taxable disposition of Units will be treated as ordinary income, and any loss incurred on the sale or other taxable disposition of the Units will be treated as an ordinary loss to the extent of any net mark-to-market gains for prior years and thereafter, as capital loss. Once made, the mark-to-market election cannot be revoked without the consent of the IRS unless the Units cease to be marketable. Because a mark-to-market election cannot be made for shares in any lower-tier PFICs of the Anzen Trust, a U.S. Holder would continue to be subject to the excess distribution rules (and corresponding basis adjustments, as discussed above) with respect to any subsidiaries of the Anzen Trust that are PFICs, any distributions received by the Anzen Trust from a subsidiary that is a PFIC, and any gain recognized by the Anzen Trust upon a sale of shares of a subsidiary that is a PFIC, even if a mark-to-market election has been made by the U.S. Holder with respect to its Units. The interaction of the mark-to-market rules and the rules governing lower-tier PFICs is complex and uncertain, and U.S. Holders should therefore consult their own tax advisers regarding the application of such rules to their ownership of the Units.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a "qualified electing fund" ("**QEF**") election to be taxed currently on its share of the PFIC's undistributed income. The Anzen Trust does not, however, expect to provide to U.S. Holders the information regarding such income, which would be necessary in order for a U.S. Holder to make a QEF election with respect to its Units. Therefore, the QEF election is not expected to be available.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Anzen Trust is classified as a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime.

Distributions

Subject to the PFIC rules discussed above, distributions paid by the Anzen Trust out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Indian withholding tax paid by the Anzen Trust with respect thereto, generally will be taxable to a U.S. Holder as dividend income and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Units and thereafter as capital gain. However, the Anzen Trust does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Anzen Trust with respect to Units will be reported as ordinary dividend income. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Anzen Trust.

Dividends paid in Rupees will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the Rupees are converted into U.S. dollars at that time. If dividends received in Rupees are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

A U.S. Holder may be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Indian income taxes withheld from distributions by the Anzen Trust. Distributions generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex, and recent changes to such rules have created further uncertainty as to the availability of credits or deductions in respect of non-U.S. taxes. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of Indian withholding taxes.

Sale or Other Taxable Disposition

Subject to the PFIC rules discussed above, upon a sale or other taxable disposition of Units, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other taxable disposition and the U.S. Holder's adjusted tax basis in the Units, in each case as determined in U.S. dollars. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Units exceeds one year. The deductibility of capital losses is subject to limitations. U.S. Holders should consult their own tax advisers about how to account for proceeds received on the sale or other taxable disposition of Units that are not paid in U.S. dollars.

Any gain or loss recognised by a U.S. Holder on the sale or other taxable disposition of Units generally will be U.S. source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of such sale or other taxable disposition of Units.

Backup Withholding and Information Reporting

Distributions and proceeds from the sale or other taxable disposition of Units paid by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and about these rules and any other reporting obligations that may apply to the ownership or disposition of Units, including requirements related to the holding of certain "specified foreign financial assets".

U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions, including India, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Units, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Units, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Units, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Unitholders should consult their own tax advisers regarding how these rules may apply to their investment in the Units.

LEGAL MATTERS

Each of Cyril Amarchand Mangaldas, Trilegal and Linklaters Singapore Pte. Ltd., do not make, or purport to make, any statement in this Draft Placement Memorandum and is not aware of any statement in this Draft Placement Memorandum which purports to be based on a statement made by each of them, and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Draft Placement Memorandum.

INDEPENDENT ACCOUNTANTS

The Audited Special Purpose Combined Financial Statements have been prepared in accordance with the Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 read with the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India. The Audited Special Purpose Combined Financial Statements included in this Draft Placement Memorandum have been audited by S R B C & CO LLP, Chartered Accountants, the statutory auditors of the Anzen Trust, as stated in their audit report dated July 22, 2022 included in this Draft Placement Memorandum.

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S R B C & CO LLP
Chartered Accountants

Ground floor, Tower C Unit 1,
Panchshil Tech Park One, Loop road,
Near Don Bosco School, Yerwada
Pune - 411 006, India

Tel: +91 20 6603 6000

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Edelweiss Real Assets Managers Limited
(As the Investment Manager of Anzen India Energy Yield Plus Trust)
Plot 294/3, Edelweiss House, Off CST Road, Kalina,
Santacruz East, Mumbai 400098
Maharashtra, India

Opinion

We have audited the accompanying Special Purpose Combined Financial Statements of NRSS XXXI (B) Transmission Limited and Darbhanga-Motihari Transmission Company Limited (individually referred to as "SPVs" and together referred to as the "SPV Group") which comprise the Combined Balance Sheets as at March 31, 2022, March 31, 2021 and March 31, 2020, the Combined Statements of Profit and Loss (including Other Comprehensive Income), the Combined Cash Flow Statements, the Combined Statements of Changes in Equity for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, the Combined Statement of Net Assets at Fair Value as at March 31, 2022, the Combined Statement of Total Returns at Fair Value for the year ended March 31, 2022 and a Summary of Significant Accounting Policies and Other Explanatory Information (collectively, the "Combined Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the Combined Financial Statements give a true and fair view of the combined state of affairs of the SPV Group as at March 31, 2022, March 31, 2021 and March 31, 2020, its combined loss including other comprehensive income, its combined cash flows and its combined changes in equity for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, its combined net assets at fair value as at March 31, 2022 and its combined total returns at fair value for the year ended March 31, 2022 in accordance with the basis of preparation as set out in note 2.1 to the Combined Financial Statements.

Basis of Opinion

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

Emphasis of matter - Basis of Accounting

We draw attention to Note 2.1 to the Combined Financial Statements, which describes that the SPV Group has not formed a separate legal group of entities for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 and which also describes the basis of preparation of the Combined Financial Statements, including the approach to and the purpose for preparing them. Consequently, the SPV Group's Combined Financial Statements may not necessarily be indicative of the financial performance and financial position of the SPV Group that would have occurred if it had operated as a separate standalone group of entities during the periods presented. The Combined Financial Statements have been prepared by the Investment Manager solely for inclusion in Draft Placement Memorandum/Placement Memorandum/Final Placement Memorandum in accordance with the requirements of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time including any circulars issued thereunder (together referred to as 'InvIT Regulations') in connection with the proposed issue of units by the InvIT on private placement basis. As a result, the Combined Financial Statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Combined Financial Statements

The Investment Manager of the InvIT is responsible for the preparation of these Combined Financial Statements that give a true and fair view of the combined financial position, combined financial performance including other comprehensive income, combined cash flows, combined statement of change in equity in accordance with the basis of preparation specified in note 2.1 to the Combined Financial Statements. The respective Board of Directors of the SPVs are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013; for safeguarding the assets of the SPVs and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of these Combined Financial Statements by the Investment Manager, as aforesaid.

In preparing the Combined Financial Statements, the Board of Directors of the Investment Manager and the respective Board of Directors of the SPVs are responsible for assessing the ability of the SPVs to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the SPVs or to cease operations or has no realistic alternative but to do so. The Board of Directors of the Investment Manager and the respective Board of Directors of the SPVs are also responsible for overseeing the financial reporting process of the SPVs.

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

Our objectives are to obtain reasonable assurance about whether the Combined Financial Statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Combined Financial Statements.

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

We did not audit the financial statements and other financial information, as of and for the years ended March 31, 2021 and March 31, 2020 in respect of NRSS XXXI (B) Transmission Limited and Darbhanga-Motihari Transmission Company Limited, whose financial statements reflected total assets of Rs. 15,358.27 million and Rs. 16,067.11 million as at March 31, 2021 and March 31, 2020 respectively and total revenues of Rs. 2,176.16 million and Rs. 2,296.14 million and net cash outflows of Rs. 27.04 million and Rs. 144.66 million for the years ended March 31, 2021 and March 31, 2020 respectively, included in the Combined Financial Statements. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Combined Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the above entities, is based solely on the reports of such other auditors.

Other Matter – Restriction on distribution and use

This report is addressed to and is provided to the Investment Manager solely for the purpose of inclusion in the Draft Placement Memorandum, Placement Memorandum and Final Placement Memorandum in connection with the proposed issue of units by the InvIT on private placement basis. Our report should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Report on Other Legal and Regulatory Requirements

As required by the InvIT Regulations, we report that:

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

b. The Combined Balance Sheets, Combined Statements of Profit and Loss (including Other Comprehensive Income), Combined Cash Flow Statements and Combined Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Combined Financial Statements;

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c. In our opinion, the aforesaid Combined Financial Statements comply with the basis of preparation as stated in note 2.1 to the Combined Financial Statements;

For S R B C & CO LLP
Chartered Accountants
Firm registration number: 324982E/E300003

per Amit Singh
Partner
Membership No.: 408869
UDIN: 22408869ANLFRA8814
Place: Mumbai
Date: July 22, 2022

SPV Group
(As defined in Note 1 - Corporate Information)
All amounts in Rupees millions unless otherwise stated
Combined Balance Sheet as at

Particulars	Notes	March 31, 2022	March 31, 2021	March 31, 2020
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	(3A)	12,097.19	13,055.64	13,933.19
(b) Capital work-in-progress	(33)	46.59	5.15	93.99
(c) Goodwill	(3B)	1,371.22	1,371.22	1,371.22
(d) Financial assets				
(i) Other financial assets	(4)	6.96	176.20	163.74
(e) Income tax assets (net)		11.40	12.33	12.65
(f) Other assets	(6)	-	0.86	20.30
Total non-current assets		13,533.36	14,621.40	15,595.09
(2) Current assets				
(a) Financial assets				
(i) Investments	(5)	272.37	325.66	225.84
(ii) Trade receivables	(7)	-	-	167.96
(iii) Cash and cash equivalents	(8A)	43.53	81.12	32.99
(iv) Bank balances other than disclosed in note 8A above	(8B)	1,231.97	1,096.75	838.41
(v) Other financial assets	(4)	603.45	584.86	554.73
(b) Other assets	(6)	18.60	19.64	23.24
Total current assets		2,169.92	2,108.03	1,843.17
Total assets		15,703.28	16,729.43	17,438.26
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity capital	9(a)	261.29	261.29	261.29
(b) Other equity	9(b)	771.12	1,283.27	1,963.12
(c) Adjustment on combination of SPVs	2.1	(80.18)	(80.18)	(80.18)
Total equity		952.23	1,464.38	2,144.23
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	(10)	13,757.23	14,210.31	14,424.19
(b) Provisions	(11)	1.86	1.46	0.81
Total non-current liabilities		13,759.09	14,211.77	14,425.00
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	(10)	466.00	429.00	400.00
(ii) Trade and other payables	(12)	20.93	48.09	51.26
(iii) Other financial liabilities	(13)	427.41	445.60	412.09
(b) Other liabilities	(14)	77.08	130.02	5.39
(c) Provisions	(11)	0.54	0.57	0.29
Total current liabilities		991.96	1,053.28	869.03
Total equity and liabilities		15,703.28	16,729.43	17,438.26

Summary of significant accounting policies 2

The accompanying notes form an integral part of the combined financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No: 324982E/E300003

per Amit Singh
Partner
Membership Number : 408869

Place : Mumbai
Date : July 22, 2022

For and on behalf of the Board of Directors of
Edelweiss Real Assets Managers Limited
(as Investment Manager of Anzen India Energy Yield Plus Trust)

Subahoo Chordia
Director
DIN No. : 09216398

Venkatchalam Ramaswamy
Director
DIN No. : 00008509

Jalpa Parekh
Company Secretary
Membership Number: A44507

Place : Mumbai
Date : July 22, 2022

SPV Group
(As defined in Note 1 - Corporate Information)
All amounts in Rupees millions unless otherwise stated
Combined Statement of Profit and Loss for the

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
INCOME				
Revenue from contract with customers	(15)	2,218.01	2,176.17	2,296.14
Other income	(16)	25.07	69.67	33.54
Finance income	(17)	60.30	69.84	70.45
Total		2,303.38	2,315.68	2,400.13
EXPENSES				
Operation and maintenance expense	(18)	65.62	98.46	81.29
Employee benefit expense	(19)	14.95	13.19	8.77
Depreciation expense	(3A)	1,073.75	1,131.78	1,231.40
Finance costs	(20)	1,498.53	1,524.70	1,525.19
Other expenses	(21)	162.78	227.30	184.36
Total		2,815.63	2,995.43	3,031.01
Loss before tax		(512.25)	(679.75)	(630.88)
Tax expense:				
(1) Current tax		-	-	-
(2) Deferred tax		-	-	-
Loss for the year [A]		(512.25)	(679.75)	(630.88)
Other Comprehensive Income				
Other Comprehensive Income not to be reclassified to profit or loss in subsequent period				
Re-measurement of defined benefit plans (net of tax INR Nil)		0.10	(0.10)	(0.16)
Total other comprehensive income for the year, net of tax [B]		0.10	(0.10)	(0.16)
Total comprehensive income for the year, net of tax [A+B]		(512.15)	(679.85)	(631.04)
Loss for the year				
Attributable to :				
Equity holders		(512.15)	(679.85)	(631.04)
Earnings per unit	(29)			

Summary of significant accounting policies 2

The accompanying notes form an integral part of the combined financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No: 324982E/E300003

per Amit Singh
Partner
Membership Number : 408869

Place : Mumbai
Date : July 22, 2022

For and on behalf of the Board of Directors of
Edelweiss Real Assets Managers Limited
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Jalpa Parekh
Company Secretary
Membership Number: A44507

Place : Mumbai
Date : July 22, 2022

SPV Group
(As defined in Note 1 - Corporate Information)
All amounts in Rupees millions unless otherwise stated
Combined Cash Flow Statement for the

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities			
Loss before tax	(512.25)	(679.75)	(630.88)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation expenses	1,073.75	1,131.78	1,231.40
Finance income	(60.30)	(69.84)	(70.45)
Fair value gain on financial instrument at fair value through profit or loss	(1.38)	(1.42)	(0.63)
Income from investment in mutual fund	(13.23)	(7.73)	(12.99)
Loss on disposal of property, plant and equipment	4.66	82.08	-
Income from insurance claim	(8.77)	(57.75)	-
Liabilities no longer required written back	(0.03)	(2.77)	(11.76)
Finance costs	1,498.53	1,524.70	1,525.19
Operating profit before working capital changes	1,980.98	1,919.30	2,029.88
Working capital adjustment			
(Increase) / Decrease in other assets	1.06	3.59	141.11
(Increase) / Decrease in other financial assets	(27.05)	2.98	(39.59)
(Increase) / Decrease in trade receivables	-	167.96	(110.99)
Increase / (Decrease) in trade payables	(27.13)	(3.17)	(82.38)
Increase / (Decrease) in provisions	0.43	0.83	0.48
Increase / (Decrease) in other liabilities	(52.94)	127.40	15.15
Increase / (Decrease) in other financial liabilities	0.16	0.01	(2.12)
Cash flow generated from operations	1,875.51	2,218.90	1,951.54
Income tax paid (net of refund)	0.93	0.32	8.83
Net cash flow from operating activities [A]	1,876.44	2,219.22	1,960.37
Cash flow from investing activities			
Purchase of property, plant and equipment (including capital work-in-progress and capital advances)	(179.69)	(190.97)	(186.54)
Investment in fixed deposits with banks having maturity more than 3 months	(1,742.26)	(3,189.39)	(3,967.95)
Proceeds from maturity of fixed deposits with banks having maturity more than 3 months	1,765.33	2,930.90	3,273.81
Investment in mutual funds	(1,947.90)	(1,860.91)	(1,137.40)
Proceeds from sale of investment in mutual funds	2,015.80	1,770.26	1,189.60
Insurance claim received on disposal / discard of property, plant and equipment	44.02	22.50	-
Interest received (finance income)	49.41	59.67	58.00
Net cash flow from/(used in) investing activities [B]	4.71	(457.94)	(770.48)
Cash flow from financing activities			
Repayment of non convertible debentures (secured)	(429.00)	(400.00)	(1,587.01)
Proceeds from issue of optionally convertible debentures	-	-	1,578.60
Repayment of optionally convertible debentures	-	(69.06)	-
Proceeds from non convertible debentures (unsecured)	-	271.00	60.00
Payment of interest on NCD and OCD	(1,489.03)	(1,514.33)	(1,369.33)
Payment of other finance costs	(0.71)	(0.76)	(91.97)
Net cash flow used in financing activities [C]	(1,918.74)	(1,713.15)	(1,409.71)
Net increase / (decrease) in cash and cash equivalents [A+B+C]	(37.59)	48.13	(219.82)
Cash and cash equivalents at the beginning of the year (refer Note 8A)	81.12	32.99	252.81
Cash and cash equivalents at the end of the year (refer Note 8A)	43.53	81.12	32.99

Summary of significant accounting policies 2

The accompanying notes form an integral part of the combined financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No: 324982E/E300003

per Amit Singh
Partner
Membership Number : 408869

Place : Mumbai
Date : July 22, 2022

For and on behalf of the Board of Directors of
Edelweiss Real Assets Managers Limited
(as Investment Manager of Anzen India Energy Yield Plus Trust)

Subahoo Chordia
Director
DIN No. : 09216398

Venkatchalam Ramaswamy
Director
DIN No. : 00008509

Jalpa Parekh
Company Secretary
Membership Number: A44507

Place : Mumbai
Date : July 22, 2022

SPV Group
(As defined in Note 1 - Corporate Information)
All amounts in Rupees millions unless otherwise stated
Combined Statement of Changes in Equity

A. Equity capital

Particulars	Amount
At April 1, 2019	261.29
Issue of equity capital [refer note 9(a)]	-
At March 31, 2020	261.29
Issue of equity capital [refer note 9(a)]	-
At March 31, 2021	261.29
Issue of equity capital [refer note 9(a)]	-
At March 31, 2022	261.29

B. Other equity

Particulars	Reserves and Surplus			Items of other comprehensive income	Total
	Securities Premium	Capital Reserve	Retained Earnings	Actuarial gain/(loss) on defined liabilities	
As at April 1, 2019	3,546.21	-	(1,237.16)	0.86	2,309.91
Loss for the year	-		(630.88)	-	(630.88)
Adjustment on acquisition of SPVs (refer note 2.1)	-	284.25	-	-	284.25
Other comprehensive income/loss for the year	-	-	-	(0.16)	(0.16)
As at March 31, 2020	3,546.21	284.25	(1,868.04)	0.70	1,963.12
Loss for the year	-	-	(679.75)	-	(679.75)
Other comprehensive income/loss for the year	-	-	-	(0.10)	(0.10)
As at March 31, 2021	3,546.21	284.25	(2,547.79)	0.60	1,283.27
Loss for the year	-	-	(512.25)	-	(512.25)
Other comprehensive income/loss for the year	-	-	-	0.10	0.10
As at March 31, 2022	3,546.21	284.25	(3,060.04)	0.70	771.12

The accompanying notes form an integral part of the combined financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No: 324982E/E300003

per Amit Singh
Partner
Membership Number : 408869

Place : Pune
Date : July 22, 2022

For and on behalf of the Board of Directors of
Edelweiss Real Assets Managers Limited
(as Investment Manager of Anzen India Energy Yield Plus Trust)

Subahoo Chordia
Director
DIN No. : 09216398

Venkatchalam Ramaswamy
Director
DIN No. : 00008509

Jalpa Parekh
Company Secretary
Membership Number: A44507

Place : Mumbai
Date : July 22, 2022

SPV Group
(As defined in Note 1 - Corporate Information)
All amounts in Rupees millions unless otherwise stated

A. Statement of Net Assets at Fair Value as at March 31, 2022 (refer note 3 below)

Particulars	Book Value	Fair Value
A. Assets	15,703.28	24,923.00
B. Liabilities (at book value)	14,751.05	14,751.05
C . Net Asset Value (A-B)	952.23	10,171.95

Notes:

1. The number of units that the InvIT will issue is not presently ascertainable. Hence, the disclosures in respect of Net Asset Value (NAV) per Unit have not been given.

2. Project wise break up of Fair value of Assets as at March 31, 2022

Particulars	Fair Value
Darbhanga - Motihari Transmission Company Limited ("DMTCL")	13,951.00
NRSS XXXI (B) Transmission Limited ("NRSS")	10,972.00

3. Fair values of total assets (including project wise break up for DMTCL and NRSS of fair value of total assets) as at March 31, 2022 as disclosed above are based solely on the fair valuation report dated July 14, 2022 of the independent valuer appointed by the Investment manager under the InvIT Regulations.

B. Statement of Total Return at Fair Value (refer note 1 below)

Particulars	Year ended March 31, 2022
Total Comprehensive Income (As per the Statement of Profit and Loss)	(512.15)
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income (refer note 1 below)	2,946.15
Total Return	2,434.00

Notes:

1. In the above statement, Other changes in fair value for the year ended March 31, 2022 has been computed based on the fair values of total assets as at March 31, 2022 and as at March 31, 2021. The fair values of total assets as at March 31, 2022 and March 31, 2021 are based solely on the valuation report dated July 14, 2022 and July 15, 2022 of the independent valuer appointed by the Investment manager under the InvIT Regulations and an independent external valuer engaged by the management respectively.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No: 324982E/E300003

per Amit Singh
Partner
Membership Number : 408869

Place : Mumbai
Date : July 22, 2022

For and on behalf of the Board of Directors of
Edelweiss Real Assets Managers Limited
(as Investment Manager of Anzen India Energy Yield Plus Trust)

Subahoo Chordia
Director
DIN No. : 09216398

Venkatchalam Ramaswamy
Director
DIN No. : 00008509

Jalpa Parekh
Company Secretary
Membership Number: A44507

Place : Mumbai
Date : July 22, 2022

SPV Group
(as defined in Note 1 - Corporate Information)
All amounts in Rupees millions unless otherwise stated
Notes to combined financial statements

1. Corporate information

The special purpose combined financial statements comprise financial statements of Darbhanga - Motihari Transmission Company Limited ("DMTCL") and NRSS XXXI (B) Transmission Limited ("NRSS") (individually referred to as "SPV" and together referred to as "SPV Group"). The SPVs are companies domiciled in India and having their registered office at 504 & 505, 5th Floor, Windsor, Off CST Road, Kalina, Santacruz (East), Mumbai 400098.

DMTCL and NRSS are developers for the designing, construction and maintenance of power transmission lines and substations on Build Own Operate and Maintain ('BOOM') basis and are required to operate and maintain the transmission systems for a period of 35 years.

DMTCL and NRSS are proposed to be transferred to Anzen India Energy Yield Plus Trust (the "Trust" or the "InvIT"). The Sponsor settled Trust on November 01, 2021 as an irrevocable trust, pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882 and registered with SEBI as an Infrastructure Investment Trust under Regulation 3(1) of the Securities Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014. The Sponsor has transferred to the Trustee a sum of INR 10,000 towards the initial settlement of Trust. The Trustee to Trust is Axis Trustee Services Limited (the "Trustee") and the Investment Manager for Trust is Edelweiss Real Assets Managers Limited (the "Investment Manager"). As required by the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, the details of various entities comprised in the combined financial statements is as given below:

Name of SPV	Principal activities	Proposed Shareholding by Trust	Nature of Proposed Investment	Status
Darbhanga - Motihari Transmission Company Limited ("DMTCL")	Developer on Build Own Operate and Maintain ('BOOM') basis, for the designing, construction and maintenance of power transmission lines. The Company is required to operate and maintain the transmission system for a period of 35 years	74%	Subsidiary	Operating
NRSS XXXI (B) Transmission Limited ("NRSS")	Developer on Build Own Operate and Maintain ('BOOM') basis, for the designing, construction and maintenance of power transmission lines. The Company is required to operate and maintain the transmission system for a period of 35 years	74%	Subsidiary	Operating

2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The Combined Financial Statements of the SPV Group comprise the Combined Balance Sheets as at March 31, 2022, March 31, 2021 and March 31, 2020, the Combined Statements of Profit and Loss (including Other Comprehensive Income), the Combined Cash Flow Statements, the Combined Statements of Changes in Equity for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, the Combined Statement of Net Assets at Fair Value as at March 31, 2022, the Combined Statement of Total Returns at Fair Value for the year ended March 31, 2022 and a Summary of Significant Accounting Policies and Other Explanatory Information (collectively, the "Combined Financial Statements").

The Combined Financial Statements were authorized for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on July 22, 2022.

The Combined Financial Statements have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder ("InvIT Regulations") and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India ("Guidance Note"). The Combined Financial Statements are special purpose financials statements and have been prepared by the Investment manager to meet the requirements of the InvIT Regulations, for the purpose of inclusion in the Draft Placement Memorandum, Placement Memorandum and Final Placement Memorandum prepared by the Investment Manager in connection with the proposed issue of units by the InvIT on private placement basis. As a result, the Combined Financial Statements may not be suitable for another purpose. Further, the requirements of Schedule III notified under the Companies Act, 2013 are not applicable to these Combined Financial Statements and hence these financial statements are not prepared in accordance with those requirements.

These Combined Financial Statements are prepared to present the combined financial position and performance of the SPVs based on the line-by-line addition of the SPVs' separate financial statements for the respective financial years/period. Further, as required by Para 16 of the Guidance Note, in case the combining entities or any one of the combining entities are under common control, the carrying amounts pertaining to a subsidiary, as reflected in the consolidated financial statements of the parent, should be used for the purpose of preparing combined financial statements. Accordingly, for the purpose of Combined Financial Statements, the carrying amounts of SPVs have been considered as reflected in the consolidated financial statements of Sekura Energy Private Limited (the "Parent entity") from the respective dates of acquisition of such SPVs by the Parent entity. The difference between the carrying amounts of such SPVs reflected in the consolidated financial statements of the Parent entity and the separate financial statements of such SPVs has been credited to "Adjustment on combination of SPVs" which is disclosed under "Other Equity" in the Combined Financial Statements. Consequently, the depreciation charge for the respective years is also based on the carrying amounts of Property, plant and equipment pertaining to such SPVs as reflected in the consolidated financial statements of the Parent entity. The Combined Financial Statements do not take into account the accounting adjustments that would arise on acquisition of NRSS and DMTCL by the InvIT. Accordingly, these Combined Financial Statements are not indicative in any manner of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated changes in equity of the InvIT and will not be comparable with the consolidated financial statements of the InvIT post the proposed issue of units and acquisition of NRSS and DMTCL. Further, these Combined Financial Statements may not necessarily be indicative of the financial performance, financial position, cash flows and changes in equity of the SPV Group that would have occurred if it had operated as a separate standalone group of entities during the periods presented or of the SPV Group's future performance.

The Combined Financial Statements are presented in India Rupees which is also the functional currency of the SPVs. All values are rounded to the nearest millions, unless otherwise indicated. These Combined Financial Statements have been prepared on a historical cost convention and on an accrual basis except for certain financial assets and liabilities measured at fair value.

Basis of Combination

The Combined Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all the SPVs used for the purpose of combination are drawn up to the same reporting date i.e. year ended on March 31 each year.

The procedure for preparing Combined Financial Statements of the SPV Group are stated below –
a) combine like items of assets, liabilities, equity, income, expenses and cash flows of the SPVs;
b) eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the SPV Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as fixed assets, are eliminated in full). Ind AS-12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Dates of commencement of commercial operations

Name of entity	Date of incorporation	Element	Commercial operation date of the element
DMTCL	December 18, 2012	Darbhanga Substation	March 31, 2017
		Motihari Substation	August 10, 2017
		Darbhanga Line	March 31, 2017
		Motihari Line	August 10, 2017
NRSS	July 29, 2013	Kurukshetra Line	January 18, 2017
		Amritsar Line	March 27, 2017

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the SPV Group in preparing its combined financial statements:

a) Current versus non-current classification

The SPV Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The SPV Group classifies all other liabilities as non-current.

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

b) Foreign currencies

The SPV Group's combined financial statements are presented in INR, which is its functional currency. The SPV Group does not have any foreign operation and has assessed the functional currency of the SPVs to be INR.

Transactions and balances

Transactions in foreign currencies are initially recorded by the SPV Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

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

The principal or the most advantageous market must be accessible by the SPV Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The SPV Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
For assets and liabilities that are recognised in the financial statements on a recurring basis, the SPV Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management of each SPV analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the SPV's accounting policies. For this analysis, the management of each SPV verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.
The management of each SPV also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.
For the purpose of fair value disclosures, the SPV Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures of Statement of Net Assets at fair value and Statement of Total Returns at fair value
- Quantitative disclosures of fair value measurement hierarchy (note 25)
- Investment in quoted mutual fund (note 5)
- Financial instruments (including those carried at amortised cost) (note 24)

d) Revenue from contracts with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the SPV Group expects to be entitled in exchange for those goods or services. The SPV Group has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Power transmission services

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCs) pursuant to the respective Transmission Services Agreements (TSAs) executed by the SPV Group with LTTCs for periods of 35 years. The SPV Group is required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs. The Company's performance obligation vide the TSAs is to provide power transmission services. The performance obligation is satisfied over time as the customers receive and consume the benefits provided by the SPV Group's performance as the SPV Group performs. Accordingly, the revenue from power transmission services is recognised over time based on the transmission asset availabilities and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period. The payment is generally due within 60 days.

Operation and maintenance service
Revenue from operation and maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

Contract balances
A receivable represents the SPV Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Amounts which have been billed to the customers are disclosed as trade receivables and amounts which are to be billed to the customers (and not conditional on the group's future performance) are disclosed under "Other financial assets". Refer accounting policies for financial assets in Financial instruments - initial recognition and subsequent measurement.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend
Income from dividend on investments is accrued in the year in which generally it is approved by the shareholders, whereby the SPV Group's right to receive is established.

e) Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:
• When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
• In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.
Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
• When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
• In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable SPV Group and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:
• When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
• When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Property, plant and equipment
Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the SPV Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.
Depreciation is calculated on pro-rata basis on a written down value. Freehold land is not depreciated. The SPV Group is providing depreciation at the following useful life:

Asset class	Useful lives
Plant and equipment	5 - 35 years
Office equipments	5 - 7 years
Furniture and fixtures	10 years
Computers	3 years

The SPV Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the SPV Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) Impairment of non-financial assets

The SPV Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the SPV Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The SPV Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These forecasts, especially for the transmission lines are based on the transmission services agreements (TSA) signed by the individual SPV's for their respective assets. Accordingly, a substantial part of the revenue considered for impairment calculations is based on the transmission services agreement. Rest of the items of these budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the SPV Group extrapolates cash flow projections (after factoring revenue as per TSA) in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products/industries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the SPV Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than it's carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the SPV Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
When the SPV Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed for, (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements.

j) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The SPV Group has no obligation, other than the contribution payable to the provident fund. The SPV group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The SPV Group recognises the following changes in the net defined benefit obligation as an expense in the combined statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The SPV Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The SPV Group recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The SPV Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial assets
Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the SPV Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets at amortised cost (debt instruments)
A 'financial asset' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)
A 'financial asset' is classified as the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.
Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the SPV Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the SPV Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the SPV Group's combined balance sheet) when:
• The rights to receive cash flows from the asset have expired, or
• The SPV Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the SPV Group has transferred substantially all the risks and rewards of the asset, or (b) the SPV Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
When the SPV Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the SPV Group continues to recognise the transferred asset to the extent of the SPV Group's continuing involvement. In that case, the SPV Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the SPV Group has retained.

Impairment of financial assets
Majority of the financial assets of the SPV Group pertain to Trade and other receivables. Considering the nature of business, the SPV Group does not foresee any credit risk on its trade and other receivables which may cause an impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the SPV Group does not have any past history of impairment of Trade and other receivables.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The SPV Group's financial liabilities include borrowings and related costs, trade and other payables, and derivative financial instruments.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
• Financial liabilities at fair value through profit or loss
• Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the SPV Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)
This is the category most relevant to the SPV Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.
This category generally applies to borrowings. For more information refer Note 10.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The SPV Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The SPV Group's senior management determines change in the business model as a result of external or internal changes which are significant to the SPV Group's operations. Such changes are evident to external parties. A change in the business model occurs when the SPV Group either begins or ceases to perform an activity that is significant to its operations. If the SPV Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The SPV Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the combined statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the SPV Group's cash management.

m) Recent accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2022 having material impact on these financial statements. There is no impact of standard or amendment that has been issued but is not yet effective.

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(3A) Property, plant and equipment

Particulars	Freehold Land	Plant and equipment	Furniture and fixtures	Office equipment	Computers	Total
Gross Block						
As at April 1, 2019	78.39	17,524.75	2.45	0.65	0.76	17,607.00
Additions during the year	-	173.94	0.20	0.34	0.28	174.76
Disposals during the year	-	-	-	-	-	-
As at March 31, 2020	78.39	17,698.69	2.65	0.99	1.04	17,781.76
Additions during the year	-	335.40	-	0.65	0.26	336.31
Disposals during the year	-	102.83	-	-	-	102.83
As at March 31, 2021	78.39	17,931.26	2.65	1.64	1.30	18,015.24
Additions during the year	-	121.98	-	2.46	0.45	124.89
Disposals during the year	-	7.00	-	-	-	7.00
Reclassification during the year	-	4.93	-	-	-	4.93
As at March 31, 2022	78.39	18,041.31	2.65	4.10	1.75	18,128.20
Accumulated depreciation						
As at April 1, 2019	-	2,614.31	1.53	0.58	0.75	2,617.17
Depreciation for the year	-	1,230.92	0.27	0.12	0.09	1,231.40
Disposals during the year	-	-	-	-	-	-
As at March 31, 2020	-	3,845.23	1.80	0.70	0.84	3,848.57
Depreciation for the year	-	1,131.12	0.22	0.32	0.12	1,131.78
Disposals during the year	-	20.75	-	-	-	20.75
As at March 31, 2021	-	4,955.60	2.02	1.02	0.96	4,959.60
Depreciation for the year	-	1,072.46	0.16	0.86	0.27	1,073.75
Deductions for the year	-	2.34	-	-	-	2.34
As at March 31, 2022	-	6,025.72	2.18	1.88	1.23	6,031.01
Net Block						
As at March 31, 2020	78.39	13,853.46	0.85	0.29	0.20	13,933.19
As at March 31, 2021	78.39	12,975.66	0.63	0.62	0.34	13,055.64
As at March 31, 2022	78.39	12,015.59	0.47	2.22	0.52	12,097.19

Note:
Certain property, plant and equipment of the SPV Group have been pledged for the borrowings taken by the SPV Group. Refer note 10.

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(3B) Goodwill

Goodwill acquired through business combinations has been allocated to the NRSS for impairment testing.
Carrying amount of goodwill:

As at March 31, 2022

Particulars	NRSS	Total
Balance at the beginning of the year	1,371.22	1,371.22
Add: Acquisitions during the year	-	-
Add/(less): Translation adjustment	-	-
Balance at the end of the year	1,371.22	1,371.22

As at March 31, 2021

Particulars	NRSS	Total
Balance at the beginning of the year	1,371.22	1,371.22
Add: Acquisitions during the year	-	-
Add/(less): Translation adjustment	-	-
Balance at the end of the year	1,371.22	1,371.22

As at March 31, 2020

Particulars	NRSS	Total
Balance at the beginning of the year	-	-
Add: Acquisitions during the year	1,371.22	1,371.22
Add/(less): Translation adjustment	-	-
Balance at the end of the year	1,371.22	1,371.22

The SPV Group performed its annual impairment test for years ended March 31, 2022, March 31, 2021 and March 31, 2020 respectively. The SPV Group considers the relationship between the fair value (based on DCF) and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amounts of each of the CGU, have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management. As a result of the analysis, management did not identify impairment.

Key assumptions used for value in use calculations are as follows. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

CGU	Basis	March 31, 2022	March 31, 2021	March 31, 2020
		Assumption used	Assumption used	Assumption used
NRSS (Recoverable amount in excess of carrying amount of the CGU is INR 5,486 million in March 31, 2022, INR 4,321 million in March 31, 2021 and INR 3,771 million in March 31, 2020)	WACC	7.99%	8.47%	8.59%
	Tax rate (normal tax and MAT)	MAT - 17.47% Normal tax - 25.17%	MAT - 17.47% Normal tax - 25.17%	MAT - 17.47% Normal tax - 25.17%
	Inflation rate for expenses	1.37%	1.37%	1.37%

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(4) Other financial assets

Non - Current

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)			
Security deposits	6.57	1.56	0.02
Fixed deposit having remaining maturity of more than twelve months*	0.36	158.65	158.50
Interest accrued on fixed deposit*	0.03	15.99	5.22
	6.96	176.20	163.74

*Fixed deposits with banks of INR 0.36 millions as at March 31, 2022 (March 31, 2021: INR 158.65 millions, March 31, 2020: INR 158.50 millions) and interest accrued thereon of INR 0.03 millions as at March 31, 2022 (March 31, 2021: INR 15.99 millions, March 31, 2020: INR 5.22 millions) are lien marked with IDBI Trusteeship Services Limited and Axis Trustee Services Limited (debenture trustee).

Current

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)			
Unbilled revenue*	562.50	535.40	539.86
Interest accrued on fixed deposit	40.95	14.10	14.70
Security deposits	-	0.11	0.17
Insurance proceeds receivable (refer note 33)	-	35.25	-
	603.45	584.86	554.73

*Unbilled revenue is the transmission charges for the last quarter of year and incentive billed to transmission utilities in the next month subsequent to year end.

(5) Investments

Current

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Investments at fair value through Profit or Loss			
Investment in mutual funds			
Axis Liquid Fund-Direct Growth - 26,399.36 units (March 31, 2021 - 1,42,530.05 units, March 31, 2020 - 96,299.18 units)	62.41	325.66	212.27
ICICI Prudential Liquid Fund - Direct Growth - 665,999.12 units	209.96	-	-
HDFC Liquid fund - Growth Option - Nil units (March 31, 2020 - 2,470.17 units)	-	-	9.65
Edelweiss Liquid Fund - Direct Growth - Nil units (March 31, 2020 - 1,534.12 units)	-	-	3.92
	272.37	325.66	225.84
Aggregate value of quoted investment	272.37	325.66	225.84
Aggregate value of unquoted investment	-	-	-

Investment in units of Mutual Funds of INR 272.37 millions (March 31, 2021: INR 325.65 millions, March 31, 2020: INR 114.14 millions) are lien marked with IDBI Trusteeship Services Limited and Axis Trustee Services Limited (debenture trustee)

(6) Other assets

Non current

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)			
Capital advances	-	0.86	20.30
	-	0.86	20.30

Current

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)			
Prepaid expenses	18.51	19.55	19.92
Advance to employees	0.05	-	0.05
Advances recoverable in cash or in kind	0.04	0.09	3.27
	18.60	19.64	23.24

(7) Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)			
Trade receivables	-	-	167.96
	-	-	167.96

No trade or other receivable are due from directors or other officers of the SPV Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies.

Trade receivables are non-interest bearing and are generally on terms of 60 days.

See Note 26(a) on credit risk of trade receivables, which explains how the SPV Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

(8A) Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents			
Balances with banks in current accounts	43.53	81.12	32.99
Total Cash and cash equivalents	43.53	81.12	32.99

(8B) Bank balances other than disclosed in note 8A above

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Other bank balances			
Balances with bank held as margin money or security against guarantees and other commitments	1,231.97	1,096.75	838.41
Total other bank balances	1,231.97	1,096.75	838.41

*Fixed deposits with banks of INR 1,231.97 millions as at March 31, 2022 (March 31, 2021: INR 1,096.75 millions, March 31, 2020: INR 838.41 millions) and interest accrued thereon of INR 40.95 millions (March 31, 2021: INR 14.10 millions, March 31, 2020: INR 14.70 millions) are lien marked with IDBI Trusteeship Services Limited and Axis Trustee Services Limited (debenture trustee).

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9(a) Equity capital#

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	No. of shares in millions	Amount	No. of shares in millions	Amount	No. of shares in millions	Amount
Authorized:						
Equity shares of INR 10 each	68.14	681.39	68.14	681.39	68.14	681.39
		681.39		681.39		681.39
Issued and subscribed and fully paid up:						
Equity shares of INR 10 each	26.13	261.29	26.13	261.29	26.13	261.29
		261.29		261.29		261.29

Equity capital of the SPV group is line by line aggregate of the authorized share capital and paid-up share capital of each of the SPVs. It does not represent legal share capital of the SPV Group.

Terms/Rights attached to the equity capital
The entities in the SPV Group have only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of an entity forming part of the SPV Group, the holders of equity shares will be entitled to receive remaining assets of the entity, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	No. of shares in millions	% holding	No. of shares in millions	% holding	No. of shares in millions	% holding
Sekura Energy Private Limited*#	19.34	74%	19.34	74%	19.34	74%
Essel Infraprojects Limited	6.79	26%	6.79	26%	6.79	26%
	26.13	100%	26.13	100%	26.13	100%

Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	No. of shares in millions	% holding	No. of shares in millions	% holding	No. of shares in millions	% holding
Sekura Energy Private Limited, Immediate Holding Company*#	19.34	74%	19.34	74%	19.34	74%

*5 Equity Shares are held by Sekura Energy Private Limited through its nominee for the purpose of section 3(1)(a) of the Companies Act, 2013.
#During financial year ended 2019-20, Sekura Energy Private Limited ('Sekura') acquired 74% equity stake in Darbhanga Motihari Transmission Company Limited ('DMTCL') and NRSS XXXI (B) Transmission Limited ('NRSS') vide investment agreement dated October 16, 2018 (as amended on May 25, 2019) from Essel Infraprojects Limited ('Seller'). The remaining 26% equity stake of the Seller could be transferred to Sekura only after completion of 5 years from the COD date. Pursuant to the investment agreement as amended, Sekura has subscribed to the Advance Non-Convertible Debentures ('Advance NCDs') issued by the Seller against which Sekura has call option to acquire the remaining equity stake of 26% from the Seller. Further Sekura also has the voting as well as dividend rights in respect of such 26% stake in DMTCL and NRSS.

Reconciliation of equity capital outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	No. of shares in millions	Amount	No. of shares in millions	Amount	No. of shares in millions	Amount
At the beginning of the year	26.13	261.29	26.13	261.29	26.13	261.29
Add : Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	26.13	261.29	26.13	261.29	26.13	261.29

Shares reserved for issue on option
There are no shares reserved for issue under options.

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the
The entities forming part of SPV Group have not issued any bonus shares / shares for consideration other than cash / bought back any shares during the period of five years immediately
The Company has not issued any bonus shares / shares for consideration other than cash / bought back any shares during the period of five years immediately preceding the reporting date.

9(b) Other equity

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Securities Premium			
Balance as at the beginning of the year	3,546.21	3,546.21	3,546.21
Addition during the year	-	-	-
Closing balance	3,546.21	3,546.21	3,546.21
Capital Reserve			
Balance as at the beginning of the year	284.25	284.25	-
Adjustment on acquisition of SPVs (refer note below)	-	-	284.25
Closing balance	284.25	284.25	284.25
Retained Earnings			
Balance as at the beginning of the year	(2,547.19)	(1,867.34)	(1,236.30)
Loss for the year	(512.25)	(679.75)	(630.88)
Other comprehensive income / (loss)	0.10	(0.10)	(0.16)
Closing balance	(3,059.34)	(2,547.19)	(1,867.34)
Total	771.12	1,283.27	1,963.12

Nature and purpose of reserve :
Securities premium : Securities premium is credited when shares are issued at premium. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve : Capital reserve is not available for distribution as dividend.
Adjustment on combination of SPVs : As required by para 16 of the Guidance Note on Combined and Carve Out Financial Statements issued by ICAI, in case the combining entities or any one of the combining entities are under common control, the carrying amounts pertaining to a subsidiary, as reflected in the consolidated financial statements of the parent, should be used for the purpose of preparing combined financial statements. Accordingly, for the purpose of these combined financial statements, carrying amounts of SPVs have been considered as reflected in the consolidated financial statements of Sekura Energy Private Limited.
During the year ended March 31, 2020 Sekura Energy Private Limited acquired 100% equity interest in Darbhanga Motihari Transmission Company Limited ('DMTCL') vide investment agreement dated October 16, 2018 (as amended on May 25, 2019) and in NRSS XXXI (B) Transmission Limited ('NRSS') vide investment agreement dated October 16, 2018 (as amended on May 25, 2019) from the sole 100% owned equity stake holder viz. Essel Infraprojects Limited. Since the carrying amounts pertaining to the above SPVs in these combined financial statements have been considered as reflected in the consolidated financial statements of Sekura Energy Private Limited from the respective dates of their acquisitions, the differences between the acquisition values of above SPVs and the book values have been disclosed as adjustment on combination of SPVs as part of equity holder's funds.

Retained earnings : Retained earnings are the profits/(loss) that the SPV Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the SPV Group and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

(10) Borrowings

Non - current:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Borrowings at amortised cost			
A. Secured			
12,524 (March 31, 2021: 12,953, March 31, 2020: 13,353) Non convertible debentures of INR 1,000,000 each (refer 10(A) below)**	12,382.69	12,798.77	13,185.59
Less: current maturities of debentures	466.00	429.00	400.00
	11,916.69	12,369.77	12,785.59
B. Unsecured			
331,000 (March 31, 2021: 331,000, March 31, 2020: 60,000) Non convertible debentures of INR 1,000 each (refer 10(B) below)	331.00	331.00	60.00
150,953,500 (March 31, 2021: 150,953,500, March 31, 2020: 157,860,000) Optionally convertible debentures of INR 10 each (refer 10(C) below)	1,509.54	1,509.54	1,578.60
	13,757.23	14,210.31	14,424.19

**Net of ancillary borrowing costs amounting to INR 141.31 millions (March 31, 2021: INR 154.23 millions, March 31, 2020: INR 167.40 millions)

Aggregate non-current borrowings	13,757.23	14,210.310	14,424.190
Aggregate current borrowings	466.00	429.000	400.000

10(A) Non Convertible Debentures (secured)

(a) Terms of borrowings

The SPV Group had issued and allotted 15,400 (8,600 debentures on December 22, 2017 and 6,800 debentures on September 20, 2017) secured, rated, listed, redeemable, non-convertible debentures of face value of INR 1,000,000 each for an aggregate consideration of INR 15,400.00 millions on private placement basis.

During the financial year 2019 -2020, the SPV Group had restructured the NCDs. As per restructuring terms, the NCDs of INR 1,220 million were prepaid. Interest rate and repayment schedule were modified as per note (c) and (d) below.

(b) Security

i) All movable and immovable assets, both present and future, of the SPV Group (other than Current assets).

ii) A first charge on all present and future Current assets including all book debts, cash flows, commissions, revenues of whatsoever nature and wherever arising and movable fixed assets of the SPV Group and intangibles, present and future.

iii) A first charge on all receivables of the SPV Group.

iv) A first charge on the Letter of credit, the Escrow Account and its Sub-Accounts, Trust & Retention Account, Debt Service Reserve Account, other reserves and any other bank accounts of the SPV Group wherever maintained, present & future, monies standing to their credit and permitted investments.

v) All benefits, rights, titles, permits, approvals and interests of the SPV Group in, to and under all assets, Project Documents (including but not limited to Transmission License, Revenue Sharing Agreement, clearances, permits, approvals, consents) in favour of Debenture Trustee.

vi) Contractor guarantees, performance bonds, letter(s) of credit (including towards payment security mechanism) that may be provided by any party for the Project.

vii) All insurance policies taken by the SPV Group.

viii) Summary of pledge of fully paid up equity shares of the entities forming part of the SPV Group:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
DMTCL	51% held by holding company; 26% held by Essel Infraprojects Ltd	51% held by holding company; 26% held by Essel Infraprojects Ltd	25% held by holding company; 26% held by Essel Infraprojects Ltd
NRSS	25% held by holding company; 26% held by Essel Infraprojects Ltd	25% held by holding company; 26% held by Essel Infraprojects Ltd	25% held by holding company; 26% held by Essel Infraprojects Ltd

(c) Interest clause

DMTCL - Annual interest shall be payable on or before last day of the quarter in which the interest is due as per terms with respective debenture holders

NRSS - Interest amount shall accrue at the end of every quarter and shall be payable on or before last day of the every quarter.

Rate of interest of DMTCL:

Particulars	Rate of interest for the year ended March 31, 2022	Rate of interest for the year ended March 31, 2021	Rate of interest for the year ended March 31, 2020
STRPP 1-17	8.85% p.a.	8.85% p.a.	8.05% to 8.85% p.a.
STRPP 18-37	9.15% p.a.	9.15% p.a.	8.30% to 9.15% p.a.
STRPP 38-57	9.35% p.a.	9.35% p.a.	8.55% to 9.35% p.a.
STRPP 58-81	9.50% p.a.	9.50% p.a.	8.75% to 9.50% p.a.

Rate of interest of NRSS:

Particulars	Rate of interest for the year ended March 31, 2022	Rate of interest for the year ended March 31, 2021	Rate of interest for the year ended March 31, 2020
STRPP 1-11	8.34% p.a.	8.34% p.a.	7.87% to 8.34% p.a.
STRPP 12-17	8.52% p.a.	8.52% p.a.	7.87% to 8.52% p.a.
STRPP 18-37	9.18% p.a.	9.18% p.a.	8.00% to 9.18% p.a.
STRPP 38-57	9.18% p.a.	9.18% p.a.	8.28% to 9.18% p.a.
STRPP 58-84	9.18% p.a.	9.18% p.a.	8.52% to 9.18% p.a.

(d) Repayment schedule of NCD issued by DMTCL

Series No.	Applicable w.e.f. May 28, 2019		Applicable up to May 27, 2019	
	Amount	Maturity date	Amount	Maturity date
STRPP 3	50.00	29-06-2019	70.00	29-06-2019
STRPP 4	50.00	30-09-2019	70.00	30-09-2019
STRPP 5	61.00	31-12-2019	70.00	31-12-2019
STRPP 6	55.00	31-03-2020	65.00	31-03-2020
STRPP 7	60.00	30-06-2020	70.00	30-06-2020
STRPP 8	60.00	30-09-2020	70.00	30-09-2020
STRPP 9	60.00	31-12-2020	75.00	31-12-2020
STRPP 10	60.00	31-03-2021	75.00	31-03-2021
STRPP 11	65.00	30-06-2021	80.00	30-06-2021
STRPP 12	65.00	30-09-2021	80.00	30-09-2021
STRPP 13	65.00	31-12-2021	80.00	31-12-2021
STRPP 14	65.00	31-03-2022	75.00	31-03-2022
STRPP 15	70.00	30-06-2022	85.00	30-06-2022
STRPP 16	70.00	30-09-2022	85.00	30-09-2022
STRPP 17	70.00	31-12-2022	85.00	31-12-2022
STRPP 18	77.00	31-03-2023	85.00	31-03-2023
STRPP 19	84.00	30-06-2023	90.00	30-06-2023
STRPP 20	84.00	30-09-2023	90.00	30-09-2023
STRPP 21	84.00	30-12-2023	90.00	30-12-2023
STRPP 22	84.00	30-03-2024	90.00	30-03-2024
STRPP 23	91.00	29-06-2024	95.00	29-06-2024
STRPP 24	91.00	30-09-2024	95.00	30-09-2024
STRPP 25	93.00	31-12-2024	100.00	31-12-2024
STRPP 26	93.00	31-03-2025	100.00	31-03-2025
STRPP 27	99.00	30-06-2025	105.00	30-06-2025
STRPP 28	99.00	30-09-2025	105.00	30-09-2025
STRPP 29	99.00	31-12-2025	105.00	31-12-2025
STRPP 30	97.00	31-03-2026	100.00	31-03-2026
STRPP 31	102.00	30-06-2026	110.00	30-06-2026
STRPP 32	102.00	30-09-2026	110.00	30-09-2026
STRPP 33	111.00	31-12-2026	115.00	31-12-2026
STRPP 34	111.00	31-03-2027	115.00	31-03-2027
STRPP 35	116.00	30-06-2027	120.00	30-06-2027
STRPP 36	110.00	30-09-2027	120.00	30-09-2027
STRPP 37	116.00	31-12-2027	120.00	31-12-2027
STRPP 38	119.00	31-03-2028	130.00	31-03-2028
STRPP 39	119.00	30-06-2028	130.00	30-06-2028
STRPP 40	122.00	30-09-2028	130.00	30-09-2028
STRPP 41	122.00	30-12-2028	130.00	30-12-2028
STRPP 42	122.00	31-03-2029	130.00	31-03-2029
STRPP 43	124.00	30-06-2029	140.00	30-06-2029
STRPP 44	125.00	29-09-2029	140.00	29-09-2029
STRPP 45	125.00	31-12-2029	140.00	31-12-2029
STRPP 46	125.00	30-03-2030	140.00	30-03-2030
STRPP 47	110.00	29-06-2030	120.00	29-06-2030
STRPP 48	110.00	30-09-2030	120.00	30-09-2030
STRPP 49	110.00	31-12-2030	120.00	31-12-2030
STRPP 50	110.00	31-03-2031	120.00	31-03-2031
STRPP 51	115.00	30-06-2031	125.00	30-06-2031
STRPP 52	115.00	30-09-2031	125.00	30-09-2031
STRPP 53	120.00	31-12-2031	130.00	31-12-2031
STRPP 54	120.00	31-03-2032	130.00	31-03-2032
STRPP 55	120.00	30-06-2032	130.00	30-06-2032
STRPP 56	125.00	30-09-2032	135.00	30-09-2032
STRPP 57	125.00	31-12-2032	135.00	31-12-2032
STRPP 58	136.00	31-03-2033	140.00	31-03-2033
STRPP 59	135.00	30-06-2033	145.00	30-06-2033
STRPP 60	135.00	30-09-2033	145.00	30-09-2033
STRPP 61	135.00	31-12-2033	145.00	31-12-2033
STRPP 62	142.00	31-03-2034	145.00	31-03-2034
STRPP 63	155.00	30-06-2034	155.00	30-06-2034
STRPP 64	145.00	30-09-2034	155.00	30-09-2034
STRPP 65	140.00	30-12-2034	150.00	30-12-2034
STRPP 66	140.00	31-03-2035	150.00	31-03-2035
STRPP 67	127.00	30-06-2035	130.00	30-06-2035
STRPP 68	128.00	29-09-2035	130.00	29-09-2035
STRPP 69	128.00	31-12-2035	130.00	31-12-2035
STRPP 70	128.00	31-03-2036	130.00	31-03-2036
STRPP 71	90.00	30-06-2036	100.00	30-06-2036
STRPP 72	90.00	30-09-2036	100.00	30-09-2036
STRPP 73	90.00	31-12-2036	100.00	31-12-2036
STRPP 74	90.00	31-03-2037	100.00	31-03-2037
STRPP 75	42.00	30-06-2037	50.00	30-06-2037
STRPP 76	40.00	30-09-2037	50.00	30-09-2037
STRPP 77	40.00	31-12-2037	50.00	31-12-2037
STRPP 78	48.00	31-03-2038	50.00	31-03-2038
STRPP 79	48.00	30-06-2038	50.00	30-06-2038
STRPP 80	48.00	30-09-2038	50.00	30-09-2038
STRPP 81	48.00	31-12-2038	50.00	31-12-2038
Total	7,700.00		8,395.00	

Repayment schedule of NCD issued by NRSS

Series No.	Applicable w.e.f. May 28, 2019		Applicable up to May 27, 2019	
	Amount	Maturity date	Amount	Maturity date
STRPP 4	37.00	30-06-2019	40.00	30-06-2019
STRPP 5	37.00	30-09-2019	40.00	30-09-2019
STRPP 6	37.00	31-12-2019	40.00	31-12-2019
STRPP 7	40.00	31-03-2020	50.00	31-03-2020
STRPP 8	37.00	30-06-2020	37.00	30-06-2020
STRPP 9	40.00	30-09-2020	50.00	30-09-2020
STRPP 10	40.00	31-12-2020	50.00	31-12-2020
STRPP 11	43.00	31-03-2021	50.00	31-03-2021
STRPP 12	37.00	30-06-2021	37.00	30-06-2021
STRPP 13	43.00	30-09-2021	50.00	30-09-2021
STRPP 14	43.00	31-12-2021	50.00	31-12-2021
STRPP 15	46.00	31-03-2022	50.00	31-03-2022
STRPP 16	46.00	30-06-2022	54.00	30-06-2022
STRPP 17	44.00	30-09-2022	50.00	30-09-2022
STRPP 18	44.00	31-12-2022	50.00	31-12-2022
STRPP 19	45.00	31-03-2023	50.00	31-03-2023
STRPP 20	51.00	30-06-2023	51.00	30-06-2023
STRPP 21	44.00	30-09-2023	60.00	30-09-2023
STRPP 22	50.00	31-12-2023	50.00	31-12-2023
STRPP 23	57.00	31-03-2024	60.00	31-03-2024
STRPP 24	53.00	30-06-2024	65.00	30-06-2024
STRPP 25	53.00	30-09-2024	60.00	30-09-2024
STRPP 26	60.00	31-12-2024	60.00	31-12-2024
STRPP 27	62.00	31-03-2025	70.00	31-03-2025
STRPP 28	55.00	30-06-2025	62.00	30-06-2025
STRPP 29	62.00	30-09-2025	70.00	30-09-2025
STRPP 30	62.00	31-12-2025	70.00	31-12-2025
STRPP 31	66.00	31-03-2026	70.00	31-03-2026
STRPP 32	62.00	30-06-2026	79.00	30-06-2026
STRPP 33	62.00	30-09-2026	70.00	30-09-2026
STRPP 34	62.00	31-12-2026	70.00	31-12-2026
STRPP 35	67.00	31-03-2027	70.00	31-03-2027
STRPP 36	71.00	30-06-2027	76.00	30-06-2027
STRPP 37	65.00	30-09-2027	80.00	30-09-2027
STRPP 38	68.00	31-12-2027	70.00	31-12-2027
STRPP 39	68.00	31-03-2028	80.00	31-03-2028
STRPP 40	68.00	30-06-2028	76.00	30-06-2028
STRPP 41	68.00	30-09-2028	80.00	30-09-2028
STRPP 42	70.00	31-12-2028	70.00	31-12-2028
STRPP 43	71.00	31-03-2029	80.00	31-03-2029
STRPP 44	71.00	30-06-2029	76.00	30-06-2029
STRPP 45	71.00	30-09-2029	80.00	30-09-2029
STRPP 46	70.00	31-12-2029	70.00	31-12-2029
STRPP 47	77.00	31-03-2030	80.00	31-03-2030
STRPP 48	77.00	30-06-2030	83.00	30-06-2030
STRPP 49	77.00	30-09-2030	80.00	30-09-2030
STRPP 50	80.00	31-12-2030	80.00	31-12-2030
STRPP 51	80.00	31-03-2031	80.00	31-03-2031
STRPP 52	80.00	30-06-2031	80.00	30-06-2031
STRPP 53	80.00	30-09-2031	90.00	30-09-2031
STRPP 54	80.00	31-12-2031	80.00	31-12-2031
STRPP 55	86.00	31-03-2032	90.00	31-03-2032
STRPP 56	86.00	30-06-2032	94.00	30-06-2032
STRPP 57	86.00	30-09-2032	90.00	30-09-2032
STRPP 58	43.00	31-12-2032	90.00	31-12-2032
STRPP 59	48.00	31-03-2033	100.00	31-03-2033
STRPP 60	73.00	30-06-2033	91.00	30-06-2033
STRPP 61	48.00	30-09-2033	100.00	30-09-2033
STRPP 62	95.00	31-12-2033	100.00	31-12-2033
STRPP 63	95.00	31-03-2034	100.00	31-03-2034
STRPP 64	95.00	30-06-2034	108.00	30-06-2034
STRPP 65	95.00	30-09-2034	100.00	30-09-2034
STRPP 66	100.00	31-12-2034	100.00	31-12-2034
STRPP 67	100.00	31-03-2035	100.00	31-03-2035
STRPP 68	101.00	30-06-2035	108.00	30-06-2035
STRPP 69	100.00	30-09-2035	100.00	30-09-2035
STRPP 70	100.00	31-12-2035	100.00	31-12-2035
STRPP 71	100.00	31-03-2036	100.00	31-03-2036
STRPP 72	108.00	30-06-2036	108.00	30-06-2036
STRPP 73	100.00	30-09-2036	100.00	30-09-2036
STRPP 74	100.00	31-12-2036	100.00	31-12-2036
STRPP 75	100.00	31-03-2037	100.00	31-03-2037
STRPP 76	108.00	30-06-2037	108.00	30-06-2037
STRPP 77	100.00	30-09-2037	100.00	30-09-2037
STRPP 78	100.00	31-12-2037	100.00	31-12-2037
STRPP 79	100.00	31-03-2038	100.00	31-03-2038
STRPP 80	120.00	30-06-2038	120.00	30-06-2038
STRPP 81	130.00	30-09-2038	130.00	30-09-2038
STRPP 82	130.00	31-12-2038	130.00	31-12-2038
STRPP 83	127.00	31-03-2039	130.00	31-03-2039
STRPP 84	267.00	30-06-2039	272.00	30-06-2039
Total	6,020.00		6,545.00	

10(B) Non Convertible Debentures (unsecured)

(a) Terms of borrowings

The SPV Group issued and allotted unsecured, unrated, unlisted, redeemable, non-convertible debentures (NCD) of a face value of INR 1,000 each on private placement basis of INR 60.00 millions and INR 271.00 millions in financial year March 31, 2020 and March 31, 2021 respectively.

(b) Term

The term of the NCDs is 10 years i.e. till March 15, 2030, or such extended term as may be determined by the Board of entities forming part of the SPV Group with the prior written consent of the lender.

(c) Interest

The NCD Holders are entitled to a cumulative interest at an annual coupon rate of 9% (per cent) per annum on the outstanding value of the NCDs after satisfaction of restricted payment conditions under agreements with Existing Lenders under financing documents and any limit permissible by law (Coupon Amount).

The Coupon Amount accrues for each 6 months period and is payable on or before the expiry of 45 days from the end of half financial year ending on 30th September and 31st March (i.e. by 14th November and 15th May) or next succeeding day if the interest payment day falls on a holiday.

In case of insufficiency of cash flow surplus to make full payment of Coupon Amount for a Interest Period, the same is carried forward in subsequent Interest Period up to the Final Redemption Date. Such carried forward Coupon Amount does not earn any further coupon. Any unpaid carried forward Coupon Amount remaining outstanding post Final Redemption Date gets lapsed.

(d) Redemption

NCDs shall be redeemable, in full or part, at the option of the NCD Holder on the following terms :

(i) At any time out of cashflow surplus (after satisfaction of restricted payment conditions as defined under senior lenders' agreement) of the Borrower as allowed by the Existing Lenders under financing documents; or

(ii) With the prior consent of the Existing Lenders

Redemption amount will be the outstanding value of the NCDs or a part thereof as the case may be.

10(C) Optionally Convertible Debenture (OCD) (unsecured)

(a) Terms of borrowings

The SPV Group had issued and allotted unsecured optionally convertible OCD of a face value of INR 10 each for an aggregate consideration of INR 1,578.60 millions on private placement basis.

(b) Term

The term of the OCDs is 22 (twenty two) years from the Completion Date, or such extended term as may be determined by the Board with the prior written consent of the Lender (Final Redemption Date).

The OCDs are unsecured and shall not be rated.

(c) Interest

The OCD Holders are entitled to a non-cumulative interest at an annual coupon rate not exceeding 18% (per cent) per annum on the outstanding face value of the OCDs subject to maximum cashflow surplus (after satisfaction of restricted payment conditions as defined under agreements with Existing Lenders) of the SPV Group as allowed by the senior lenders under financing documents and any limit permissible by law (Coupon Amount). The First Coupon Amount accrues for the period commencing from the Completion Date till September 30, 2019 and is payable on or before last day of the succeeding month. All Coupon Amount other than First Coupon Amount, accrues for 6 months period starting from October 01, 2019 and is payable on or before last day of the succeeding month of half financial year ending on 31st March and 30th September.

(d) Conversion

The OCD Holders, subject to necessary approvals as needed and any shareholding restrictions under the TSA to which the Borrower is a party, have the option to convert the OCD at any time before the Final Redemption Date subject to the terms of this Agreement and valuation report and applicable law.

The conversion ratio shall be adjusted such that the Lender receives at the time of conversion such percentage of equity shares of the issued share capital of the SPV Group as it would have received had the OCDs been converted as above on the date of this Agreement, notwithstanding any bonus issue, rights issue, further issuance of shares or other corporate actions.

The conversion of the OCDs shall be in consonance with the terms of the TSA.

The SPV Group had issued optionally convertible debentures ("OCDs") which are optionally convertible into equity shares as per the terms of the agreement entered into between the SPV Group and the OCD holder. Under Ind AS, the OCDs have been separated into liability and equity components. Since the interest rate on OCDs is comparable to market interest, the equity component is considered negligible.

(e) Redemption

OCDs are redeemable at the option of the Lender on the following terms:

(i) At any time out of cashflow surplus (after satisfaction of restricted payment conditions as defined under Existing Lenders under senior lenders' agreement) of the SPV Group as allowed by the existing lenders under financing documents; or

(ii) With the prior consent of the senior lenders

In case of any early redemption, the redemption will be at 4x or IRR of 25%, whichever is higher. The lender will have unilateral option to waive or lower the multiple or IRR in case of any early redemption. In case OCD holders do not opt to convert into equity shares or seek an early redemption as provided herein, the redemption will be at par i.e. at face value on maturity date.

(f) Optionally convertible debentures amounting to INR 69.06 millions have been early repaid on May 21, 2020.

(11) Provisions

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Non-current :			
Provision for employee benefits			
Gratuity (refer note 32)	1.05	0.90	0.55
Compensated absences	0.81	0.56	0.26
	1.86	1.46	0.81

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Current :			
Provision for employee benefits			
Gratuity (refer note 32)	0.12	0.05	0.03
Compensated absences	0.42	0.52	0.26
	0.54	0.57	0.29

(12) Trade and other payables

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Trade and other payables	20.93	48.09	51.26
	20.93	48.09	51.26

Trade payables are not-interest bearing and are normally settled on 30-90 days terms. For explanation on the SPV Group's risk management policies, refer note 26.

(13) Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Current			
Interest accrued but not due on borrowings (refer note 30)	395.25	399.38	402.93
Payable for purchase of property, plant and equipment	32.00	46.22	9.16
Payable to employees	0.16	-	-
	427.41	445.60	412.09

(14) Other liabilities

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Current			
Advance from customer*	73.54	126.83	-
Statutory dues payable	3.54	3.19	5.39
	77.08	130.02	5.39

*Advance received from customer is adjusted against subsequent billing.

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(15) Revenue from contracts with customers

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Income from transmission charges (refer note 35 and 36)	2,212.47	2,176.17	2,296.14
Income from operation and maintenance	5.54	-	-
	2,218.01	2,176.17	2,296.14

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCs) pursuant to the respective Transmission Services Agreements (TSAs) executed by the respective SPVs with LTTCs. The TSAs are executed for a period of 35 years and have fixed tariff charges as approved by CERC (except some incentives/penalties relating to transmission assets availabilities). Under the TSAs, the SPVs' performance obligation is to provide power transmission services. The SPVs are required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs failing which could result in certain disincentives/penalties. The performance obligation is satisfied over-time as the customers receive and consume the benefits provided by the SPVs' performance as the SPVs' perform. The payment is generally due within 60 days upon receipt of quarterly invoice by the customer. The Group receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations ('Pooling Regulations'). In the Point of Connection (PoC) mechanism, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility (i.e. Power Grid Corporation of India Limited) from LTTCs are disbursed pro-rata to all Transmission Service Providers from the pool in proportion of the respective billed amount.

Applying the practical expedient as given in Ind AS 115, the SPV Group has not disclosed the remaining performance obligation related disclosures since the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

(a) Disaggregated revenue information

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Income from transmission charges	2,212.47	2,176.17	2,296.14
Income from operation and maintenance	5.54	-	-
Total	2,218.01	2,176.17	2,296.14

(b) Assets and liabilities related to contracts with customers

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Trade receivable	-	-	167.96
Unbilled revenue	562.50	535.40	539.86
Contract liabilities	73.54	126.83	-

Trade receivables are non-interest bearing and are generally on terms of 60 days. Contract liabilities include advances received from customers.

(c) Project wise break up of revenue from contracts with customers

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Darbhanga - Motihari Transmission Company Limited	1,261.13	1,234.90	1,298.56
NRSS XXXI (B) Transmission Limited	956.88	941.27	997.58
Total	2,218.01	2,176.17	2,296.14

(d) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per contracted price	2,176.75	2,171.32	2,296.14
Add : Surcharge	49.86	8.84	-
Less : Rebate	(8.60)	(3.99)	-
	2,218.01	2,176.17	2,296.14

(e) Reconciliation of contract assets and liabilities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance			
Unbilled revenue	535.40	539.86	515.45
Trade receivable	-	167.96	56.97
Contract liabilities	(126.83)	-	-
(A)	408.57	707.82	572.42
Amounts billed to customers	(535.40)	(539.86)	(515.45)
Power transmission services provided, but remaining unbilled as at year end	562.50	535.40	539.86
Power transmission services provided, but collection pending	-	-	167.96
Collection from customer	-	167.96	56.97
Advance received from customer adjusted against billing	126.83	-	-
Advance received from customer	(73.54)	(126.83)	-
(B)	80.39	36.67	249.34
Closing balance			
Unbilled revenue	562.50	535.40	539.86
Trade receivable	-	-	167.96
Contract liabilities	(73.54)	(126.83)	-
(A + B)	488.96	408.57	707.82

(16) Other income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Net gain on sale of investment in mutual funds	13.23	7.73	12.99
Fair value gain on financial instrument at fair value through profit or loss	1.38	1.42	0.63
Income from insurance claims*	8.77	57.75	-
Miscellaneous income	1.66	-	8.16
Liabilities no longer required written back	0.03	2.77	11.76
	25.07	69.67	33.54

* Income from insurance claim is for the damaged towers INR 22.50 millions is received during March 31, 2021 and balance INR 44.04 millions is received during year ended March 31, 2022.

(17) Finance income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on :			
Fixed deposits	59.89	69.38	70.43
Income tax refund	0.41	0.46	0.02
	60.30	69.84	70.45

(18) Operation and maintenance expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Operation and maintenance expense	65.62	98.46	81.29
	65.62	98.46	81.29

(19) Employee benefit expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	13.32	11.72	7.39
Gratuity expenses (refer note 32)	0.33	0.28	0.17
Contribution to provident and other funds (refer note 32)	0.57	0.57	0.27
Staff welfare expenses	0.73	0.62	0.94
	14.95	13.19	8.77

(20) Finance costs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Interest on			
Non-convertible debentures	1,213.17	1,237.36	1,262.02
Optionally convertible debentures	271.72	273.42	239.83
Late payment of tax	0.01	0.18	0.75
Other borrowing cost	13.63	13.74	22.59
	1,498.53	1,524.70	1,525.19

(21) Other expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Rates and taxes	3.26	2.21	35.15
Membership charges	2.88	4.25	1.60
Power and fuel	2.91	3.04	4.56
Travelling and conveyance expenses	4.39	3.23	4.53
Insurance	50.30	43.94	50.54
Legal and professional fees	89.48	80.03	77.17
Loss on disposal of property, plant and equipment	4.66	82.08	-
Rent (Expense relating to leases of low-value assets)	0.52	0.77	0.84
Miscellaneous expenses	4.38	7.75	9.97
	162.78	227.30	184.36

(22) Capital and other commitments

(a) Capital Commitments

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Commitment relating to property, plant and equipment, net of capital advances	6.79	28.54	182.70
Total	6.79	28.54	182.70

(b) Other Commitments

The SPVs have entered into transmission services agreements (TSA) with long term transmission customers for the period of 35 (thirty five) years pursuant to which the SPVs have committed to transmit power of contracted capacity and have also committed minimum availability of transmission line over the life of the TSA period. The TSA contains provision for penalties in case of certain defaults.

(23) Contingent liabilities

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Other matters	84.43	84.43	76.43
Total	84.43	84.43	76.43

i. During the financial year 2016-17, land owners have filed a case with the District Court, Ludhiana, Punjab towards compensation for the value of land over which the transmission line is passing. The Company is of the view that required amount of compensation to these landowners have already been paid and no further compensation is payable. Based on the legal advice, the Company does not anticipate any liability against the same and has disclosed a contingent liability of INR 61.65 million (March 31, 2021 : INR 61.65 million, March 31, 2020 : INR 61.65 million) . Accordingly, no provision for any liability has been made in these financial statements.

ii. During the financial year 2020-21, land owners have filed a case with the Civil Court, Pehowa, Haryana towards compensation for costs incurred on account of transmission line passing. The Company is of the view that required amount of compensation to these landowners have already been paid and no further compensation is payable. Based on the legal advice, the Company does not anticipate any liability against the same and has disclosed a contingent liability of INR 2 million (March 31, 2021 : INR 2 millions). Accordingly, no provision for any liability has been made in these financial statements.

iii. During the financial year 2020-21, land owners have filed a case with the Court of Commissioner, Darbhanga Division towards higher compensation on account of cutting of his trees over which the transmission line is passing. The Company is of the view that required amount of compensation to these landowners have already been paid and no further compensation is payable. Based on the legal advice, the Company does not anticipate any liability against the same and has disclosed a contingent liability of INR 6 million for March 31, 2022 (March 31, 2021 : INR 6 million, March 31, 2020 : Nil). Accordingly, no provision for any liability has been made in these financial statements.

iv. During the financial year FY 2018-19 and FY 2019-20, Power Grid Corporation of India Limited claimed recovery of Interest During Construction ("IDC"), Incidental Expenses During Construction ("IEDC") and transmission charges respectively on account of delay in commissioning of transmission lines by the Company. The Company is of the view that the delay in commissioning of transmission lines was due to force majeure events which were beyond the control of the Company. Central Electricity Regulatory Commission concluded in another matter through order dated 29/03/2019 passed in Petition No. 195/MP/2017 that delay in commissioning was not due to reasons attributable to the Company. Based on the legal advice, the Company does not anticipate any liability against the same and has disclosed a contingent liability of INR 14.78 million (March 31, 2021 : INR 14.78 million, March 31, 2020 : INR 14.78 million). Accordingly, no provision for any liability has been made in these financial statements.

(24) Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the SPV Group's financial instruments as of March 31, 2022 :

Particulars	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	43.53	-	-	43.53	43.53
Investments	-	272.37	-	272.37	272.37
Other bank balances	1,231.97	-	-	1,231.97	1,231.97
Other financial assets	610.41	-	-	610.41	610.41
Total	1,885.91	272.37	-	2,158.28	2,158.28
Financial liabilities					
Borrowings	14,223.23	-	-	14,223.23	14,672.84
Trade payables	20.93	-	-	20.93	20.93
Other financial liabilities	427.41	-	-	427.41	427.41
Total	14,671.57	-	-	14,671.57	15,121.18

Set out below is a comparison, by class, of the carrying amounts and fair value of the SPV Group's financial instruments as of March 31, 2021 :

Particulars	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	81.12	-	-	81.12	81.12
Investments	-	325.66	-	325.66	325.66
Other bank balances	1,096.75	-	-	1,096.75	1,096.75
Other financial assets	761.06	-	-	761.06	761.06
Total	1,938.93	325.66	-	2,264.59	2,264.59
Financial liabilities					
Borrowings	14,639.31	-	-	14,639.31	15,638.20
Trade payables	48.09	-	-	48.09	48.09
Other financial liabilities	445.60	-	-	445.60	445.60
Total	15,133.00	-	-	15,133.00	16,131.89

Set out below is a comparison, by class, of the carrying amounts and fair value of the SPV Group's financial instruments as of March 31, 2020:

Particulars	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	32.99	-	-	32.99	32.99
Investments	-	225.84	-	225.84	225.84
Other bank balances	838.41	-	-	838.41	838.41
Trade receivables	167.96	-	-	167.96	167.96
Other financial assets	718.47	-	-	718.47	718.47
Total	1,757.83	225.84	-	1,983.67	1,983.67
Financial liabilities					
Borrowings	14,824.19	-	-	14,824.19	15,484.92
Trade payables	51.26	-	-	51.26	51.26
Other financial liabilities	412.09	-	-	412.09	412.09
Total	15,287.54	-	-	15,287.54	15,948.27

Carrying values of trade receivables, other financial assets, trade payables and other financial liabilities approximate their fair values.

(25) Fair value hierarchy

The following table presents fair value hierarchy of assets and liabilities as of

Particulars	Fair value measurement at end of the reporting year using		
	Level 1	Level 2	Level 3
Assets measured at fair value			
March 31, 2020			
Quoted investments - Investment in mutual funds	225.84	-	-
March 31, 2021			
Quoted investments - Investment in mutual funds	325.66	-	-
March 31, 2022			
Quoted investments - Investment in mutual funds	272.37	-	-
Asset for which fair value disclosures are given			
March 31, 2020			
Total assets	-	-	22,279.00
March 31, 2021			
Total assets	-	-	23,003.00
March 31, 2022			
Total assets	-	-	24,923.00
Liabilities for which fair value disclosures are given			
March 31, 2020			
Borrowings	-	15,484.92	-
March 31, 2021			
Borrowings	-	15,638.20	-
March 31, 2022			
Borrowings	-	14,672.84	-

Investment in mutual funds though unlisted, are quoted on recognised stock exchanges at their previous day NAVs which is the quote for the day.

The Group is required to present the Statement of total assets at fair value and Statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 as a part of these condensed consolidated financial statements - Refer Statement of Net assets at fair value and Statement of Total Returns at fair value.

The inputs to the valuation models for computation of fair value of transmission assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures as above categorised within Level 3 of the fair value hierarchy as above together with a quantitative sensitivity analysis as at March 31, 2022, March 31, 2021 and March 31, 2020 are as shown below:

Description of significant unobservable inputs to valuation:

Significant unobservable inputs	Input for March 31, 2022	Input for March 31, 2021	Input for March 31, 2020	Sensitivity of input to the fair value	Increase /(decrease) in fair value		
					March 31, 2022	March 31, 2021	March 31, 2020
WACC	7.99% to 8.20%	8.47% to 8.72%	8.59% to 8.85%	0.50%	(1,205.39)	(1,037.85)	(1,012.96)
				-0.50%	1,356.11	1,159.25	1,129.69
Tax rate (normal tax and MAT)	MAT - 17.47% Normal tax - 25.17%	MAT - 17.47% Normal tax - 25.17%	MAT - 17.47% Normal tax - 25.17%	2.00%	(86.93)	(33.41)	(25.76)
				-2.00%	75.99	43.48	18.62
Inflation rate for expenses	1.37% to 2.19%	1.37% to 2.08%	1.37% to 2.08%	1.00%	(382.52)	(303.08)	(270.22)
				-1.00%	315.31	251.31	224.28

(26) Financial risk management objectives and policies

The SPV Group's principal financial liabilities comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the SPV Group's operations. The SPV Group's principal financial assets include investments, loans, trade receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The SPV Group is exposed to market risk, credit risk and liquidity risk. The SPV Group's senior management oversees the management of these risks. The SPV Group reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the SPV Group are established to identify and analyse the risks faced by the SPV Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the SPV Group's activities.

Management has overall responsibility for the establishment and oversight of the SPV Group's risk management framework.

(a) Credit risk on financial assets

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The SPV Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

Trade receivables

DMTCL and NRSS are engaged in transmission infrastructure development business under BOOM (Build, Own, Operate and Maintain) and currently derive its revenue primarily from BOOM contracts with long term transmission customers ('LTTC'). DMTCL and NRSS being transmission licensees receive payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations ('Pooling Regulations'). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ('CTU') from LTTC's are disbursed pro-rata to all Transmission Service Providers ('TSPs') from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's of payments which were due, the SPV Group has not considered any expected credit loss on the financial assets in the nature of trade receivables. During the various periods presented, there has been no change in the credit risk of trade receivables.

Other financial assets

Credit risk from balances deposited/invested with banks as well as investments made in mutual funds, is managed by the SPV Group's senior management in accordance with the SPVs' Treasury policy approved by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. Based on this policy, the SPV Group does not foresee any risk on account of credit losses, either in the scheduled commercial bank deposits which are made with AA+ rated banks and also in regard to mutual funds which is primarily debt oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.
The SPV Group's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2022, March 31, 2021 and March 31, 2020 is the carrying amounts of Investments, Trade Receivables, Cash and cash Equivalents and Other Assets as disclosed in Note 5, 7, 8, and 4 respectively. However, the credit risk is low due to reasons mentioned above.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk . Financial instruments affected by market risk include borrowings, deposits and investments in short-term mutual funds. However, the SPV Group did not have currency risk as at March 31, 2022, March 31, 2021 and March 31, 2020.

Interest rate risk

As at March 31, 2022, March 31, 2021 and March 31, 2020, there are no borrowings having floating rate of interest. Accordingly, interest rate sensitivity is not disclosed.

(c) Liquidity risk

Liquidity risk is the risk that the SPV Group may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The SPV Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The SPV Group requires funds both for short term operational needs as well as for long term investment programs mainly in growth projects. The SPV Group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the SPV Group's financial liabilities based on contractual undiscounted payments:

Particulars	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total
As at March 31, 2022						
Non convertible debentures (Secured)	-	116.00	350.00	2,452.00	9,464.69	12,382.69
Optionally convertible debentures (Unsecured)	-	-	-	-	1,509.54	1,509.54
Non convertible debentures (Unsecured)	-	-	-	-	331.00	331.00
Trade and other payables	-	20.93	-	-	-	20.93
Other financial liabilities	-	306.19	121.22	-	-	427.41
Interest on borrowings	-	289.56	1,165.86	5,334.08	9,691.73	16,481.23
	-	732.68	1,637.08	7,786.08	20,996.96	31,152.80
As at March 31, 2021						
Non convertible debentures (Secured)	-	102.00	327.00	2,239.00	10,130.77	12,798.77
Optionally convertible debentures (Unsecured)	-	-	-	-	1,509.54	1,509.54
Non convertible debentures (Unsecured)	-	-	-	-	331.00	331.00
Trade and other payables	-	48.09	-	-	-	48.09
Other financial liabilities	-	231.03	214.57	-	-	445.60
Interest on borrowings	-	434.75	1,194.64	5,540.69	10,940.53	18,110.61
	-	815.87	1,736.21	7,779.69	22,911.84	33,243.61
As at March 31, 2020						
Non convertible debentures (Secured)	-	97.00	303.00	2,029.00	10,756.60	13,185.60
Optionally convertible debentures (Unsecured)	-	-	-	-	1,578.60	1,578.60
Non convertible debentures (Unsecured)	-	-	-	-	60.00	60.00
Trade and other payables	-	51.26	-	-	-	51.26
Other financial liabilities	-	282.02	130.06	-	-	412.08
Interest on borrowings	-	449.61	1,208.92	5,678.56	12,328.47	19,665.56
	-	879.89	1,641.98	7,707.56	24,723.67	34,953.10

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(27) Capital management

For the purpose of the SPV Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the SPV Group. The primary objective of the SPV Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The SPV Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the SPV Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The SPV Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The SPV Group's policy is to keep the gearing ratio optimum. The SPV Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents excluding discontinued operations.

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Borrowings	14,223.23	14,639.31	14,824.19
Trade Payables	20.93	48.09	51.26
Other financial liabilities	427.41	445.60	412.09
Less: cash and other bank balances	(1,275.50)	(1,177.87)	(871.40)
Net debt [A]	13,396.07	13,955.13	14,416.14
Equity capital	261.29	261.29	261.29
Other equity	771.12	1,283.27	1,963.12
Adjustment on combination of SPVs	(80.18)	(80.18)	(80.18)
Total equity capital [B]	952.23	1,464.38	2,144.23
Capital and net debt [C=A+B]	14,348.30	15,419.51	16,560.37
Gearing ratio (%) [A/C]	0.93	0.91	0.87

In order to achieve this overall objective, the SPV Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants for 4 consecutive financial covenant testing date would give Debenture Holders the right to call event of default. There have been no breaches in the financial covenants of the Non convertible debentures.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022, March 31, 2021 and March 31, 2020.

(28) Income tax

The major components of income tax expense for the year are:

Profit or loss section

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Current income tax:			
Current income tax charge	-	-	-
Adjustments in respect of current income tax of previous year	-	-	-
Deferred tax:			
Relating to origination and reversal of temporary differences	-	-	-
Income tax expense reported in the statement of profit or loss	-	-	-

The current tax has not been provided as the Group has been incurring losses as per tax.

The reconciliation between the provision of income tax of the SPV Group and amounts computed by applying the Indian statutory income tax rate to profit before tax is as follows:

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Loss before tax	(512.25)	(679.75)	(630.88)
Enacted income tax rate in India	29.12%	29.12%	29.12%
Computed expected tax	(149.17)	(197.94)	(183.71)
Effect of:			
Non recognition of deferred tax on unabsorbed depreciation and other timing differences	149.17	197.94	183.71
Income tax expense recognised in the statement of profit and loss	-	-	-

Taxation -

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Deferred Tax Assets			
Tax losses	2,500.61	2,324.72	2,089.30
Gratuity payable	0.34	0.28	0.17
Leave encashment payable	0.36	0.31	0.15
Total	2,501.31	2,325.31	2,089.62
Deferred Tax Liabilities			
Property, plant and equipment : Impact of difference between tax depreciation and depreciation for financial reporting	1,565.32	1,540.99	1,475.44
Ancillary borrowing costs	41.15	44.91	48.75
Total	1,606.47	1,585.90	1,524.19
Net deferred tax asset recognised (DTA restricted to the extent of DTL)	-	-	-

For the computation of deferred tax assets/liabilities, the SPV Group has not considered tax holiday available under the Income Tax Act for the project SPVs. The management based on estimated cash flow workings for these projects, believes that since there will be losses in the initial years of these projects, no benefit under the Income tax Act would accrue to these projects in respect of the tax holiday. Management will re-assess this position at each balance sheet date.

Tax losses represents unabsorbed depreciation. Unabsorbed depreciation can be carried forward indefinitely.

(29) Earnings per unit

The number of units that Anzen will issue is not known as of now. Hence the disclosures in respect of Earnings per Unit have not been given.

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(30) Related Party Disclosures

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

Related parties where Control exists:

(a) Ultimate Parent of the SPVs
Edelweiss Infrastructure Yield Plus (EIYP) (w.e.f. May 28, 2019)
Pan India Network Infravest Limited (up to May 28, 2019)

(b) Immediate Holding Company of the SPVs
Sekura Energy Private Limited (SEPL) (w.e.f. May 28, 2019)
Essel Infraprojects Limited (up to May 28, 2019)

Other related parties with whom transactions have taken place during the year

(c) Fellow Subsidiaries of the SPVs
Sekura Roads Limited (w.e.f. May 28, 2019)
Smart Power Grid Limited (up to May 28, 2019)
Warora Kurnool Transmission Limited (up to May 28, 2019)
NRSS XXXVI Transmission Ltd (up to May 28, 2019)

(d) Key management personnel of the SPVs and their relatives:

Name of related parties	Relationship
Vijayanand Semletty	Non- Executive Director
Jyoti Kumar	Manager
Raminder Singh	Manager

II. List of related parties as per requirements of InvIT Regulations

(a) Parties of Anzen India Energy Yield Plus Trust
Sekura Energy Private Limited (SEL) - Sponsor and Project manager
Edelweiss Real Assets Managers Limited- Investment Manager
Axis Trustee Services Limited - Trustee of Anzen India Energy Yield Plus Trust

(b) Promoters, Directors and Partners of the persons mentioned in clause (a)

Particulars	Sekura Energy Private Limited (SEL) - Sponsor and Project manager	Edelweiss Real Assets Managers Limited- Investment Manager	Axis Trustee Services Limited - Trustee of Anzen India Energy Yield Plus Trust
Promoters	Edelweiss Infrastructure Yield Plus	Edelweiss Securities and Investments Private Limited	Axis Bank Limited
Directors	Avinash Prabhakar Rao Sushant Sujir Nayak Tharuvai Venugopal Rangaswami	Venkatchalam Arakoni Ramaswamy Subahoo Chordia Sunil Mitra Prabhakar Panda Ranjita Deo (w.e.f. May 17, 2022) Shiva Kumar (w.e.f. April 01, 2022)	Deepa Rath Rajesh Kumar Dahiya Ganesh Sankaran
Partners	Not applicable	Not applicable	Not applicable

1. As on June 30, 2022, the ownership of DMTCL and NRSS has been transferred from Sekura Energy Private Limited to Edelweiss Infrastructure Yield Plus.

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III. Related party transactions:

Particulars	Relationship of related party	Name of related party	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Reimbursement of syndication Fees	Immediate Holding Company of the SPVs	Sekura Energy Private Limited	-	-	40.48
Syndication fees	Immediate Holding Company of the SPVs	Sekura Energy Private Limited	-	-	34.30
Project management fees	Immediate Holding Company of the SPVs	Sekura Energy Private Limited	65.04	61.95	49.81
Operation and maintenance cost	Immediate Holding Company of the SPVs	Sekura Energy Private Limited	46.91	52.42	22.05
Reimbursement of expenses	Immediate Holding Company of the SPVs	Sekura Energy Private Limited	2.34	3.37	3.47
Reimbursement of expenses	Fellow Subsidiary of the SPVs	Sekura Roads Limited	0.01	-	0.03
Issue of 9% Non convertible debentures	Ultimate Parent of the SPVs	Edelweiss Infrastructure Yield Plus	-	271.00	60.00
Issue of 18% Optionally convertible debentures	Ultimate Parent of the SPVs	Edelweiss Infrastructure Yield Plus	-	-	1,578.60
Interest on 9% Non convertible debentures	Ultimate Parent of the SPVs	Edelweiss Infrastructure Yield Plus	29.79	17.67	0.07
Interest on 18% Optionally convertible debentures	Ultimate Parent of the SPVs	Edelweiss Infrastructure Yield Plus	271.72	273.42	239.83
Reimbursement of expenses	Manager	Jyoti Kumar	0.87	1.16	2.89
Reimbursement of expenses	Manager	Raminder Singh	0.50	0.34	0.30
Reimbursement of expenses	Non- Executive Director	Vijayanand Semletty	0.02	0.18	0.30
Remuneration	Manager	Jyoti Kumar	1.57	1.33	1.04
Remuneration	Manager	Raminder Singh	2.59	2.17	1.85

IV. Related party balances:

Particulars	Relationship of related party	Name of related party	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Payable to employees	Manager	Jyoti Kumar	0.07	0.06	-
Trade payables	Immediate Holding Company of the SPVs	Sekura Energy Private Limited	0.82	38.22	35.41
Trade payables	Fellow Subsidiary of the SPVs	Sekura Roads Limited	0.01	0.00*	0.03
Payable to employees	Manager	Raminder Singh	0.05	0.01	0.00*
Interest accrued but not due on borrowings	Ultimate Parent of the SPVs	Edelweiss Infrastructure Yield Plus	150.34	145.82	142.36
9% Non convertible debentures	Ultimate Parent of the SPVs	Edelweiss Infrastructure Yield Plus	331.00	331.00	60.00
18% Optionally convertible debentures	Ultimate Parent of the SPVs	Edelweiss Infrastructure Yield Plus	1,509.54	1,509.54	1,578.60

* amounts below INR 0.01 millions
For pledge of shares by the SPV Group - Refer note 10A(b)(viii)

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(31) Significant accounting judgements, estimates and assumptions

The preparation of the SPV Group's combined financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the SPV Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the combined financial statements.

(a) Applicability of Appendix D - Service Concession Arrangements of Ind AS 115 Revenue from contracts with customers

The SPVs act as transmission licensees under the Electricity Act, 2003 holding valid licenses for 25 years. The SPVs have entered into Transmission Services Agreements ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 35 years. The management is of the view that the grantor as defined under Appendix D of Ind AS 115 ("Appendix D") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix D to Ind AS 115 is not applicable to the SPV Group.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the SPV Group. Such changes are reflected in the assumptions when they occur.

(a) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
Further details about gratuity obligation are given in Note 32.

(b) Impairment of non-financial assets

Non-financial assets of the Group primarily comprise of transmission assets (property, plant and equipment) and Goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Refer Note 3B for further details.

(c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. For the calculation of deferred tax assets/liabilities, the SPV Group has not considered tax holiday available under the Income Tax Act. The management based on estimated cash flow workings for the SPVs, believes that since there will be losses in the initial years of the SPVs, no benefit under the Income tax Act would accrue to those SPVs in respect of the tax holiday.

(d) Classification of optionally convertible debentures

The Group has issued optionally convertible debentures ("OCDs") which are optionally convertible into equity shares as per the terms of the agreement entered into between the Group and the OCD holder. Under Ind AS, the OCDs have been classified as liability measured at fair value through profit and loss since the interest rate approximates to market interest rate and accordingly residual equity amount is nil.

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(32) Disclosures for Employee Benefits

a. Defined benefit plan - gratuity

The SPV Group has a defined benefit plan (Gratuity) for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The said gratuity plan is unfunded.

The following table sets out the components of net gratuity benefit expense recognised in Statement of Profit and Loss and amounts recognised in the Balance Sheet for the respective plans:

Particulars		Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
i	Expense recognized in Statement of Profit & Loss for the year (included in Note 20 Employee Benefit Expense)			
	Service cost:			
	Current service cost	0.27	0.24	0.15
	Interest cost	0.06	0.03	0.02
	Total expense charged to Statement of Profit and Loss	0.33	0.27	0.17
ii	Expense recognized in Other Comprehensive Income for the year			
	Components of actuarial losses / (gains) on obligations:			
	Due to changes in demographic assumptions	(0.14)	-	(0.23)
	Due to changes in financial assumptions	0.01	(0.01)	0.46
	Due to changes in experience adjustments	0.03	0.11	(0.09)
	Total expense recognised in Other Comprehensive Income	(0.10)	0.10	0.14
iii	Reconciliation of defined benefit obligation			
	Opening Balance of defined benefit obligation	0.95	0.57	0.26
	Current service cost	0.27	0.24	0.15
	Interest cost	0.06	0.04	0.02
	Benefits paid	-	-	-
	Actuarial loss / (gain) from changes in demographic assumptions	(0.14)	-	-
	Actuarial loss / (gain) from changes in financial assumption	0.01	(0.01)	0.15
	Actuarial loss / (gain) from experience over past years	0.03	0.11	-
	Closing Balance of defined benefit obligation	1.17	0.95	0.58
iv	The principal assumptions used in determining above defined benefit obligations for the Group's plan are as under:	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
	Discount Rate (p.a)	6.40%	6.50%	6.40%
	Expected rate of increase in salary (p.a)	10.00%	10.00%	10.00%
	Withdrawal rates	15.00%	10.00%	10.00%
	Mortality Rates	Indian Assured Lives Mortality (2012-14) ULT	Indian Assured Lives Mortality (2012-14) ULT	Indian Assured Lives Mortality (2012-14) ULT
	Expected average remaining working life	5.5 years	8 years	8 years
v	Sensitivity analysis of impact on Defined benefit obligation (DBO) for changes in significant assumptions is as under:	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
	Expected rate of increase in salary			
	100 basis point increase	0.09	0.10	0.07
	100 basis point decrease	(0.08)	(0.09)	(0.05)
	Discount Rate	-		
	100 basis point increase	(0.08)	(0.09)	(0.05)
	100 basis point decrease	0.09	0.11	0.07
	Withdrawal rate			
	100 basis point increase	(0.03)	(0.03)	(0.02)
	100 basis point decrease	0.03	0.03	0.02
	Mortality (increase in expected life)			
	increase in expected life by 1 year	Negligible change	Negligible change	Negligible change
	increase in expected life by 3 years	Negligible change	Negligible change	Negligible change

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analyses

b. Defined Contribution Plans

The SPV Group makes Provident Fund to defined contribution plans for qualifying employees. Under the schemes, the SPV Group is required to contribute a specified percentage of payroll costs to fund the benefits. The SPV group has recognised provident fund contribution including administration charges for the year ended March 31, 2022 of INR 0.41 million (March 31, 2021 of INR 0.30 millions, March 31, 2020: INR 0.20 millions) as expense and contribution to pension fund for the year ended March 31, 2022 of INR 0.16 million (March 31, 2021 of INR 0.16 millions, March 31, 2020: INR 0.07 millions) in Note 20 under the head 'Contributions to Provident and Other Funds'.

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(33) Detail of capital work in progress expenditure are as under:

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
Opening balance	5.15	93.99	-
Add : Assets under construction (net of advances)	126.75	245.32	93.99
Less : Assets capitalized during the year*	85.31	334.16	-
Closing balance	46.59	5.15	93.99

*In relation to O&M of the assets, during the monsoon months of 2019 and due to sudden change in course of the Gandak river upstream, very high velocity current was experienced on the bank of the river thereby washing away four towers foundations and in due course leading to collapse of 4 towers of the Loop-In-Loop-Out ("LILO") section of 400kV Barh- Motihari -Gorakhpur line. Both the line of the LILO section were under outage since then for the permanent restoration works. Considering that the downtime was a result of an Act of God as per the provisions of the Transmission Services Agreement, the Authorities have granted relief under the Force Majeure (FM) provisions of the said agreement, thereby protecting revenues for the section of the asset impacted by the Force Majeure event till June 14, 2020, prior to which the impacted portion was required to be reinstated.
In the long-term interest of the asset and as a prudent operator, the management decided to strengthen the lines in the impacted section of the asset further by strengthening / replacing twelve towers instead of the four that got washed away during the year in monsoon season.

In March 2021, The Company has completed the restoration work of the damaged towers and strengthening of few other towers. Post receipt of the necessary clearances the Company has charged all the four circuits of the Barh-Motihari-Gorakhpur LILO section resuming normal power flow to the northern region of Bihar within the timelines allowed by Eastern Regional Electricity Grid ("ERPC") for the completion of work. The Company filed claim with the insurance company against the same.

During the year, Gandak River changed its course which made four towers highly vulnerable. Hence as a precaution, the Company is installing two taller towers with pile foundation at location to improve and strengthen the LILO line asset. Out of the two towers, one tower was installed on March 31, 2022 and one tower was installed subsequently on April 30, 2022.

(34) Segment Information:
The SPV Group's activities comprise of transmission of electricity in certain states in India. Based on the guiding principles given in Ind AS 108 on "Segment Reporting", this activity falls within a single business and geographical segment and accordingly the disclosures of Ind AS 108 have not been separately given.
Under Point of Connection (PoC) mechanism, Power Grid Corporation of India Limited ('PGCIL') is designated as central transmission utility with the responsibility for billing and collecting of usage charges from Inter-State Transmission Services (ISTS) users. Hence the entire amount of trade receivables pertaining to transmission charges is receivable from PGCIL.

(35) Revenue arrears
For DMTCL in terms of CERC Order dated January 13 , 2020 passed in Review Petition no. 08/RP/2019 of Original Petition no. 238/MP/2017, the Hon'ble CERC has granted relief by adding INR 184.82 million incurred during project construction as an expenditure allowed to recover as per the TSA provision of "Change in law", which ultimately translated an increase of 3.38% of yearly transmission charges to recover with effect from Project Actual Commercial Operation Date.
For NRSS in terms of CERC Order dated January 15, 2020 passed in Review Petition no. 07/RP/2019 of Original Petition no. 195/MP/2017, the Hon'ble CERC has granted relief to NRSS XXXI (B) Transmission Ltd. by admitting INR 102.97 millions incurred during project construction as an expenditure allowed to recover as per the Transmission Service Agreement (TSA) provision of "Change in law", which ultimately translated an increase of 2.78% of yearly transmission charges to recover with effect from Project Actual Commercial Operation Date.

Accordingly, under this revision in yearly transmission tariff , the SPV Group has recognised revenue of INR 131.35 million in the financial year ended on March 31, 2020 pertaining to earlier years as per the breakup given below and INR 65.62 millions for the year ended March 31, 2020:

Financial year	Amount
Arrears FY 2018 - 19	64.67
Arrears FY 2017 - 18	63.87
Arrears FY 2016 - 17	2.81
Total	131.35

(36) Incremental tariff
Central Electricity Regulatory Commission ("CERC") in its order dated March 29, 2019 and review order dated January 13, 2020 (DMTCL) and January 15, 2020 (NRSS) provided partial relief and disallowed claims pertaining to Interest During Construction ("IDC"), other cost overruns. SPV Group filed appeal with the Appellate Tribunal for Electricity ("APTEL") against the order of CERC.
APTEL in its order dated December 3, 2021 ("APTEL Order") set aside CERC Order and allowed the claims sought by SPV Group on account of IDC, other cost overruns and remitted back the matter to CERC for passing a final Order. Pursuant to the above, CERC in its Order dated May 11, 2022 and May 13, 2022 ("CERC Order") allowed incremental tariff in respect of IDC and other cost overruns of INR 237.50 million per annum as per TSA. Consequently, SPV Group is entitled to accrue revenues from COD to March 31, 2022 of ~INR 1,188.00 million and one time reimbursement of INR 8 million. However, CERC disallowed the SPV Group's claim in respect of carrying costs. Based on a legal opinion obtained by SPV Group, the aggrieved parties have right to appeal against the above CERC Order, however no such appeal has been filed till date. Considering the process is not yet completed, the consequent effect of the CERC Order has not been given in the combined financial statement for the year ended March 31, 2022.

(37) Disclosure of COVID-19 on operations:
The management has assessed impact on business and financial risks on account of COVID-19 on the financial information of SPV Group. SPV Group is engaged in business of transmission of electricity, operation and maintenance of power transmission lines and substations ('power transmission infrastructure') and are governed by Section 63 of The Electricity Act 2003 where in as per the transmission Service Agreements ('TSAs') tariff revenue is accrued based on availability of power transmission infrastructure. Further, the Government of India has declared power transmission as an essential service therefore SPV Group is able to ensure availability of power transmission infrastructure and carry out maintenance activities during the lock down period.
The management believes that as the tariff revenues are linked to availability, irrespective of the quantum of power transmitted through the power transmission infrastructure and considering the Point of Connection ('PoC') mechanism the risk of non-collection of transmission charges receivables is minimum. Further, the management does not see any risks in SPV Group's ability to continue as a going concern and meeting its liabilities as and when they fall due. The management will continue to monitor and assess impact of economic conditions arising due to COVID 19. The impact of COVID 19 may differ from that expected at the date of approval of these financial statements.

(38) The Code on Social Security, 2020 ('the Code') received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The SPV Group will assess the impact of the Code on its books of account in the period(s) in which the provisions of the Code becomes effective.

(39) Rectification of material errors/reclassifications
(a) In the SPVs' standalone financial statements for the years ended March 31, 2021 and March 31, 2020, current maturities for long term borrowings and interest income were disclosed as part of other current financial liabilities and other income respectively. In these combined financial statements, the SPV Group has reclassified and disclosed it separately as current borrowings and finance income respectively for all the periods presented.
(b) In these combined financial statements, the SPV Group has reclassified INR 11.12 million for DMTCL cash flow from investing activites and financing activities to operating activities for the year ended March 31, 2021. In these combined financial statements, the SPV Group has reclassified INR 82.08 million for DMTCL cash flow from investing activities to operating activities for the year ended March 31, 2020 and INR 47.78 million for NRSS from operating activities to investing activites for the year ended March 31, 2020.
(c) In these combined financial statements, the SPV Group has reclassified INR 75.16 million for NRSS and INR 20.30 million for DMTCL from cash and cash equivalents to other bank balances and from other current assets to other non-current assets for the year ended March 31, 2020 respectively.
(d) In these combined financial statements, the SPV Group has reclassified INR 20.74 million for DMTCL from repairs and maintenance expense to operation and maintenance expense for the year ended March 31, 2020.

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(40) Disclosures as required by SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016

I. Project wise operating cash flows

Projects	March 31, 2022	March 31, 2021	March 31, 2020
Darbhanga Motihari Transmission Company Limited (DMTCL)	1,066.31	1,234.20	1,060.43
NRSS XXXI (B) Transmission Limited (NRSS)	810.13	985.02	899.94
	1,876.44	2,219.22	1,960.37

II. Capitalisation statement

Particulars	Pre Issue as at March 31, 2022	As adjusted for issue*
Total debt (A)#	14,223.23	
Total equity of SPV Group		
Equity Capital	261.29	
Securities Premium	3,546.21	
Capital reserve	284.25	
Retained Earnings	(3,059.34)	
Adjustment on combination of SPVs	(80.18)	
Total equity of SPV Group (B)	952.23	
Debt equity ratio [A/(A+B)]	0.94	

*Corresponding details post initial issue are not available as of now, hence the required disclosures in respect of the same have not been provided in the above table.
includes NCDs/OCDs of INR 1,840.54 million from the related party disclosed under Borrowings in Note 10.

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III. Debt payment history

Particulars	DMTCL			NRSS		
	March 31, 2022			March 31, 2022		
	Secured Non convertible debentures	Unsecured Non convertible debentures	Optionally convertible debentures	Secured Non convertible debentures	Unsecured Non convertible debentures	Optionally convertible debentures
Carrying amount of debt at the beginning of the year	7,156.22	331.00	877.10	5,642.55	-	632.44
Additional borrowings during the year	-	-	-	-	-	-
Repayments during the year (including debt refinanced)	(260.00)	-	-	(169.00)	-	-
Other adjustments/settlements during the year (Ind-AS)	7.98	-	-	4.94	-	-
Carrying amount of debt at the end of the year	6,904.20	331.00	877.10	5,478.48	-	632.44
Interest payments (cash outflow)	(674.76)	(25.25)	(157.90)	(517.28)	-	(113.84)

Particulars	DMTCL			NRSS		
	March 31, 2021			March 31, 2021		
	Secured Non convertible debentures	Unsecured Non convertible debentures	Optionally convertible debentures	Secured Non convertible debentures	Unsecured Non convertible debentures	Optionally convertible debentures
Carrying amount of debt at the beginning of the year	7,387.95	60.00	877.10	5,797.65	-	701.50
Additional borrowings during the year	-	271.00	-	-	-	-
Repayments during the year (including debt refinanced)	(240.00)	-	-	(160.00)	-	(69.06)
Other adjustments/settlements during the year (Ind-AS)	8.27	-	-	4.90	-	-
Carrying amount of debt at the end of the year	7,156.22	331.00	877.10	5,642.55	-	632.44
Interest payments (cash outflow)	(695.78)	(7.40)	(158.31)	(530.92)	-	(121.91)

Particulars	DMTCL			NRSS		
	March 31, 2020			March 31, 2020		
	Secured Non convertible debentures	Unsecured Non convertible debentures	Optionally convertible debentures	Secured Non convertible debentures	Unsecured Non convertible debentures	Optionally convertible debentures
Carrying amount of debt at the beginning of the year	8,336.70	-	-	6,504.54	-	-
Additional borrowings during the year	-	60.00	877.10	-	-	701.50
Repayments during the year (including debt refinanced)	(911.00)	-	-	(676.00)	-	-
Other adjustments/settlements during the year (Ind-AS)	(37.75)	-	-	(30.89)	-	-
Carrying amount of debt at the end of the year	7,387.95	60.00	877.10	5,797.65	-	701.50
Interest payments (cash outflow)	(719.96)	-	(54.06)	(551.83)	-	(43.48)

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No: 324982E/E300003

per Amit Singh
Partner
Membership Number : 408869

Place : Mumbai
Date : July 22, 2022

For and on behalf of the Board of Directors of
Edelweiss Real Assets Managers Limited
(as Investment Manager of Anzen India Energy Yield Plus Trust)

Subahoo Chordia
Director
DIN No. : 09216398

Venkatchalam Ramaswamy
Director
DIN No. : 00008509

Jalpa Parekh
Company Secretary
Membership Number: A44507

Place : Mumbai
Date : July 22, 2022

PROJECTIONS OF REVENUE FROM OPERATIONS AND CASH FLOW FROM OPERATING ACTIVITIES

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S R B C & CO LLP
Chartered Accountants

Ground floor, Tower C Unit 1,
Panchshil Tech Park One, Loop road,
Near Don Bosco School, Yerwada
Pune - 411 006, India

Tel: +91 20 6603 6000

Report of auditors on projections of revenue from operations and cash flow from operating activities and underlying assumptions

The Board of Directors
Edelweiss Real Assets Managers Limited
(As the Investment Manager of Anzen India Energy Yield Plus Trust)
Plot 294/3, Edelweiss House, Off CST Road, Kalina,
Santacruz East, Mumbai 400098
Maharashtra, India

We have examined the accompanying Statement of projections of revenue from operations and cash flow from operating activities and the underlying assumptions of the InvIT Group, consisting of Anzen India Energy Yield Plus Trust (the "InvIT"), NRSS XXXI (B) Transmission Limited ("NRSS") and Darbhanga-Motihari Transmission Company Limited ("DMTCL") and each of NRSS and DMTCL individually, for the years ending March 31, 2023, March 31, 2024 and March 31, 2025 (collectively "Projection Information"), annexed to this report for the purpose of inclusion in the Draft Placement Memorandum, the Placement Memorandum and the Final Placement Memorandum, prepared by Edelweiss Real Assets Managers Limited (the "Investment Manager") in connection with the proposed issue of units by the InvIT on private placement basis (the "Offering"). NRSS and DMTCL are subsidiaries of Edelweiss Infrastructure Yield Plus which are proposed to be transferred to the InvIT.

The preparation and presentation of the Projection Information, including the underlying assumptions, in accordance with the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 issued by the Securities and Exchange Board of India ("SEBI") on September 26, 2014, as amended and any circulars issued thereunder (the "InvIT Regulations"), is the responsibility of the Investment Manager.

The Projection Information has been prepared by the Investment Manager for inclusion in the Draft Placement Memorandum, the Placement Memorandum and the Final Placement Memorandum using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur, as set out in Note III to the Projection Information and has been approved by the Board of Directors of the Investment Manager. Consequently, users are cautioned that the Projection Information may not be appropriate for purposes other than that described above.

We have examined the Projection Information taking into consideration:
(a) the terms of our engagement agreed with you vide our engagement letter dated January 12, 2022 requesting us to carry out work on the Projection Information, proposed to be included in the Offering; and
(b) Standard on Assurance Engagement 3400, "The Examination of Prospective Financial Information", issued by the Institute of Chartered Accountants of India.

We have examined the evidence supporting the assumptions and other information in the Projection Information on test basis. Our responsibility is to examine the evidence supporting the assumptions (excluding the hypothetical assumptions) and other information in the Projection Information. Our responsibility does not include verification of the accuracy of the projections. Therefore, we do not vouch for the accuracy of the Projection Information.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Projection Information. Further, in our opinion, the Projection Information, read with the Basis of Preparation and notes therein, is properly prepared on the basis of the assumptions as set out in Note III to the Projection Information and is consistent with the accounting policies for recognition and measurement used for preparation of the historical Combined Financial Statements as required by the InvIT Regulations, prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Projection Information since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Projection Information.

This report is required by InvIT Regulations requiring the independent auditor to issue a report on the Projection Information and is issued for the sole purpose of the Offering in accordance with Indian InvIT Regulations. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India, including in the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. US securities regulations do not require profit forecasts to be reported on by a third party. This report should not be relied upon by prospective investors in the United States of America, including persons who are Qualified Institutional Buyers as defined under Rule 144A under the United States Securities Act of 1933 participating in the Offering. We accept no responsibility and deny any liability to any person who seeks to rely on this report and who may seek to make a claim in connection with any offering of securities on the basis that they had acted in reliance on such information under the protections afforded by United States of America law and regulation.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

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This report is intended solely for inclusion in the Draft Placement Memorandum/Placement Memorandum/Final Placement Memorandum in connection with the Offering. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For S R B C & Co LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Amit Singh
Partner
Membership Number: 408869
UDIN: 22408869ANLGBK1300
Place: Mumbai
Date: July 22, 2022

Anzen India Energy Yield Plus Trust
Statement of Projections of Revenue from Operations and Cash Flow from Operating Activities
All amounts are in INR millions

A) For the year ending 31 March 2023

Particulars	DMTCL	NRSS	Anzen India InvIT	Anzen India Combined
Revenue from operations	1,273	939	-	2,213
Cash flow from operating activities*	1,098	832	-27	1,902

B) For the year ending 31 March 2024

Particulars	DMTCL	NRSS	Anzen India InvIT	Anzen India Combined
Revenue from operations	1,248	939	-	2,187
Cash flow from operating activities*	1,088	840	-29	1,899

C) For the year ending 31 March 2025

Particulars	DMTCL	NRSS	Anzen India InvIT	Anzen India Combined
Revenue from operations	1,249	939	-	2,188
Cash flow from operating activities*	1,079	834	-30	1,882

* Cashflow from operating activities are reported before taxes (Refer note 4 of Significant assumptions for the Projections).

For and on behalf of the Board of Directors of
Edelweiss Real Assets Managers Limited
(as Investment Manager of Anzen India Energy Yield Plus Trust)

Subahoo Chordia
Director
DIN No. : 09216398
Place: Mumbai
Date: July 22, 2022

Anzen India Energy Yield Plus Trust
Notes to the Statement of projections of revenue from operations and cash flow from operating activities

I. General information

Anzen India Energy Yield Plus Trust ("Anzen" or the "InvIT") is a trust constituted by "The Indenture of Trust" dated November 1, 2021, registered under the Registration Act, 1908 and under the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 with registration number IN/InvIT/21-22/0020. Anzen was settled by Sekura Energy Private Limited which is the Sponsor of the InvIT. The Trustee to Anzen is Axis Trustee Services Limited (the "Trustee"). The Investment manager for Anzen is Edelweiss Real Assets Managers Limited (the "Investment Manager" or the "Management") and the Project Manager for the projects proposed to be owned by Anzen will be Sekura Energy Private Limited.

Edelweiss Infrastructure Yield Plus currently owns the following project entities which are proposed to be transferred to Anzen:

1. NRSS-XXXI (B) Transmission Limited ("NRSS")
2. Darbhanga-Motihari Transmission Company Limited ("DMTCL")

NRSS and DMTCL are individually referred to as "Project SPVs", and along with Anzen are collectively referred to as "InvIT Group".

II. Basis of preparation of projections of revenue from operations and cash flow from operating activities

The projections of revenue from operations and cash flow from operating activities of the InvIT Group and of NRSS and DMTCL ("Projections") for the years ending March 31, 2023, March 31, 2024 and March 31, 2025 ("Projection period") have been prepared by the Investment Manager solely for inclusion in the Preliminary Placement Document, the Placement Document and the Final Placement Document in connection with the proposed initial issue of units by the InvIT in accordance with the requirements of the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and SEBI Circular dated October 20, 2016 and accordingly include projects that are proposed to be owned by Anzen. Therefore, the use of the Projections may not be appropriate and should not be used or relied upon for any purpose other than that described above.

The Projections are prepared based on the accounting policies for recognition and measurement used for preparation of the Combined Financial Statements of NRSS and DMTCL which are prepared in accordance with Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 as amended, prescribed under the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder (the "InvIT Regulations").

Though the aforesaid Projections are prepared under the Ind-AS framework, they do not provide for all the detailed disclosures as required under Ind-AS.

Cash flow from Operating activities for the InvIT Group and the Project SPVs have been calculated using the direct method under Ind AS 7 - Statement of Cash Flows and is computed by deducting the operating expenses from revenue from operations and adjusted for working capital changes. Cash flow from operating activities do not include any items pertaining to financing or investing nature. Cashflow from operating activities are reported before taxes.

The Projections have been prepared and disclosed in INR millions, unless otherwise specifically mentioned.

The Projections contain forecasts and projections that relate to future events, which are, by their nature, subject to significant risks and uncertainties. The future events referred to involve risks, uncertainties and other factors which may cause the actual results or performance to be materially different from the Projections.

III. Significant assumptions for the Projections

The Projections have been prepared based on the significant assumptions summarized below. These are Investment Manager's best estimate assumptions and have been prepared by the Investment Manager solely for inclusion in the Preliminary Placement Document, the Placement Document and the Final Placement Document in connection with the proposed initial issue of units of the InvIT in accordance with the requirements of the InvIT Regulations. The Investment Manager considers the assumptions to be appropriate and reasonable as at the date of the report. However, the investors should consider these assumptions as well as the Projections and make their own assessment of the future performance of Anzen.

Anzen India Energy Yield Plus Trust
Notes to the Statement of projections of revenue from operations and cash flow from operating activities

1. Revenue from Operations:

Revenue from operations of the InvIT Group and of each of the Project SPVs consists of tariff income from power transmission services and income from operation and maintenance of power transmission infrastructure owned by third parties.

Key variables for projections of revenue are non-escalable tariff, annual availability, incentives, arrears, penalties, rebates and surcharges. Each of these variables are explained below:

i. Non-Escalable tariff:

The non-escalable tariff for DMTCL and NRSS has been considered based on tariff approved by the Central Electricity Regulatory Commission (CERC) for the respective projects.

Non-Escalable tariff considered for the Projections is as follows:

Project SPVs	Year ending March 31, 2023 (INR million)	Year ending March 31, 2024 (INR million)	Year ending March 31, 2025 (INR million)
DMTCL	1,190	1,190	1,190
NRSS	908	908	908

Central Electricity Regulatory Commission ("CERC") in its order dated March 29, 2019 and review order dated January 13, 2020 (DMTCL) and January 15, 2020 (NRSS) provided partial relief and disallowed claims pertaining to Interest During Construction ("IDC"), other cost overruns. The Project SPVs filed appeal with the Appellate Tribunal for Electricity ("APTEL") against the order of CERC.
APTEL in its order dated December 3, 2021 ("APTEL Order") set aside CERC Order and allowed the claims sought by DMTCL and NRSS on account of IDC, other cost overruns and remitted back the matter to CERC for passing a final Order. Pursuant to the above, CERC in its Order dated May 13, 2022 (DMTCL) and May 11, 2022 (NRSS) ("CERC Order") allowed incremental tariff in respect of IDC and other cost overruns of INR 163 million per annum for DMTCL and INR 75 million per annum for NRSS as per TSA. Consequently, the Project SPVs are entitled to accrue revenues from COD to March 31, 2022 of ~INR 801 million for DMTCL and ~INR 387 million for NRSS and one time reimbursement of INR 8 million for DMTCL. However, CERC disallowed the Project SPVs' claim in respect of carrying costs. Based on a legal opinion obtained by the Project SPVs, the aggrieved parties have right to appeal against the above CERC Order, however, no such appeal has been filed till date. Considering the appeal timeline has not yet elapsed, the consequent effect of the CERC Order has not been given in the financial statements of DMTCL and NRSS for the year ended March 31, 2022. Considering the process is not yet completed, the consequent effect of the Order has not been considered in the Projections as above.

ii. Annual Availability:

The Annual availability for DMTCL and NRSS projects has been considered as 99.75% based on average annual availability figures of past 5 years for Power Grid Corporation of India Limited ("PGCIL") which owns a significant proportion of the transmission projects in India (as published in its Annual Report for FY 2020-21). The historical average annual availability from the dates of commencement of commercial operations to March 2022 of DMTCL is 99.58% and NRSS is 99.83%.

iii. Incentives, penalties, rebates and surcharge:

As per the terms of the respective Transmission Services Agreements (TSAs), DMTCL and NRSS are eligible for incentive payments in case the annual availability is more than 98%. Incentive percentage is calculated as (Actual Availability% minus 98%) multiplied by 2. The incentive percentage is required to be applied to total non-escalable revenue to arrive at the amount of incentive. The incentives are capped out at maximum availability of 99.75%. Given that the annual availability considered for the projections is equal to this maximum limit of 99.75%, incentives have been computed considering only 99.75% availability for both assets. Alternatively, if the availability is less than 95%, penalties are levied.

Further, in case the customers make the payment of tariff charges within 1 day of receipt of invoice, rebate of 2% of tariff is payable, whereas if the payment is made within 30 days, rebate of 1% is payable to customers. If the payment is made post 60 days, then late payment surcharge of 1.25% per month is payable by the customers. For

the Projections, nil rebate (net of late payment surcharge) has been considered for DMTCL and NRSS based on average rebates (net of late payment surcharge) for these projects for the last three years.

iv. Income from operation and maintenance

Income from operation and maintenance is considered based on agreement between DMTCL and Powergrid Mithilanchal Transmission Limited ("PMTL"). As per the terms of the agreement, there is annual escalation of 3.51% per annum. PMTL is entitled to a rebate of 1% on the invoice if the bill is paid within 15 days of invoicing. However, no rebate is considered in the Projections.

Income from operation and maintenance considered for the Projections is as follows:

Project SPVs	Year ending March 31, 2023 (INR million)	Year ending March 31, 2024 (INR million)	Year ending March 31, 2025 (INR million)
DMTCL	14	16	17

2. Operating Expenses (in Project SPVs)

The operating expenses include routine/periodic maintenance, insurance and other operating expenses, Project Manager fees and Investment Manager fees. These costs are projected based on the base year expenses for the Project SPVs and projected annual increase based on inflation rates and/or based on agreements with the service providers.

Based on the above, the total operating expenses considered in the Projections are as follows:

Project SPVs	Year ending March 31, 2023 (INR million)	Year ending March 31, 2024 (INR million)	Year ending March 31, 2025 (INR million)
DMTCL	144	164	167
NRSS	85	102	103

Operating expenses comprise of the following:

i. Operation and Maintenance (O&M) expenses:

O&M expenses considered in the Projections are based on currently existing O&M contracts. Escalation of 2.50% every two years is considered based on confirmation from the vendor.

ii. Insurance:

Insurance expenses considered in the Projections are based on premiums currently being paid by the respective SPVs. The Investment Manager does not foresee any increase in the insurance cost over the projection period of 3 years, hence the cost has been kept constant over the Projection period. If there are failures/damages to the transmission infrastructure for which claims are made, the insurance premiums may change significantly. This cannot be estimated accurately due to the relatively short operational performance history of the transmission projects and the inherently uncertain nature of failures/damages of transmission assets.

iii. Other operating expenses:

These mainly include legal/regulatory charges and professional fees. These expenses have been considered in the Projections based on the management's expectations as to the extent to which these are recurring in nature as adjusted with inflation rate. Inflation rate for this purpose is based on average of Escalation Rates for past 3 years notified by CERC (for the period from April 2019 to March 2022).

iv. Project Manager Fees:

The Project Manager Fees is considered based on the Investment Manager's expectations of the expenses that will be incurred during the course of next three years. The Project Manager fee considered is 15% of gross operation and maintenance expenses (excluding insurance and statutory costs) incurred by each SPV per annum plus Goods and Services Tax at rate as applicable. The Project Manager fees will be paid out of the cash flows from the Project SPVs.

The Project manager fees (including taxes assumed to be non-creditable) considered is as follows:

Project SPVs	Year ending March 31, 2023 (INR million)	Year ending March 31, 2024 (INR million)	Year ending March 31, 2025 (INR million)
DMTCL	14	15	15
NRSS	7	7	7

v. Investment Manager Fee

Investment manager fee has been considered based on the Investment Management Agreement dated December 08, 2021 ("IMA"). The Investment manager fee is INR 55 million + 0.25% of gross block of future acquisitions per annum plus Goods and Services Tax at rate as applicable which is allocated to each Project SPV equally. Based on the management estimate that the InvIT will be listed on October 1, 2022, the Investment manager fee for the year ending March 31, 2023 has been considered from October 1, 2022. The Investment manager fee (including taxes) considered is as follows:

Project SPVs	Year ending March 31, 2023 (INR million)	Year ending March 31, 2024 (INR million)	Year ending March 31, 2025 (INR million)
DMTCL	16	32	32
NRSS	16	32	32

3. Operating Expenses (at InvIT level)

Operating expenses at InvIT level comprise of the following:

i. Trustee Fee

The Trustee fee of INR 0.6 million plus goods and service tax at rate as applicable has been considered for each of the financial years ending March 31, 2023 March 31, 2024 and March 31, 2025 respectively. This is based on the expected fee to be charged by the Trustee under the Trust deed.

ii. Other expenses

Other expenses for the InvIT include audit fees, valuer's fees, legal/professional fees and other miscellaneous expenses and are primarily estimated based on the quotes (to the extent available) and Project SPV Management's experience and best judgment of Investment Manager. Other expense of INR 27 million, INR 28 million and INR 29 million have been considered for the financial years ending March 31, 2023, 2024 and 2025 respectively.

4. Income Taxes

As the actual outflow on account of direct taxation would be dependent on various factors including but not limited to the final capital structure, prior period MAT credit, depreciation, etc, the cash flow from operating activities have been reported before taxes.

5. Changes in Working Capital

For Project SPVs:

For the computation of changes in working capital, the receivables period (including unbilled revenue period) is assumed as 90 days of tariff revenues based on Management estimates. Further, operating expenses payable (including Project Manager and Investment Manager fees) as at each year end have been assumed as nil based on the Management estimates (i.e. all such expenses will be paid off by each year end).

For InvIT:

Changes in working capital for the InvIT has been considered as nil during the Projection Period.

6. Other Assumptions

The Investment Manager has made the following additional assumptions in preparing the Projections:

a. No further assets are assumed to be acquired during the Projection Period;
b. It is assumed that there will be no material change in tax legislations or other applicable legislations during the Projection period which may impact the Projections;
c. The Projections have been prepared using Ind AS standards and interpretations that are effective for the Ind AS financial statements for the year ended March 31, 2022. The Projections do not take into account the impact of any new Ind AS standard or interpretation not effective as at March 31, 2022. Ind AS standards or interpretations issued but not effective or not issued as at March 31, 2022 which may become effective during the Projections period may have an impact on the Projections and to that extent the actual figures may vary from the Projections;
d. The Projections are based on assumptions and are subject to a number of factors. Investors should be aware that future events cannot be predicted with any certainty and there may be deviations from the figures projected in the Projections;
e. For the purpose of projections of cash flow from operating activities at InvIT level, it is assumed that 100% of the cash flow from operating activities of the respective SPVs will be up-streamed to the InvIT each year.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts, which are or may be deemed material have been entered or are to be entered into in due course. These contracts and also the documents for inspection referred to hereunder, may be inspected at the principal place of business of the Trust, from 10:00 A.M. to 5:00 P.M., on all Working Days from the date of filing the Placement Memorandum until the date of listing of the Units pursuant to this Issue. Any of the contracts or documents mentioned in this Draft Placement Memorandum may be amended or modified at any time if so required in the interest of the Anzen Trust or if required by the other parties, without reference to the Unitholder, subject to compliance with applicable law and InvIT Documents.

1. Trust Deed entered into between the Sponsor and the Trustee dated November 1, 2021.

2. SEBI registration certificate for the Anzen Trust bearing number In/InvIT/21-22/0020 dated January 18, 2022 as an infrastructure investment trust.

3. Investment management agreement entered into between the Trustee (acting on behalf of the Anzen Trust) and the Investment Manager dated December 8, 2021.

4. Approval dated January 3, 2022 for transfer of ownership up to 74% of equity shareholding in DMTCL, held by EIYP to the Anzen Trust.

5. (i)Approval dated April 30, 2022 for transfer of ownership up to 74% of equity shareholding in NRSS, held by EIYP to the Anzen Trust; and (ii) Approval dated July 19, 2022 for transfer of 26% of equity shareholding in NRSS, held by Essel Infraprojects Limited to EIYP and subsequently from EIYP to the Anzen Trust.

6. Securities purchase agreement to be entered into between the Sponsor, the Investment Manager, the Trustee (acting on behalf of the Anzen Trust) EIYP and the Initial Portfolio Assets.

7. Placement Agreement entered into among the Anzen Trust (acting through its Trustee), the Investment Manager, the Trustee, the Sponsor and the Lead Managers, dated July 22, 2022.

8. Cash Escrow Agreement to be entered into among the Anzen Trust (acting through its Trustee), the Investment Manager, the Trustee, the Sponsor, the Lead Managers and the Escrow Collection Bank .

9. Agreement dated July 4, 2022, between NSDL, the Anzen Trust, and the Registrar.

10. Agreement dated July 6, 2022 between CDSL, the Anzen Trust and the Registrar.

11. Certified copies of the updated Memorandum and Articles of Association of the Investment Manager as amended from time to time.

12. Board resolution of the Investment Manager dated July 8, 2022, authorising this Issue.

13. Consents from the (i) Lead Managers; (ii) Legal counsel to the Anzen Trust and to the Sponsor as to Indian law; (iii) Legal Counsel to the Lead Managers as to Indian Law; (iv) International Legal Counsel to the Lead Managers; (v) Initial Portfolio Assets, the Sponsor and the Investment Manager; (vi) Valuer; (vii) Registrar; (viii) Compliance Officer of the Anzen Trust; (ix) Technical Consultants; and (x) CARE .

14. Audited Special Purpose Combined Financial Statements for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the report thereon.

15. Summary audited consolidated financial statements of the Sponsor, as of and for the financial years ended March 31, 2021 and March 31, 2020, and audited standalone financial statements of the Sponsor for the period from April 6, 2018 to March 31, 2019.

16. Summary audited financial statements of the Investment Manager, as of and for the financial year March 31, 2022.

17. Projections of Revenue from Operations and Cash Flow from Operating Activities and the report thereon.

18. The statement of possible tax benefits dated July 22, 2022.

19. In-principle listing approval dated [●] issued by NSE.

20. Corporate governance policies of the Investment Manager.

21. Project implementation and management agreement to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, the Project Manager, and the Initial Portfolio Assets.

22. Shared services agreement to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, the Project Manager, and the Initial Portfolio Assets.

23. Trust loan agreement to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, and the Initial Portfolio Assets.

24. ROFO agreement to be entered into between the Trustee (acting on behalf of the Anzen Trust), the Investment Manager, the Sponsor, EIYP and the Initial Portfolio Assets.

25. Transmission service agreement dated August 8, 2013 entered into between DMTCL, Maithan Power Limited, Grid Corporation of Orissa Ltd., Bihar State Electricity Board; Power Grid Corporation of India Limited, HDVC Pusauli, Damodar Valley Corporation; Power Department, Government of Sikkim; Jharkhand State Electricity Board; and West Bengal State Electricity Distribution Company.

26. Transmission services agreement dated January 2, 2014 entered into by NRSS with certain long term transmission customers including Uttar Pradesh Power Corporation Limited.

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Edelweiss Real Assets Managers Limited**

Sd/-
Venkatchalam Ramaswamy
Director

Date: July 22, 2022
Place: Mumbai

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Edelweiss Real Assets Managers Limited**

Sd/-
Subahoo Chordia
Director

Date: July 22, 2022
Place: Mumbai

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Edelweiss Real Assets Managers Limited**

Sd/-
Sunil Mitra
Director

Date: July 22, 2022
Place: Kolkata

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Edelweiss Real Assets Managers Limited**

Sd/-
Prabhakar Panda
Independent Director

Date: July 22, 2022
Place: Bhubaneswar

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Edelweiss Real Assets Managers Limited**

Sd/-
Shiva Kumar
Independent Director

Date: July 22, 2022
Place: Gurugram

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Edelweiss Real Assets Managers Limited**

Sd/-
Ranjita Deo
Whole Time Director and Chief Investment Officer

Date: July 22, 2022
Place: Mumbai

DECLARATION

The Sponsor hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Sekura Energy Private Limited**

Sd/-
Avinash Prabhakar Rao
Director

Date: July 22, 2022
Place: Mumbai

DECLARATION

The Sponsor hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Sekura Energy Private Limited**

Sd/-
Sushanth Nayak
Director

Date: July 22, 2022
Place: Mumbai

DECLARATION

The Sponsor hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Sekura Energy Private Limited**

Sd/-
Tharuvai Venugopal Rangaswami
Director

Date: July 22, 2022
Place: Mumbai

DECLARATION

The Trustee hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the applicable provisions of the InvIT Regulations, the SCRA, SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Trustee further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For **Axis Trustee Services Limited**

Sd/-

Authorised Signatory

Date: July 22, 2022
Place: Mumbai

ANNEXURE A - VALUATION REPORT

(*The remainder of this page is intentionally left blank*)

Strictly Private and Confidential

Prepared for:
Anzen India Energy Yield Plus Trust ("the Trust")

Edelweiss Real Assets Managers Limited
("the Investment Manager")

Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014 as amended

Fair Enterprise Valuation

Valuation Date: 31st March 2022

Mr. S Sundararaman,
Registered Valuer,
IBBI Registration No - IBBI/RV/06/2018/10238

S. SUNDARARAMAN
Registered Valuer
Registration No - IBBI/RV/06/2018/10238

RV/SSR/R/2023/07
Date: 14th July 2022

Anzen India Energy Yield Plus Trust
(acting through Axis Trustee Services Limited [in its capacity as "the Trustee" of the Trust])
Plot 294/3, Edelweiss House,
Off CST Road, Kalina,
Santacruz (E), Mumbai - 400 098,
Maharashtra, India.

Edelweiss Real Assets Managers Limited
(acting as the Investment Manager to Anzen India Energy Yield Plus Trust)
Plot 294/3, Edelweiss House,
Off CST Road, Kalina,
Santacruz (E), Mumbai - 400 098,
Maharashtra, India.

Sub: Financial Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended

Dear Sirs/ Madams,

I, Mr. S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 24th January 2022 as an independent valuer, as defined as per Regulation 2(zzf) of the SEBI InvIT Regulations, by **Edelweiss Real Assets Managers Limited** ("**ERAML**" or "**the Investment Manager**") acting as the investment manager for **Anzen India Energy Yield Plus Trust** ("**the Trust**" or "**InvIT**"), an infrastructure investment trust, registered with the **Securities Exchange Board of India** ("**SEBI**") with effect from 18th January 2022, bearing registration number IN/InvIT/21-22/0020 and **Axis Trustee Services Limited** ("**the Trustee**") acting on behalf of the Trust for the purpose of the financial valuation of the special purpose vehicles (defined below and hereinafter together referred as "**the SPVs**") of Sekura Energy Private Limited ("**the Sponsor**" or "**Sekura**") as per the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**SEBI InvIT Regulations**"). The SPVs to be valued are proposed to be transferred to the Trust created as set out in the SEBI InvIT Regulations, where ERAML is acting as the Investment Manager and Sekura is the Sponsor as per the extant provisions of the SEBI InvIT Regulations.

I am enclosing the Report providing opinion on the fair enterprise value of the SPVs as defined hereinafter on a going concern basis as at 31st March 2022 ("**Valuation Date**").

Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.

I have relied on explanations and information provided by the Investment Manager. Although, I have reviewed such data for consistency, those are not independently investigated or otherwise verified.

My team and I have no present or planned future interest in the Trust, the SPVs or the Investment Manager except to the extent of this appointment as an independent valuer and the fee for this Valuation Report ("**Report**") which is not contingent upon the values reported herein. The valuation analysis should not be construed as investment advice, specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

S. SUNDARARAMAN
Registered Valuer
Registration No - IBBI/RV/06/2018/10238

This Report has been prepared solely for the purpose of inclusion as part of the Draft Placement Memorandum ("DPM"), Placement Memorandum ("PM") and the Final Placement Memorandum ("FPM") and such other documents as may be required in accordance with the independent valuation required as per the SEBI InvIT Regulations.

The following Special Purpose Vehicles are proposed to be transferred to the Trust and are to be valued as per Regulation 21 read with Chapter V of the SEBI InvIT Regulations:

Sr. No.	Name of the SPV	Term
1	Darbhanga-Motihari Transmission Company Limited	DMTCL
2	NRSS XXXI (B) Transmission Limited	NRSSB

The analysis must be considered as a whole. Selecting portions of any analysis or the factors that are considered in this Report, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates, however, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have an impact on the valuation of the SPVs.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiry to satisfy myself that such information has been prepared on a reasonable basis. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

The valuation provided by RV and the valuation conclusion are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the SEBI thereunder.

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 11 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

RV draws your attention to the limitation of liability clauses in Section 11 of this Report.

This letter should be read in conjunction with the attached Report.

Yours faithfully,

SWAMINATHAN SUNDARARAMAN

Digitally signed by SWAMINATHAN SUNDARARAMAN
Date: 2022.07.14 21:15:05 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 22028423AMVPAV8679

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Definition, abbreviation & glossary of terms

Abbreviations	Meaning
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
CTM	Comparable Transactions Multiples
DMTCL	Darbhanga-Motihari Transmission Company Limited
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EIYP Fund	Edelweiss Infrastructure Yield Plus
ERP	Equity Risk Premium
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FPM	Final Placement Memorandum
FY	Financial Year Ended 31st March
GAAP	Generally Accepted Accounting Principles
GW	Giga Watts
Ind AS	Indian Accounting Standards
INR	Indian Rupee
Investment Manager/ ERAML	Edelweiss Real Assets Managers Limited
IVS	ICAI Valuation Standards 2018
Mn	Million
NAV	Net Asset Value Method
NCA	Net Current Assets, Excluding Cash and Bank Balances
NRSSB	NRSS XXXI (B) Transmission Limited
O&M	Operation & Maintenance
PM	Placement Memorandum
PPP	Public Private Partnership
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
Sponsor/ Sekura	Sekura Energy Private Limited
SPV	Special Purpose Vehicle
the Trust or InvIT	Anzen India Energy Yield Plus Trust
the Trustee	Axis Trustee Services Limited
WACC	Weighted Average Cost of Capital

1. Executive Summary

1.1. Background

The Sponsor

1.1.1. Sekura Energy Private Limited ("**the Sponsor**" or "**Sekura**") has floated an infrastructure investment trust under the SEBI InvIT Regulations called "**Anzen India Energy Yield Plus Trust**" ("**the InvIT**" or "**the Trust**"). Sekura is a portfolio company of Edelweiss Infrastructure Yield Plus fund ("**EIYP Fund**"). EIYP Fund is an alternative investment fund having SEBI Registration Number IN/AIF1/17-18/0511 dated 9th January 2018. EIYP Fund is mainly engaged in investment activities primarily with an objective of generating stable returns and earning long-term capital appreciation.

1.1.2. Shareholding of the Sponsor as on the Valuation Date is as under:

Sr. No.	Particulars	No. of shares	%
1	*Edelweiss Infrastructure Yield Plus	87,50,000	100.0%
	Total	**87,50,000**	**100.0%**

Source: Investment Manager

** Includes Shares held by nominee of EIYP Fund*

The Trust

1.1.3. The Sponsor has settled Anzen India Energy Yield Plus Trust as an irrevocable trust under the trust deed, being registered under the Indian Registration Act, 1908, in accordance with the provisions of the Indian Trusts Act, 1882.The Trust is registered with Securities and Exchange Board of India ("**SEBI**") pursuant to the SEBI (Infrastructure Investment Trust) Regulations, 2014 ("**SEBI InvIT Regulations**") with effect from 18th January 2022, bearing registration number IN/InvIT/21-22/0020.

1.1.4. Axis Trustee Services Limited ("**the Trustee**") has been appointed as the Trustee of the Trust.

Investment Manager

1.1.5. Edelweiss Real Assets Managers Limited ("**ERAML**" or "**the Investment Manager**") has been appointed as the Investment Manager to the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.

1.1.6. Shareholding of the Investment Manager as on the Valuation Date is as under:

Sr. No.	Particulars	No. of shares	%
1	*Edelweiss Securities and Investments Private Limited ("Edelweiss Securities")	61,000	100.0%
	Total	**61,000**	**100.0%**

Source: Investment Manager

** Includes Shares held by nominees of Edelweiss Securities*

1.1.7. Shareholding of the Investment Manager as on the Report Date is as under:

Sr. No.	Particulars	No. of shares	%
1	*Edelweiss Securities and Investments Private Limited ("Edelweiss Securities")	62,000	100.0%
	Total	**62,000**	**100.0%**

Source: Investment Manager

** Includes Shares held by nominees of Edelweiss Securities*

1.1.8. I understand that Anzen India Energy Yield Plus Trust, acting through the Trustee, shall acquire the equity held by EIYP Fund in the 2 SPVs mentioned in para 1.1.10, following which units will be issued to EIYP Fund by the Trust, which are to be listed on one or more Indian stock exchanges consequent to the proposed private placement of the units of Trust ("**the Proposed Transaction**").

1.1.9. In this regard, the Investment Manager intends to undertake an independent valuation of the SPVs (as defined in para 1.1.10) as per the extant provisions of the SEBI InvIT Regulations issued by Securities and Exchange Board of India ("**SEBI**").

1.1.10. **Financial Assets to be Valued**

The following SPVs are to be considered for Fair Enterprise Valuation:

Sr. No.	Name of the SPV	Term
1	Darbhanga-Motihari Transmission Company Limited	DMTCL
2	NRSS XXXI (B) Transmission Limited	NRSSB

(DMTCL and NRSSB are hereinafter together referred to as "the **SPVs**")

1.1.11. In this regard, the Investment Manager has appointed me, S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake fair valuation of the SPVs at the enterprise level as per the extant provisions of the SEBI InvIT Regulations issued by SEBI. Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

1.1.12. I declare that:

i. I am competent to undertake the financial valuation in terms of the SEBI InvIT Regulations:

ii. I am not an associate of the Sponsor or the Investment Manager or the Trustee and I have not less than five years of experience in valuation of infrastructure assets;

iii. I am independent and have prepared the Report on a fair and unbiased basis;

iv. I have valued the SPVs based on the valuation standards as specified / applicable as per SEBI InvIT Regulations.

1.1.13. This Report covers all the disclosures required as per the SEBI InvIT Regulations and the Valuation of the SPVs is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

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1.2. Scope of Valuation

1.2.1. Valuation Base

Valuation Base means the indication of the type of value being used in an engagement. In the present case, I have determined the fair value of the SPVs at the enterprise level. Fair Value Bases defined as under:

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value or Market value is usually synonymous to each other except in certain circumstances where characteristics of an asset translate into a special asset value for the party (ies) involved.

1.2.2. Valuation Date

Valuation Date is the specific date at which the value of the assets to be valued gets estimated or measured. Valuation is time specific and can change with the passage of time due to changes in the condition of the asset to be valued. Accordingly, valuation of an asset as at a particular date can be different from other date(s).

The Valuation Date considered for the fair enterprise valuation of the SPVs is 31st March 2022 ("**Valuation Date**"). The RV is not aware of any other events having occurred since 31st March 2022 till date of this Report which he deems to be significant for his valuation analysis, except for those events disclosed by the Investment Manager.

1.2.3. Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, RV has determined the fair enterprise value of the SPVs on a Going Concern Value defined as under:

Going Concern Value

Going Concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, necessary licenses, systems, and procedures in place etc.

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1.3. Summary of Valuation

I have assessed the fair enterprise value of each of the SPVs on a stand-alone basis by using the Discounted Cash Flow ("**DCF**") method under the income approach. Following table summarizes my explaination on the usage or non usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business. Hence, NAV method has been considered for background reference only.
Income Approach	Discounted Cash Flow	Yes	All the SPVs are generating income based on pre-determined TSA. Hence, the growth potential of the SPVs and the true worth of its business would be reflected in its future earnings potential and therefore, DCF method under the income approach has been considered as an appropriate method for the present valuation exercise.
Market Approach	Recent Transaction Price*	No	Considering the nature of the transaction, I have not considered it for the present valuation exercise.
	Market Price	No	The equity shares of the SPVs are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPVs, I am unable to consider this method for the current valuation.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

**On 30th June 2022, the Sponsor has transferred its entire economic interest of 100% in both the SPVs to EIYP Fund as a part of its internal restructuring exercise. However considering the nature of transaction, I do not consider it for the purpose of calculating Fair enterprise value as per the SEBI InvIT regulations.*

Under the DCF Method, the Free Cash Flow to Firm ("**FCFF**") has been used for the purpose of valuation of each of the SPVs. In order to arrive at the fair EV of the individual SPVs under the DCF Method, I have relied on the audited financial statements as at 31st March 2022 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the respective SPVs prepared by the Investment Manager as at the Valuation Date based on their best judgement.

The discount rate considered for the respective SPVs for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("**WACC**") for each of the SPVs.

As all the SPVs under consideration have executed projects under the Build-Own-Operate and Maintain ("**BOOM**") and the ownership of the underlying assets shall remain with the SPVs even after the expiry of the concession period. Accordingly, terminal period value i.e. value on account of cash flows to be generated even after the expiry of concession period has been considered in the current valuation exercise.

Based on the methodology and assumptions discussed further, RV has arrived at the fair enterprise value of the SPVs as on the Valuation Date:

Sr. No.	SPVs	Approx. Projection Period (Balance Project Period)	WACC	Fair Value of EV* (INR Mn)
1	DMTCL	~30 Years and 4 Months	8.2%	13,100
2	NRSSB	~30 Years and 0 Months	8.0%	10,100
Total				**23,200**

** Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.*

(Refer Appendix 1 & 2 for the detailed workings)

Further to above considering that present valuation exercise is based on the future financial performance and based on opinions on the future credit risk, cost of debt assumptions, etc., which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the following unobservable inputs:

1. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 0.5%
2. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 1.0%
3. Total Expenses considered during the projected period by increasing / decreasing it by 20%
4. Terminal period value considered for the SPVs increasing / decreasing it by 20%

1. Fair Enterprise Valuation Range based on WACC parameter (0.5%)

INR Mn

Sr. No.	SPVs	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	DMTCL	8.7%	12,433	8.2%	13,100	7.7%	13,848
2	NRSSB	8.5%	9,561	8.0%	10,100	7.5%	10,708
	Total		**21,995**		**23,200**		**24,556**

2. Fair Enterprise Valuation Range based on WACC parameter (1.0%)

INR Mn

Sr. No.	SPVs	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	DMTCL	9.2%	11,836	8.2%	13,100	7.2%	14,694
2	NRSSB	9.0%	9,080	8.0%	10,100	7.0%	11,400
	Total		**20,916**		**23,200**		**26,094**

3. Fair Enterprise Valuation Range based on Operating Expense parameter (20%)

INR Mn

Sr. No.	SPVs	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	DMTCL	12,769	13,100	13,430
2	NRSSB	9,930	10,100	10,271
	Total	**22,699**	**23,200**	**23,701**

4. Fair Enterprise Valuation Range based on Terminal Period Value ("TV") parameter (20%)

INR Mn

Sr. No.	SPVs	EV at TV - 20%	EV at Base TV	EV at TV + 20%
1	DMTCL	12,903	13,100	13,296
2	NRSSB	9,924	10,100	10,276
	Total	**22,828**	**23,200**	**23,572**

The above represents reasonable range of fair enterprise valuation of the SPVs.

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2. Procedures adopted for current valuation exercise

2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 ("**IVS**") issued by the Institute of Chartered Accountants of India.

2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:

2.2.1. Requested and received financial and qualitative information relating to the SPVs;

2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;

2.2.3. Discussions with the Investment Manager on:

- Understanding of the business of the SPVs – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;

2.2.4. Undertook industry analysis:

- Research publicly available market data including economic factors and industry trends that may impact the valuation;
- Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by me;

2.2.5. Analysis of other publicly available information;

2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by me;

2.2.7. Conducted physical site visit of the transmission assets of the SPVs;

2.2.8. Determination of fair value of the EV of the SPVs on a going concern basis.

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3. Overview of Sponsor, InvIT and SPVs

3.1. Sponsor / Sekura Energy Private Limited (Sekura)

3.1.1. Sekura Energy Private Limited is the Sponsor of the Trust. The Sponsor is an infrastructure company in India that carries out investments in power transmission companies and renewable energy companies operating in the private sector.

3.1.2. Sekura is also the Project Manager of the Trust.

3.1.3. I understand that Sekura is a 100% subsidiary of Edelweiss Infrastructure Yield Plus Fund (the "EIYP Fund").

3.1.4. Edelweiss Infrastructure Yield Plus is an alternative investment fund having SEBI Registration Number IN/AIF1/17-18/0511 dated 9th January 2018.

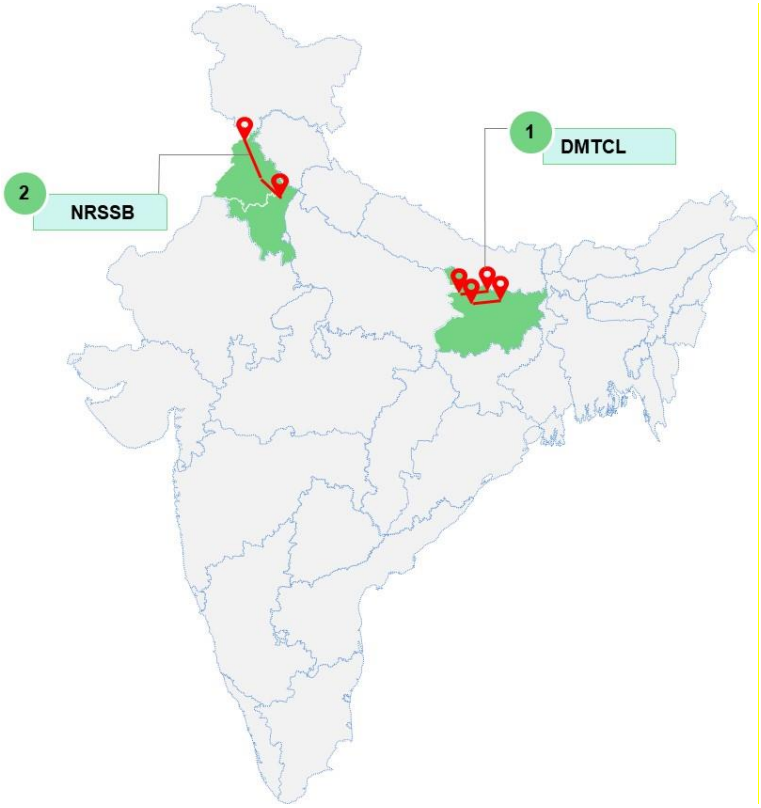
3.1.5. Sekura has settled the InvIT as an irrevocable trust under the trust deed, being registered under the Indian Registration Act, 1908, in accordance with the provisions of the Indian Trusts Act, 1882.

3.2. The Trust

3.2.1. **Anzen India Energy Yield Plus Trust** ("**the Trust**" or "**InvIT**"), would be responsible for holding the InvIT Assets on trust and for the benefit of the unitholders, undertaking the activities and other duties specified as per the SEBI InvIT Regulations. The Trust was established on 1st November 2021 and received its registration certificate from the SEBI which is effective from 18th January 2022 (bearing SEBI Reg. No. IN/InvIT/21-22/0020).

3.2.2. I understand that Anzen India Energy Yield Plus Trust, acting through the Trustee, shall acquire the equity held by EIYP Fund in the 2 SPVs following which units will be issued to EIYP Fund by the Trust, which are to be listed on one or more Indian stock exchanges consequent to the proposed private placement of the Trust.

3.3. Following is a map of India showing the area covered by the proposed SPVs of the Trust:



Source: Investment Manager

Background of the SPVs

3.3. Darbhanga-Motihari Transmission Company Limited ("DMTCL"):

3.3.1. Summary of project details of DMTCL are as follows:

Parameters	Details
Project Cost	INR 10,927 Mn
Total Length	277.2 Ckms
Location of Assets	Bihar
TSA signing Date	6th August 2013
SCOD as per TSA	9th August 2016
Revised SCOD	10th August 2017
TL issuance Date	30th May 2014
Expiry Date of License	25 years from issue of Transmission License
Concession period	35 years from Revised SCOD
COD of last element of the SPV	10th August 2017

Source: Investment Manager

3.3.2. DMTCL was incorporated on December 18, 2012 and entered into a transmission service agreement dated August 6, 2013 with its LTTCs for transmission of electricity for transmission system for Eastern Region System Strengthening Scheme – VI on a BOOM basis. The project was awarded on October 17, 2013, through the tariff based competitive bidding ("**TBCB**") mechanism, for a period of 35 years from the SCOD.

3.3.3. DMTCL operates two transmission lines of approximately 277.2 ckms comprising one 400 kV double circuit line of approximately 125.7 ckms from Darbhanga (Bihar) to Muzaffarpur (Bihar) and another, LILO of Barh (Bihar) - Gorakhpur (Uttar Pradesh) of 400 KV double circuit transmission line at 400/132 kv Motihari GIS substation of approximately 151.5 ckms. The DMTCL project was fully commissioned in August 2017.

3.3.4. The project consists of the following transmission lines and substations:

Particulars	kms	COD	Location
400 kV Double Circuit Triple Snowbird Conductor Transmission System	62.8	31-Mar-17	Darbhanga (Bihar) to Muzaffarpur (Bihar)
LILO of 400 kV D/C Quad Moose Barh – Gorakhpur Transmission Line at 400/132 kV Motihari GIS Sub-station	75.8	10-Aug-17	Barh to Motihari (Bihar) - 37.6 km Motihari to Gorakhpur (Uttar Pradesh) - 38.2 km
2 X 500 MVA 400/220 kV Darbhanga Gas Insulated Substations (GIS)	NA	31-Mar-17	Substation Darbhanga (Bihar)
2 X 200 MVA 400/132 kV Motihari Gas Insulated Substations (GIS)	NA	10-Aug-17	Substation Motihari (Bihar)

Source: Investment Manager

3.3.5. The equity shareholding of DMTCL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of shares	%
1	*Sekura Energy Private Ltd.	1,20,59,532	74.0%
2	**Essel Infraprojects Ltd.	42,37,135	26.0%
	Total	**1,62,96,667**	**100.0%**

** Including 5 shares held by Nominee Shareholders*

*** Sekura has the voting as well as dividend rights*

Source: Investment Manager

3.3.6. The equity shareholding of DMTCL as on Report Date is as follows:

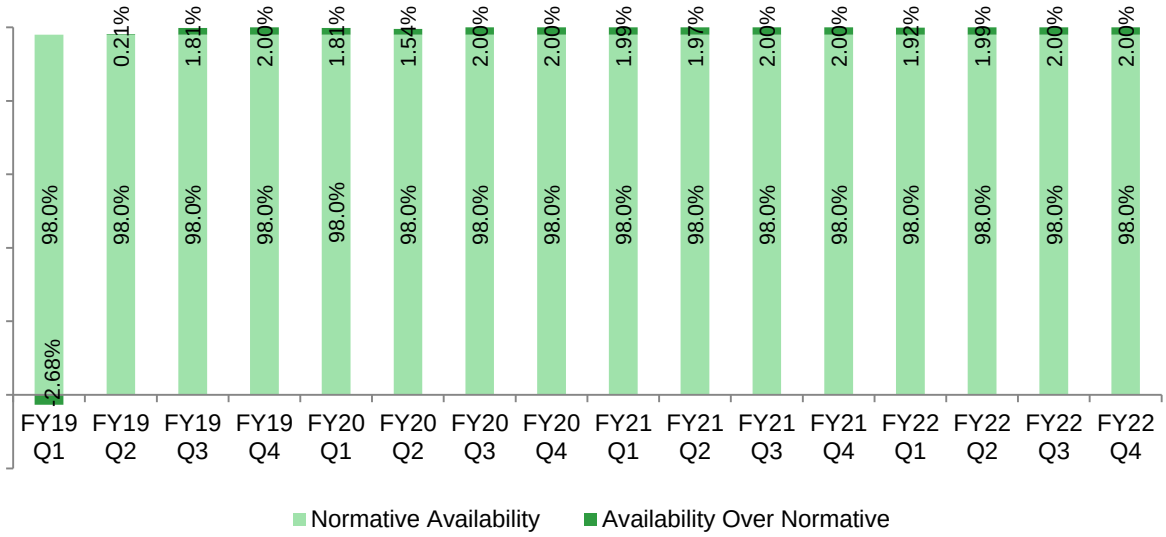
Sr. No.	Particulars	No. of shares	%
1	*Edelweiss Infrastructure Yield Plus	1,20,59,532	74.0%
2	**Essel Infraprojects Ltd.	42,37,135	26.0%
	Total	**1,62,96,667**	**100.0%**

** Including 5 shares held by Nominee Shareholders*
*** EIYP Fund has the voting as well as dividend rights*
Source: Investment Manager

3.3.7. **Past incidents involving Transmission Assets of DMTCL:**

- During the period from August 2017 till March 2021, there were few incidents involving damages to towers due to flooding of Gandak river in the Barh-Motihari-Gorakhpur, and an instance of damage to substation in Darbhanga, due to flooding in Kamala river. Some of these disruptions were covered by Force majeure clause of the TSA.

3.3.8. Operating Efficiency history of DMTCL:



Source: Investment Manager

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3.3.9. My team had conducted physical site visit of the transmission assets of DMTCL on 8th March 2022, to the extent appropriate. Refer below for the pictures of DMTCL transmission assets:






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3.4. NRSS XXXI (B) Transmission Limited ("NRSSB")

3.4.1. Summary of project details of NRSSB are as follows:

Parameters	Details
Project Cost	INR 6,680 Mn
Total Length	577.7 Ckms
Location of Assets	Punjab and Haryana
TSA signing Date	2nd January 2014
SCOD as per TSA	11th September 2016
Revised SCOD	27th March 2017
TL issuance Date	25th August 2014
Expiry Date of License	25 years from issue of Transmission License
Concession period	35 years from Revised SCOD
COD of last element of the SPV	27th March 2017

Source: Investment Manager

3.4.2. NRSSB was incorporated on July 29, 2013 and entered into a transmission service agreement dated January 2, 2014 with its LTTCs (for transmission of electricity for transmission system for Northern Region System Strengthening Scheme – XXXI(B) on a BOOM basis). The project was awarded on February 26, 2014 through the TBCB mechanism, for a period of 35 years from the SCOD.

3.4.3. NRSSB operates two transmission lines of approximately 577.7 ckms comprising one 400 kV double circuit line of approximately 278.4 ckms from Kurukshetra (Haryana) to Malerkotla (Punjab) and another 400 kV double circuit line of approximately 299.3 ckms from Malerkotla (Punjab) to Amritsar (Punjab). The NRSS project was fully commissioned in March 2017.

3.4.4. The project consists of the following transmission lines and substations:

Particulars	kms	COD	Location
400 kV Double Circuit Transmission System	139.2	18-Jan-17	Kurukshetra (Haryana) to Malerkotla (Punjab)
400 kV Double Circuit Transmission System	149.7	27-Mar-17	Malerkotla (Punjab) to Amritsar (Punjab)

Source: Investment Manager

3.4.5. The equity shareholding of NRSSB as on Valuation Date is as follows:

Sr. No.	Particulars	No. of shares	%
1	*Sekura Energy Private Ltd.	72,75,785	74.0%
2	**Essel Infraprojects Ltd.	25,56,358	26.0%
	Total	**98,32,143**	**100.0%**

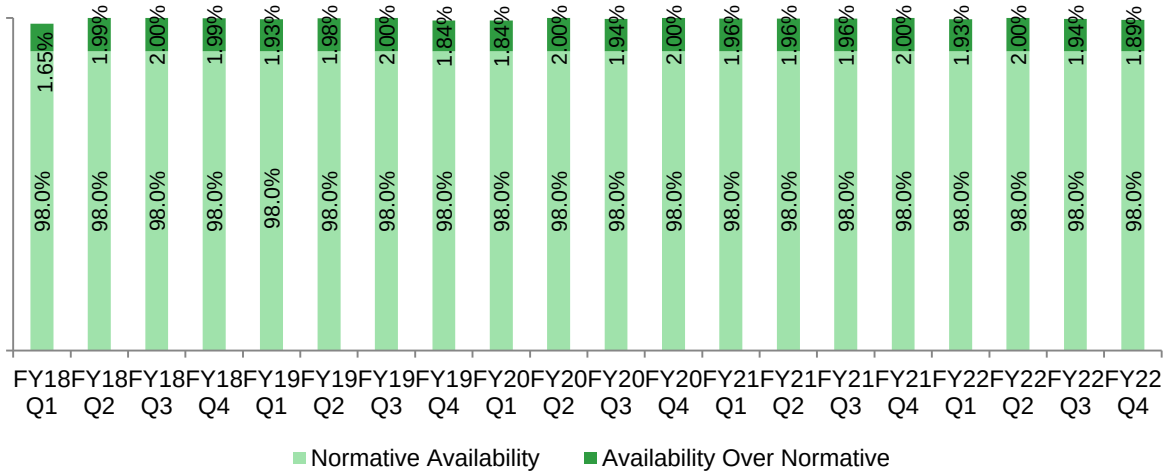
** Including 5 shares held by Nominee Shareholders*
*** Sekura has the voting as well as dividend rights*
Source: Investment Manager

3.4.6. The equity shareholding of NRSSB as on Report Date is as follows:

Sr. No.	Particulars	No. of shares	%
1	*Edelweiss Infrastructure Yield Plus	72,75,785	74.0%
2	**Essel Infraprojects Ltd.	25,56,358	26.0%
	Total	**98,32,143**	**100.0%**

** Including 5 shares held by Nominee Shareholders*
*** EIYP Fund has the voting as well as dividend rights*
Source: Investment Manager

3.4.7. Operating Efficiency history of NRSSB:



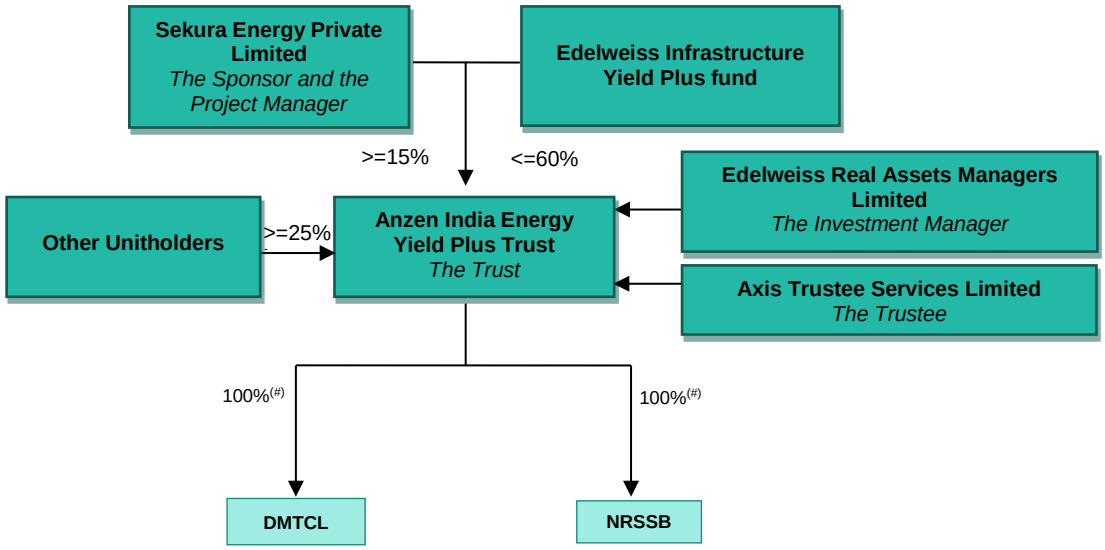
Source: Investment Manager

3.4.8. My team had conducted physical site visit of the transmission assets of NRSSB on 11th March 2022, to the extent appropriate. Refer below for the pictures of NRSSB transmission assets:



4. Proposed Transaction

4.1. Following is the proposed structure of Anzen India Energy Yield Plus Trust after the completion of the Proposed Transaction:



(#)% Represents Economic Ownership

Source: Investment Manager

4.2. Proposed Acquisition of stake in the SPVs by the Trust:

Sr. No.	SPV	As on Report Date	Post Proposed Transaction
		EIYP Fund Holding*	Equity Stake proposed to be acquired by Trust prior to listing*
1	DMTCL	100.0%	100.0%
2	NRSSB	100.0%	100.0%

** Total economic interest*

Source: Investment Manager

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5. Overview of the Industry

5.1. Introduction:

5.1.1. India is the third largest producer and third largest consumer consumer of electricity in the world, with the installed power capacity reaching 399.50 GW as of 31st March 2022. The country also has the fifth largest installed capacity in the world. The country has 4th raking for renewable energy installed capacity.

5.1.2. Over FY16-FY21, electricity production in India grew at a CAGR of 1.0%. Per capita electricity consumption in the country grew at a CAGR of 4% from 1985 to 2020, reaching 1208 Kilo-Watt hour ("KWh") in FY20.

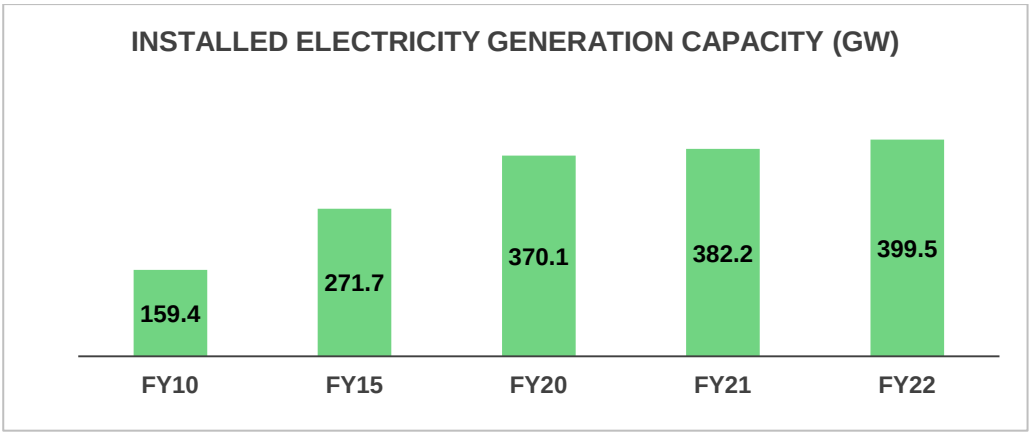
5.1.3. Whilst India is the third largest producer of electricity in the world, in 2014, the share of electricity in India's final energy demand was only 17% compared with 23% in the member countries of Organization for Economic Cooperation and Development (OECD) and ranks well below the global average in electricity consumption. The Draft NEP envisages the share of electricity in India's total energy consumption to rise to about 26% in 2040.

5.1.4. The transmission sector is divided into inter-state and intra-state transmission projects, in addition to some dedicated transmission projects, and is owned by across Central, State and private sector entities. In addition, transmission network also includes cross-border interconnections with neighboring countries viz, Bangladesh, Bhutan, Nepal and Myanmar to facilitate optimal utilization of resources.

5.2. Power Demand & Supply:

5.2.1. Peak power and energy deficits have considerably reduced over the years. For the year ended 2021-22, peak power and energy deficits were 0.60% and 0.70%, respectively, substantially lower than 10.60% and 8.50%, respectively, recorded for the year ended 2012.

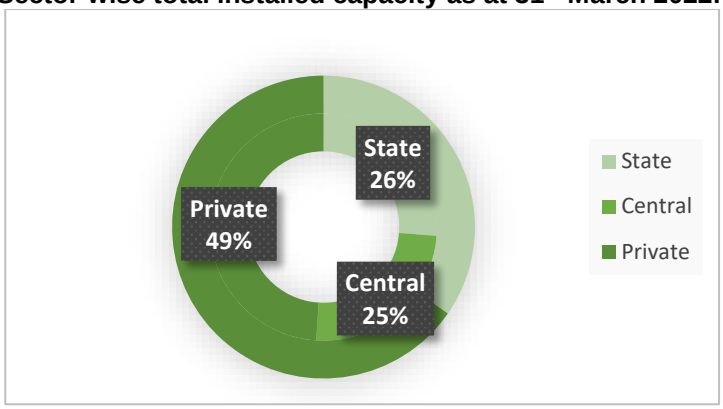
5.2.2. India has seen a robust growth in the installed power generation capacity in the past four years. With a generation of 1,598 Tera-Watt Hour ("TWh"), India is the third largest producer and the third largest consumer of electricity in the world.



The peak power demand has increased from approximately 148 GW in FY 2015 to approximately 207 GW in April 2022 and may increase to about 340 GW by 2030.

5.2.3. Details of Installed power capacity in India are as follows :-

Sector-wise total installed capacity as at 31st March 2022:



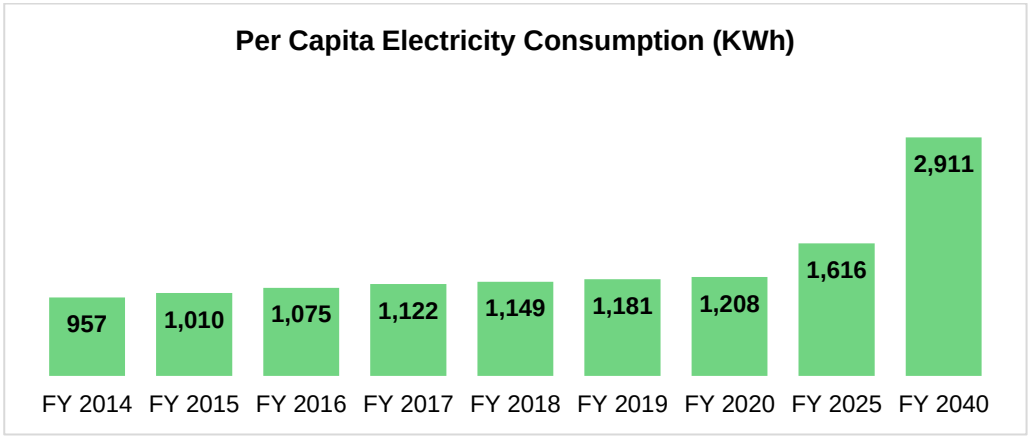
5.2.4. **India's Total Installed Power Capacity as on 31st March 2022 (in GW):**

Particulars	Total Capacity (GW)	% of Total
Thermal:		
- *Coal & Lignite*	210.70	52.7%
- *Gas*	24.90	6.2%
- *Diesel*	0.51	0.1%
Nuclear	6.78	1.7%
Renewable Energy Source		
- *Hydro & Small Hydro*	51.57	12.9%
- *Wind*	40.36	10.1%
- *Solar*	54.00	13.5%
- *Others*	10.68	2.7%
Total	**399.50**	**100.0%**

5.2.5. As of 31st March 2022, India had installed 156.61 Gigawatts ("GW") of renewable energy capacity. The Government plans to double the share of installed electricity generation capacity of renewable energy to 40% till 2030.

5.2.6. New renewable energy infrastructure can now be built within two years from initial plans through to completion, years faster than any new coal or LNG fired plants. Unlike conventional thermal generation capacity which takes more than 5 years, renewable capacity addition takes less than 2 years to develop.

5.2.7. The per capita electricity consumption in India has increased by about 20% from 1,010 kWh in FY 2015 to 1,208 kWh in FY 2020.



5.2.8. In addition, various initiatives introduced by the GoI, such as, Power for All, Deendayal Upadhyaya Gram Jyoti Yojana, Integrated Power Development Scheme (IPDS) and Ujwal DISCOM Assurance Yojana Scheme will improve and strengthen the demand and supply of electricity in India as well as assist the DISCOMs in improving operational and financial efficiencies.

5.3. **India's economic outlook:**

5.3.1. The GDP of India has grown 6.8% during FY 2018-19. The GDP growth for the year 2019-20 was 4.2% which was affected due to the COVID-19 crisis. World Bank has estimated GDP growth to be in the range of 7.5%-12% for the year 2020-21.

5.3.2. Planned thermal capacity additions have slowed down significantly and the Government of India (GoI) has set massive renewable power capacity targets. (450GW by 2030 – ambitious but signifies the policy marker's intentions)

5.3.3. Power is one of the key sectors attracting FDI inflows into India as 100 per cent FDI is allowed in this sector.

5.3.4. From April 2000 to December 2021, India recorded FDI of US$ 11.21 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.

5.3.5. In the Union Budget 2022-23, Rs. 19,500 Crore (US$ 2.57 billion) has been allocated for PLI scheme to boost the manufacturing of high-efficiency solar modules, while Rs. 5,500 Crore (US$ 786.95 million) has been allocated towards Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY).

5.3.6. As per Economic Survey 2018-19, additional investments in renewable plants up to year 2022 would be about US$ 80 billion and an investment of around US$ 250 billion for the period 2023-2030.

5.3.7. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 43 in 2019-20 from 68 in 2018-19.

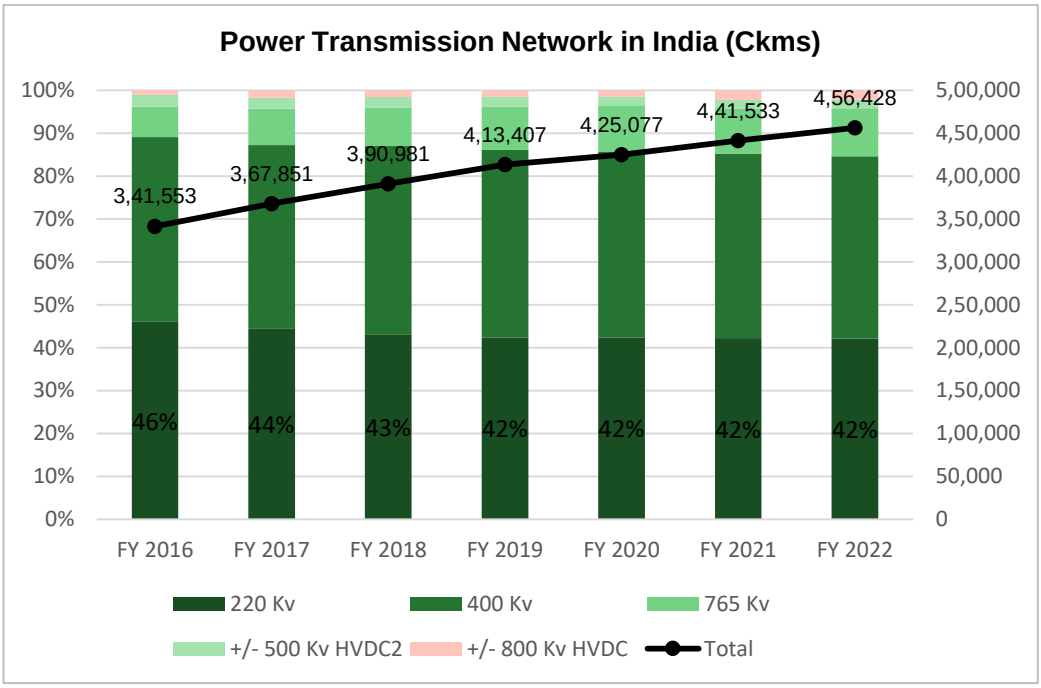
5.3.8. **Impact of COVID-19:**

- The global economy is deeply hit by the widespread Covid-19 pandemic, as it represents the largest economic shock the world economy has witnessed in decades, causing a collapse in global economic activity.
- The World Bank, in its June 2020 Global Economic Prospects, has forecast a contraction of 5.2% in global GDP in 2020, the deepest global recession in eight decades, despite unprecedented policy support.
- Reviving private consumption, lowering non-performing assets (NPA) of banks, improving the investment climate and many such steps are critical to support domestic economic growth.
- Further to support the power sector in the wake of ongoing COVID-19 pandemic, the government of India has announced an economic package amounting to INR 90,000 crores in the form of liquidity injection against receivables of power distribution companies.
- In November 2020, the government announced production-linked incentive (PLI) scheme worth Rs. 4,500 crore (US$ 610.23 million) for high-efficiency solar PV modules manufacturing over a five-year period.

5.4. Power transmission network in India:

5.4.1. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 4,07,569 Ckms in FY 11 to around 456,716 Ckms in FY22.

5.4.2. Inter-state transmission has seen considerable growth in the past decade, which led to the creation of a synchronous National Grid, achievement of 'One Nation-One Grid-One Frequency', which has been an enabler for power markets in the country. The total inter-regional transmission capacity of the National Grid was 1,12,250 MW as on March 31, 2022.



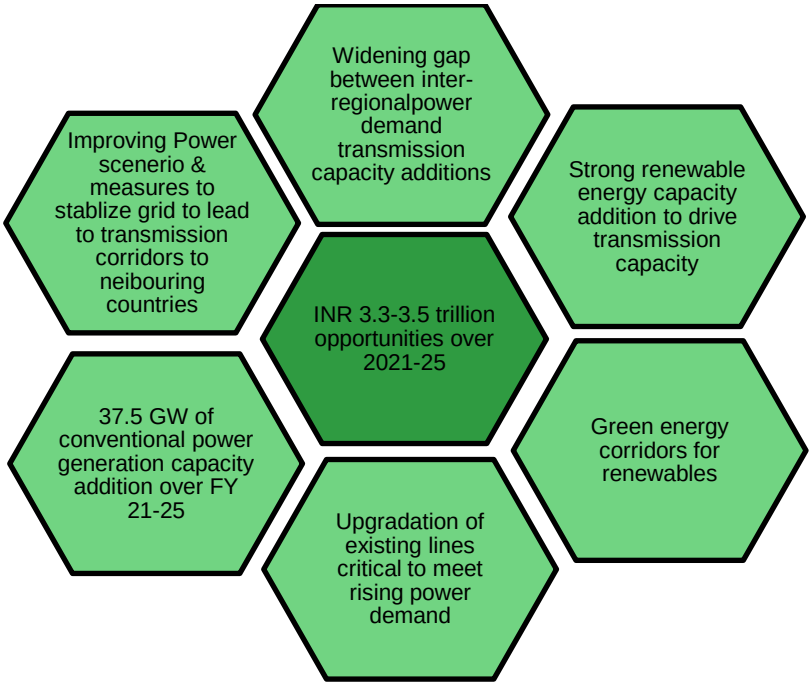
(Source: NIP & CEA Executive Summary)

5.4.3. As on January 2019 approx. 7.2% of total transmission network is owned by private players which showcase the need of more private sector participation in this space. India has been underinvested as far as transmission is concerned.

5.4.4. PGCIL has remained the single largest player in inter regional power transmission capacity addition contributing to 45%-50% of the total investment in the sector. With a planned expenditure outlay of INR 1.10 Trillion for the 12th five-year plan, PGCIL has spent around INR 1.12 Trillion over 2013-17.

5.4.5. Of the total capacity-addition projects in transmission during the 12th FYP, about 42% can be attributed to the state sector. The share of private sector in transmission line and substation additions since the beginning of 12th FYP is 14% and 7%, respectively, as the majority of high-capacity, long-distance transmission projects were executed by PGCIL and state transmission utilities during this period.

5.4.6. Key Growth Drivers for growth in transmission sector:



5.4.7. In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-supply mismatches, up gradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.

5.4.8. Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, it is expected that transmission segments investments will increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period.

5.5. Factors Encouraging Investments In Power Transmission In India:

5.5.1. **Operational power transmission projects have minimal risks:** In the project construction phase, transmission assets face execution risks including right of way, forest and environment clearances, increase in raw material prices etc. However, post commissioning, with the implementation of Point of Connection (PoC) mechanism, there is limited offtake and price risk. Thus, operational transmission projects have **annuity like cash flows** and **steady project returns**.

5.5.2. **Availability based regime:** As per the TSA, the transmission line developer is entitled to get an incentive amount in the ratio of the transmission charge paid or actually payable at the end of the contract year. Maintaining availability in excess of the targeted availability gives the relevant asset the **right to claim incentives** at pre-determined rates, ensuring an adequate upside to maintaining availability.

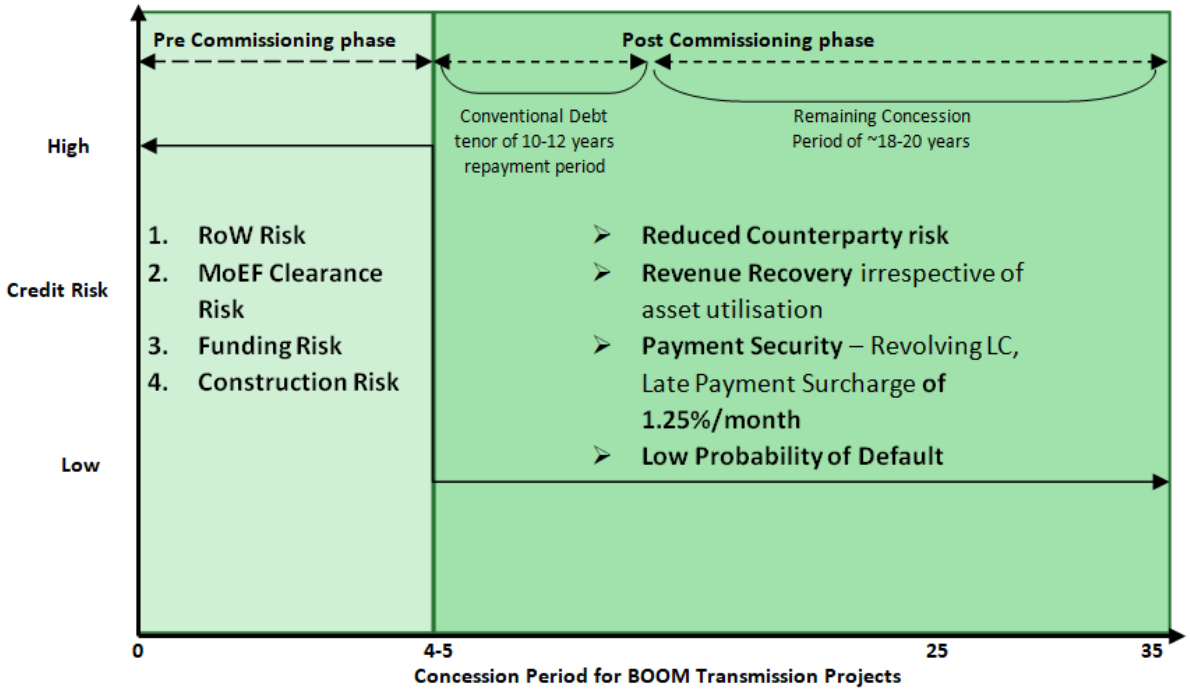
5.5.3. **Counter-party risk diversified:** Given PAN-India aggregation of revenue among all TSPs and not asset specific billing, the counter party risk is diversified. If a particular beneficiary delays or defaults, the delay or shortfall is **prorated amongst all the licensees**. Thus, delays or defaults by a particular beneficiary will have limited impact, which will be proportionate to its share in overall ISTS.

5.5.4. **Payment security:** The TSA includes an arrangement for payment security, which reduces under recovery of revenues. Payment security is available in terms of a **revolving letter of credit** of required amount that can be utilized to meet the revenue requirement in case of a shortfall.

5.5.5. **Collection risk offset owing to presence of CTU:** According to CERC (sharing of inter-state transmission charges and losses) regulations, 2010, CTU has been assigned the responsibility of carrying out activities including raising of transmission charge bills on behalf of all ISTS licensees, collecting the amount and disbursing the same to ISTS licensees. Thus, a private transmission licensee no longer needs to collect transmission charges from multiple DISCOMs for each transmission project. Instead, the transmission revenue payable to the licensee is disbursed by the CTU on a monthly basis.

5.5.6. **Increase in Pace of Awarding Projects under TBCB :** Between 2010-11 and 2014-15, the pace of award of project was slow with only Rs. 180-190 billion (~USD 2.48-2.62 billion) of projects being awarded. However, the pace of award of project has significantly increased. In fact, in 2015-16, projects aggregating to ~Rs. 260 billion (~USD 3.58 billion) were awarded. Awarding of projects through TBCB picked up from fiscal 2017 onwards. In fact, between fiscals 2017 and 2020, projects worth ~312 billion have been awarded by BPCs (REC, PFC).

5.5.7. **Power Transmission infrastructure has better risk return profile as compared to other infrastructure projects:** Returns from various infrastructure projects (other than transmission line projects) like roads, ports and power generation rely mostly on the operational performance of the assets, which in turn is dependent on factors where developers have limited control. For instance, in the roads **sector** (non-annuity based project) the company's profits are dependent on collection of toll revenues, the port sector bears risk of cargo traffic, while in the case of power generation, it depends on availability of fuel and offtake by distribution companies while in the case of ISTS transmission projects the charges are independent of the total power transmitted through the transmission lines and hence factors such as volume, traffic do not fluctuate the revenues.



(Sources: CRISIL Search FY 2020-21, FY 2005-2021: Power Supply Position Reports published by the CEA for March 2022, Shelf Prospectus of India Grid Trust dated 22 April 2021, CEA Executive Summary on Power Sector: March 2022, Installed capacity report FY 2021, CRISIL Opportunities in power transmission in India - March 2022 and November 2020, PGCIL and Adani Transmission Limited Annual Reports, Central Electricity Authority of India cea.nic.in)

6. Valuation Methodology and Approach

6.1. The present valuation exercise is being undertaken in order to derive the fair EV of the SPVs.

6.2. The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the valuers, based on the facts and circumstances as applicable to the business of the company to be valued.

6.3. There are three generally accepted approaches to valuation:

(a) "Cost" approach
(b) "Market" approach
(c) "Income" approach

6.4. **Cost Approach**

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

Net Asset Value ("**NAV**") Method

The NAV Method under Cost Approach considers the assets and liabilities, including intangible assets and contingent liabilities. The Net Assets, after reducing the dues to the preference shareholders, if any, represent the value of a company.

The NAV Method is appropriate in a case where the main strength of the business is its asset backing rather than its capacity or potential to earn profits. This valuation approach is also used in cases where the firm is to be liquidated, i.e. it does not meet the "Going Concern" criteria.

As an indicator of the total value of the entity, the NAV method has the disadvantage of only considering the status of the business at one point in time.

Additionally, NAV does not properly take into account the earning capacity of the business or any intangible assets that have no historical cost. In many aspects, NAV represents the minimum benchmark value of an operating business.

6.5. **Market Approach**

Under the Market approach, the valuation is based on the market value of the company in case of listed companies, and comparable companies' trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

Comparable Companies Multiples ("**CCM**") Method

The value is determined on the basis of multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Comparable Transactions Multiples ("**CTM**") Method

Under the CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Few of such multiples are EV/Earnings before Interest, Taxes, Depreciation & Amortization ("**EBITDA**") multiple and EV/Revenue multiple.

Market Price Method

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

6.6. **Income Approach**

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

DCF Method

Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method ("**FCFF**") or Free Cash Flow to Equity Method ("**FCFE**"). Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the WACC. The WACC, based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk by incorporating debt-equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. The "Constant Growth Model" is applied, which implies an expected constant level of growth for perpetuity in cash flows over the last year of forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business' future operations. The EV (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further reduced by the value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of the business.

Conclusion on Valuation Approach

6.7. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond my control. In performing my analysis, I have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPVs. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPVs, and other factors which generally influence the valuation of companies and their assets.

6.8. The goal in selection of valuation approaches and methods for any business is to find out the most appropriate method under particular circumstances on the basis of available information. No one method is suitable in every possible situation. Before selecting the appropriate valuation approach and method, I have considered various factors, inter-alia, the basis and premise of current valuation exercise, purpose of valuation exercise, respective strengths and weaknesses of the possible valuation approach and methods, availability of adequate inputs or information and its reliability and valuation approach and methods considered by the market participants.

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Cost Approach

The existing book value of EV of the SPVs comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the audited financial statements as at 31st March 2022 prepared as per Indian Accounting Standards (Ind AS) are as under:

	Book EV
In INR Mn	**31st March 2022**
DMTCL	7,998
NRSSB	4,614
Total	**12,613**

** Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.*

In the present case, since the SPVs have entered into TSA, the revenue of the SPVs are pre-determined for the life of the projects. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, since the NAV does not capture the future earning potential of the businesses, I have not considered the Cost approach for the current valuation exercise.

Market Approach

The present valuation exercise is to arrive at the fair EV of the SPVs engaged in the power transmission business for a specific tenure. Further, the tariff revenue expenses are very specific to the SPVs depending on the nature of their geographical location, stage of project, terms of profitability. In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPVs, I have not considered CCM method in the present case. In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method. Currently, the equity shares of the SPVs are not listed on any recognized stock exchange of India. Hence, I was unable to apply market price method.

Recent Transaction involving the SPVs

On 30th June 2022, the Sponsor has transferred its entire economic interest of 100% in both the SPVs to EIYP Fund as a part of its internal restructuring exercise. However considering the nature of transaction, I do not consider it for the purpose of calculating Fair enterprise value as per the SEBI InvIT regulations. Hence, I find it appropriate to consider the DCF value as arrived by me for the current valuation exercise.

Income Approach

Currently, each of the SPVs are completed and are revenue generating SPVs. The cash flows of the SPVs for the projected period are driven by the contracts entered by the SPVs as on date like the TSA, O&M Agreements, etc. The revenues of the projects are defined for 35 years under the TSA. Hence, the growth potential of the SPVs and the true worth of its business would be reflected in its future earnings potential and therefore, DCF method under the income approach has been considered as an appropriate method for the present valuation exercise.

7. Valuation of the SPVs

7.1. I have estimated the fair EV of the SPVs using the DCF Method. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statements of the SPVs as provided by the Investment Manager.

Valuation

The key assumptions for transmission revenue, incentives and penalty of the SPVs, are as follows:

7.1.1. **Transmission Revenue**: Power transmission projects, including the SPVs, earn revenue from electricity transmission tariffs pursuant to TSAs read with the Tariff Adoption Order ("TAO") passed by CERC in accordance with the Electricity Act. These SPVs receive availability based tariffs under the TSAs irrespective of the actual quantum of power transmitted through the line. The tariff for the SPVs is contracted for the period of the relevant TSA, which is up to 35 years from the scheduled commissioning date.

7.1.2. The SPVs have entered into TSAs with long-term transmission customers to set up projects on a BOOM basis and to provide transmission services on a long-term basis to such customers on the terms and conditions contained in the TSAs. The term of each TSA is 35 years from the scheduled commercial date of operation of the applicable project, unless terminated earlier in accordance with the terms of the TSA. The TSAs provide for, among other things, details and procedures for project execution, development and construction, operation and maintenance.

7.1.3. Tariffs under these TSAs are billed and collected pursuant to the 'Point of Connection' (PoC) mechanism, a regulatory payment pooling system offered to interstate transmission system (ISTS) such as the systems operated by majority of the SPVs. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the SPVs.

7.1.4. The tariff rates are comprised of a fixed levelised non-escalable transmission charges and incentives for maintaining targeted availability. There are no escalable transmission charges as per the terms of the respective adoption of tariff order for the SPVs.

- **Non Escalable Transmission Revenue**: As mentioned before, the Non-Escalable Transmission Revenue remains fixed for the entire life of the project. I have corroborated the revenue considered in the financial projections with the respective TSA read with TAO and documents provided to us by the Investment Manager.
- In case of both the SPVs, the transmission lines could not be commissioned on their scheduled commissioning dates due to change in law and force majeure events, including the amendment of Forest Guidelines, delay in grant of forest clearance, change in Gantry coordinates, Right of Way Issues, etc. The scheduled commercial operation dates have been revised to actual commercial operation dates of the respective SPVs vide CERC orders dated 29th March 2019. These delays have also been acknowledged by APTEL in its Order dated 3rd December 2021. Further details relating to the CERC Orders are provided below:

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SPVs	Order date	Status	Description
DMTCL	13th January 2020	Received	In terms of the CERC Order passed in Review Petition no. 08/RP/2019 of Original Petition no. 238/MP/2017, CERC has granted relief to DMTCL by admitting INR 1,848.21 Lakhs incurred during project construction as an expenditure allowed to recover as per the TSA Provision of "Change in Law", which ultimately translated an increase of 3.38% of yearly transmission charges to recover with effect from Project Actual Commercial Operation Date.
NRSSB	15th January 2020	Received	In terms of CERC Order passed in Review Petition no. 07/RP/2019 of Original Petition no. 195/MP/2017, CERC has granted relief to NRSSB by admitting INR 1,029.71 Lakhs incurred during project construction as an expenditure allowed to recover as per the TSA Provision of "Change in Law", which ultimately translated an increase of 2.78% of yearly transmission charges to recover with effect from Project Actual Commercial Operation Date.
DMTCL & NRSSB	13th May 2022 (DMTCL) 11th May 2022 (NRSSB)	Received	CERC has granted relief to the SPVs on account of certain events including the additional Interest During Construction incurred due to Force Majeure Events by allowing an increase of 8.30% (for NRSSB) & 13.64% (for DMTCL) of yearly transmission charges with effect from the actual Commercial Operation Date of respective SPVs.

Accordingly, I have received computation of such incremental revenue from the Investment Manager.

- **Escalable Transmission Revenue:** Escalable Transmission Revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA read with TAO. There are Nil escalable transmission charges as per the terms of the respective adoption of tariff order for the SPVs.

7.1.5. **Incentives:** As provided in the respective TSA, if the annual availability exceeds 98%, the SPVs shall be entitled to an annual incentive as provided in TSA. Provided no incentives shall be payable above the availability of 99.75%. Based on the past track record of the SPVs and the general industry standard, the annual availability shall be above 98% where the SPVs shall be entitled to the incentives as provided in their respective TSA, as represented to us by the Investment Manager.

7.1.6. **Penalty:** If the annual availability in a contract year falls below 95%, the SPVs shall be liable for an annual penalty as provided in the TSA. Based on my analysis, in the present case, it is assumed that the annual availability will not fall below 95% and hence, penalty is not considered in the financial projections.

3.1.6. **Expenses**: Expenses are estimated by the Investment Manager for the projected period based on the inflation rate as determined for the SPVs. I have relied on the projections provided by the Investment Manager.

- **Operations & Maintenance ("O&M"):** O&M expenditure is estimated by the Investment Manager for the projected period based on the inflation rate as determined for the SPVs. The Investment Manager has projected expenses to be incurred for the O&M of the SPVs including, but not limited to, transmission line maintenance expenses, rates and taxes, legal and professional fees and other general and administration expenses. I have relied on the projections provided by Investment Manager on the O&M expenses for the projected period.
- **Insurance Expenses:** I understand from the Investment Manager that the insurance expenses of the SPVs are not reasonably expected to inflate for the projected period. I have relied on the projections provided by the Investment Manager on the insurance expenses for the projected period.

7.1.7. **Depreciation:** The book depreciation has been provided by the Investment Manager till the life of the SPVs. For calculating depreciation as per Income Tax Act for the projected period, I have considered depreciation rate as specified in the Income Tax Act and WDV as provided by the Investment Manager.

7.1.8. **Capex:** As represented by the Investment Manager, the maintenance capex has already been considered in the Operations & Maintenance expenditure for the projected period whereas the SPVs are not expected to incur any expansion capex in the projected period except for DMTCL. However, there is a capex of INR 25 Mn to be incurred in FY 23 for DMTCL which has been considered in present valuation exercise.

7.1.9. **Tax and Tax Incentive**: There have been changes in tax regime pursuant to introduction of Taxation Laws (Amendment) Ordinance 2019 made on 20th September 2019 which was enacted to make certain amendments in the Income Tax Act 1961 and the Finance (No. 2) Act 2019.

As per the discussions with the Investment Manager, the old provisions of Income Tax Act have been considered for the projected period of the SPVs for the current valuation exercise, which inter alia provide benefits of additional depreciation, section 115JB and section 80-IA (Section 80-IA is not applicable for DMTCL). After the utilization / lapse of such benefits, the tax outflows are calculated as per the new provisions of Income Tax Act (with base corporate tax rate of 22%) the SPVs.

7.1.10. **Working Capital:** The Investment Manager has represented the working capital requirement of the SPVs for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of prepaid expense and trade receivables (Debtors). Tariffs under the ISTS project TSAs, which contribute to the majority of the SPVs, are billed and collected pursuant to the PoC mechanism. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the SPVs. Any shortfall in collection of transmission charges by the CTU is shared on a pro rata basis by all transmission service providers. Payment securities in the form of a revolving letter of credit, a late payment surcharge of 1.25% per month for delay in payment beyond 60 days from the date of billing, pursuant to provisions of the project TSAs (and a late payment surcharge of 1.50% per month pursuant to the Sharing of Charges and Losses Regulations) and lack of alternate power infrastructure, deter beneficiaries from defaulting. I have obtained the working capital assumptions from the Investment Manager and have corroborated the debtor assumptions of 90 days with the past receivable collection days and other data points to extent appropriate.

7.1.11. **Terminal Period Cash Flows:** Terminal value represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life.

I understand, based on the representation of the Investment Manager, that the SPVs are expected to generate cash flow even after the expiry of concession period as the projects

are on BOOM model and the ownership will remain with the respective SPVs even after the expiry of concession period. The value of SPVs at the end of the concession period may be dependent on the expected renewal/extension of concession period with limited capital expenditure or the estimated salvage value the assets of the SPVs can fetch.

Considering the estimation uncertainty involved in determining the salvage value and basis my discussion with the Investment Manager on the cash flow estimates for the period after the concession period, I found it appropriate to derive terminal period value, which represents the present value at the end of explicit forecast period/concession period of all subsequent cash flows to the end of the life of the asset, based on the perpetuity value derivation / Gordon growth model with 0% terminal growth rate. Accordingly, for the terminal period (i.e. after the expiry of 35 years), a terminal growth rate of 0% has been applied on cash flows based on Investment Manager's estimate for the SPVs.

7.2. **Impact of Ongoing Material Litigation on Valuation**

As on 31st March 2022, there are ongoing litigations as shown in Appendix 4. Further, Investment Manager has informed us that majority of the cases are low to medium risk and accordingly no material outflow is expected against the litigations.

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7.3. Calculation of Weighted Average Cost of Capital for the SPVs

7.3.1. Cost of Equity:

Cost of Equity (CoE) is a discounting factor to calculate the returns expected by the equity holders depending on the perceived level of risk associated with the business and the industry in which the business operates.

For this purpose, I have used the Capital Asset Pricing Model (CAPM), which is a commonly used model to determine the appropriate cost of equity for the SPVs.

K(e) = Rf + (ERP* Beta) + CSRP

Wherein:
K(e) = cost of equity
Rf = risk free rate
ERP = Equity Risk Premium
Beta = a measure of the sensitivity of assets to returns of the overall market
CSRP = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).
For valuation exercise, I have arrived at adjusted cost of equity of the SPVs based on the above calculation (Refer Appendix 2).

7.3.2. Risk Free Rate:

I have applied a risk free rate of return of 7.1% on the basis of the zero coupon yield curve as on 31st March 2022 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited ("CCIL").

7.3.3. Equity Risk Premium ("ERP"):

Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds. Based on the aforementioned, a 7% equity risk premium for India is considered appropriate.

7.3.4. Beta:

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. In the present case, I find it appropriate to consider the beta of companies in similar business/ industry to that of the SPVs for an appropriate period.

Based on my analysis of the listed InvITs and other companies in power and infrastructure sectors, I find it appropriate to consider the beta of Power Grid Corporation of India Limited ("PGCIL") for the current valuation exercise.

I have further unlevered the beta of PGCIL based on market debt-equity of the respective company using the following formula:

Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

However, for the current valuation exercise, I have adjusted the unlevered beta of PGCIL based on advantageous factors to the SPVs like completion of projects, revenue certainty, and concentration in transmission business, lack of execution uncertainty etc. to arrive at the adjusted unlevered beta appropriate to the SPVs.

Further I have re-levered it based on debt-equity at 70:30 based on the industry standard using the following formula:

Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(1-T)]

Accordingly, as per above, I have arrived at re-levered betas of the SPVs. (Refer Appendix 2)

7.3.5. **Company Specific Risk Premium ("CSRP"):**

Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In the present case, considering the length of the explicit period, the basis of deriving the underlying cash flows and basis my discussion with Investment Manager, I found it appropriate to consider 0% CSRP for NRSSB. However, while determining the WACC of DMTCL, I have considered a CSRP of 1% mainly on account of past incidents as mentioned in Para 3.3.7.

7.3.6. **Cost of Debt:**

The calculation of Cost of Debt post-tax can be defined as follows:
K(d) = K(d) pre-tax * (1 - T)

Wherein:
K(d) = Cost of debt
T = tax rate as applicable

For the current valuation exercise, pre-tax cost of debt has been considered as 8.2%, as represented by the Investment Manager.

7.3.7. **Debt : Equity Ratio:**

In present valuation exercise, I have considered debt:equity ratio of 70:30 based on industry standard and as per the guidance provided by various statutes governing the industry. Accordingly, I have considered the same weightage to arrive at the WACC of the SPVs.

7.3.8. **Weighted Average Cost of Capital (WACC):**

The discount rate, or the WACC, is the weighted average of the expected return on equity and the cost of debt. The weight of each factor is determined based on the company's optimal capital structure.

Formula for calculation of WACC:
WACC = [K(d) * Debt /(Debt + Equity)] + [K(e) * (1 - Debt /(Debt + Equity))]

Accordingly, as per above, I have arrived the WACC for the explicit period of the SPVs. *(Refer Appendix 2 for detailed workings).*

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8. Valuation Conclusion

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

8.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at fair EV of the SPVs.

8.3. Based on the above analysis, the fair EV as on the Valuation Date of the SPVs is as mentioned below:

Sr. No.	SPVs	Approx. Projection Period (Balance Project Period)	WACC	Fair Value of EV* (INR Mn)
1	DMTCL	~30 Years and 4 Months	8.2%	13,100
2	NRSSB	~30 Years and 0 Months	8.0%	10,100
Total				**23,200**

(Refer Appendix 1 for detailed workings)

8.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

8.5. The fair EV of the SPVs is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.

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

8.7. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:

1. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 0.5%
2. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 1.0%
3. Total Expenses considered during the projected period by increasing / decreasing it by 20%
4. Terminal period value considered for the SPVs increasing / decreasing it by 20%

1. Fair Enterprise Valuation Range based on WACC parameter (0.5%)

INR Mn

Sr. No.	SPVs	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	DMTCL	8.7%	12,433	8.2%	13,100	7.7%	13,848
2	NRSSB	8.5%	9,561	8.0%	10,100	7.5%	10,708
	Total		**21,995**		**23,200**		**24,556**

2. Fair Enterprise Valuation Range based on WACC parameter (1.0%)

INR Mn

Sr. No.	SPVs	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	DMTCL	9.2%	11,836	8.2%	13,100	7.2%	14,694
2	NRSSB	9.0%	9,080	8.0%	10,100	7.0%	11,400
	Total		**20,916**		**23,200**		**26,094**

3. Fair Enterprise Valuation Range based on Operating Expense parameter (20%)

INR Mn

Sr. No.	SPVs	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	DMTCL	12,769	13,100	13,430
2	NRSSB	9,930	10,100	10,271
	Total	**22,699**	**23,200**	**23,701**

4. Fair Enterprise Valuation Range based on Terminal Period Value ("TV") parameter (20%)

INR Mn

Sr. No.	SPVs	EV at TV - 20%	EV at Base TV	EV at TV + 20%
1	DMTCL	12,903	13,100	13,296
2	NRSSB	9,924	10,100	10,276
	Total	**22,828**	**23,200**	**23,572**

The above represents reasonable range of fair enterprise valuation of the SPVs

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9. Additional Procedures to be complied with in accordance with InvIT regulations

Scope of Work

9.1 The Schedule V of the SEBI InvIT Regulations prescribes the minimum set of mandatory disclosures to be made in the valuation report. In this reference, the minimum disclosures in valuation report may include following information as well, so as to provide the investors with the adequate information about the valuation and other aspects of the underlying assets of the InvIT.

The additional set of disclosures, as prescribed under Schedule V of InvIT Regulations, to be made in the valuation report of the SPVs are as follows:

- List of one-time sanctions/approvals which are obtained or pending;
- List of up to date/overdue periodic clearances;
- Statement of assets;
- Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;
- Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;
- On-going material litigations including tax disputes in relation to the assets, if any;
- Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

Limitations

9.2 This Report is based on the information provided by the representatives of the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to me. I have not verified the information independently with any other external source.

9.3 I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as original, and the conformity of the copies or extracts submitted to me with that of the original documents.

9.4 I have assumed that the documents submitted to me by the representatives of Investment Manager in connection with any particular issue are the only documents related to such issue.

9.5 I have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and I do not express any opinion as to the legal or technical implications of the same.

Analysis of Additional Set of Disclosures for the SPVs

A. <u>List of one-time sanctions/approvals which are obtained or pending:</u>

The list of sanctions/ approvals obtained by the SPVs till the date of this Report is provided in Appendix 3.1 to Appendix 3.2. As informed by the Investment Manager, there are no applications for government sanctions/licenses by the SPVs for which approval is pending as on 31st March 2022.

B. <u>List of up to date/ overdue periodic clearances:</u>

The list of clearances obtained by the SPVs till the date of this Report is provided in Appendix 3.1 to Appendix 3.2. Investment Manager has confirmed that the SPVs are not required to take any periodic clearances other than those mentioned in Appendix 3.1 and Appendix 3.2.

C. Statement of assets included:

The details of assets of the SPVs as per Audited Financial Statements as at 31st March 2022 are as mentioned below:

INR Mn

Sr. No.	SPVs	Net Fixed Assets	Non-Current Assets	Current Assets
1	DMTCL	7,705	47	1,098
2	NRSSB	4,394	-	1,092
Total		**12,100**	**47**	**2,190**

D. Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion:

I have been informed that maintenance is regularly carried out by the SPVs in order to maintain the working condition of the assets and there are no material maintenance charges which has been deferred to the upcoming year, as the maintenance activities are carried out regularly.

The maintenance charges of Transmission Lines incurred by the SPVs for the period from 1st April 2021 to 31st March 2022 are given in the below table:

INR Mn

Sr. No.	Name of the SPV	Infrastructure maintenance charges
1	DMTCL	44
2	NRSSB	22

E. Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any:

Investment Manager has informed me that there are no material dues including local authority taxes (such as Municipal Tax, Property Tax, etc.) pending to be payable to the government authorities with respect to the SPVs (proposed InvIT assets).

F. On-going material litigations including tax disputes in relation to the assets, if any:

As informed by the Investment Manager, the status of ongoing litigations and tax assessments are updated in Appendix 4 and 5 respectively.

Investment Manager has informed us that it expects majority of the cases to be settled in favour of the SPVs. Further, Investment Manager has informed us that majority of the cases are having low to medium risk and accordingly no material outflow is expected against the litigations.

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

Investment Manager has confirmed to me that there are no such natural or induced hazards which have not been considered in town planning/ building control.

10. Sources of Information

For the purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:

10.1. Audited financial statements of the SPVs for the Financial Year ("FY") ended 31st March 2018, 31st March 2019, 31st March 2020, 31st March 2021 and 31st March 2022;

10.2. Projected incremental tariff revenue workings (including due to change in law claims in NRSSB and DMTCL);

10.3. Projected financial information for the remaining project life for each of the SPVs;

10.4. Details of projected Major Repairs & Capital Expenditure (Capex);

10.5. Technical Study Report by Tata Projects Limited for the SPVs dated 11th July 2022;

10.6. Details of brought forward losses and MAT credit (as per Income Tax Act) of the SPVs as at 31st March 2022;

10.7. Details of Written Down Value (WDV) (as per Income Tax Act) of SPVs as at 31st March 2022;

10.8. Shareholding pattern of the equity shares issued by the SPVs and other entities mentioned in this Report as at 31st March 2022 and as at the date of this report;

10.9. Transmission Service Agreement of the SPVs with Long Term Transmission Customers and Tariff Adoption Order issued by CERC;

10.10. List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPVs;

10.11. Management Representation Letter by the Investment Manager dated 13th July 2022;

10.12. Relevant data and information about the SPVs provided to us by the Investment Manager either in written or oral form or in the form of soft copy;

10.13. Information provided by leading database sources, market research reports and other published data.

The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 Pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPVs.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

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11. Exclusions and Limitations

11.1. My Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

11.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 31st March 2022 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

11.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date; and (iii) are based on the financial information of the SPVs till 31st March 2022. The Investment Manager has represented that the business activities of the SPVs have been carried out in normal and ordinary course between 31st March 2022 and the Report Date and that no material changes have occurred in the operations and financial position between 31st March 2022 and the Report date which haven't been considered in current valuation exercise.

11.4. I have been informed by the Investment Manager that there will be limited impact of the on-going COVID-19 pandemic outbreak on the operations of the SPVs and the projections provided to me are after considering the same.

11.5. The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPVs or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPVs in their regulatory filings or in submissions, oral or written, made to me.

11.6. In addition, I do not take any responsibility for any changes in the information used by me to arrive at my conclusion as set out herein which may occur subsequent to the date of my Report or by virtue of fact that the details provided to me are incorrect or inaccurate.

11.7. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the SPVs or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.

11.8. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.

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

11.10. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the

assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

11.11. This Report is based on the information received from the sources as mentioned in Section 9 of this Report and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of my Report.

11.12. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on this business.

11.13. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.

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

11.15. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to me in the course of this engagement.

11.16. My conclusion assumes that the assets and liabilities of the SPVs, reflected in their respective latest balance sheets remain intact as of the Report date, except for changes occurring due to ordinary course of business.

11.17. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my associates, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.

11.18. The scope of my work has been limited both in terms of the areas of the business & operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

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

11.20. In the particular circumstances of this case, my liability (in contract or under any statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter for such valuation work. However, such cap shall not be applicable to damages arising from fraud or wilful default or gross negligence as established in civil or criminal proceedings.

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

11.22. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

11.23. I am not an advisor with respect to legal, tax and regulatory matters for the proposed transaction. No investigation of the SPVs' claim to title of assets has been made for the purpose of this Report and the SPVs' claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

11.24. I have no present or planned future interest in the Trustee, Investment Manager or the SPVs and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or SPVs.

11.25. I have submitted the draft valuation report to the Trust & Investment Manager for confirmation of accuracy of factual data used in my analysis and to prevent any error or inaccuracy in this Report.

11.26. **Limitation of Liabilities**

i. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against the RV personally.

ii. In no circumstances RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, or otherwise, even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables (including this Report) is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable(s).

iii. It is clarified that the Investment Manager will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.

iv. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Investment Manager.

11.27. **Limitation on account of COVID-19 and Uncertainty in Valuation**

i. It is important to highlight that the COVID-19 pandemic has created uncertainty in valuation. The mitigation in the spread of COVID-19 and commencement of vaccination process has led to relaxation of restrictions and consequent opening up of the economy. Accordingly, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and durations.

ii. I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date. The estimates and judgement made by the Investment Manager, could vary on future developments, including, among other things, any new information concerning the impact created by the COVID-19

pandemic on the economy and consequent effect on the business and on the customer's ability to make the payment. The Investment Manager continues to monitor any material changes to future economic conditions, which will be given effect, where relevant, in the respective future period.

iii. Accordingly, I would recommend a degree of caution to the values arrived under current circumstances. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Yours faithfully,

SWAMINATHAN SUNDARARAMAN

Digitally signed by SWAMINATHAN SUNDARARAMAN
Date: 2022.07.14 21:15:46 +05'30'

_____

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 22028423AMVPAV8679

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Appendix 1 – Valuation of SPVs as on 31st March 2022

Abbreviations	Meaning
EBITDA	Operating Earnings Before Interest, Taxes, Depreciation and Amortization
Capex	Capital Expenditure
WC	Working Capital
FCFF	Free Cash Flow to the Firm
CAF	Cash Accrual Factor
PV	Present value

Appendix 1.1 – Valuation of DMTCL as on 31st March 2022

WACC **8.2%** **INR Mn**

Year	Revenue	EBITDA	EBITDA Margin	Capex	Changes in WC	Taxation	FCFF	CAF	Discounting Factor	PV of Cash Flows
FY23	1,432	1,303	91%	25	117	117	1,043	0.50	0.96	1,003
FY24	1,407	1,275	91%	-	(6)	121	1,160	1.50	0.89	1,031
FY25	1,408	1,273	90%	-	0	129	1,143	2.50	0.82	939
FY26	1,409	1,270	90%	-	0	137	1,134	3.50	0.76	861
FY27	1,409	1,268	90%	-	0	143	1,125	4.50	0.70	789
FY28	1,410	1,265	90%	-	0	149	1,116	5.50	0.65	724
FY29	1,410	1,263	90%	-	0	155	1,108	6.50	0.60	664
FY30	1,411	1,260	89%	-	0	160	1,100	7.50	0.55	609
FY31	1,412	1,257	89%	-	0	164	1,093	8.50	0.51	560
FY32	1,413	1,254	89%	-	0	168	1,086	9.50	0.47	514
FY33	1,413	1,252	89%	-	0	172	1,080	10.50	0.44	472
FY34	1,414	1,249	88%	-	0	175	1,073	11.50	0.40	434
FY35	1,415	1,246	88%	-	0	219	1,027	12.50	0.37	383
FY36	1,416	1,243	88%	-	0	293	949	13.50	0.35	328
FY37	1,417	1,240	88%	-	0	296	944	14.50	0.32	301
FY38	1,417	1,237	87%	-	0	297	939	15.50	0.29	277
FY39	1,418	1,234	87%	-	0	299	935	16.50	0.27	255
FY40	1,419	1,230	87%	-	0	300	931	17.50	0.25	234
FY41	1,420	1,227	86%	-	0	300	927	18.50	0.23	216
FY42	1,421	1,224	86%	-	0	301	923	19.50	0.22	199
FY43	1,422	1,220	86%	-	0	301	919	20.50	0.20	183
FY44	1,423	1,217	85%	-	0	301	916	21.50	0.18	168
FY45	1,425	1,213	85%	-	0	301	912	22.50	0.17	155
FY46	1,426	1,210	85%	-	0	301	909	23.50	0.16	143
FY47	1,427	1,206	85%	-	0	300	906	24.50	0.15	131
FY48	1,428	1,202	84%	-	0	300	902	25.50	0.13	121
FY49	1,429	1,199	84%	-	0	299	899	26.50	0.12	111
FY50	1,431	1,195	84%	-	0	299	896	27.50	0.11	103
FY51	1,432	1,191	83%	-	0	298	893	28.50	0.11	95
FY52	1,434	1,186	83%	-	0	297	889	29.50	0.10	87
FY53*	517	430	83%	-	-	108	323	30.18	0.09	30
TV	1,391	1,159	83%	-	-	292	867	30.18	0.09	80
Present Value of Explicit Period Cash Flows										12,118
Present Value of Terminal Period Cash Flows										982
Enterprise Value										**13,100**

** 9th August 2052*

Appendix 1.2 – Valuation of NRSSB as on 31st March 2022

WACC	8.0%									INR Mn
Year	Revenue	EBITDA	EBITDA Margin	Capex	Changes in WC	Taxation	FCFF	CAF	Discounting Factor	PV of Cash Flows
FY23	1,013	944	93%	-	48	102	794	0.50	0.96	764
FY24	1,013	943	93%	-	-	107	836	1.50	0.89	745
FY25	1,013	942	93%	-	-	111	830	2.50	0.83	685
FY26	1,013	941	93%	-	-	116	825	3.50	0.76	630
FY27	1,013	940	93%	-	-	119	820	4.50	0.71	580
FY28	1,013	939	93%	-	-	123	816	5.50	0.66	534
FY29	1,013	938	93%	-	-	126	811	6.50	0.61	492
FY30	1,013	936	92%	-	-	129	807	7.50	0.56	454
FY31	1,013	935	92%	-	-	132	804	8.50	0.52	418
FY32	1,013	934	92%	-	-	134	800	9.50	0.48	385
FY33	1,013	933	92%	-	-	136	797	10.50	0.45	355
FY34	1,013	932	92%	-	-	138	794	11.50	0.41	328
FY35	1,013	931	92%	-	-	140	791	12.50	0.38	302
FY36	1,013	930	92%	-	-	142	788	13.50	0.35	279
FY37	1,013	928	92%	-	-	143	785	14.50	0.33	257
FY38	1,013	927	92%	-	-	145	783	15.50	0.30	238
FY39	1,013	926	91%	-	-	146	780	16.50	0.28	219
FY40	1,013	925	91%	-	-	147	778	17.50	0.26	202
FY41	1,013	923	91%	-	-	227	696	18.50	0.24	168
FY42	1,013	922	91%	-	-	228	694	19.50	0.22	155
FY43	1,013	921	91%	-	-	228	693	20.50	0.21	143
FY44	1,013	920	91%	-	-	228	691	21.50	0.19	132
FY45	1,013	918	91%	-	-	228	690	22.50	0.18	122
FY46	1,013	917	91%	-	-	229	688	23.50	0.16	113
FY47	1,013	916	90%	-	-	229	687	24.50	0.15	104
FY48	1,013	914	90%	-	-	228	686	25.50	0.14	96
FY49	1,013	913	90%	-	-	228	684	26.50	0.13	89
FY50	1,013	911	90%	-	-	228	683	27.50	0.12	82
FY51	1,013	910	90%	-	-	228	682	28.50	0.11	76
FY52*	1,002	899	90%	-	-	225	673	29.49	0.10	70
TV	1,013	908	90%	-	-	229	680	29.49	0.10	70
Present Value of Explicit Period Cash Flows										9,220
Present Value of Terminal Period Cash Flows										880
Enterprise Value										**10,100**

** 26th March 2052*

Appendix 2 – Weighted Average Cost of Capital of the SPVs

Particulars	DMTCL	NRSSB	Remarks
Risk Free Rate (Rf)	7.1%	7.1%	Risk Free Rate has been considered based on zero coupon yield curve as at 31st March 2022 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Equity Risk Premium (ERP)	7.0%	7.0%	Based on the historical realized returns on equity investments over a risk free rate of as represented by 10 year government bonds, a 7% equity risk premium is considered appropriate for India.
Beta (relevered)	0.61	0.62	Beta has been considered based on the beta of companies operating in the similar kind of business in India.
Base Cost of Equity	11.4%	11.4%	Base Ke = Rf + (β x ERP)
Company Specific Risk Premium (CSRP)	1.0%	0.0%	Risk Premium/ (Discount) Specific to the SPVs
Adjusted Cost of Equity (Ke)	**12.4%**	**11.4%**	**Adjusted Ke = Rf + (β x ERP) + CSRP**
Pre-tax Cost of Debt	8.2%	8.2%	As represented by the Investment Manager
Effective tax rate of SPV	22.0%	20.6%	Average tax rate for the life of the SPVs have been considered
Post-tax Cost of Debt	**6.4%**	**6.5%**	**Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)**
Debt/(Debt+Equity)	70.0%	70.0%	The debt - equity ratio computed as [D/(D+E)] is considered as 70% as per industry standard.
WACC Adopted	**8.2%**	**8.0%**	**WACC = [Ke*(1-D/(D+E))]+[Kd*(1-t)*(D/(D+E))]**

Appendix 3.1 – DMTCL: Summary of approvals and licences (1/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Transmission License	30-May-14	25	Central Electricity Regulatory Commission
2	**Transmission Service Agreement**			
	Transmission Service Agreement between DMTCL & LTTCs	6-Aug-13	Valid	
	Transmission Service Agreement between DMTCL & Power Grid Corporation of India Ltd	4-Aug-16	Valid	
	Revenue Sharing Agreement between DMTCL & Power Grid Corporation of India Ltd	1-Oct-21	Valid	
3	Approval under section 68(1) of Electricity Act, 2003	24-Jul-13	Valid	Ministry of Power, Government of India
4	Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	4-Sep-14	25	Ministry of Power, Government of India
5	Connection Agreement between DMTCL and the CTU (Power Grid Corporation of India Ltd)	2-Mar-17	Valid	
6	Tariff Adoption order under section 63 of the Electricity Act, 2003	20-May-14	Valid	Central Electricity Regulatory Commission
7	**Approval for Energisation under regulation 43 of CEA**			
	Electrical installations of 62.79 km of 400 kV D/C Muzaffarnagar – Darbhanga Transmission Line	29-Mar-17	Valid	Central Electricity Authority, Ministry of Power, GOI
	400/220 kV GIS substation at Darbhanga, Bihar	27-Jun-17	Valid	Central Electricity Authority, Ministry of Power, GOI
	LILO section of 400 kV D/C Barh – Motihari - Gorakhpur Line at 400 kV substation of DMTCL	26-Jul-17	Valid	Central Electricity Authority, Ministry of Power, GOI
	400/132 kV GIS substation at Motihari, Bihar	26-Aug-17	Valid	Central Electricity Authority, Ministry of Power, GOI
8	**Defence Clearance**			
	NOC from aviation angle for construction of Transmission line by DMTCL	18-Oct-16	Valid	Air HQ, Ministry of Defence
9	**Aviation Clearance**			
	NOC for Height Clearance for Pole ID 16	16-Sep-16	7	Airports Authority Of India
	NOC for Height Clearance for Pole ID 47	20-Sep-16	7	Airports Authority Of India

Source: Investment Manager

Appendix 3.1 – DMTCL: Summary of approvals and licences (2/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
10	**Power & Telecommunication Coordination Committee ("PTCC") Clearance**			
	Approval to the route of 400 KV D/C triple snowbird Muzaffarpur - Darbhanga transmission line	11-Jul-16	Valid	Power & Telecom Co-ordination Committee, GOI
	Approval to the route of LILO of 400 KV D/C Barh - Gorakhpur at Motihari transmission line	20-Aug-16	Valid	Power & Telecom Co-ordination Committee, GOI
11	**Road Crossing**			
	NOC for crossings of 400 KV D/C Muzaffarpur-Darbhanga lines over NH-28	23-Nov-16	Valid	National Highway Authority of India
	NH-28, at Gorakhpur-Gopalganj, for Barh-Gorakhpur transmission line	07-Sep-16	Valid	National Highway Authority of India
12	**Railway Crossing**			
	Narayanpur anant-Silaut Railway Stations	29-Sep-16	Valid	East Central Railway, Sonpur
13	**Diversion of Forest Land/ Permission for felling of trees**			
	Diversion of Forest land in favour of DMTCL (Gopalganj and Motihari)	5-Jun-18	Valid	Ministry of Environment, Forests & Climate Change, GOI
	Diversion of Forest land in favour of DMTCL (Gopalganj and East Champaran)	9-Jan-17	Valid	Ministry of Environment, Forests & Climate Change, GOI
14	**Power Line Crossing**			
	Approval for crossing of 400 KV D/C Muzaffarpur-Darbhanga line with Muzaffarpur-Samastipur Line	16-May-15	Valid	Bihar State Power Transmission Co Ltd, Patna
	Approval for crossing of 400 KV D/C Muzaffarpur-Darbhanga line with Muzaffarpur-Gopalganj Line at Loop in Loop out	19-Sep-15	Valid	Bihar State Power Transmission Co Ltd, Patna
	NOC for under pass gantry power line crossing of 400 KV D/C Muzaffarpur-Darbhanga at Muzaffarpur, Bihar with Purnea-Muzaffarpur transmission line	02-Nov-15	Valid	Powerlinks Transmission Limited
	NOC for power line crossing arrangement for LILO of 400 KV D/C Barh-Gorakhpur transmission line up to 400/132 GIS substation with Muzaffarpur-Gorakhpur transmission line	06-Jul-15	Valid	Powerlinks Transmission Limited

Source: Investment Manager

Appendix 3.2 – NRSSB: Summary of approvals and licences (1/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Transmission License	25-Aug-14	25	Central Electricity Regulatory Commission
2	**Transmission Service Agreement**			
	Transmission Service Agreement between DMTCL & LTTCs	2-Jan-14	Valid	
	Supplementary Transmission Service Agreement between NRSSB & Power Grid Corporation of India Ltd	4-Aug-16	Valid	
3	Approval under section 68(1) of Electricity Act, 2003	16-Sep-13	Valid	Ministry of Power, Government of India
4	Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	15-Oct-14	25	Ministry of Power, Government of India
5	Connection Agreement between NRSS XXXI (B) TL and the CTU (Power Grid Corporation of India	14-Dec-16	Valid	
6	Tariff Adoption order under section 63 of the Electricity Act, 2003	7-Aug-14	Valid	Central Electricity Regulatory Commission
7	Approval for Energisation under regulation 43 of CEA - Malerkotla-Amritsar	6-Dec-19	Valid	Central Electricity Authority, Ministry of Power, GOI
8	Approval for Energisation under regulation 43 of CEA - Kurukshetra-Malerkotla	6-Dec-19	Valid	Central Electricity Authority, Ministry of Power, GOI
9	**Defence Clearance**			
	NOC from aviation angle for construction of Transmission line Malerkotla-Amritsar	14-Feb-17	Valid	Air HQ, Ministry of Defence
	NOC from aviation angle for construction of Transmission line Kurukshetra-Malerkotla	17-Oct-16	Valid	Air HQ, Ministry of Defence
	NOC of PTCC for 400 kV D/C transmission line from PGCIL substation at Kurukshetra to PGCIL substation at Malerkotla and PGCIL substation at Malerkotla to PGCIL substation at Amritsar	18-Jan-16	Valid	Directorate General of Signals, Integrated HQ of Ministry of Defense (Army)
10	**Aviation Clearance**			
	NOC for Height Clearance Malerkotla-Amritsar	22-Feb-16	7	Airports Authority Of India
	NOC for Height Clearance Kurukshetra-Malerkotla	6-Apr-16	7	Airports Authority Of India
11	**Power & Telecommunication Coordination Committee ("PTCC") Clearance**			
	Approval to the route of 400 KV D/C Malerkotla-Amritsar transmission line	14-Mar-17	Valid	Power & Telecom Co-ordination Committee, GOI

Source: Investment Manager

Appendix 3.2 – NRSSB: Summary of approvals and licences (2/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
12	**Road Crossing**			
	NOC for crossings of 400 KV D/C Malerkotla-Amritsar lines over NH-95 near Mullanpur of Ludhian	07-Apr-16	Valid	National Highway Authority of India
	NOC for crossings of 400 KV D/C Kurukshetra-Malerkotla lines over NH-64 of Patiala-Bathinda	10-May-16	Valid	National Highway Authority of India
13	**Railway Crossing**			
	400 KV D/C overhead line crossing the railway track between Kup and Malerkotla Railway station	21-Apr-16	Valid	Nothern Railway, Ambala Cantt
	Crossing between Mullanpur and Chaukiman railway stations	28-Jun-16	Valid	Nothern Railway, Firozpur
	Crossing between Gahandran halt and Malsian Shahkot railway stations	6-Jun-16	Valid	Nothern Railway, Firozpur
	Crossing between Dadwindi and Sultanpur Lodhi railway stations	22-Jun-16	Valid	Nothern Railway, Firozpur
	Crossing between Goindwal Sahib and Malmori railway stations	24-Jun-16	Valid	Nothern Railway, Firozpur
	Crossing between Sangrana Sahib and Gohalwar Varpal railway stations	23-Nov-16	Valid	Nothern Railway, Firozpur
	400 KV D/C overhead line crossing the railway track between Amin and Kurukshetra Railway stat	7-Nov-16	Valid	Nothern Railway, New Delhi
	Crossing between Pindarsi and Thanesar city railway stations	7-Nov-16	Valid	Nothern Railway, New Delhi
	Crossing between Kakrala and Chintawala city railway stations	21-Apr-16	Valid	Nothern Railway, Ambala Cantt
14	**Diversion of Forest Land/ Permission for felling of trees**			
	Diversion of Forest land in favour of NRSS (B) at Amritsar	22-Aug-17	Valid	Ministry of Environment, Forests & Climate Change, GOI
	Diversion of Forest land in favour of NRSS (B) from Kurukshetra and Malerkota	4-Jul-16	Valid	Ministry of Environment, Forests & Climate Change, GOI
	Diversion of Forest land in favour of NRSS (B) from Kurukshetra and Malerkota	16-Jun-17	Valid	Ministry of Environment, Forests & Climate Change, GOI
15	**Power Line Crossing**			
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Jalandhar Moga TL of Powergrid	29-Sep-15	Valid	PGCIL
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Kishenpur Moga TL of Powergrid	05-Nov-15	Valid	PGCIL
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Patiala Malerkotla TL	30-Nov-15	Valid	PGCIL
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Malerkotla Ludhiana TL	30-Nov-15	Valid	PGCIL
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Jamalpur Moga TL	23-Nov-15	Valid	Punjab State Transmission Corporation Ltd
	Approval for crossing of 400 KV D/C Kaithal Patiala TL by Kurukshetra Malerkotla TL	26-Jul-16	Valid	PGCIL
	Approval for crossing of 400 KV D/C Patiala Patran TL by Kurukshetra Malerkotla TL	28-Oct-15	Valid	Punjab State Transmission Corporation Ltd
	Approval for crossing of 400 KV D/C Rajpura Dhuri TL by Kurukshetra Malerkotla TL	05-Aug-15	Valid	Punjab State Transmission Corporation Ltd
	Approval for crossing of 400 KV D/C Nabha Dhuri TL by Kurukshetra Malerkotla TL	05-Nov-15	Valid	Punjab State Transmission Corporation Ltd
	Approval for crossing of 400 KV D/C Malerkotla - Barnala,Dhuri,Gobindgarh TL by Kurukshetra Malerkotla TL	21-Dec-15	Valid	Punjab State Transmission Corporation Ltd

Source: Investment Manager

Appendix 4.1 – Summary of Ongoing Litigations - DMTCL

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
1	Regulatory	APTEL, New Delhi	**Background of the case:** DMTCL filed a petition dated October 26, 2017, before the CERC against Bihar State Power Transmission Co. Ltd, amongst others, for seeking extension of SCOD and compensation for force majeure and change in law events which impacted the ERSS-VI as per the scope of work specified in the TSA dated August 6, 2013, and for the grant of an increase in transmission charges to offset the cost of Rs. 21.75 crore incurred on account of additional IDC, among other things. CERC, by way of its order dated March 29, 2019, allowed DMTCL to recover expenditure incurred on account of change of law i.e. obtaining forest clearance, extension of SCOD on account of force majeure, and increase in taxes and duties. However, CERC disallowed recovery of IDC and IEDC beyond scheduled COD till actual COD, additional expenditure. Thereafter, DMTCL filed an appeal dated June 20, 2020 ("Appeal I") before the Appellate Tribunal for Electricity at New Delhi ("APTEL"), against the Review Order, wherein DMTCL challenged, amongst others, (i) the Impugned Order, claims in relation to IDC and IEDC, grant of relief for compensation due to delay in SCOD and loss of tariff along with seeking grant of consequential interest on account of change of law and force majeure events. APTEL passed order dated December 3, 2021 and held that, (i) DMTCL would be entitled to be fully compensated for the IDC and IEDC incurred on account of the change in law and force majeure events, (ii) DMTCL would be compensated for the actual change in the length of the transmission lines, (iii) tariff would be levied only for services provided, (iv) DMTCL would be allowed to recover amounts paid to PGCIL along with interest pursuant to order dated September 1, 2017, and (v) compensation for increased number of power lines crossings would be paid, amongst other things, and directed the matter back to CERC for passing appropriate orders. DMTCL submitted relevant details to CERC in relation to 69.60 crore incurred towards IDC and IEDC along with consequential carrying costs, 3.15 crore towards change in length of transmission lines, 1.84 crore on account of increase in number of power line crossing along with carrying costs, along with additional expenditure of approximately 7.32 crores along with carrying costs, amongst other things. Accordingly, CERC through order dated May 13, 2022 allowed DMTCL's claims, however, the claims in relation to carrying costs were disallowed. Consequently, DMTCL filed an appeal dated June 24, 2022 challenging the said CERC order seeking the payment of carrying costs in relation to IDC, IEDC and other costs claimed by DMTCL and approved by the said CERC order. **Current Status:** The matter is currently pending.	NQ

Source: Investment Manager

Appendix 4.2 – Summary of Ongoing Litigations - NRSSB (1/2)

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	Civil Court, Pehowa, Kurukshetra	**Background of the case:** This suit has been filed by landowners Jagtar Singh & Mukesh Kumar of agricultural land located at Tehsil Pehowa, District Kurukshetra, Haryana at which they were having two separate tubewells/ submersible pumps for their irrigation purpose with two separate Kothas constructed with allegedly having 22 no. of fruit bearing trees on the same land. Though both the landowners have expressly admitted to receive compensation from the Transmisison Licensee (NRSS XXXI B) for the installation of transmission tower and lines through their land and having accepted the same. However, filed the exisitng suit of mandatory injunction as well as for the recovery of damage occurred due to the installation of the transmission system, which has allegedly led to reduce their value of land, destruction of tubewell power supply connections and the Kothas, cost required for digging of two new bores, alleged destruction of 22 no. of fruit trees and alleged loss of cultivation at their land. **Current Status:** The pleadings are ongoing from both sides and next date is scheduled on 21st July 2022	2.0
2	Civil Suit	Addl. District & Session Court , Ludhiana (Punjab)	**Background of the case:** This suit has been filed by Mr. Amarjeet Singh Ruprai (Land owner) claiming additional compensation for the land over which the transmission lines have been drawn on the ground that the same has become unusable completely due to stringing of high tension wire. Land owner is claiming additional compensation for the total land parcel basis commercial circle rate over which the transmission lines have been drawn on the ground that the same has become unusable completely **Current Status:** Arguments on additional interim review application filed by Plantiff from both side have been concluded, upon which order pronouncement is awaited. The next date is scheduled on 27th July 2022.	70.0
3	Petition	CERC	**Background of the case:** In the tariff determination process u/s 62 of EA-2003 of PGCIL Malerkotla & AMritsar bays for the tariff period of 2014-2019, CERC decided liability of iDC/ IEDC on account of mismatching of PGCIL consttrcuted terminal bays (upstream network) & NRSS XXXI (B) constructed lines (downstream network). Later upon NRSS XXXI (B) Appealed against this CERC Order, APTEL set aside CERC Order for the recovery of IDC/IEDC charges from NRSS since NRSS XXXI (B) transmisison line delay was condoned under fore majeure provision of TSA and matter remanded back to CERC to pass a reasonable order based on the present facts of the matter. Further, despite of APTEL Judgement & matter remanded to CERC, vide Order dt. 26/04/2022, CERC ultimately again decided this liability of IDC/ IEDC pertains to up/ downstream element mismatching to be recovered by NRSS. **Current Status:** NRSS has filed appeal challenging CERC Order dt. 26.04.2022 in which notice have been issued to respondnets & next listing is scheduled on 25th August 2022.	12.8
4	Regulatory	APTEL, New Delhi	**Background of the case:** In the tariff determination process u/s 62 of EA-2003 of PGCIL Kuruskshetra bays for the tariff period of 2014- 2019, CERC decided liability of transmisison charges on account of mismatching of PGCIL consttrcuted terminal bays (upstream network) & NRSS XXXI (B) constructed lines (downstream network). Later upon NRSS XXXI (B) Appealed against this CERC Order , for getting set aside CERC Order for the recovery of transmisison charges on the grounds that NRSS COD was delayed on account of FM events and situation beyond their control , such grounds are also upheld by APTEL in other matters **Current status:** Next hearing has been fixed on 22nd July,2022	2.0
5	Petition	CERC	**Background of the case:** Central Transmission Utility (CTUIL) filed a petition before CERC dated March 19, 2021 against NRSS ("Respondent") under section 79(1)(f) of the Electricity Act, 2003 read with Regulation 111 of the Central Electricity Regulation Commission (Conduct of Business) Regulations, 1999 seeking directions for installation of optical ground wire on the 400kV Kurukshetra-Malerkotla transmission line owned by NRSS XXXI (B) Tr. Ltd. & established under the Northern Region System strengthening scheme XXXI(B). **Current Status:** On 30th March 2022, CTUIL filed an affidavit in CERC, stating that PGCIL has informed that it has no objection if NRSS lay down this OPGW on its own transmission line. At present NRSS is working on DPR preparation for taking up this work at its own. Thereafter it will approach CERC for seeking clarity on the mechanism to implemenat this work along with a visibility and approval for the recovery of the same. The matter is currently pending.	Nil

Source: Investment Manager

Appendix 4.2 – Summary of Ongoing Litigations - NRSSB (2/2)

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
6	Regulatory	APTEL, New Delhi	**Background of the case:** NRSS filed a petition dated September 4, 2017, before the CERC seeking extension of SCOD and increase in transmission charges, in relation to the transmission system being compensation for certain force majeure and change in law events as specified in the TSA dated January 2, 2014. Simultaneously, CERC, vide order dated November 30, 2017 ("Impugned Order I") allowed PGCIL's claim and held NRSS liable for the payment of IDC and IEDC on account of delay by NRSS in commissioning the NRSS project. However, CERC, by way of its order dated March 29, 2019 ("Impugned Order II") disposed of Petition II and allowed certain force majeure and change in law claims of NRSS along with extending the SCOD to the actual COD. However, the Impugned Order II disallowed NRSS claims in relation to consequential relief of Rs. 23.80 crore on account of the IDC and IEDC as a direct consequence of the force majeure events, Rs. 6.88 crore on account of gantry coordinates and subsequent change in connection arrangement and restitution for loss of first year tariffs to the extent of Rs. 58.68 crore. Subsequently, NRSS filed an appeal dated August 9, 2019 before the Appellate Tribunal for Electricity at New Delhi ("APTEL"), challenging the Impugned Order I on the ground that CERC had incorrectly held NRSS liable for the payment of IDC and IEDC and had not provided any reasons for the same. Consequently, the APTEL vide order dated September 14, 2020, set Impugned Order I aside, held that NRSS cannot be held liable to pay IDC and IEDC on account of delay in commissioning of PGCIL's transmission assets and remanded the matter back to CERC ("Remand Order I"). NRSS also filed an appeal dated March 19, 2020 before the APTEL challenging Impugned Order II on the grounds that despite certain events in change in law and force majeure, CERC disallowed direct consequential relied i.e. IDC and IEDC. Accordingly, APTEL vide order dated December 13, 2021 held that NRSS was liable to be fully compensated for the IDC and IEDC incurred on account of change in law and force majeure events, allowed compensation in relation to the gantry coordinates, amongst other things and remanded the matter back to CERC. ("Remand Order II"). APTEL however, vide order dated May 11, 2022 in relation to clarification application filed by NRSS upheld Remand Order II, however, disallowing NRSS's claim for carrying costs in relation to IDC and IEDC. Consequently, NRSS filed an appeal dated June 23, 2022 ("Appeal I") challenging order dated May 11, 2022 and seeking compensation in relation to the carruing costs for IDC and IEDC. Further, the CERC vide order dated April 26, 2022 ("Impugned Order III") in Petition I fastening the liability for payment of the IDC and IEDC on NRSS for PGCIL, contrary to the finding of the APTEL in the Remand Order. Accordingly, NRSS filed appeal dated June 10, 2022 ("Appeal II") challenging Impugned Order III and seeking a declaration from APTEL to hold NRSS not liable for the payment of IDC and IEDC for PGCIL's transmission assets. **Current Status:** Both, Appeal I and Appeal II are currently pending.	NQ

Source: Investment Manager

Appendix 5.1 – Summary of Tax Notices - DMTCL

Sr. No	Period	Act	Section	Particulars	Amount Involved (INR Million)
1	AY 2019-20	Income Tax	143 (1)	**Background of the case:** Intimation received on 24 June 2020. As per the intimation order loss of current year to be carry forward is disallowed to the extent of Rs.497,763 on account of issues identified in proposed adjustment notice. Rectification for reprocesing the return was filed on 09.03.2020, 22.05.2020 & 07.07.2020. However, rectification was processed unchanged on 19.08.2020. **Current Status:** A physical submission for rectification will be filed once rectification rights are transferred to AO.	NA
2	AY 2020-21	Income Tax	143 (1)	**Background of the case:** Intimation issued u/s 143(1) dated 30 July 2021 for AY 2020-21 in the case of Darbhanga-Motihari Transmission Company Limited (DMTCL), total refund of Rs.42,84,680 (including interest of Rs. 3,17,376 u/s 244A of the Act) is granted. It may be noted that even though the refund amount is appropriately processed the amount of carried forward business loss has been reduced to Rs. 64,69,86,901 instead of 65,14,11,629 as per ROI filed. The difference of Rs.44,24,728 was on account of various 43B items. **Current Status:** Executed rectification Application to be filed u/s 154 was shared on 07.04.2022.	4.4
3	FY 2017-18	Bihar VAT	31	**Background of the case:** Intimation issued u/s 31. **Current Status:** Requisite Details have been filed in response to the notice	NA

Source: Investment Manager

Appendix 5.2 – Summary of Tax Notices - NRSSB

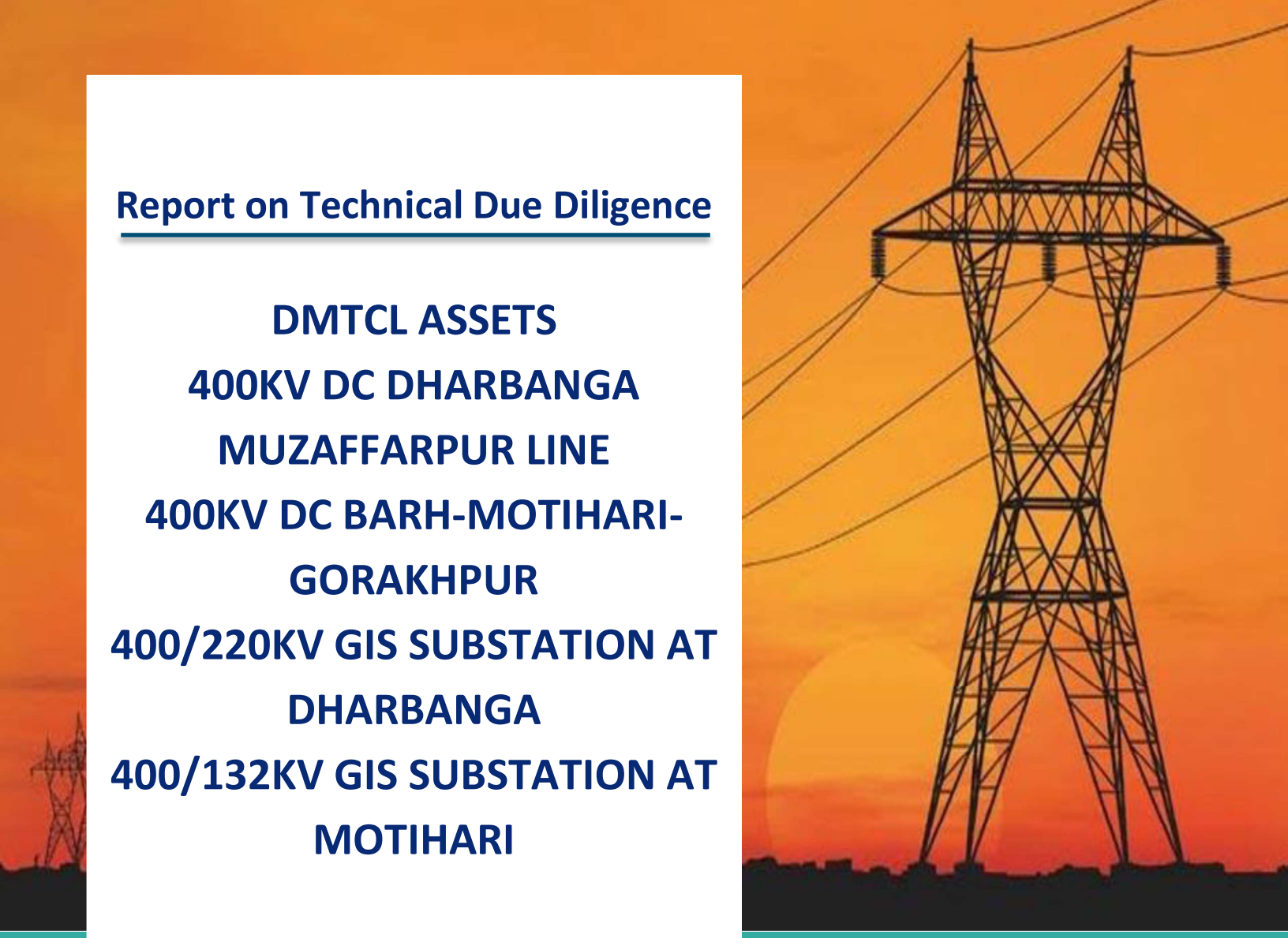
Sr. No	Period	Act	Section	Particulars	Amount Involved (INR Million)
1	AY2018-19	Income Tax	Assessment u/s 143(2)	**Background of the case:** A clean Assessment order u/s 143(3) had been passed on 22.02.2021 without any disallowances, accepting the income declared in ITR. Although, no disallowances/adverse remarks are made by Officer in its Order, the Computation sheet & Demand notice which are attachments to the Order erroneously states as under:- a. reduces the amount of Loss allowed to be c/f by INR 34 crores (from INR 138.5 crores to INR 104.5 crores). b. raises MAT demand of INR 1.79 lakhs. **Current Status:** These being error/mistake apparent on the face of Assessment order, we had filed rectification application u/s 154 of the IT Act on 01.04.2021 requesting Officer to rectify these errors & the same is under process.	NA
2	AY2020-21	Income Tax	143(1)	**Background of the case:** Intimation issued u/s 143(1) dated 09 November 2021 for AY 2020-21 in the case of NRSSB, refund is issued after adjusting outstanding demand of INR 1.79 Lacs and interest of INR 0.12 Lacs. There are differences on account of various 43B items. Rectification Application to be filed u/s 154 within 6 months. **Current Status:** Once the rectification is processed for AY18-19, the company will apply for the refund of the same.	NA
3	AY2021-22	Income Tax	143 (1) (a)	**Background of the case:** Inconsistency in the amount of profit chargeable to tax under section 41 specified in return & in audit report. **Current Status:** Response is filed on 25.04.2022	NA

Source: Investment Manager

<<End of Report>>

ANNEXURE B - TECHNICAL REPORTS

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Report on Technical Due Diligence

DMTCL ASSETS
400KV DC DHARBANGA MUZAFFARPUR LINE
400KV DC BARH-MOTIHARI-GORAKHPUR
400/220KV GIS SUBSTATION AT DHARBANGA
400/132KV GIS SUBSTATION AT MOTIHARI

11 JULY 2022

SEKURA ENERGY PVT. LIMITED

TATA PROJECTS LIMITED

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TECHNICAL DUE DILIGENCE REPORT

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TECHNICAL DUE DILIGENCE REPORT

REPORT SUBMITTED BY

TATA PROJECTS LIMITED

(QUALITY SERVICES DIVISION)

Report No. ***177763 -121121-1 Rev-6***

TPL Team

Mr. Sunil Hol

Mr. B K Dash

Mr. D Chowdhury

S.C.Pradhan
(Asst. Vice President)

G.Jaya Bharath
(Sr. Manager)

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Abbreviations

AC	:	Alternating Current
AAAC	:	All Aluminium Alloy Conductor
ACSR	:	Aluminium Conductor Steel Reinforced
AIS	:	Air Insulated Substation
BOOM	:	Build, Own, Operate & Maintain
BOQ	:	Bill of Quantity
BPC	:	Bid Process Coordinator
CBIP	:	Central Board of Irrigation & Power
CoD	:	Commercial Operation Date
Ckm	:	Circuit Kilometres
Ckt	:	Circuit
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
CRP	:	Control Relay Panel
CT	:	Current Transformer
CTU	:	Central Transmission Utility
DB	:	Distribution Board
DC	:	Direct Current
D/C	:	Double Circuit
DDR	:	Due Diligence Report
Discom	:	Distribution Company
DG	:	Diesel Generator
DMTCL	:	Darbhanga Motihari Transmission Company Limited (DMTCL)
EHV	:	Extra High Voltage
EIL	:	Essel Infraprojects Limited
EPC	:	Engineering, Procurement & Construction
ER	:	Easter Region
ERLDC	:	Eastern Region Load Despatch Centre
ERSSS	:	Easter Region System Strengthening Scheme
FODP	:	Fibre Optic distribution Panel
FIPL	:	Feedback Infra Private Limited
FQP	:	Field Quality Plan
GI	:	Galvanized Iron
GIS	:	Gas Insulated Substation

GS	:	Galvanized Steel
HMI	:	Human Machine Interface
HT	:	High Tension
HV	:	High Voltage
ICT	:	Inter Connecting Transformer
IE	:	Independent Engineer
IEC	:	International Electro-Technical Commission
IEGC	:	Indian Electricity Grid Code
IS	:	Indian Standard
ISTS	:	Inter State Transmission System
kA	:	Kilo Ampere
kM	:	Kilometres
kN	:	Kilo Newton
kV	:	Kilo Volt
LTTC	:	Long Term Transmission Customer
LE	:	Lender's Engineer
LILO	:	line in – Line out
LT	:	Low Tension
LOA	:	Letter of Award
MS	:	Mild Steel
MQP	:	Manufacturing Quality Plan
MV	:	Medium Voltage
MVA	:	Mega Volt Ampere
MW	:	Mega Watt
NH	:	National Highway
NER	:	North Eastern Region
NR	:	Northern Region
NTPC	:	National Thermal Power Corporation Limited
OD	:	Overall Diameter
OEM	:	Original Equipment Manufacturer
OLTC	:	On Load Tap Changer
O & M	:	Operation & Maintenance
OPGW	:	Optical Fibre Ground Wire
PT	:	Potential Transformer
P&T	:	Post & Telegraph

PDC	:	Phase Data Concentrator
PGCIL	:	Power Grid Corporation of India Ltd.
PIIPL	:	Pan India Infraprojects Private Limited
PLCC	:	Power Line Carrier Communication
PMU	:	Phase Measurement Unit
POSOCO	:	Power System Operation Corporation Limited
PTCC	:	Power & Telecommunication Coordination Committee Clearance
PTW	:	Permit To Work
RFQ	:	Request for Quotation
RLDC	:	Regional Load Despatch Cell
RoW	:	Right of Way
RTU	:	Remote Terminal Unit
SAS	:	Substation Automation System
SCADA	:	Supervisory Controls & Data Acquisition System
SCOD	:	Scheduled Commercial Operation Date
SH	:	State Highway
SLDC	:	State Load Despatch Cell
SPV	:	Special Purpose Vehicle
SR	:	Southern Region
SS	:	Substation
STU	:	State Transmission Utility
TPL	:	TATA Projects Limited
TSA	:	Transmission Service Agreement
TSP	:	Transmission Service Provider
UPS	:	Uninterrupted Power Supply
UTS	:	Ultimate Tensile Strength
VEPL	:	Virtuous Energy Private Limited
VRLA	:	Valve Regulated Lead Acid.

1.0 EXECUTIVE SUMMARY:

Background:

Transmission is a vital element of the power sector value chain. A well-developed transmission network helps in efficient evacuation of electricity from generating stations for transmission to the load centers. The transmission system in India is predominantly categorized into voltage levels of 220 kV, 400 kV, 765 kV in AC system and 320 kV, 500 kV and 800 kV in DC system. As per statistics by the Central Electricity Authority (CEA), India has a cumulative transmission line length of 4,48,407 ckt km_1 and a cumulative substation capacity of 10,59,391 MVA_2 as of September 2021. Growing power demand, Government's focus on improving the distribution sector- the last mile in power sector, addition of RE capacity and adoption of new technologies to address challenges linked to RE integration, are likely to drive growth of power transmission in India.

In India, the transmission system is a two-tier structure comprising intra-state grids and inter-state transmission system grids. Historically, transmission system was developed by Central and State level utilities. As per the provisions under Section 63 of the Electricity Act, 2003 and the Tariff Policy dated 6th January 2006, the Ministry of Power (MoP) issued "Guidelines for Encouraging Competition in Development of Transmission Projects" and Tariff Based Competitive Bidding Guidelines for Transmission Services" (the "Guidelines"). These Guidelines laid down a transparent procedure for facilitating competition in the transmission sector and paved a way for wide participation in providing transmission services and tariff determination through a process of tariff based competitive bidding.

Subsequent to the above referred guidelines, the MoP has also issued standard bidding documents such as request for qualification ("RFQ"), request for proposal ("RFP"), transmission service agreements and also appointed PFC Consulting Limited (PFC) and REC Transmission Projects Company Limited as the bid process coordinators for carrying out the bidding process.

PFC, acting as the BPC, issued a RFQ dated February 08, 2013, for the purpose of selection of Bidder as Transmission Service Provider (TSP) to establish Transmission System for "Eastern Region System Strengthening Scheme – VI" through tariff based competitive bidding (TBCB). Darbhanga Motihari Transmission Company Limited (DMTCL) was incorporated by PFC as the SPV for setting up the proposed Transmission project and subsequently act as the Transmission Service Provider (TSP). In the bid process conducted for the same, Essel Infraprojects Ltd (EIL) emerged as the successful bidder and acquired DMTCL for developing the proposed transmission project on a build own operate and maintain (BOOM) basis.
DMTCL established the Transmission System comprising the following elements.

[1] GS_TL.pdf (cea.nic.in)
[2] GS_SS.pdf (cea.nic.in)

a) Transmission Elements viz.
   i. 400 kV D/C Line between Darbhanga – Muzaffarpur of about 62.843 kms length,
   ii. 400 KV DC LILO (line in – Line out) Line of Barh – Gorakhpur connecting at Motihari,
      a) 400 kV D/C Barh – Motihari quad route length 37.534 kms.
      b) 400 kV D/C Barh – Motihari quad route length 38.188 kms

b) Substation Elements viz.
   i. 2 x 500 MVA, 400/220 kV GIS Substation at Darbhanga and
   ii. 2 x 200 MVA, 400/132 kV GIS Substation at Motihari.

In addition to the above the Project also has following Reactors:

a. 2X80MVAR Line Reactors (Switchable) and 2X50MVAR Line Reactors (Fixed) for Barh-Motihari and Motihari-Gorakhpur Sections at Motihari
b. 2X125 MVAR Bus Reactors at Darbhanga & Motihari Substations each

In May 2019, DMTCL was acquired by Sekura Energy Pvt. Limited (SEPL), a Portfolio Company of Edelweiss Infrastructure Yield Plus Fund. Since then, SEPL has been managing DMTCL and carrying out the operation & maintenance of all the elements of DMTCL. Over the past years, DMTCL has managed to secure an average annual system availability of more than 99.75 %, which is well beyond the stipulated normative availability of 98%.

Technical Due Diligence Study:

SEPL presently envisage to float an Infrastructure Investment Trust ("InvIT") and proposes to undertake a transfer of its ownership in DMTCL to the proposed InvIT. In this context, SEPL wishes to carry out an independent third-party assessment of the Transmission Asset of DMTCL. SEPL through DMTCL has appointed TATA PROJECTS LIMITED (IE) to undertake the independent third-party assessment. This report elaborates the tasks carried out by the IE as part of the Due Diligence and records its observations and findings. The scope of the engagement and activities carried out by the IE have been detailed out in this report.

Summary of Findings

Based on above study carried out, it is observed that the project established is compliant to all technical, statutory, regulatory requirements and being operated & maintained with highest technical standards by competent personnel in line with all the guideline provided by regulatory authorities and best prudent industrial practices.

The detailed findings of the study have been captured in chapter [17] of this Report.

2.0 ABOUT DMTCL PROJECT:

2.1 Significance of the Project

During the envisage time of the project the state of Bihar projected a future demand of about 5600 MW by the year FY 2016-17. Out of this, about 2100 MW power demand was envisaged in the Northern part and about 3500MW power demand in the Southern part of the state. Regarding power availability during the said period, Bihar would have additional share of about 3000 MW from Central Generating Stations (e.g., NTPC Barh-I&II, Nabinagar-I&II, Tilaiyya UMPP). In addition, more generation capacity was planned under the state and private sector which were expected to come up in the next 5-6 years.

Northern part of Bihar had only 2 nos. of 400kV sub-stations (Purnea & Muzaffarpur) with total capacity of 1260MVA as against projected demand of about 2100 MW in 2016-17. Keeping in view the load growth requirement, 2 nos. 400kV ISTS sub-station viz. a) 400/220 kV Substation at Darbhanga and b) 400/132 kV Substation at Motihari, along with associated transmission lines were planned to be established in North Bihar. These projects (later developed under the SPV - DMTCL), were significant to strengthen transmission system in the region.

2.2 Tender process and Award of Project

The Government of India, Ministry of Power, vide Gazette Notification dated October 08, 2012 had notified PFC Consulting Limited to be the Bid Process Coordinator (BPC) for the purpose of selection of Bidder as Transmission Service Provider (TSP) to establish transmission system for “Eastern Region System Strengthening Scheme-VI” through tariff based competitive bidding process (TBCB). PFC, acting as the Bid Process Coordinator (BPC), issued a RFQ dated February 08, 2013 and subsequently issued RFP on May 27, 2013. Darbhanga Motihari Transmission Company Limited (DMTCL) was incorporated by PFC as the SPV for setting up the proposed Transmission project and subsequently act as the Transmission Service Provider (TSP). In the bid process conducted for the same, Essel Infraprojects Ltd (EIL) emerged as the successful bidder and acquired DMTCL for developing the proposed transmission project on a build own operate and maintain (BOOM) basis. The Letter of Intent (LOI) had been issued by the BPC to the EIL on October 17, 2013. (DMTCL Assets were later acquired by Sekura Energy Limited (SEPL), a Portfolio Company of Edelweiss Infrastructure Yield Plus in May 2019).

2.3 Transmission Service Agreement

DMTCL has eight Long-Term Transmission Customers (LTTCs) which are the beneficiaries of the project. A Transmission Service Agreement (TSA) was executed on August 06, 2013 between the DMTCL and LTTCs for procurement of Transmission services and for development of concerned Transmission Assets. The list of LTTCs of DMTCL is as following.

Table 1: List of LTTCs of DMTCL

LONG TERM TRANSMISSION CUSTOMER (LTTC) LIST		
Sl. No.	**Customer / DISCOM Details**	**% Share of each LTTC**
1	Maithon Power Limited	4.875
2	Grid Corporation of Orissa	20
3	**Bihar State Electricity Board**	**31.87**
4	Power Grid Corporation of India Limited, HVDC Pasauli	0.023
5	Damodar Valley Corporation, Kolkata	8.43
6	Energy & Power Department, Govt. of Sikkim	2.551
7	Jharkhand State Electricity Board	8.105
8	West Bengal State Electricity Distribution Company Limited	24.146
		100

Further, a Supplementary TSA was executed on August 08, 2016 between DMTCL and Central Transmission Utility. The said Supplementary Agreement was signed pursuant to the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses), Regulations 2010 to govern the provision of inter-State Transmission services including sharing of transmission charges and losses amongst the ISTS Customers (termed as 'Designated ISTS Customers or DICs) and disbursing the transmission charges collected by the CTU to respective ISTS Licensees. The terms of the TSA will be effective for a period of 35 years commencing from the date of Scheduled COD.

2.4 Transmission Licence

Transmission business is identified as a Licensed activity under Section 14 of the Electricity Act 2003. DMTCL was granted transmission Licence by CERC vide order dated 30.05.2014. The present Licence is valid for an initial period of 25 years with provision of extension of Licence period for another term.

2.5 Key Statutory Clearance

DMTCL had received all necessary Statutory Clearance required for setting up and operation of the Transmission Asset. Major clearances including a) Approval under Section 68 of the Electricity Act, b) Authorization under Section 164 of the Electricity Act c) Grant of Transmission License by CERC, d) Route approval by PTCC, GOI e) Electricity Safety Clearance of CEA, etc., is observed to have been obtained and in place by DMTCL. The detail list of clearances has been covered in section 15 of this report.

2.6 Award of EPC Contractor

DMTCL had executed an EPC Contract with M/s. Pan India Infra Projects Private Limited (PIIPL) on 4th March 2014 for execution of the entire transmission lines and substations. The scope of work of the EPC contractor included supply, erection, civil work, Row clearances and all relevant works for execution of entire project. The Effective date of EPC Contract between DMTCL and Pan India Infra projects Pvt Limited (PIIPL) is 4th March 2014.

2.7 Project Elements and Commissioning Date

The details of Project Elements along with the Commercial Operation Dates of the Project are as follows:

Table 2: Elements of DMTCL and COD

Sr. No.	Transmission System for "Eastern Region System Strengthening Scheme – VI" (DMTCL)	
	Name of the Transmission Element	**Commercial Operation Date (COD)****
1	a) 2x500 MVA, 400/220 kV GIS Substation at Darbhanga with	31st March 2017
	400kV Line bays – 2 Nos.	
	400 kV ICT bays – 2 Nos.	
	220kV Line bays – 7 Nos.	
	220 kV ICT bays – 2 Nos.	
	Space for Future bays – 7 Nos. 400kV and 6 Nos. 220 kV	
	125 MVAR Bus Reactors – 2 Nos.	
	Bus reactor bays – 2 Nos.	
	b) Muzaffarpur (PGCIL Substation) - Darbhanga 400 kV D/C line with triple snowbird ACSR conductor.	
2	a) 2x200 MVA, 400/132 kV GIS Substation at Motihari	10th Aug 2017
	400kV Line bays – 4 Nos.	
	400kV ICT bays – 2 Nos.	
	132kV Line bays – 6 Nos.	
	132kV ICT bays – 2 Nos.	
	Space for Future bays - 5 Nos. 400kV and 5 Nos. 132 kV	
	125 MVAR Bus Reactors – 2 Nos.	
	Bus reactor bays – 2 Nos.	
	b) LILO of 400 KV DC Barh – Gorakhpur Line (400 KV DC Quad AAAC Moose Barh – Motihari Line & Motihari – Gorakhpur Line)	

Sr. No.	Transmission System for "Eastern Region System Strengthening Scheme – VI" (DMTCL)	
	c) 2x80 MVAR Line Reactors (Switchable) at Motihari end (with 600 Ohm NGR) for Barh-Motihari section.	
	d) 2x50 MVAR Line Reactors (fixed) at Motihari end (with 400 Ohm NGR) for Motihari-Gorakhpur section.	

2.8 Status of the project:

The project is currently commissioned and operational since actual date of COD:

- At Darbhanga Substation, 400kV and 220kV GIS Bays are commissioned. The 220kV Cables for North Bihar Power Distribution Company Limited (NBPDCL) Line Bays are installed.
- At Motihari Substation, 400kV and 132kV GIS Bays are commissioned. The 132kV Cables for Line Bays are installed.
- There are 178 numbers of towers for Muzaffarpur – Darbhanga line. The Line Length is 62.843 km.
- There are 204 numbers of towers for LILO Transmission Lines at Motihari. The Line Length is 75.3 Kms.

The details of various approvals received by the project related to its commissioning are as follows:

2.8.1 Commissioning details of Darbhanga Element:

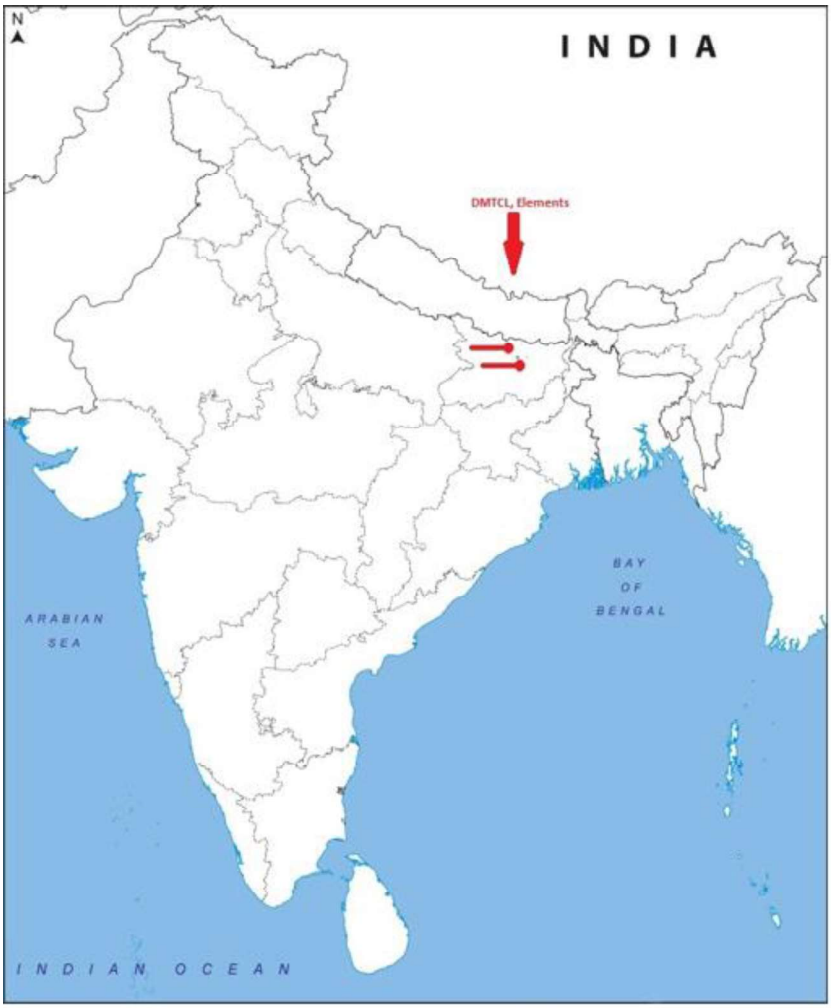
- Approval for Energization by CEA issued on 29.03.2017
- Deemed COD declared by DMTCL on 31.03.2017
- Completion Certificate issued by DMTCL to PIIPL on 03.04.2017
- Certificate of Completion of Trial operation of Transmission Element issued on 09.06.2017 by POSOCO.

2.8.2 Commissioning details of Motihari Element:

- Approval for Energization by CEA issued for Transmission line on 26.07.2017.
- Approval for Energization by CEA issued for Substation on 26.08.2017
- COD declared by DMTCL on 10.08.2017
- Completion Certificate issued by DMTCL to PIIPL on 14.08.2017
- Certificate of Completion of Trial operation of Transmission Element issued on 26.09.2017 by POSOCO

The following diagram shows the project location of DMTCL plotted on the map.

Figure 1: DMTCL Project Location



3.0 OBJECTIVE & SCOPE OF TPL'S SERVICES

SEPL, which presently owns DMTCL envisage to float an Infrastructure Investment Trusts ("InvIT") and proposes to undertake a transfer of its ownership in DMTCL to the proposed InvIT. In this context, SEPL wishes to re-evaluate existing conditions of the Transmission Asset of DMTCL and undertake a Technical Due Diligence exercise. TATA PROJECTS LIMITED (TPL) was appointed as Independent Engineer (IE) to undertake the said Technical Due Diligence of DMTCL and to assess the existing condition of the asset. The scope of the engagement and activities carried out by the IE are as following.

3.1 Agreed Scope of work:

The scope of work for the IE identified are as following:

- To review statutory approvals for compliance from a technical perspective.
- To visit the Project site for review and verification of various technical aspects and compliance to conditions in approvals, if required.
- To review the documents pertaining to following and report accordingly:
    1. Overall Project Status
    2. Project Design
    3. Transmission Licence
    4. Communication System
    5. Environment and Safety
    6. Quality Control
    7. Operation and Maintenance
    8. Availability of DMTCL
    9. Spare Parts Management
    10. Physical Security of Assets
    11. Cyber Security
    12. Risk Analysis
    13. Regulatory Aspects
    14. Insurance
    15. Conclusion

3.2 Services Methodology Adopted

- Off-site review of documents.
- Reporting.

This report covers the Technical assessment of the DMTCL project comprising of 400 kV D/C Transmission System and Substations (ERSSS-VI) in Bihar which is commissioned & operational since 2017.

As a part of this exercise, IE has conducted a review of the existing project documents/Contracts, best practices, processes and has identified the risk factors involved for operating asset's lifecycle. IE has categorized these issues into different Risk Categories, details of which are elaborated in the subsequent sections.

4.0 REVIEW OF PROJECT DOCUMENTS - TRANSMISSION LINES & SUBSTATIONS

The IE has identified the list of documents for review to carry out technical due diligence and all the documents were provided by DMTCL for the Transmission lines and Substations. The list of project documents reviewed as part of the due diligence are as follows:

a. EPC contracts/Sub-Contracts
b. Transmission Service agreement
c. Share Purchase Agreement
d. Statutory clearance documents
e. Regulatory documents
f. Organisation structure documents
g. Insurance Documents
h. COD documents
i. O&M SOP and documents.
j. Drawings & Guaranteed Technical Parameters (GTP) of major equipment etc.

Based on documents provided the IE has examined/reviewed the documents in respect of their validity corresponding to relevant technical specification based on which Transmission system were constructed, Country's prevalent standards including CEA & CBIP norms and the equipment/materials used were tested/ validated with respect to Specification and Standards.

IE observed the technical parameters adopted by the Project Company are as per Specifications & Standards for the Transmission system laid down in the Transmission Agreement as well as the relevant Indian/ International Standards different IS Codes, CBIP Manual, CEA guidelines etc and are suitable for use on 400 kV Transmission Systems.

It is observed that all the documents are available for the above project are in line with relevant standards, approved by reputed technical consultant and approval/clearances achieved from the competent authorities as applicable.

4.1 Review of Project Contracts

4.1.1 EPC Contract

The complete Project has been implemented on EPC Contract basis. The Project Company has awarded the EPC Contract to M/s. Pan India Infraprojects Private Limited (PIIPL) for Supply, Services & Civil Works of the Project. A brief summary of the finalized EPC Contract is given in Table below.

Table 3: Brief Summary of EPC Contract

Scope of Work	Details
Supply Agreement Between DMTCL and PIIPL	**FOR TRANSMISSION LINE** Design, Testing, Fabrication and Supply of all Equipment (including extensions and accessories), including supply of: i. Towers, Tower Accessories, ii. Earth Wire, Conductor, OPGW, Insulators, Hardware Fittings and Accessories for Conductor, EarthWire and OPGW. **FOR SUBSTATIONS** All equipment & material required for construction of 400kV/220kV GIS Substation including Outdoor equipment at Darbhanga and 400/132kV GIS Substation at Motihari.
Service Agreement Between DMTCL and PIIPL	**FOR TRANSMISSION LINE** a. Detailed Survey, Soil Investigation, Profiling and Check Survey b. Erection of Towers with Accessories c. Stringing of Conductors, Earth Wire and OPGW d. Earthing of Towers e. Tack Welding f. Tree cutting g. Final checking h. Testing, Commissioning and handing over i. Right of Way (RoW) j. Crossings etc. k. To prepare and submit the proposals along with all requisite documents and drawings for all statutory clearances. **FOR SUBSTATIONS** Erection of all equipment & material required for 400kV/220kV GIS Substation including Outdoor equipment at Darbhanga and 400/132kV GIS Substation at Motihari, Including Detailed Survey, Soil Investigation, design, engineering, manufacture, testing, supply on FOR destination site basis, including transportation and insurance.

Scope of Work	Details
Civil Works Agreement Between DMTCL and PIIPL	**FOR TRANSMISSION LINE** All associated Civil Works for Tower foundations casting including excavation, stub setting, concreting along with special foundations. **FOR SUBSTATIONS** All associated Civil Works for construction of 400kV/220kV GIS Substation at Darbhanga and400/132kV GIS Substation at Motihari. such as earthwork excavation, land levelling & development, cement and reinforcement steel anti-termite treatment, boundary wall earthing, fencing, control room & GIS Building works, roads, drainage, sewerage, painting, gates, trench, foundation casting with all material /equipment's required for casting etc

4.1.2 Contract for Owner's Engineer

DMTCL had appointed M/s Feedback Infra Private Limited (FIPL) as the Owner's Engineer. All Design and Engineering of the entire Transmission System and substation including design of Towers and foundations have been approved by the Owner's Engineer before submitting for final approval to DMTCL.

4.1.3 Contract for PMC

PIIPL had appointed M/s Virtuous Energy Private Limited (VEPL) as Project Management Consultant. DMTCL informed the IE that the Company VEPL has adopted well established mechanism for Quality Assurance, Inspections and Testing, Site supervision, Progress monitoring and Safety aspects to achieve projects goals.

4.1.4 Warranty Period / Defect Liability Period

As per the Contract, the Contractor warrants that the works shall meet the Specifications and Standards. If during the Defect Liability Period, any defect is discovered in the Works or part thereof; or the Works or any part thereof fails to meet the Specifications and Standards, the Employer will notify the Contractor of such defects or failure. Upon receipt of such notice, the Contractor shall promptly repair or replace such Work in accordance with this Agreement, Good Industry Practices and Applicable Laws. Defect Liability Period shall be for a period of 12 months calculated from the date of issuance of the Completion Certificate or 12 months from rectification of defects, whichever is later. The Final Completion/Acceptance Certificate been issued for the Darbhanga Element on 03.04.2017 and 14.08.2017 for the Motihari Element. The defect liability period is over for the Darbhanga Element and Motihari Element.
IE found the Warranty Period/Defect Liability Period Clause in order and generally in line with similar Contracts for other Transmission Projects being executed in the country.

4.2 Transmission Lines - Design & Supply

Below are the details of the Project transmission line elements along with the suppliers of different items used in the Project,

Name of TL- Muzaffarpur- Darbhanga Transmission Line Section	
400kV Double Circuit Darbhanga – Muzaffarpur Line with ACSR Triple Snowbird Conductor:	
· Contractor	M/s Unitech Power Transmission Limited (UPTL)
· ACSR Triple Snowbird Conductor: Supplier-	Sterlite Technologies Limited
· Composite Rod Insulators 120 KN & 210 KN	Supplier- Jiangsu Xiangyuan Electric Equipment Co. Ltd.
· ACSR Hardware & Accessories	Tag Corporation
· OPGW Cable	Supplier-ZTT India Pvt Ltd.
· Tower Material Supplier	Unitech Power Transmission Ltd.

Name of TL- Motihari LILO 400 kV D/C Line Quad Moose	
· LILO of 400 kV D/C Barh – Gorakhpur at Motihari (Barh – Motihari & Motihari – Gorakhpur Quad Moose Lines)	
· Contractor	Jyoti Structures Ltd.
· AAAC MOOSE Conductor	JSK Industries Pvt.. Ltd.
· Composite Rod Insulators 120 KN & 160 KN	Supplier- Jiangsu Xiangyuan Electric Equipment Co. Ltd.
· ACSR Hardware & Accessories	Tag Corporation
· OPGW Cable	Sterlite Technologies Limited
· Tower Material Supplier	Jyoti Structures Ltd.

4.2.1 Transmission Line, Towers & Accessories

The Double Circuit 400kV Transmission system has towers with vertical conductor configuration. The towers are self-supporting hot dip galvanized lattice type with bolted structural members, designed to carry the line conductors with insulators, earth wires and fittings under all loading conditions. The tower structural members are fully galvanized using mild steel/ high tensile steel sections. Bolts and nuts are provided with spring washers.

In general, Transmission Systems in India adopt the guidelines laid down in CBIP Transmission Line Manual while finalizing the types of Transmission Towers. Different tower types with Deviation Limits is given below in Table.

Table 4: Different Tower types & deviation limit

Tower Type	Deviation Limit	Defined Use
DA	0 deg – 2 deg	To be used on straight runs and up to 2º line deviation.
DB	0 deg - 15 deg	Small Angle tower with tension insulator string. To be used for line deviation from 0 to 15 degree.
DC	15 deg - 30 deg	Medium angle tower with tension insulator string. To be used for line deviation from 15 to 30 degree.
DD	30 deg - 60 deg	Large Angle and Dead End Tower with Tension Insulator string. To be used for line deviation from 30 to 60 degree.

In DMTCL, lattice steel towers of DA, DC & DD type has been used as per IS 802 for the relevant wind zone along with the applicable adequate Reliability level. All the tower parts, stubs and pack washers are hot dip galvanized with minimum overall zinc coating as per the relevant IS code provision.

The Double Circuit 400kV Transmission system has towers with vertical conductor configuration. DMTCL has furnished the Tower Schedules showing the type of towers. The exact type of towers for the 400 kV System along with the number of each type of tower as well as details of extensions has been furnished in Tower Schedule. The design drawings/documents and type test reports of DA, DC and DD type towers were verified by Independent Engineer (TPL). The same were generally found to be in order. Also, the Substation drawings, layouts, documents were verified by IE and generally found to be in order.

4.2.2 Line Accessories:

Insulators:

The design parameters of the insulators / Insulator strings for the project in Darbhanga – Muzaffarpur line with ACSR Triple Snowbird conductor & Lilo line with AAAC Quad Moose conductor are as below

Table 5: Design parameters of Insulator Strings

Type of String	Min. Creepage Distance (mm) Per Unit	Electro – Mechanicalstrength of Single Long Rod Insulator Unit (kN)	Mechanical Strength of Insulator String along withHardware Fittings (kN)
Double 'I' Suspension.	13020	120	2X120

Single "I" Suspension 'Pilot' in DB, DC & DDTowers	13020	120	1X120
Double Tension Insulator String for DB,DC & DD Towers	13020	210	2X210
Single "I" Suspension 'Pilot' in DB, DC & DD Towers	13020	120	1X120
Double "I" Suspension In DA Tower	13020	120	2X120
Quad Tension Insulator String for DB, DC & DD Towers	13020	160	4X160

Mid span compression joint for conductor/ earth wire:

Mid span compression joints suitable for conductor/ earth wires have been used for joining two lengths of conductor/ earth wires. The minimum slipping strength of the joint after compression is not less than 95% of UTS of conductor/earth wire.

Repair sleeve for conductor:

Repair sleeve to be used only for repairing conductor with not more than two strands broken in the outer layer. The sleeve is manufactured from 99.5% pure aluminium and shall have a smooth surface. It comprises of two pieces with provision of seat forsliding of the keeper piece.

Flexible copper bond for earth wire:

Flexible copper bonds are used for good electrical continuity between the earth wire and the tower. Two bonds per suspension tower and four bonds per tension tower is used.

Vibration dampers for conductor/ earth wire:

Stockbridge vibration dampers are used to reduce the maximum dynamic strain caused by Aeolian vibrations to a value of 150 micro-strains.

Spacers/ Rigid Spacer

Armour grip bundle spacer with retaining rods have been used for the line to maintain a sub - conductor spacing of 450 mm under all working conditions. Rigid spacer for jumper are used at all tension towers

B) Design Review of Fasteners, Insulator and other hardware material used in Towers

Drawings of Conductor, Earth wire, OPGW, Insulators, H/W and Conductor/EW/OPGW accessories were found to be as per technical specifications and meeting the Indian standards.

C) Confirm compliance of technical requirements of Tender & Final contract and its Amendments.

IE observed the technical parameters adopted by the Project Company are as per Specifications & Standards for the Transmission system laid down in theTransmission Agreement as well as the relevant Indian/ International Standards and are suitable for use on 400 kV Transmission Systems.

D) Statutory Clearances:

Forest clearances, NH clearances, Railway clearances, PTCC clearances, Air Port Authority clearances have been verified and detailed in the report at section 15.2.

In view of the above, it may be seen that the Transmission systems under review are constructed following the technical specification and country's latest standards. Further these Transmission System are under operation for last few years which proves its operational viability, stability and healthiness.

4.3 Substations – Design & Supply

Project has developed 400/220KV & 400/132KV GIS Substations at Darbhanga & Motihari respectively. The Technical details of the Substations are as under: -

4.3.1 Salient features of 400 kV, 220 kV & 132 kV GIS Substation equipment and facilities

The two (2) Substations at Darbhanga & Motihari are Gas Insulated type generally conforming to the requirement of CEA regulation for construction of Substation.

4.3.2 400/220 kV Substation at Darbhanga

In view the location of existing 400kV Substations (Purnia & Muzaffarpur) in North Bihar, it was planned to establish one 400kV Substation at Darbhanga in between Purnia and Muzaffarpur. The Darbhanga substation was planned to cater to the power demand of the region with following elements:

- 400/220 kV GIS Substation at Darbhanga has One & Half breaker scheme on 400kv Bus and Double Main scheme on 220kv Bus. It has following elements: -

(i) 500 MVA, 400/220KV ICT – 2 Nos.

(i) 125 MVAR Bus Reactors – 2Nos.

(ii) 400kV Line bays – 2 Nos.

(iii) 400 kV ICT bays – 2 Nos.

(iv) 220kV Line bays – 7 Nos.

(v) 220 kV ICT bays – 2 Nos.

(vi) 400KV Bus reactor bays – 2 Nos.

All major equipment's of Darbhanga Substation are designed, procured & installed by TBEA Energy (India) Pvt. Ltd on EPC basis as per the contract awarded by PIIPL and is connected to existing Muzaffarpur Substation of PGCIL through 400kV high-capacity D/C line. The details of major equipment and respective OEM are as under:

Table 6: Details for major equipment & OEMs - Darbhanga

Sr. No.	Equipment	Supplier
1	400KV & 220KV GIS Substation Equipment	TBEA Zonfa Pvt. Ltd, China
2	500MVA Power Transformers (ICT-1 & ICT-2)	TBEA Energy (India) Pvt. Ltd
3	125MVAR Bus Reactor-1 & 2	TBEA Energy (India) Pvt. Ltd
4	220 KV EHV cables	TBEA – Shandong, China
5	220 kV Indoor & outdoor EHV cable termination kits	PFISTERER, Germany.
6	420kV & 245kV Capacitor Voltage Transformers/Voltage Transformers	Siemens Limited, India
7	Control and Relay Panels	Siemens Limited, India
8	PLCC & FOTE	ABB India Limited.
9	Substation Automation System	Siemens Limited
10	Surge Arresters	Crompton Greaves Limited
11	400KV & 220KV Wave Trap	Beijing Power Limited & GE T & D Ltd.
12	630 KVA,33/0.433 KV Transformer	TBEA Energy (India) Pvt. Ltd
13	250kVA DG Set	Crompton Greaves Limited

Sr. No.	Equipment	Supplier
14	220V DC System comprising of 2x100% FCBC with 2x100% VRLA Dry Cell Battery with DCDB.	Amaraja Batteries.
15	48V DC System comprising of 2x100% FCBC with 2x100% VRLA Dry Cell Battery with DCDB.	Amaraja Batteries.
16	LT Panels & ACDB Panels.	Nithya Switchgears
17	Fire fighting system	Technico (India) Pvt Ltd.

4.3.3 400/132 kV Substation at Motihari:

400/132kV Substation Motihari has been built-up in between Muzaffarpur and Gorakhpur. The Substation has One & Half breaker scheme on 400kv Bus and Double Main scheme on 132 kv Bus. It has following elements 2x200 MVA, 400/132 kV GIS Substation at Motihari: -

(i) 200 MVA, 400/132KV ICT – 02 Nos

(ii) 125 MVAR Bus Reactors – 02 Nos.

(iii) 80 MVAR Line Reactors – 02 Nos.

(iv) 50 MVAR Line Reactor – 02 Nos.

(v) 400kV Line bays – 4 Nos.

(vi) 400kV ICT bays – 2 Nos.

(vii) 400KV Bus reactor bays – 2 Nos

(viii) 400KV Switchable line reactor Bay – 02 Nos.

(ix) 132kV Line bays – 6 Nos.

(x) 132kV ICT bays – 2 Nos.

Similar to Darbhanga all major equipment of Motihari Substation are designed, procured & installed by TBEA Energy (India) Pvt. Ltd on EPC basis as per the contract awarded by PIIPL and is connected to existing Muzaffarpur Substation of PGCIL through 400kV high-capacity D/C line. The details of major equipment and respective OEM are as under,

Table 7: Details for major equipment & OEMs - Motihari

Sr. No.	Equipment	Supplier
1	400KV & 132KV GIS Substation Equipment	TBEA Zonfa Pvt. Ltd, China

Sr. No.	Equipment	Supplier
2	200MVA Power Transformers (ICT-1 & ICT-2)	TBEA Energy (India) Pvt. Ltd
3	125MVAR Bus Reactor-1 & 2	TBEA Energy (India) Pvt. Ltd
4	80MVAR Line Reactor 1 & 2	TBEA Energy (India) Pvt. Ltd
5	50MVAR Line Reactor 1 & 2	TBEA Energy (India) Pvt. Ltd
6	132 KV EHV cables	TBEA – Shandong, China
7	132 kV Indoor & outdoor EHV cable termination kits	PFISTERER, Germany.
8	420kV & 145kV Capacitor Voltage Transformers/Voltage Transformers	Siemens Limited
9	Control and Relay Panels	Siemens Limited
10	PLCC & FOTE	ABB India Limited & COMTEL.
11	Substation Automation System	Siemens Limited
12	Surge Arresters	Crompton Greaves Limited
13	400KV Wave Trap	Beijing Power Limited
14	630 KVA,33/0.433 KV Transformer	TBEA Energy (India) Pvt. Ltd
15	250kVA DG Set	Crompton Greaves Limited
16	220V DC System comprising of 2x100% FCBC with 2x100% VRLA Dry Cell Battery with DCDB.	Amaraja Batteries.
17	48V DC System comprising of 2x100% FCBC with 2x100% VRLA Dry Cell Battery with DCDB.	Amaraja Batteries.
18	LT Panels & ACDB Panels.	Nithya Switchgears
19	Fire fighting system	3D fire system Pvt Ltd.

A) Compliance of Tender Technical requirements for all substation equipment

The Switchyard equipment including transformers have been supplied by reputed manufactures of India i.e. TBEA Energy (India) Pvt. Ltd. All Technical Parameters of the major Equipment i.e. Insulation level, Current rating, Corona Extinction, Maximum Radio interference voltage, closing & opening time of circuit breakers, creepage distance, percentage impedance & tap range and OLTC rating of the transformer, Short ckt. current withstand, Seismic acceleration, partial discharge for LAs & CVTs etc. found to be meeting standard specification & IEC/IS.

This Substations are automated with segregated architecture i.e. Bay Control units and protection panels have been placed in respective Bay Kiosks/Switchyard Panel rooms in the Switchyard with HMI control through Control room. Carrier protection & Speech/data communication has been provided by Fibre optic terminal equipment & PLCC.

B) Substation Automation:

This Substations are automated with segregated architecture i.e., Bay Control units and protection panels have been placed in respective Bay Kiosks/Switchyard Panel rooms in the Switchyard with HMI control through Control room. Carrier protection & Speech/data communication has been provided by Fibre optic terminal equipment & PLCC.

C) Review of Equipment specifications and drawings of transformers, circuit breakers, lightning arresters, Equipment specifications and GA drawings).

The GA drawing and GTPs of the Switchyard equipment & transformers were reviewed and found to be in order. As already stated above, all equipment including transformers have been supplied by reputed manufactures of India as well as overseas and their drawings have already been standardised. All equipment & Transformers conform to standard specification & IEC/IS.

D) Review of Ratings of all the installed critical Electrical Equipment's like Transformers, Circuit breakers, CT's, CVT's.

The equipment ratings including transformers, CT, CVT and CB were reviewed and found to be in order.

The dielectric strength of all equipment and transformers i.e., Lightning impulse withstand voltage, Switching impulse withstand voltage (for 400 kV only), Power frequency voltage withstand and rating of LAs (390 kV for 400 kV,216 kV for 220 kV and 120 kV for 132 kV) have been standardised by Central Electricity authority, CBIP and international & Indian standards like IEC/IS. All transformers & equipment installed in this Substation conform to standardised insulation parameters. Further LAs have been installed at line entry and both sides of transformer to prevent travelling waves of higher magnitude. Thus, safeguard against insulation failure has been ensured.

Adequate fire protection facility has been provided in both the stations. Firefighting Annunciation panels have been placed in both Control room & FFPH to give alarm in case of any abnormality in the system. Further alarm/trip signals are configured in the HMI placed in Control room.

E) Review of suitability of SCADA Systems

As already stated above, Substation automation system has been installed in both the stations to control & monitor all equipment from local control centre as well as remote control centre with the help of Bay level units placed in Switch yard Panel rooms in GIS Building. Presently control & monitoring is done from HMI placed in control room. It can also be operated from any Remote-control centre. It has extensive range of supervisory control and data acquisition

facility. Presently the supervisory control is from State Load Despatch centre. All necessary data of these stations are being accessed from ERLDC control centre at Kolkata as well as Control & Analytics Centre (CAC) at Mumbai.

For the substations, state of the art Substation Automation System (SAS) conforming to IEC: 61850 has been provided. The system configured has redundant Operating Workstations (OWS) having a master and standby configuration and in case of any disturbance, the changeover of standby OWS as Master OWS is automatic enabling seamless access to Substation Operating Systems to the operating personnel.

Distributed architecture has been used for Substation Automation System, where the controls are provided through Bay Control Units. The Bay Control Unit is provided bay wise for voltage level 132 kV and above. All Bay Control Units as well as Protection Units are connected through an Optic fiber high speed network. The control and monitoring of Circuit Breaker, Disconnector, resetting of Relays etc. shall be done from Human Machine Interface (HMI) in the Control Room.

SAS is equipped with the facility of remote operation. By providing remote HMI and suitable communication link, the Substation can be controlled from a remote location. The functions of control, annunciation, disturbance recording, event logging and measurement of electrical parameters have been integrated in Substation Automation System. The Automation System are provided with the facility of communication and control for remote end operation. Large Video Screen (LVS), Operator Stations (HMI-01, 02), Engineering PC, Metering Station, Dot Matrix and Inkjet Printers, Scanner are all installed in SCADA Room.

4.4 Protection & Control

4.4.1 Protective Relaying System

The Protection Relay System have been provided for Transmission Lines, Auto-Transformers and Bus bars to minimize for protection of the Equipment in case of any faults in the system.

4.4.2 Protection on Transmission Lines

a) 400 kV and 220 kV lines have Main-I Protection with Numerical Distance Protection Scheme as three Zone Distance type with Carrier aided Inter-Tripping feature. 400 kV and 220 kV Lines have Main-II Protection with Numerical Distance Protection Scheme like Main-I but of different make.

b) 132 kV lines have Main-I as Numerical Distance Protection Scheme as three Zone Distance type with Carrier aided Inter-Tripping feature and also have Directional Over-Current and Earth Fault Protection as backup. All 400 kV Lines are provided with two (2) stage Over Voltage Protection.

4.4.3 Protection on Transformer

The Auto Transformers have been provided with the following protections.

(i) Differential Protection

(ii) Restricted Earth Fault Protection

(iii) Over-Current and Earth Fault Protection on HV/MV sides

(iv) Over Fluxing Protection

(v) Overload Alarm.

Normal inbuilt protections of Power Transformers like Buchholz Relay, protection against High Oil and Winding Temperatures and Pressure Relief Device are also there.

4.5 Communication System

Power Line Carrier Communication (PLCC) equipment are used for Speech communication, Line Protection signal and data transmission which are duly provided on each 400 KV Transmission Line. The PLCC equipment consist of Coupling Device, Line Traps, Carrier Terminals, Protection Couplers, HF Cables, etc. The line traps are broad band tuned suitable for blocking the complete range of carrier frequencies. Line Traps have the necessary protective devices such as lightning Arresters for the protection of tuning device.

As per Indian Electricity Grid Code (IEGC) sub-stations have to provide real time data and voice from their stations to RLDC for efficient grid management. Also, as per the Technical Standards for Communication System in Power System Operations, the communication system shall be formed by a wideband network using fibre optic communication cable(s) to support the requirement of power system operation.

In consideration of the same, Darbhanga-Muzaffarpur 400kV D/c transmission line is provided with 24-F (24 Fiber) OPGW in place of one earth wire. OPGW serves dual purpose i.e., Grounding wire as well as Fiber Optic Communication Cable. FOTE (Fiber Optic Terminal Equipment) Panels (ABB make FOX615) are provided at both ends of OPGW Line between Darbhanga & Muzaffarpur sub-stations. It may be worthwhile to note that the same may be utilized in future for Data, Voice, and back-up Tele-Protection applications through telecom service providers. Additional interface equipment is also provided at Muzaffarpur end for further data connectivity to ERLDC using existing fibre link network.

400KV Motihari-Gorakhpur D/C LILO section transmission line is provided with 24-F (24 Fiber) OPGW in place of one earth wire. OPGW serves dual purpose i.e., Grounding wire as well as Fiber Optic Communication Cable. FOTE (Fiber Optic Terminal Equipment) Panels (COMTEL make) are provided at both ends of OPGW Line between Motihari & Gorakhpur sub-stations by PGCIL*. The same is being used for Data, Voice, and back-up Protection application providers. Additional interface equipment is also provided at Gorakhpur end by PGCIL for further data

connectivity to ERLDC/NRLDC using existing fibre link network. In addition, DMTCL may earn some additional revenue a) by use of OPGW for data connectivity and b) by venturing in to leasing of few of its Transmission Towers, for telecom services as, few Transmission Licensees have already ventured in to the same.

*As per RFP of ERSS VI., Motihari substation doesn't have provision for OTE panel to establish data communication due to non-availability of OPGW in existing 400KV D/C Barh – Gorakhpur TL. At later stage PGCIL has installed the OPGW in Barh Gorakhpur Section and installed the FOTE panel at Motihari end which is used for data communication in addition to PLCC system.

4.5.1 400/220kV GIS Substation at Darbhanga:

(i) One STM-4 Equipment is provided along with necessary interfaces to meet the voice and data communication requirement and is integrated with the CTU Communication Equipment at remote end.

(ii) Fibre Optic distribution Panel (FODP) and Approach Cable (24F) is provided, which is connected with OPGW installed on Muzaffarpur –Darbhanga 400kV D/C Line up to gantry of 400kV Darbhanga Substation by TSP.

(iii) Phasor Measurement Units (PMUs) have been installed at the Darbhanga GIS Substation for all the bays (Line/Feeders & Transformers) of the Substation which shall support IEEE C-37.118.2011 protocol. These PMUs are integrated with the PDC (Phasor Data Concentrator) located at ERLDC (Eastern Region Load Despatch Centre).

(iv) RTU/SAS have been installed with necessary interfaces which are integrated with ERLDC SCADA System on IEC 60870-5-101/104 protocol.

4.5.2 400/220kV GIS Substation at Motihari GIS Substation:

(i) One STM-4 equipment is provided along with necessary interfaces to meet the voice and data communication requirement and is integrated with the CTU communication equipment at remote end.

(ii) FODP and Approach Cable (24F) is provided, which is connected with OPGW installed on LILO portion of Barh – Gorakhpur D/C (Quad) Line upto the gantry of 400kV Motihari Substation gantry by TSP.

(iii) Phasor Measurement Units (PMUs) have been installed at Motihari GIS Substation for all the bays (Line/Feeders & Transformers) of the Substation which shall support IEEE C-37.118.2011 protocol. These PMUs are integrated with the PDC (Phasor Data Concentrator) located at ERLDC (Eastern Region Load Dispatch Center).

(iv) RTU/SAS have been installed with necessary interfaces which are integrated with ERLDC SCADA System on IEC 60870-5-101/104 protocol.

5.0 TRANSMISSION LICENCE

As per article 3.1.3 of the TSA the TSP has to obtain the Transmission Licence from respective commission within 6 months of the effective date. In compliance of the same DMTCL filed a petition under section 14 read with Section 15(1) of the Electricity Act, 2003 for grant of Transmission Licence to Darbhanga- Motihari Transmission Company Limited (DMTCL) with CERC vide Petition No 324/TL/2013. CERC after due hearings granted transmission licence to DMTCL bearing **Licence No 24/Transmission/2014/CERC** vide order **dated 30.05.2014**. The grant of transmission licence to the petitioner had all the subject conditions as laid down by the commission. However major highlighting points are:

- The transmission licence shall, unless revoked earlier, remain in force for a period of 25 years;
- Since the expiry date as per the TSA is 35 years from the scheduled COD of the project, the petitioner may make an application, two years before the expiry of initial licence period, for grant of licence for another term in accordance with Regulation 13 (2) of the Transmission Licence Regulations which shall be considered by the Commission in accordance with law.

5.1 Extension of Licence

As per Section 15 of the Electricity Act:

> *[4](8) A licence shall continue to be in force for a period of twenty- five years unless such licence is revoked'.*

These 25 years are counted from the date of grant of licence that includes construction period as well. However, the tenure of Transmission Service Agreement to operate the assets is for 35 years from the date of commercial operation. Therefore, to cover the gap it has been specifically provided in the licence that, 'since the expiry date as per the TSA is 35 years from the scheduled COD of the project, the petitioner may make an application, two years before the expiry of initial licence period, for grant of licence for another term in accordance with Regulation 13 (2) of the Transmission Licence Regulations which shall be considered by the Commission in accordance with law.

Regulation 13(2) of the CERC Transmission Licence Regulations states,

> *'(2) If the useful life of the transmission asset for which transmission licence has been issued extends beyond the period of 25 years, the Commission may consider on merit of each case to grant licence for another term for which the licensee may make an application in accordance with Regulation 7 two years before the expiry of the initial period of licence: Provided that when the licensee does not make an application for grant of licence beyond the initial period of 25 years, the Commission may, to protect the interest of the consumers or in public interest, issue such directions or formulate such schemes as it may deem necessary for operation of the transmission assets for the remaining part of its useful life'.*

As a general practice observed in the industry and considering the performance of the company since COD, there is no risk of non-extension of licence after initial period 25 years.

5.2 Terms of Revocation of Licence

Section 19 of the Electricity Act stipulates the terms on which licence may be revoked. The reasons and process of revocation of licence as specified is follows:

Section 19.

19. If the Appropriate Commission, after making an enquiry, is satisfied that public interest so requires, it may revoke a licence in any of the following cases, namely:

(a) *Where the licensee, in the opinion of the Appropriate Commission, makes wilful and prolonged default in doing anything required of him by or under this Act or the rules or regulations made thereunder;*

(b) *Where the licensee breaks any of the terms or conditions of his licence the breach of which is expressly declared by such licence to render it liable to revocation;*

(c) *Where the licensee fails, within the period fixed in this behalf by his licence, or any longer period which the Appropriate Commission may have granted therefore*

(i) To show, to the satisfaction of the Appropriate Commission, that he is in a position fully and efficiently to discharge the duties and obligations imposed on him by his licence; or

(ii) To make the deposit or furnish the security, or pay the fees or other charges required by his licence;

(d) *Where in the opinion of the Appropriate Commission the financial position of the licensee is such that he is unable fully and efficiently to discharge the duties and obligations imposed on him by his licence.*

(e) *Where in its opinion the public interest so requires, the Appropriate Commission may, on application, or with the consent of the licensee, revoke his licence as to the whole or any part of his area of distribution or transmission or trading upon such terms and conditions as it thinks fit.*

(f) *No licence shall be revoked under sub-section (1) unless the Appropriate Commission has given to the licensee not less than three months' notice, in writing, stating the grounds on which it is proposed to revoke the licence, and has considered any cause shown by the licensee within the period of that notice, against the proposed revocation.*

(g) *The Appropriate Commission may, instead of revoking a licence under subsection (1), permit it to remain in force subject to such further terms and conditions as it thinks fit to impose, and any further terms and conditions so imposed shall be binding upon and be observed by the licensee and shall be of like force and effect as if they were contained in the licence.*

(h) *Where the Commission revokes a licence under this section, it shall serve a notice of revocation upon the licensee and fix a date on which the revocation shall take effect.*

(i) *Where the Appropriate Commission has given notice for revocation of licence under sub-section (5), without prejudice to any penalty which may be imposed or prosecution proceeding which may be initiated under this Act, the licensee may, after prior approval of that Commission, sell his utility to any person who is found eligible by that Commission for grant of licence'.*

In view of above, it is most likely that licence of the Company shall be extended in accordance with law.

6.0 ENVIRONMENT AND SAFETY

Transmission line projects are environment friendly and do not involve any disposal of solid effluents and hazardous substance in land, air and water. Transmission line projects are not included in the list of project activities that require prior Environmental Clearance as per the notification issued by MoEF on 14th September 2006. Therefore, no Environmental Clearance is applicable for this project. Forest Clearance under Forest (Conservation) Act, 1980 from Ministry of Environment Forests and Climate Change (MoEFCC) is a mandatory requirement wherever transmission line involves forest area. Accordingly, forest clearance has been obtained for the DMTCL project.

Due care has been taken to prevent / mitigate community environmental aspects such as EMF exposure, electric shocks and fire hazards, contamination of environmental receptors, noise level etc

Adoption of measures such as provision of oil pits and sumps, responsible disposal of used transformer oil, electronic waste as per applicable regulations and prevention of leakage of SF6 gas through regular monitoring using sophisticated instruments and inventory control has resulted in compliance with the regulatory framework. Moreover, during replacement, SF6 gas is not released in the atmosphere but pumped into cylinders and returned to OEM.

The safety requirements during the operation and maintenance of electric lines and substations are defined in the CEA regulations 2011. (Safety Requirements for Construction, Operation and Maintenance of Electrical Plants and Electric Lines).

Being a ISO compliant DMTCL uses to monitor following on monthly basis:

a. Green House Gas emission
b. Water consumption
c. Hazardous waste management
d. Scrap disposal in line with SOP defined
e. Mock Drills are being carried out as per the frequency decided by management
f. Regular training & online training through Rapid Learning App.

DMTCL has also implemented, rain water harvesting at both the substation, separate oil storage system to avoid any spillage in to the soil.
As per the standard practice of DMTCL & SEPL, any work to be carried out during O&M, will call for applicability of a) management of change, b) LOTO, c) PTW from competent authority as identified, to avoid any unsafe act and to avoid any impact on SHE aspect to all the relevant stake holder.

From above it is visible that all standard procedures for safety are followed during construction, testing, operation and maintenance of all the elements. Strict safety procedures for isolation, and permission to work protocols are in place.

7.0 QUALITY CONTROL:

In order to ensure quality of Contactor supplied Materials, the Project Company informed that proper MQP (Manufacturer Quality Plan) and FQP (Field Quality Plan) have been implemented and were practiced. Field Quality Assurance and Standard Field Quality Plans (SFQP) for substations and transmission lines, standard formats and guidelines are part of the Technical Specification. The field quality plan covers all aspects during construction and erection of transmission lines and substations.

To ensure compliance to technical requirements as stipulated in the RFP and also conforming to CEA regulations for construction of sub-stations, all the equipment were tested as per relevant Indian (BIS) and international Standards (IEC). The equipment suppliers furnished the reports for type tests as per technical specification. These type tests are conducted in accredited laboratories or witnessed by Central, State or other reputed Indian Utilities. Routine and Acceptance tests were conducted as per relevant IS/IEC during manufacturing stage. Comprehensive Manufacturing Quality plans covering quality of raw materials, bought-out items, Type, Routine/Acceptance tests and Final inspection procedure as per best industry practices were finalized by Contractor's Engineers and respective OEM's which were further reviewed by M/s Feedback Infra Private Limited, the Owner's Engineer for this project.
The Field Quality Plan for Erection works following industry's best practices & relevant standards were prepared by the EPC contractor/ Sub-contractor and further reviewed and approved by M/s Feedback Infra Private Limited, the Owner's Engineer. The Field Quality Plan for Civil works was prepared by the EPC contractor/sub-contractor as per best practices of the industry and as per relevant IS and CPWD specifications and further reviewed & approved by M/s Feedback Infra Private Limited, the Owner's Engineer for this project.

IE reviewed the MQP of various equipment and the FQP for the project. The MQP and FQP are in line with the industry practice. Additionally, it was found that the test results/ certificates for various equipment, reviewed by the IE were in line with the standards/ benchmarks stated in the MQP/ FQP.
Complete quality control plan during various stages of manufacturing, erection, factory, and site testing has been carried out as per the standard quality control plan. The system has been designed and constructed as per CEA,

CBIP & various national & international standards. Erection, testing and commissioning at site has been carried out under the supervision of DMTCL as per the standard procedures and protocols. The components have been designed, manufactured, transported, stored, erected, tested, and commissioned in compliance with relevant Indian & International standards.

8.0 OPERATION AND MAINTENANCE

A general O&M set up for transmission line includes a line in-charge, a transmission line maintenance engineer and a team of junior engineers, technicians and fitters. The team composition is flexible and is augmented/ strengthened based on requirements at the site.

8.1 Organogram for O&M of Substation & Transmission Lines:

O&M of all the elements are being regularly monitored through CAC by Senior at Corporate Office, Mumbai who interacts with O&M team of SPV for ensuring timely compliance to preventive maintenance schedule, sharing of best practices followed in industry, providing opportunity for learning and development. On ground, DMTCL substations and transmission lines are being managed by SPV In charge. They are supported by Shift Engineers/TL Engineers at Motihari and Darbhanga Substations/locations. The technicians/line supervisors/fitters and other supporting staff for the O&M are hired as shown in Organisation Chart illustrated below. The Team under SPV Incharge comprises of 22 members each at Motihari and Darbhanga for Substation and 9 members each for Darbhanga – Muzaffarpur Transmission line and Barh-Motihari-Gorakhpur LILO Transmission line consisting of (Engineers, Technicians and Helpers) from JBS Limited.

Organization Structure of Darbhanga Motihari Transmission Company Limited – Substations

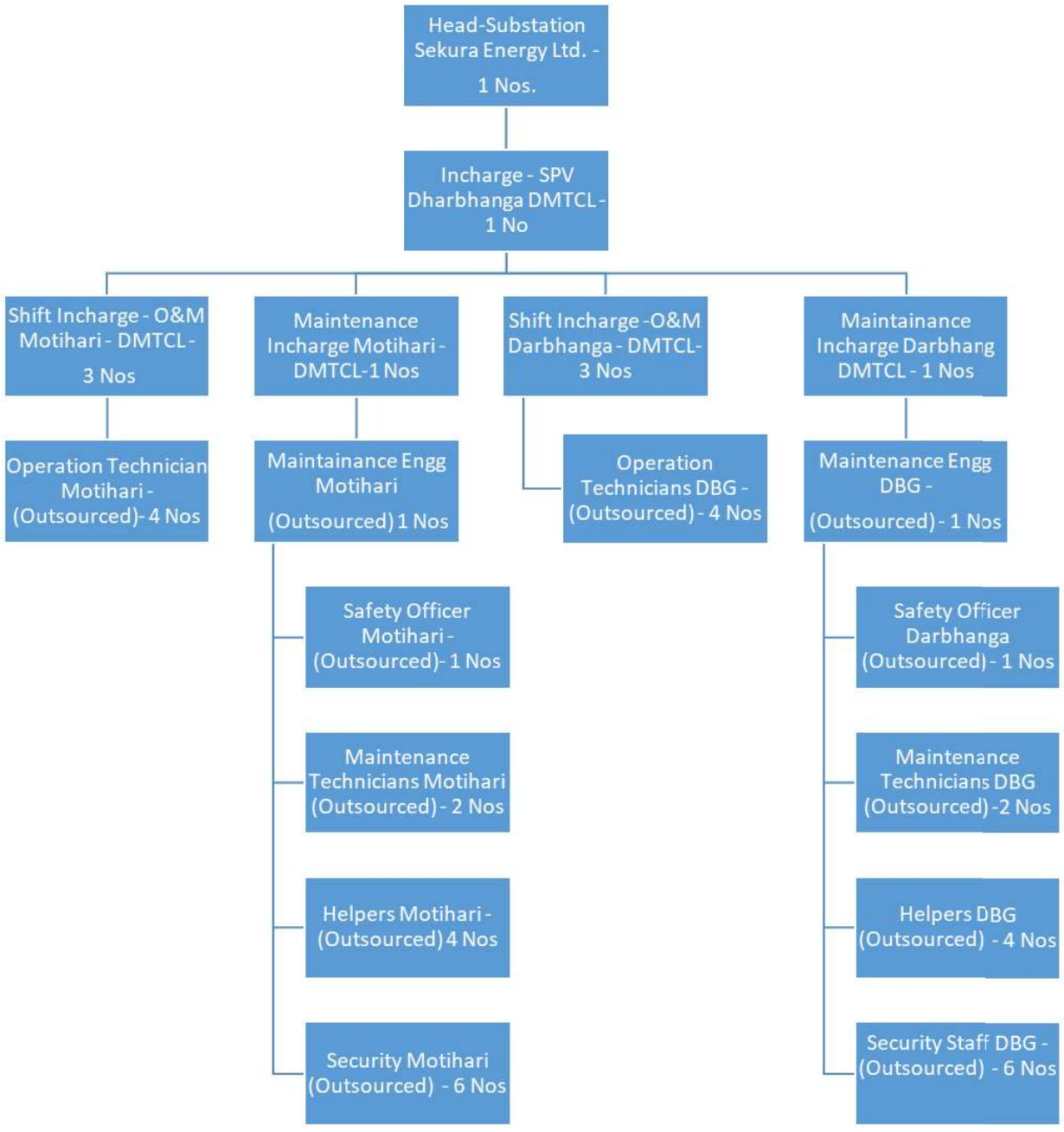


Figure 2: Organogram for O&M – DMTCL - Darbhanga

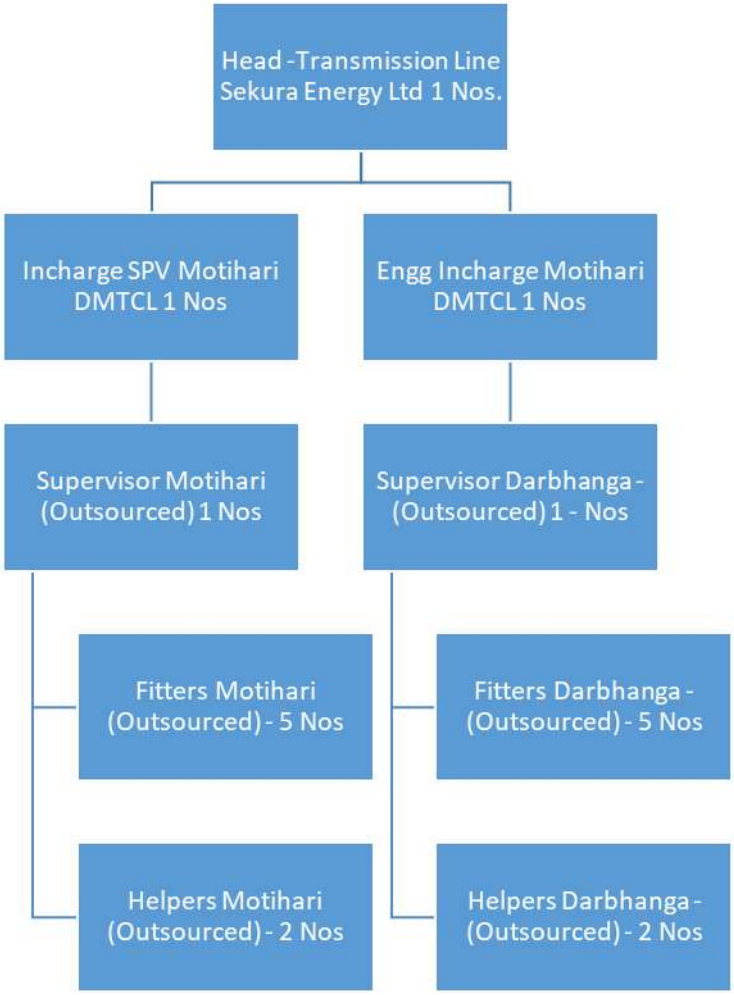


Figure 3: Organogram for O&M – DMTCL - Motihari

From the organization chart it is observed that the O&M manpower is sufficient for maintenance of the assets created.

8.2 Maintenance of Transmission lines

Routine and preventive maintenance of transmission lines is being carried out as per defined / standard schedules for transmission lines; and best practices in O&M such as regular patrolling of lines, periodic removal of vegetation, thermo-vision scanning, online insulator puncture detection etc. have been adopted. Trained in-house manpower/ hired manpower on contract basis has been identified to swiftly attend any unforeseen eventualities/ natural calamities.

As per CBIP manual, following is the patrolling schedule for different voltage class transmission lines.

Table 8: Patrolling Schedule as per CBIP manual

Type of patrolling	Schedule
Ground Patrolling-400 kV Lines	Six Monthly
Ground Patrolling-765 kV Lines	Four Monthly
Ground Patrolling- Critical locations	Three Monthly
Emergency patrolling	Immediate

As against the above mentioned patrolling schedule, DMTCL carries out the patrolling activities as per below schedule

Table 9: Patrolling Schedule as practiced

Patrolling activities by DMTCL for 400 KV D/C Transmission Lines	Frequency of activities carried out by DMTCL Team
Thermo vision scanning	Annually
Tower Footing Resistance (TFR)	Annually
Clearances at all important crossings	Six Monthly
Ground Patrolling of lines	Every tower is covered in three months once as against six months recommended in CBIP manual
Tower top patrolling	Every tower is covered in Six months once
Critical locations patrolling	covered on monthly basis
Emergency patrolling	Immediately as per the site requirements

Patrolling for 400 KV Transmission Lines towers is six monthly as per CBIP manual while DMTCL team is carrying out the patrolling every three months.

8.3 Maintenance of Transmission Substation

At DMTCL substation, O & M team observe the frequency of Maintenance Checklists as below:

Table 10: Maintenance Checklist

Maintenance Checklists									
S. No.	Document	Shift	Daily	Weekly	Fortnightly	Monthly	Quarterly	Half Yearly	Yearly
1	Substation Rounds, General Checks	√							
2	Hourly WTI & OTI Readings of Transformer & Reactors	√							
3	220V & 48V Battery charger readings	√							
4	FF System checks	√							
5	PLCC Readings	√							
6	Energy Meter Readings (Mid Night)	√							
7	CB Counter & Spring charge status of 400KV & 132KV	√							
8	LA Counter & Leakage Current readings of 400KV & 132KV		√						
9	Check oil levels of Bushings, OLTC & Main conservators		√						
10	Check oil leakage and general body inspection		√						
11	Energy Meter AMR data abstraction			√					
12	Sf6 Gas Monitor Reading for GIS			√					
13	Battery Cell reading for 220V & 48V Battery Set 1 & 2				√				
14	Back Up DG Set Operation & checklist				√				
15	EOT Crane Operation & Checklist of 400KV & 132KV					√			
16	Inspection checklist - Fire Water Pump House					√			
17	Inspection Checklist - FF System DG Set					√			
18	Inspection Checklist - LA - 400KV & 132KV					√			
19	Inspection Checklist - CVT - 400KV & 132KV					√			
20	Inspection Checklist - Line Reactors (50 & 80 MVAr)					√			

Maintenance Checklists									
S. No.	Document	Shift	Daily	Weekly	Fortnightly	Monthly	Quarterly	Half Yearly	Yearly
21	Inspection Checklist - Bus Reactors (125 MVAr)					√			
22	Inspection Checklist - Interconnecting Transformer (200 MVA)					√			
23	Inspection Checklist - CB - 400KV & 132KV					√			
24	Inspection Checklist - 33kV & 11KV Transformer					√			
25	Inspection Checklist - 66KV CT					√			
26	Inspection Checklist - 66KV PT					√			
27	Inspection Checklist - 66KV CB					√			
28	Inspection Checklist - 66KV Isolator					√			
29	Inspection Checklist - AC Auxilary Switch Boards					√			
30	Inspection Checklist - DC Auxilary Switch Boards					√			
31	Inspection Checklist - Illumination Panels					√			
32	Inspection Checklist - Air Conditioning System					√			
33	Inspection Checklist _ Thermovision					√			
34	Inspection checklist - Portable Fire Extinguishers						√		
35	Inspection checklist - Hydrant Hose Box						√		
36	Inspection checklist - Hydrant Point						√		
37	Inspection checklist - High Velocity Water Sprinklers						√		
38	RCCB/RCBO Test _ Sensitivity						√		
39	Inspection cheklist - Scaffold set						√		
40	Inspection checklist - Smoke Detector & Heat Detector							√	
41	Inspection checklist - Manual Call Point & Hooter							√	

Maintenance Checklists									
S. No.	Document	Shift	Daily	Weekly	Fortnightly	Monthly	Quarterly	Half Yearly	Yearly
42	Maintenance Activity - 66KV System							√	
43	Maintenance Activity - 11KV System							√	
44	PM - Line Bays - 400KV & 132KV								√
45	PM - Line Reactor Bays								√
46	PM - Bus Reactor Bays								√
47	PM - Inter connecting Transformer Bays								√
48	Inspection Checklist - C & R Panels								√
49	Inspection Checklist - LCC Panels								√
50	Maintenance Activity - DG System								√
51	Maintenance Activity - FF System								√
52	Inspection checklist - Earthing System								√
53	Inspection checklist - Lighting Protection System								√
54	Protection Checks - Substation (3 Years)								

9.0 BEST PRACTICES BY DMTCL

It is observed that DMTCL has implemented various aspects of improvement required for safe, secure and sustainable operation & maintenance of all the elements of its assets. As a part of improvement action, following actions are observed to have been initiated and implemented in addition to standard O&M practices:

1) Pre & Post monsoon Drone survey of Transmission lines to promptly identify & initiate actions on all the areas of concern.

2) Implementation of ISO-14001 for Environment Management System and ISO-45001 for Occupational Health & Safety Management, ISO 27001 for Provision of IT services to Operational and maintenance of transmission lines and substation and ISO 55001 for Asset Management System.

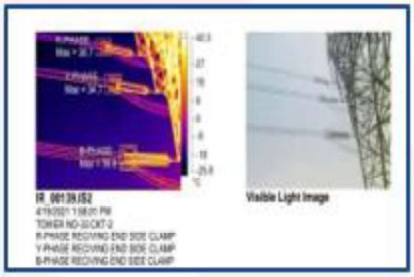
3) Currently DMTCL has 4 certified Lead Auditors in its team available to lead the process of ISO 55001 along with 11 others Lead auditors in SEPL.
4) Pro-active Construction of flood protection wall at Darbhanga Substation to avoid any flooding on account of any breach of river embankment at Kamla & Baghmati rivers.
5) Establishment of Centralized Analytics Center (CAC) at Mumbai which monitors all operations and maintenance w.r.t to PM schedule and routine maintenance through maintenance management software installed at CAC.
6) Installation of wind monitoring station on tower in Gandak River, to collect authentic data on wind speeds in the vicinity of assets which facilitates planning of annual maintenance of the assets.
7) Considering the best practices followed by DMTCL, the SPV M/s Power Grid Mithilanchal Transmission Limited (M/s PMTL) of Central Utility M/s Power Grid India Limited, has entrusted Operation & Maintenance of their asset at Darbhanga & Motihari Substations.

DMTCL is following stringent compliance to all their SOPs for O&M, SHE. It is also observed that the risk & compliance, learning & development, and compliance to SHE practices are being monitored by using various tools and applications like a) Komrisk, b) RAPL and c) Gensuite, by all DMTCL employees on regular basis.

With the implementation of all the above DMTCL has been able to minimize undue tripping/break down and has achieved highest availability for its assets.
Some of the project elements and practices in DMTCL are as shown below:



Physical (using App) and drone-based tower inspections



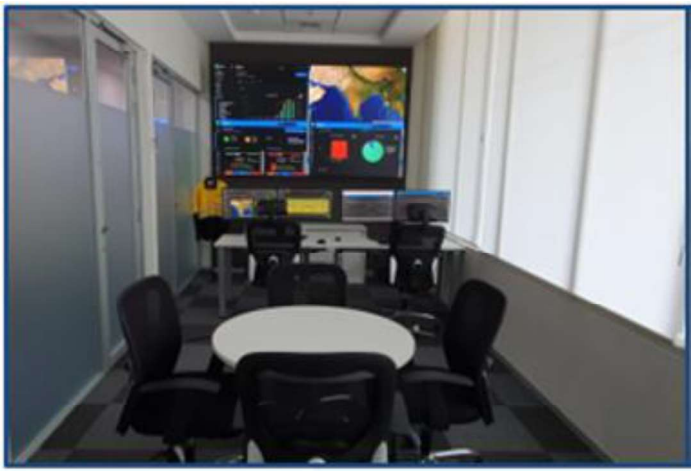
Line condition monitoring



Foundation and tower design sufficiency



Substation condition monitoring & performance assessment



Remote Control & Analytics Centre (CAC) located in Head Office, Mumbai**

*** Photos are provded by SEPL.*

10.0 AVAILABILITY OF ASSET

Calculation of availability of the projects acquired through TBCB mechanism is carried out as stipulated in the respective TSA. The outage data of the company is submitted to respective RLDC(s) for checking. Based on the certified outages by RLDC(s), the RPC(s) issues the availability certificates.

Table 11: Transmission System Availability

Availability of DMTCL System as Certified by ERPC	
FY-2019-20	
Month	**Monthly Availability**
Apr-19	99.52%
May-19	99.99%
Jun-19	99.91%
Jul-19	99.81%
Aug-19	98.80%
Sep-19	100.00%
Oct-19	99.99%
Nov-19	100.00%
Dec-19	100.00%
Jan-20	100.00%
Feb-20	100.00%
Mar-20	100.00%

FY-2020-21	
Month	**Monthly Availability**
Apr-20	100.00%
May-20	99.97%
Jun-20	100.00%
Jul-20	100.00%

Aug-20	100.00%
Sep-20	99.91%
Oct-20	100.00%
Nov-20	100.00%
Dec-20	100.00%
Jan-21	100.00%
Feb-21	100.00%
Mar-21	100.00%

FY-2021-22	
Month	**Monthly Availability**
Apr-21	100.00%
May-21	99.99%
Jun-21	99.77%
Jul-21	99.96%
Aug-21	100.00%
Sep-21	100.00%
Oct- 21	100.00%
Nov -21	100.00 %
Dec -21	100.00%
Jan -22	100.00%
Feb- 22	100.00%
March -22	100.00%

FY-2022-23	
Month	**Monthly Availability**
Apr-22	99.98%
May-22*	99.99%*
Jun-22*	100.00%*

*(Number based on internal calculation of Availability & submission to ERPC. This is subject to issuance of final availability certificate.)

As per TSA, the target availability for the project should be 98%. The company is entitled to receive incentive/ required to pay penalty based on the annual transmission system availability.

From the availability certificates provided, It is observed that the average availability of elements from date of COD is more than 99.75 % and this is well beyond normal availability 98% enabling full revenue recovering and incentive

Note:

Availability numbers are inclusive of Force Majeure relief as approved by authority. DMTCL was successful in getting FM relief duly invoking relevant FM related provisions in the TSA.

11.0 SPARE PART MANAGEMENT:

Necessary spares for Transmission lines and Sub-stations have already been procured by DMTCL. All mandatory spares are kept in stock. Also contract agreements has been signed with vendors for important spares like towers & other items which can be procured on as and when required basis. Also whenever necessary, spares are procured to replenish the stocks.

Spare Parts Management for Motihari & Darbhanga Substations:

Please note that technical specifications and OEMs of all major equipment are similar for both substations and both substations are in proximity of same region. Spares requirements for both substations are identified and optimized inventory has been kept.

For all major equipment/material like power Transformers, Reactors, 400 KV, 220 KV & 132 KV GIS, EHV cables, Termination kits etc all mandatory and critical spares are purchased from respective OEMs. These spares are stored at Darbhanga & Motihari substation in indoor & outdoor store yard within substation premises to attend any urgent & critical requirement of break down.

11.1 Sub Station Spares:

a) Spares for transformers and reactors:

All major spares are available at both the substation and non – critical spares are kept at Motihari substation as a common inventory.

b) For GIS equipment's/components:

All Critical spares related to GIS are kept at Motihari substation which can be utilized to meet requirement.

In addition to above, SF-6 gas, density monitor, GIS to air bushing are also available at Darbhanga Substation.

c) Spare surge arrestors: Available for all ratings 400kV, 220 & 132kV surge arrestors.

d) 400Kv and 220KV: Adequate CVTs are available.

e) Spare for EHV, HV, LT Power & Control Cable & it's accessories: EHV cables along with EHV termination kits along with other associated accessories are available. All variety of LT power & Control Cables are available to meet any failure.

f) Major Spares for C&R panel, PLCC & FOTE & Fire protection system are also available,

g) AC & DC system spares, Lighting Fixtures, EOT cranes, Fire Fighting System, HVAC system: All required spares as per standard practice are available.

11.2 Transmission Lines Spares

Long term supply agreement for Tower parts and Towers is signed with reputed vendor to cater emergency requirement, however, stubs templates for all type of towers and few spare towers, all other required materials like insulators, hardware fittings, grading rings, Earth wire, conductors and other required accessories are available. It is observed that for Transmission Lines adequate spares are maintained as per the attached list Annexure.

12.0 PHYSICAL SECURITY OF ASSET:

12.1 Security of Transmission Line:

As we know that the Transmission lines are spread across the country and no exclusive security can be deployed for that. The only measure available as on date with the Owners is regular patrolling of the transmission line which is normally scheduled in such a way that every tower of the line is checked at least three times in a year for 765 kV/ critical / vulnerable locations and at least two times in a year for 400 kV lines. In case of any theft in transmission line the issue is taken-up with local authorities. However, in DMTCL even though the assets comprise of 400kV but still every tower is covered in patrolling every three months.

12.2 Security of Stores & Substation, practice adopted details:

DMTCL has implemented -Security Management plan for Motihari & Darbhanga Substations, to ensure physical, administrative and procedural security of respective Assets.

The main objectives achieved by implementation of Security Management Plan are:

- Strengthening of physical measures with well-trained security guards.
- Prevention of loss /Theft of material from the site with adequate procedural safeguards
- Restrict complicity of security personnel or nexus between workers and outsiders
- Restrict interference of unauthorized persons at project site
- Better control on Inward and outward movement of materials owned by SPV /Contractors / any others.

Current security controls in DMTCL:

(a) Boundary wall/ Chain link Fencing & Gates

- Boundary wall / Chain link Fencing is the first layer of security for Substation which protects the Substation from unauthorized access.
- Access points and entry gates are secured through a lock.

(b) Periphery lighting and area lighting

- Lighting at the periphery of the boundary has been strategically placed with in Substation and important areas are illuminated to enable security guards to patrol perimeters area, gates, guard posts, main control room, substation areas and Storerooms etc.

(c) Electronic surveillance

- All access points are monitored 24/7 by electronic surveillance
- Substation has been deployed with closed circuit television (CCTV) cameras.
- These cameras are strategically placed throughout the Substation.
- These cameras live feeds shall be continuously monitored by control room operators.
- The recordings of camera feeds are stored for temporary period in local storage.

(d) Employee, Contractor and Visitor Identification Badges

- The purpose of the providing identification badges to employees, contractors and visitors is to enhance the security and safety of them and the asset. Each employee, contractor or visitor is responsible for the integrity and safe keeping of his or her badge. Detailed guideline for using these badges have been elaborated in the Security management plan.

12.3 CCTV security system:

CCTV security system has been provided at Darbhanga Substation which comprises of seven cameras installed at selective locations inside the Substation and CCTV screen inside SCADA Room. CCTV security system has not been provided at Motihari.

Based on the stringent security processes, various measures put in places and details of monitoring provided by DMTCL, it is observed that the Substation premises are well guarded and secured from unauthorized access as well as any mischief in normal circumstances.

13.0 CYBER SECURITY:

With the current advancement in the IT sector Cyber threats to critical assets have become important aspect to be watched and monitored on regular basis. The Assets under operation are vulnerable to cyber threats due to use of Operational Technology (OT). The company has put in place appropriate controls to minimise cyber risks to its operating assets. The cyber security aspect related to design, engineering, procurement, construction of transmission systems; Operation and Maintenance activities for transmission systems, and Communication Systems comply to the requirements of construction standards by CEA, Indian Electricity Grid Code, 2010 and framework specified under Information Technology Act, 2000. DMTCL coordinates with CERT-IN, the statutory bodies established under Information Technology Act, 2000, regarding specific cybersecurity threat inputs and mitigating measures. DMTCL is in process of obtaining ISO 27001 for cyber security compliance and to ensure safety of network.

14.0 RISK ANALYSIS:

In any asset, post the development of the project there are various risks which an asset could encounter during the operation period of the asset. The operating risk due to transient faults, earthquake, short circuit, falling or touching of trees, lightning strike, travelling wave wind, storm, rain, hail-storm, cyclone, flood, over loading etc are part of operations. This can be taken care of by the design, compliance with technical standards, quality plan, inspection and testing. It is evident that these risk are taken care off as this transmission asset is operating with high availability since commissioning of the project.

Sound operation and maintenance practices, adequate qualified/ skilled manpower, preventive maintenance, diagnostic testing, protection audits, healthy work culture, good T&P would ensure reliable operation of the scheme for decades to come. All mandatory spares are kept in stock and spare management ensures timely availability of required spares. These are the other main factors which enables DMTCL to minimize risk of losing availability and any undue incident.

Motihari LILO line is crossing the Gandak River which generally has a history of flooding as negatively experienced by the asset in 2017 – 2018 & 2019-20. Based on the past experience, DMTCL has ensured construction of Pile foundation for 12 towers with preparation for a few more which ensures towers remain safe in Gandak' s main course.

Further in line with pre & post monsoon drone survey carried out in FY 2021, DMTCL has planned & completed pre-emptive works within the Gandak river bund area on Areraj side Bund (. Pre-emptive work covers, construction of two new taller towers on pile foundation in place of four existing towers on normal foundations. Thus, DMTCL has minimize the risk of tower collapse due to change in course of Gandak river by having towers on pile foundations in 5kms of Gandak river stretch wherein the river is flowing since last 20 years or so.

Darbhanga – Muzaffarpur line is passing through Budhi Gandak & Baghmati rivers which are getting swelled/over flows during monsoon season, this overflowing waters are not having high current and generally found stagnant. However, DMTCL has already identified ten tower locations which are close to river banks & proactively taken-up revetment work to protect them from erosion of banks. Conditions of revetments are reviewed on yearly basis and necessary repair/ strengthening and additional revetments is being carried out, on as and when required basis. In addition to foot patrolling, DMTCL undertakes to have Pre & Post – monsoon drone surveys and the data of drone survey is being analysed through Artificial Intelligence (AI) Model , which enables for pre – monsoon measures to be carried out so that the risk to tower locations/lines is minimal. Basis this, DMTCL has ensured proper revetment for 4 locations prior to monsoon 2022.

In terms of risks arising of other external factors, one of the 132kV isolators of Motihari substation was impacted by a flashover while PMTL's (Powergrid's) extension bay was being commissioned. The damaged 132kV GIS Isolators have been replaced by PMTL at free of cost and commissioned successfully in 1st week of June 2022. The isolators replaced by PMTL are functioning normally and entire system is found healthy since commissioning. As per the TSA since 132kV system is not a part of availability calculations this has not impacted the Availability certified for the project and has no impact on the revenue.

Operation of Assets beyond TSA period

As per the RFP document and CERC order granting transmission Licence, the assets have been created by the company on Build, Own, Operate and Maintain (BOOM) basis. The Right of Way (not ownership but limited to related construction and O&M activities) and other statutory approvals belong to the Company.

Though the Transmission Licence is granted for a period of 25 years initially, it can be extended as per various provisions of TSA and CERC Regulations.

The transmission systems are designed to provide a service life of more than 35 years. Though the transmission charges are to be quoted by the Bidders under the TBCB process for a period of 35 years, the useful life can be extended even beyond 50 years, by carrying out regular maintenance, and inspection . The first 400 kV line built in

early 1970s is still in service. Further, many assets of POWERGRID which have completed 30 years and more have been performing well in terms of availability.

While not necessarily relevant to DMTCL, from a sector perspective, the transmission system associated with hydro projects may well be required beyond 50 years depending on evolution of the grid. If there is a grid, the 765 kV and 400 kV lines are indispensable. The right of way is always valuable and even after 50 years lines are usually refurbished, sometimes the voltage is stepped up, sometimes, multi-circuit patches are added.

In view of above analysis, the technical life of transmission system can be considered up to 50 years.

Regarding the life of asset beyond the tariff period, the TSA provides for the following:
Subject to Article 2.2.2 and Article 2.4, this agreement shall continue to be effective in relation to the Project until the Expiry Date, when it shall automatically terminate unless extended by the Appropriate Commission for such period and on such terms and conditions as the Appropriate Commission may specify in this regard in terms of the procedures laid down by the Appropriate Commission for such matters.

15.0 PERMITS AND CLEARANCES:

15.1 Regulatory Clearances:

Table 12: Regulatory related Clearances

S. No.	Event	Approving Authority	Approval Status
1	Transmission Service Agreement (TSA)	PFC Consulting Limited (PFC) as Facilitator/BPC	Signed on 08.08.2013
2	Transmission Licence	Central Electricity Regulatory Commission (CERC)	Granted on 30.05.2014
3	Tariff Adoption (Transmission Charges)	Central Electricity Regulatory Commission (CERC)	Granted on 20.05.2014
4	Approval under Section 68 of Electricity Act, 2003	Ministry of Power, Govt. of India	Permission issued on 24.07.2013
5	Approval under Section 164 of Electricity Act, 2003	Ministry of Power, Govt. of India	Granted on 04.09.2014

15.2 Statutory Clearances:

Table 13: Other Statutory Clearances

S. No.	Event	Approving Authority	Approval Status
1	Power & Telecommunication Coordination Committee Clearance (PTCC)	GOI, Ministry of Power (MOP)	Approval Received for both Darbhanga and Motihari LILO line.
2	Road (SH/NH) Crossings	National Highway / State Road Department	For both Muzaffarpur- Darbhanga line and Motihari LILO line approvals received.
3	River Crossing	Navigational Authority	Not Applicable
4	Railway Crossing	Ministry of Railways	Approval Received for Darbhanga.
			Approval Received for Motihari LILO line.
5	Power Line Crossings	Concerned State Power Utilities	For Muzaffarpur-Darbhanga line, Approvals received.
		/ PGCIL	For Motihari LILO line, Approvals received.
6	Approval for Energization of the System	CEA	Darbhanga Element on 29.03.2017
			Motihari Element Line on 26.07.2017
7	Certificate for completion of Trial run	POSOCO	Darbhanga Element on 09.06.2017
			Motihari Element on 26.09.2017
8	COD		Darbhanga Element: 31.03.2017 (Deemed COD)
			Motihari Element: 10.08.2017
9	CEIG Approval	Chief Electrical Inspector General of India	Muzaffarpur-Darbhanga line & Darbhanga Substation, Approvals received.
			For Motihari LILO line Approval Received & Substation is also received.

10	Forest Clearance	State Govt./ MOEF	Stage-I & Stage-II approvals received for both Darbhanga and Motihari lines

15.3 CEA / CEIG Safety clearances and approvals:

Table 14: Safety Clearances and approvals

Sr. No	Name of Elements	Letter reference No	Approval Date from CEA
1	400KV D/C Darbhanga-Muzaffarpur Line	Initial Approval: RIO/ER/DMTCL/400/220KV SS/DBG/1370 -1371 Intermediate approval: RIO/ER/DMTCL/2019/621 Latest approval: RIO/ER/Approval/DMTCL - Darbhanga/2021 /522	29-03-2017 13-12-2019 14-12-2021
2	400/220KV Darbhanga Substation	Initial Approval: RIO/ER/DMTCL/400/220KV SS/DBG/337-338 Intermediate approval: RIO/ER/DMTCL/2019/621 Latest Approval: RIO/ER/Approval/DMTCL – Darbhanga /2021 / 522	27-06-2017 13-12-2019 14-12-2021
3	400/132KV Motihari Substation	Initial Approval: RIO/ER/DMTCL/400KV/ 132 KV SS/ ARJ/534-335 Intermediate approval: RIO/ER/DMTCL/Motihari/2020/823 Latest approval: RIO/ER/DMTCL - Motihari LILO/2022/33	26-08-2017 16-03-2020 18.04.2022
4	400KV D/C LILO of Barh-Gorakhpur at Motihari	Initial Approval: RIO/ER/DMTCL/400KV TL/BARGH-GKP LILO/435-436 Intermediate approval: RIO/ER/Approval/DMTCL-Motihari/2020-21/612 Latest approval: RIO/ER//DMTCL-Motihari LILO/2022/193	26-07-2017 26-03-2021 31-05-2022

It is observed that all major approvals have been received by the Project Company. Regulatory Clearances like Transmission Service Agreement, Transmission Licence, and approval for Transmission Charges as well as approval under Sections 68 and 164 of the Electricity Act 2003 have been received by the Project Company.

Statutory Clearances like Power & Telecommunication Coordination Committee Clearance (PTCC), Roads, Railway and Power Line Crossings have been received for both the transmission line elements. For the forest area found in the Transmission Line Routes during execution of project, the Project Company has received Stage I & Stage -II approval from MoEF for Darbhanga as well as Motihari element. Approval for the River Crossings is not required from Navigation Authorities in this project as the rivers in this project are not identified as Navigable Rivers. It is understood that adherence to compliance is regularly reviewed and tracked by the company and its management through the Komrisk application and reported to the Board, which is a good practice.

16.0 INSURANCE:

IE has reviewed all the insurance policies for DMTCL and found that insurances are in accordance with the provisions of TSA and has been timely renewed for the period 5th -May-2022 to 04th -May-2023, in order to cover the risks during the ongoing operating period. The sub-stations are covered for risks of explosions, fire, earthquakes, floods, etc. via Industrial All Risk Policy (IAR policy) and sum insured against loss/damage of property is in line with the current value of the project (sub-stations are covered for the full reinstatement value). As transmission lines falls under the linear asset category for which getting insurance covering complete reinstatement value is difficult and unviable. DMTCL transmission lines are covered for loss limit of 50 Cr. (excluding Gandak river section towers, which are covered through SFSP policy separately) which seems sufficient under the present market scenario and industry practice. Copies of the Insurance policies has been shared with Lead LTTC after renewal. The list of insurances taken are as below:

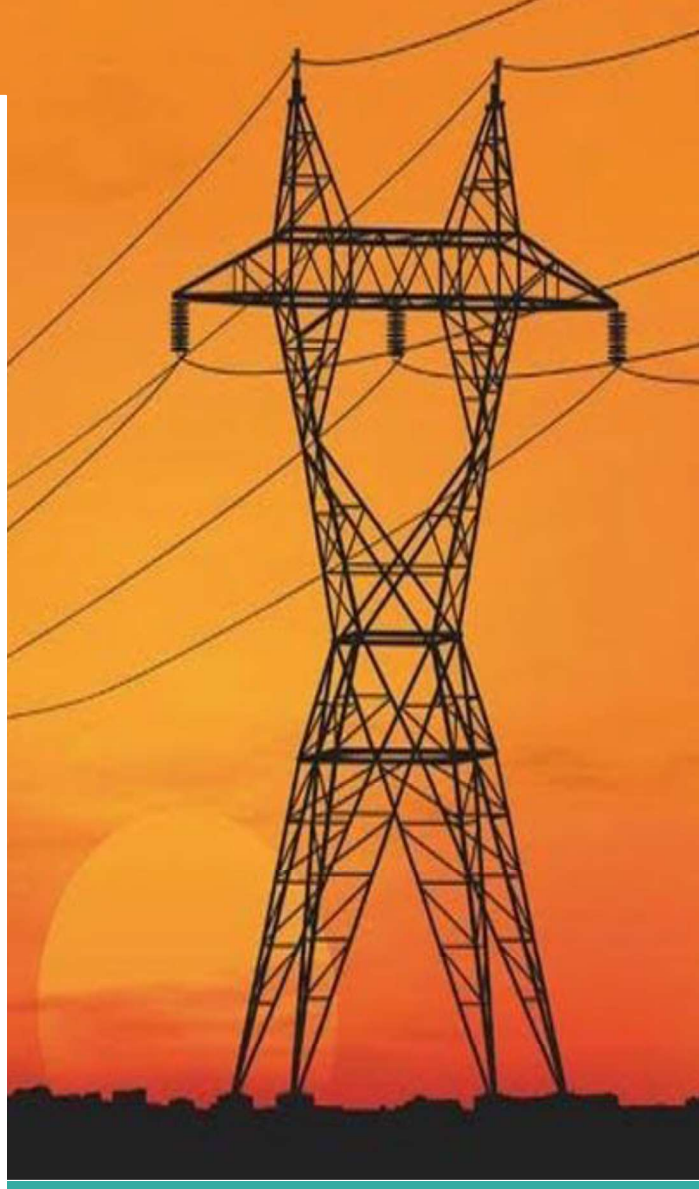
Table 15: List of Insurance Policies

S. No	Coverages	Policy Period
1.	IAR policy for Substations	05th-May-2022 to 04th -May-2023
2.	IAR policy for Transmission lines (excluding 16 towers in the Gandak river section of LILO Barh Motihari Gorakhpur line)	05th -May-2022 to 04th -May-2023
3.	SFSP policy for 16 towers in the Gandak river section of LILO Barh Motihari Gorakhpur line excluding STFI perils	05th -May-2022 to 04th -May-2023
4.	Burglary and Theft Policy for Transmission lines	05th -May-2022 to 04th -May-2023
5.	RSMD policy including Terrorism coverage	10th-Jun-2022 to 09th-Jun-2023

17.0 CONCLUSION:

- The company has obtained all necessary statutory clearances like, approval under Section 68 of the Electricity Act, Authorization under Section 164 of the Electricity Act, Grant of Transmission Licence by CERC, Route approval by PTCC, Electrical Safety Clearance of CEA for construction, commissioning and operation of the assets at its rated voltage. The company has a robust system of tracking compliances through the Komrisk application and regular review of the same by the Management
- The system has been constructed as per CEA and relevant Indian Standards.
- Mandatory spares for transmission lines are maintained by DMCTL. In case of consumption of spares, the same are being replenished by DMCTL. Also, DMTCL has a framework contract with tower vendors for purchase of towers on as and when required basis. Also, DMTCL has good relationships with ERS supplier company based in Kolkata which can supply ERS on urgent basis on a short span of time. This ensures that there is no need to block capex on ERS.
- Prudent procedures and good practices for safety are followed during construction, testing, operation and maintenance. The company has benchmarked its standards with global best practices by securing ISO14001 and ISO 45001, ISO 27001 and 55001 accreditation.
- The availability of DMTCL has been reviewed and it has been observed that DMTCL has managed to secure an average availability of more than 99.75% since commissioning of the project and more than 99.976% for FY21-22. As per TSA, the target availability for claiming full transmission charges is 98% and maximum permissible limit for availing annual incentive is 99.75%.
- As per TSA, the life of the project is required to be 35 years. However, with proper maintenance, the life of project can be extended up to 50 years.
- Well documented SOPs which are implemented by competent team of DMTCL under supervision and guidance of Senior Management team has ensured continued reliable asset management.

Based on above study, it is observed that all the project established is compliant to all technical, statutory, regulatory requirements and being operated & maintained with highest technical and safety standards by competent personnel in line with statutory requirements and regulations and as per good industrial practices.



Report on Technical Due Diligence

NRSS ASSETS
400KV DC KURUKSHETRA-MALERKOTLA AND MALERKOTLA -AMRITSAR TRASMISSION LINES

11 JULY 2022

SEKURA ENERGY PVT. LIMITED

TATA
TATA PROJECTS LIMITED

TATA PROJECTS LIMITED

TECHNICAL DUE DILIGENCE REPORT

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Date of issue of report : 11th July' 2022

TECHNICAL DUE DILIGENCE REPORT

REPORT SUBMITTED BY

TATA PROJECTS LIMITED

(QUALITY SERVICES DIVISION)

Report No. ***177763 -141121-1 Rev-4***

TPL Team

Mr. Sunil Hol

Mr. B K Dash

Mr. D Chowdhury

S.C.Pradhan
(Asst. Vice President)

G.Jaya Bharath
(Sr. Manager)

The Report generated by TPL is based on the documents, data, information, details and facts provided by the client to the TPL in terms of the Contract during the site visit witnessed by the TPL. The Report furnished to the client is for the purpose of guidance to the Buyer based on the study carried out by the TPL to above referred documents / details made available to him by the client, who alone is responsible and liable for the authenticity and correctness of the referred documents / details as well as for any omissions and / or deletions of any nature whatsoever including data / details which could have been availed by the Seller from any third Party as a consequence of which and / or otherwise the TPL shall not in any way be held responsible or liable for any shortcomings, errors, acts of omissions / deletions of the said Report as well as for damages, claims, monetary losses, consequential losses etc. of any kind or nature whatsoever arising out of shortcomings, errors, omissions, mistakes in the Report and / or in documents, data, information, details and facts made available to the TPL by the Seller.

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Abbreviations

AC	:	Alternating Current
AAAC	:	All Aluminium Alloy Conductor
ACSR	:	Aluminium Conductor Steel Reinforced
AIS	:	Air Insulated Substation
BOOM	:	Build, Own, Operate & Maintain
BOQ	:	Bill of Quantity
BPC	:	Bid Process Coordinator
CBIP	:	Central Board of Irrigation & Power
CoD	:	Commercial Operation Date
Ckm	:	Circuit Kilometres
Ckt	:	Circuit
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
CRP	:	Control Relay Panel
CT	:	Current Transformer
CTU	:	Central Transmission Utility
DB	:	Distribution Board
DC	:	Direct Current
D/C	:	Double Circuit
DDR	:	Due Diligence Report
Discom	:	Distribution Company
DG	:	Diesel Generator
EHV	:	Extra High Voltage
EIL	:	Essel Infraprojects Limited
EPC	:	Engineering, Procurement & Construction
ER	:	Easter Region
ERLDC	:	Eastern Region Load Despatch Centre
ERSSS	:	Easter Region System Strengthening Scheme
FIPL	:	Feedback Infra Private Limited
FQP	:	Field Quality Plan
GI	:	Galvanized Iron
GIS	:	Gas Insulated Substation
GS	:	Galvanized Steel

HMI	:	Human Machine Interface
HT	:	High Tension
HV	:	High Voltage
ICT	:	Inter Connecting Transformer
IE	:	Independent Engineer
IEC	:	International Electro-Technical Commission
IEGC	:	Indian Electricity Grid Code
IS	:	Indian Standard
ISTS	:	Inter State Transmission System
JSL	:	Jyoti Structures Limited
kA	:	Kilo Ampere
kM	:	Kilometres
kN	:	Kilo Newton
kV	:	Kilo Volt
LTTC	:	Long Term Transmission Customer
LE	:	Lender's Engineer
LILO	:	line in – Line out
LT	:	Low Tension
LOA	:	Letter of Award
MS	:	Mild Steel
MQP	:	Manufacturing Quality Plan
MV	:	Medium Voltage
MVA	:	Mega Volt Ampere
MW	:	Mega Watt
NH	:	National Highway
NER	:	North Eastern Region
NR	:	Northern Region
NTPC	:	National Thermal Power Corporation Limited
OD	:	Overall Diameter
OEM	:	Original Equipment Manufacturer
OLTC	:	On Load Tap Changer
O & M	:	Operation & Maintenance
OPGW	:	Optical Fibre Ground Wire
PT	:	Potential Transformer

P&T	:	Post & Telegraph
PDC	:	Phase Data Concentrator
PGCIL	:	Power Grid Corporation of India Ltd.
PIIPL	:	Pan India Infraprojects Private Limited
PLCC	:	Power Line Carrier Communication
PMU	:	Phase Measurement Unit
POSOCO	:	Power System Operation Corporation Limited
PTCC	:	Power & Telecommunication Coordination Committee Clearance
PTW	:	Permit To Work
RFQ	:	Request for Quotation
RLDC	:	Regional Load Despatch Cell
RoW	:	Right of Way
RTU	:	Remote Terminal Unit
SAS	:	Substation Automation System
SCADA	:	Supervisory Controls & Data Acquisition System
SCOD	:	Scheduled Commercial Operation Date
SH	:	State Highway
SLDC	:	State Load Despatch Cell
SPV	:	Special Purpose Vehicle
SR	:	Southern Region
SS	:	Substation
STU	:	State Transmission Utility
TPL	:	TATA Projects Limited
TSA	:	Transmission Service Agreement
TSP	:	Transmission Service Provider
UPS	:	Uninterrupted Power Supply
UTS	:	Ultimate Tensile Strength
VEPL	:	Virtuous Energy Private Limited
VRLA	:	Valve Regulated Lead Acid.

1.0 EXECUTIVE SUMMARY

Background:

Transmission is a vital element of the power sector value chain. A well-developed transmission network helps in efficient evacuation of electricity from generating stations for transmission to the load centres. The transmission system in India is predominantly categorized into voltage levels of 220 kV, 400 kV, 765 kV in AC system and 320 kV, 500 kV and 800 kV in DC system. As per statistics by the Central Electricity Authority (CEA), India has a cumulative transmission line length of 4,48,407 ckt km[1] and a cumulative substation capacity of 10,59,391 MVA[2] as of September 2021. Growing power demand because of the Government's focus on improving the distribution sector: the last mile in power sector, addition of RE capacity and adoption of new technologies to address challenges linked to RE integration, are likely to drive growth of power transmission in India.

In India, the transmission system is a two-tier structure comprising intra-state grids and inter-state transmission system grids. Historically, transmission system was developed by central and State level utilities. As per the provisions under Section 63 of the Electricity Act, 2003 and the Tariff Policy dated 6th January 2006, the Ministry of Power (MoP) issued "Guidelines for Encouraging Competition in Development of Transmission Projects" and Tariff Based Competitive Bidding Guidelines for Transmission Services" (the "Guidelines"). These Guidelines laid down a transparent procedure for facilitating competition in the transmission sector and paved a way for wide participation in providing transmission services and tariff determination through a process of tariff based competitive bidding.

Subsequent to the above referred guidelines, the MoP has also issued standard bidding documents such as request for qualification ("RFQ"), request for proposal ("RFP"), transmission service agreements and also appointed PFC Consulting Limited (PFC) and REC Transmission Projects Company Limited (REC) as the bid process coordinators (each, a "BPC") for carrying out the bidding process.

REC, acting as the BPC, issued a RFQ dated July 31, 2013, for the purpose of selection of Bidder as Transmission Service Provider (TSP) to establish Transmission System for "NRSS" through tariff based competitive bidding (TBCB). NRSS – XXXI B was incorporated by REC as the SPV for setting up the proposed Transmission project and subsequently act as the Transmission Service Provider (TSP). In the bid process conducted for the same, Essel Infraprojects Ltd (EIL) emerged as the successful bidder and acquired NRSS for developing the proposed transmission project on a *build own operate and maintain* (BOOM) basis. NRSS – XXXI B established the Transmission System comprising the following elements.

[1] GS_TL.pdf (cea.nic.in)

[2] GS_SS.pdf (cea.nic.in)

- 400 kV D/C Kurukshetra – Malerkotla transmission line of about 139.2 kms length,
- 400 kV D/C Malerkotla – Amritsar transmission line of about 149.6 kms length.

In May 2019, NRSS XXXI B Asset was acquired by Sekura Energy Pvt. Limited (SEPL), a Portfolio Company of Edelweiss Infrastructure Yield Plus. Since then, SEPL has been managing NRSS XXXI B and carrying out the operation & maintenance of all the elements of NRSS XXXI B in an effective manner. Over the past years, NRSS XXXI B has managed to secure an average annual system availability of more than 99.75 %, which is well beyond the stipulated normative availability of 98%.

Technical Due Diligence Study

SEPL presently envisage to float an Infrastructure Investment Trust ("InvIT") and proposes to undertake a transfer of its ownership in NRSS XXXI B to the proposed InvIT. In this context, SEPL wishes to carry out an independent third party assessment of the Transmission Asset of NRSS XXXI B. SEPL through NRSS XXXI B has appointed TATA PROJECTS LIMITED (IE) to undertake the independent third-party assessment. This report elaborates the tasks carried out by the IE as part of the Due Diligence and records the findings of the Study. The scope of the engagement and activities carried out by the IE have been detailed out in this report.

Summary of Findings

Based on above study carried out, it is observed that all the project established is fully compliant to all technical, statutory, regulatory requirements and being operate & maintained with highest technical standards by competent personnel in line with all the guideline provided by regulatory authorities and best prudent industrial practices.
The detailed findings of the study have been captured in chapter [17] of this Report.

2.0 ABOUT NRSS PROJECT:

2.1 Significance of the Project

400/220kV substation of POWERGID at Amritsar is connected to Jallandhar through a 400kV S/C line. To meet its growing power demand, 1x500MVA 400/220kV ICT was also being implemented. Connectivity of 400kV to Parbati Pooling station and Makhu (PSTCL substation) was being implemented to augment power supply of Amritsar 400kV S/S. However, the power supply to Amritsar area envisaged mainly through Jalandhar 400kV substation as during winters the generation of hydro projects would reduce to very low level also in case of low generation at Talwandi Saboo TPS, Makhu S/s may draw power from Amritsar S/S, hence there was a necessity that power supply arrangement to Amritsar S/S is augmented. A HVDC station at Kurukshetra was being established for supply of power from pit head generation station of Chhattisgarh. Accordingly, for augmenting power supply to Amritsar S/S,

400 kV D/C Kurukshetra – Malerkotla and Malerkotla – Amritsar transmission line works had been approved under Transmission System associated with NRSS-XXXI – Part-B.

2.2 Tender process and Award of Project

The Government of India, Ministry of Power, vide its notification No. 15/1/2013-Trans dated 20th May 2013 had notified REC Transmission Projects Company Ltd. (REC) to be the Bid Process Coordinator (BPC) for the purpose of selection of Bidder as Transmission Service Provider (TSP) to establish transmission system for Northern Region System Strengthening Scheme, NRSS – XXXI (Part B). REC, acting as the BPC, issued a RFQ dated July 31, 2013, and subsequently RFP dated December 9, 2013, for the purpose of selection of Bidder as Transmission Service Provider (TSP) to establish Transmission System for "NRSS" through tariff based competitive bidding (TBCB). Northern Region System Strengthening Scheme Transmission Limited (NRSS XXXI (B)) (NTL) was incorporated by REC as the SPV for setting up the proposed Transmission project and subsequently act as the Transmission Service Provider (TSP). In the bid process conducted for the same, Essel Infraprojects Ltd (EIL) emerged as the successful bidder and acquired NTL for developing the proposed transmission project on a build own operate and maintain (BOOM) basis. The Letter of Intent (LOI) had been issued by the BPC to the EIL on February 26, 2014. NRSS – XXXI B established the Transmission System comprising the following elements.

- 400 kV D/C Kurukshetra – Malerkotla transmission line of about 139.2 kms length,
- 400 kV D/C Malerkotla – Amritsar transmission line of about 149.6 kms length.

(NTL Assets were later acquired by Sekura Energy Limited (SEPL), a Portfolio Company of Edelweiss Infrastructure Yield Plus in May 2019)

2.3 Transmission Service Agreement

NTL has Twenty-Four Long-Term Transmission Customers (LTTCs) which are the beneficiaries of the project. A Transmission Service Agreement (TSA) was executed on January 02, 2014, between the NTL and LTTCs for procurement of Transmission services and for development of concerned Transmission Assets. The Long-Term Transmission Customers (LTTC) as mentioned in the Agreement are:

Table 1: List of LTTCs of NRSS XXXI B

Sl. No	LONG TERM TRANSMISSION CUSTOMER (LTTC) LIST
1	AD Hydro Power Limited
2	Haryana Power Purchase Centre
3	Punjab State Power Corporation Limited
4	Himachal Sorang Power Pvt. Ltd.

5	Adani power Limited, Mundra
6	Jaipur Vidyut Vitran Nigam Limited
7	Ajmer Vidyut Vitran Nigam Limited
8	Jodhpur Vidyut Vitran Nigam Limited
9	Lanco Anpara Power Limited
10	Lanco Green Power Pvt. Limited
11	Power Development Deptt. Govt. of J&K
12	North Central Railway
13	Jaiprakash Power Ventures Limited
14	BSES Yamuna Power Limited
15	BSES Rajdhani Power Limited
16	Tata Power Delhi Distribution Limited
17	New Delhi Municipal Corporation
18	Electricity Wing of engineering Department, Union Territory of Chandigarh
19	Power Grid Corporation of India Limited
20	U.P Power Corporation Limited
21	PTC (Budhil), PTC India Limited
22	PTC (Everest), PTC India Limited
23	Uttarakhand Power Corporation Limited
24	Himachal Pradesh State Electricity Board Limited

U.P. Power Corporation Limited has been selected as Lead LTTC (Long Term Transmission Customer) amongst Twenty-Four (24) Discoms. Further, a Supplementary TSA was executed on August 04, 2016, between NRSS XXXI B and Central Transmission Utility. The said Supplementary Agreement was signed pursuant to the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses), Regulations 2010 to govern the provision of inter-State Transmission services including sharing of transmission charges and losses amongst the ISTS Customers (termed as 'Designated ISTS Customers or DICs) and disbursing the transmission charges collected by the CTU to respective ISTS Licensees. The terms of the TSA will be effective for a period of 35 years commencing from the date of scheduled COD.

2.4 Transmission Licence

The Transmission Licence has been granted by CERC to the Project Company (NRSS XXXI B) in Petition No. 90/TL/2014 vide Order dated on 25.8.2014. The present Licence is valid for an initial period of 25 years with provision of extension of Licence period for another term.

2.5 Key Statutory Clearance

NRSS XXXI B had received all necessary Statutory Clearance required for setting up and operation of the Transmission Asset. Major clearances including a) Approval under Section 68 of the Electricity Act, b) Authorization under Section 164 of the Electricity Act c) Grant of Transmission Licence by CERC, d) Route approval by PTCC, GOI e) Electricity Safety Clearance of CEA, etc., is observed to have been obtained and in place by NRSS XXXI B. The detail list of clearances has been covered in section 15 of this report.

2.6 Award of EPC Contractor

NRSS XXXI B had executed an EPC Contract with M/s. Pan India Infra Projects Private Limited (PIIPL) on 17th September 2014 for execution of the entire transmission line. The scope of work of the EPC contractor included supply, erection, civil work, Row clearances and all relevant works for execution of entire project. The Effective date of EPC Contract between NRSS XXXI B and Pan India Infra projects Pvt Limited (PIIPL) is 17th September 2014.

2.7 Project Elements and Commissioning Date

The details of Project Elements along with the Commercial Operation Dates of the Project are as follows

Table 2: NRSS XXXI B project elements & COD

Sr. No.	Transmission System for "Northern Region System Strengthening Scheme –XXXI B	
	Name of the Transmission Element	Commercial Operation Date (COD)**
1	Kurukshetra - Malerkotla 400 kV D/C line with Twin Moose ACSR Conductor	18th Jan 2017
2	Malerkotla - Amritsar 400 kV D/C line with Twin Moose ACSR Conductor	27th Mar 2017

** COD as mentioned in CERC order dated 29th March2019 in Petition No. 195/MP/2017.

2.8 Status of the project:

The project is presently commissioned is in commercial operation since date of COD.

The assets under operation in NRSS XXXI B consist of following elements.

Project 1- Haryana and Punjab (NRSS XXXI B)
Transmission Lines – 288.8 km 1. 400 kV D/C Kurukshetra – Malerkotla transmission line of about 139.2 kms length, 2. 400 kV D/C Malerkotla – Amritsar transmission line of about 149.6 kms length.

The details of various approvals received by the project related to its commissioning are as follows:

2.8.1 Commissioning details of Kurukshetra to Malerkotla 400kV D/C Line:

- COD declared by NRSS XXXIB on 18.01.2017.
- Completion Certificate issued by NRSS XXXIB to PIIPL on 20.01.2017.
- Certificate of Completion of Trial operation of Transmission Element issued on 03.02.2017 by POSOCO.

2.8.2 Commissioning details of Malerkotla to Amritsar 400kV D/C Line:

- COD declared by NRSS XXXI (B) on 27.03.2017
- Completion Certificate issued by NRSS XXXI (B) to PIIPL on 30.03.2017
- Certificate of Completion of Trial operation of Transmission Element issued on 17.04.2017 by POSOCO

The following diagram shows the project location of NRSS XXXI (B) plotted on the map.



3.0 OBJECTIVE & SCOPE OF TPL'S SERVICES

SEPL, which presently owns NRSS XXXI B envisage to float an Infrastructure Investment Trusts ("InvIT") and proposes to undertake a transfer of its ownership in NRSS XXXI B to the proposed InvIT. In this context, SEPL wishes to re-evaluate existing conditions of the Transmission Asset of NRSS and undertake a Technical Due Diligence exercise. TATA PROJECTS LIMITED (TPL) was appointed as Independent Engineer (IE) to undertake the

said Technical Due Diligence of NRSS XXXI B and to assess the existing condition of the asset. The scope of the engagement and activities carried out by the IE are as following.

3.1 Scope of TPL's Services:

The scope of work for the IE identified are as following:

- To review statutory approvals for compliance from a technical perspective.
- To visit the Project site for review and verification of various technical aspects and compliance to conditions in approvals, if required.
- To review the documents pertaining to following and report accordingly:
    1. Overall Project Status
    2. Project Design
    3. Transmission Licence
    4. Communication System
    5. Environment and Safety
    6. Quality Control
    7. Operation and Maintenance
    8. Availability of NRSS XXXI B
    9. Spare Parts Management
    10. Physical Security of Assets
    11. Cyber Security
    12. Risk Analysis
    13. Regulatory Aspects
    14. Insurance
    15. Conclusion

3.2 Services Methodology Adopted

- Off-site review of documents.
- Reporting.

This report covers the Technical assessment of the NRSS XXXI B project comprising of 400 kV D/C Kurukshetra – Malerkotla transmission line and 400 kV D/C Malerkotla – Amritsar transmission line in Haryana & Punjab which is commissioned & operational since 2017.

As a part of this exercise, IE has conducted a review of the existing project documents/Contracts, best practices, processes and has identified the risk factors involved for operating asset's lifecycle. IE has categorized these issues into different Risk Categories, details of which are elaborated in the subsequent sections.

4.0 REVIEW OF PROJECT DOCUMENTS - TRANSMISSION LINES

The IE has identified the list of documents for review to carry out technical due diligence and all the documents were provided by NRSS XXXI B for the Transmission lines and Substations. The list of project documents reviewed as part of the due diligence are as follows:

a. EPC contracts/Sub-Contracts
b. Transmission Service agreement
c. Share Purchase Agreement
d. Statutory clearance documents
e. Regulatory documents
f. Organisation structure documents
g. Insurance Documents
h. COD documents
i. O&M SOP and documents.
j. Drawings & Guaranteed Technical Parameters (GTP) of major equipment etc.

The IE has examined/reviewed all the documents in respect of their validity corresponding to relevant technical specification based on which Transmission system were constructed, Country's prevalent standards including CEA & CBIP norms, and the equipment/materials used were tested/validated with respect to Specification and Standards.

IE observed the technical parameters adopted by the Project Company are as per Specifications & Standards for the Transmission system laid down in the Transmission Agreement as well as the relevant Indian/ International Standards relevant IS Codes, CBIP Manual, CEA guidelines etc and are suitable for use on 400 kV Transmission Systems.

4.1 Review of Project Contracts

4.1.1 EPC Contract

The complete Project has been implemented on EPC Contract basis. The Project Company had awarded the EPC Contract to M/s. Pan India Infraprojects Private Limited (PIIPL) for Supply, Services & Civil Works of the Project. A summary of the finalized EPC Contract is given in Table below.

Table 3: EPC Scope of Work

Item	Scope
Supply	The scope covers the design, engineering, fabrication, Galvanizing, testing at manufacturer's works, packing, and forwarding for supply on Ex• works basis, inland

Item	Scope
	transportation, and insurance for delivery at site for all material and items required for Transmission Lines but not limited to Tower material, Bolts & Nuts, Conductor, Earthwire, Hardware Fittings, Accessories for Conductor & Earth wire, Aviation lights and Tower Accessories.
Erection	The scope of Erection work comprises of detailed survey including soil investigation, check survey, unloading of material including owner supplied material at Contractor's store, storage of all the materials including owner supplied material, transportation from main Stores to site stores/site, stub-setting, tower erection, tack welding of bolts and nuts including supply and application of zinc rich paint, tower earthing, fixing of insulator string, stringing of conductors and earth wire along with all necessary line accessories including deployment of all tools & plants,arrangement of Right of Way, Cutting of Trees and testing & commissioning of the transmission line. The arrangement of Way leave clearance is under the scope of Contractor.
Civil Works	The scope of civil work for the Project comprises of the excavation, concerting, protection of tower footing and backfilling. Foundation casting including supply of all material required for foundations viz cement, reinforcement steel, sand, aggregate, labour, deployment of all tools and plants including Total Station, mixers, vibrators, form boxes etc. and all other incidental expenses in connection with the supply of material w.r.t. civil works.

4.1.2 Contract for Owner's Engineer

NRSS XXXI B had appointed M/s Lahmeyer International India (Pvt.) Limited as the Owner's Engineer. All Design and Engineering of the entire Transmission System and substation including design of Towers and foundations have been approved by the Owner's Engineer before submitting for final approval to NRSS XXXI B.

4.1.3 Contract for PMC

PIIPL had appointed M/s Virtuous Energy Private Limited (VEPL) as Project Management Consultant. NRSS informed the IE that the Company VEPL has adopted well established mechanism for Quality Assurance, Inspections and Testing, Site supervision, Progress monitoring and Safety aspects to achieve projects goals.

4.1.3 Warranty Period / Defect Liability Period

As per the Contract, the Contractor warrants that the works shall meet the Specifications and Standards. If during the Defect Liability Period, any defect is discovered in the Works or part thereof; or the Works or any part thereof fails to meet the Specifications and Standards, the Employer will notify the Contractor of such defects or failure. Upon receipt of such notice, the Contractor shall promptly repair or replace such Work in accordance with this Agreement, Good Industry Practices and Applicable Laws. Defect Liability Period shall be for a period of 12 months calculated from the date of issuance of the Completion Certificate or 12 months from rectification of defects, whichever is later. The Final Acceptance Certificate been issued for 400kV D/C Kurukshetra- Malerkotla TL on 20.01.2017 and for 400kV D/C Malerkotla-Amritsar TL on 03.03.2017. The defect liability period is over for both the TL.

4.2 Transmission Lines - Supply

4.2.1 Transmission Line, Towers & Accessories

Below are the details of the Project transmission line elements along with the suppliers of different items used in the Project.

Name of TL- 400kV D/C Kurukshetra-Malerkotla Line	
400kV Double Circuit Dar400kV Double circuit with twin conductor:	
· Contractor	M/s Unitech Power Transmission Limited (UPTL)
· ACSR Twin Conductor:	Supplier - Sterlite Technologies Limited
· Composite Rod Insulators 120 KN & 160 KN	Supplier- Jiangsu Xiangyuan Electric Equipment Co. Ltd.
· ACSR Hardware & Accessories	M/s Mosdorfer India Pvt. Ltd.
· Tower Material Supplier	Unitech Power Transmission Ltd.

Name of TL- 400kV D/C Malerkotla-Amritsar Line	
· 400 kV D/C Line Twin Moose	
· Contractor	Jyoti Structures Ltd.

· AAAC MOOSE Conductor	M/s Sterlite Technologies Limited.
· Composite Rod Insulators 120 KN & 160 KN	Supplier- Jiangsu Xiangyuan Electric Equipment Co. Ltd.
· ACSR Hardware & Accessories (TAG)	M/s Mosdorfer India Pvt. Ltd.
· Tower Material Supplier	Jyoti Structures Ltd.

From above it is observed that the Procurement of Transmission Line materials Conductors, Insulators, hardware etc. have been done from known and reputed manufacturers/ suppliers in the country so it's a good practice adopted by the NRSS XXXI B in development of project.

4.2.2 Transmission Line, Towers & Accessories - Design

The Double Circuit 400kV Transmission system has towers with vertical conductor configuration.

The towers are self-supporting hot dip galvanized lattice type with bolted structural members, designed to carry the line conductors with insulators, earth wires and fittings under all loading conditions have been considered for the Project. The tower structural members are fully galvanized using mild steel/ high tensile steel sections. Bolts and nuts are provided with spring washers.

In general, Transmission Systems in India adopt the guidelines laid down in CBIP Transmission Line Manual while finalizing the types of Transmission Towers. Different tower types with Deviation Limits are given below in Table.

Table 4: Different Tower types & deviation limit

Tower Type	Deviation Limit	Defined Use
DA	0 deg – 2 deg	To be used on straight runs and up to 2º line deviation.
DB	0 deg - 15 deg	Small Angle tower with tension insulator string. To be used for line deviation from 0 to 15 degree.
DC	15 deg - 30 deg	Medium angle tower with tension insulator string. To be used for line deviation from 15 to 30 degree.
DD	30 deg - 60 deg	Large Angle and Dead-End Tower with Tension Insulator string. To be used for line deviation from 30 to 60 degree.

In NRSS, lattice steel towers of DA, DB, DC & DD type has been used as per IS 802 for the relevant wind zone along with the applicable adequate Reliability level. The towers have been tested at reputed tower testing stations in India. All the tower parts, stubs and pack washers are hot dip galvanized with minimum overall zinc coating as per the relevant IS code provision.

4.2.3 Line Accessories:

Insulators:

The design parameters of the insulators / Insulator strings for the project in NRSS XXXI-B 400kv lines with ACSR Twin Moose conductor are as below

Table 5: Design parameters of Insulator Strings

Type of String	Min. Creepage Distance (mm) Per Unit	Electro – Mechanical strength of Single Long Rod Insulator Unit (kN)	Mechanical Strength of Insulator String along withHardware Fittings (kN)
Double 'I' Suspension.	13020	120	2X120
Single "I" Suspension 'Pilot' in DB, DC & DDTowers	13020	120	1X120
Double Tension Insulator String for DB,DC & DD Towers	13020	160	2X160

Type of String	Min. Creepage Distance (mm) Per Unit	Electro – Mechanical strength of Single LongRod Insulator Unit (kN)	Mechanical Strengthof Insulator String along with HardwareFittings (kN)
Single "I" Suspension 'Pilot'in DB, DC & DD Towers	13020	120	1X120
Double "I" Suspension In DATower	13020	120	2X120

Quad Tension Insulator String for DB, DC & DD Towers	13020	160	4X160

IE observed the technical parameters adopted by the Project Company are as per Specifications & Standards for the Transmission system laid down in the Transmission Agreement as well as the relevant Indian/ International Standards and are suitable for use on 400 kV Transmission Systems.

Mid span compression joint for conductor/ earth wire:

Mid span compression joints suitable for conductor/ earth wires have been used for joining two lengths of conductor/ earth wires. The minimum slipping strength of the joint after compression is not less than 95% of UTS of conductor/earth wire.

Repair sleeve for conductor:

Repair sleeve to be used only for repairing conductor with not more than two strands broken in the outer layer. The sleeve is manufactured from 99.5% pure aluminium and shall have a smooth surface. It comprises of two pieces with provision of seat forsliding of the keeper piece.

Flexible copper bond for earth wire:

Flexible copper bonds are used for good electrical continuity between the earth wire and the tower. Two bonds per suspension tower and four bonds per tension tower is used.

Vibration dampers for conductor/ earth wire:

Stockbridge vibration dampers are used to reduce the maximum dynamic strain caused by Aeolian vibrations to a value of 150 micro-strains.

Spacers/ Rigid Spacer

Armour grip bundle spacer with retaining rods have been used for the line to maintain a sub - conductor spacing of 450 mm under all working conditions. Rigid spacer for jumper are used at all tension towers

B) Design Review of Fasteners, Insulator and other hardware material used in Towers

IE observed the technical parameters adopted by the Project Company are as per Specifications & Standards for the Transmission system laid down in the Transmission Agreement as well as the relevant Indian/ International Standards and are suitable for use on 400 kV Transmission Systems. Further these Transmission System are under operation for last more than 4 years which proves its operational viability, stability, and healthiness.

C) Confirm compliance of technical requirements of Tender & Final contract and its Amendments.

From the document reviewed, it is evident that the Transmission system constructed in compliance with technical requirement of specification in Tender and Contact awarded and its amendment.

D) Statutory Clearances:

Forest clearances, NH clearances, Railway clearances, PTCC clearances, Airport Authority clearances have been verified and detailed in the report at point 15.2.

4.3 Protection & Control

4.3.1 Protective Relaying System

The Protection Relay System have been provided for Transmission Lines at all the three Substations (Kurukshetra, Malerkotla & Amritsar of PGCIL, for protection of the Equipment in case of any faults in the system.

4.3.2 Protection on Transmission Lines

400 kV lines have Main-I Protection with Numerical Distance Protection Scheme as Three Zone Distance type with Carrier aided Inter-Tripping feature. 400 kV Lines have Main-II Protection with Numerical Distance Protection Scheme like Main-I but of different make. All 400 kV Lines are provided with two (2) stage Over Voltage Protection.

4.4 Communication System

In NRSS, in both of the lines, Earth wire has been installed for both circuits and the communication is through the PLCC on the 2 lines in NRSS.

These transmission lines are using Power Line Carrier Communication (PLCC) equipment for Speech communication, Line Protection signal and data transmission of Transmission Lines and duly have been provided on each 400 KV substation of PGCIL.

As per Indian Electricity Grid Code (IEGC) sub-stations have to provide real time data and voice from their stations to RLDC for efficient grid management. Also, as per the Technical Standards for Communication System in Power System Operations, the communication system shall be formed by a wideband network.

5.0 Transmission Licence

As per article 3.1.3 of the TSA the TSP has to obtain the Transmission Licence from respective commission within 6 months of the effective date. In compliance of the same NRSS filed a petition under section 14 read with Section 15(1) of the Electricity Act, 2003 for grant of Transmission Licence to Northern Region System Strengthening Scheme, NRSS

– XXXI (Part B) with Central Electricity Regulatory Commission, New Delhi vide Petition No. 90/TL/2014 CERC. CERC after due hearings granted transmission licence bearing Licence No 29/Transmission/2014/CERC vide order dated 25.08.2014 to undertake the business of establishing of the transmission system for "Northern Region System Strengthening Scheme NRSS-XXXI (Part B)" (hereinafter referred to as "Transmission System")' on„ Build, Own, Operate and Maintain" (BOOM) basis, comprising the following Elements.

S. No.	Transmission elements	Conductors per Phase	Completion Target
1	Kurukshetra-Malerkotla 400 kV D/C transmission line-135.15 kms (Approx.)	Twin Moose ACSR or equivalent AAAC	28 months from the effective date
2	Malerkota-Amritsar 400 kV D/C transmission line-147.01 kms (Approx.)	Twin Moose ACSR or equivalent AAAC	28 months from the effective date

The grant of transmission licence to the petitioner had all the subject conditions as laid down by the commission. However major highlighting points are:

- The transmission licence shall, unless revoked earlier, remain in force for a period of 25 years.
- Since the expiry date as per the TSA is 35 years from the scheduled COD of the project, the petitioner may make an application, two years before the expiry of initial licence period, for grant of licence for another term in accordance with Regulation 13 (2) of the Transmission Licence Regulations which shall be considered by the Commission in accordance with law.

5.1 Extension of Licence

As per Section 15 of the Electricity Act:

(8) A licence shall continue to be in force for a period of twenty- five years unless such licence is revoked'.

These 25 years are counted from the date of grant of Licence that includes construction period as well. However, the tenure of Transmission Service Agreement to operate the assets is for 35 years from the date of commercial operation. Therefore, to cover the gap it has been specifically provided in the license that, 'since the expiry date as per the TSA is 35 years from the scheduled COD of the project, the petitioner may make an application, two years before the expiry of initial licence period, for grant of licence for another term in accordance with Regulation 13 (2) of the Transmission Licence Regulations which shall be considered by the Commission in accordance with law.

Regulation 13(2) of the CERC Transmission Licence Regulations states,

'(2) If the useful life of the transmission asset for which transmission licence has been issued extends beyond the period of 25 years, the Commission may consider on merit of each case to grant licence for another term for which the licensee may make an application in accordance with Regulation 7 two years before the expiry of the initial period of licence: Provided that when the licensee does not make an application for grant of licence beyond the initial period of 25 years, the Commission may, to protect the interest of the consumers or in public interest, issue such directions or formulate such schemes as it may deem necessary for operation of the transmission assets for the remaining part of its useful life'.

As a general practice observed in the industry and considering the performance of the company since COD, there is no risk of non-extension of license after initial period 25 years.

5.2 Terms of Revocation of Licence

Section 19 of the Electricity Act stipulates the terms on which license may be revoked. The reasons and process of revocation of Licence as specified is follows:

Section 19.

19. If the Appropriate Commission, after making an enquiry, is satisfied that public interest so requires, it may revoke a licence in any of the following cases, namely:

(a) *Where the licensee, in the opinion of the Appropriate Commission, makes wilful and prolonged default in doing anything required of him by or under this Act or the rules or regulations made thereunder;*

(b) *Where the licensee breaks any of the terms or conditions of his licence the breach of which is expressly declared by such licence to render it liable to revocation;*

(c) *Where the licensee fails, within the period fixed in this behalf by his licence, or any longer period which the Appropriate Commission may have granted therefore*

(i) To show, to the satisfaction of the Appropriate Commission, that he is in a position fully and efficiently to discharge the duties and obligations imposed on him by his licence; or

(ii) To make the deposit or furnish the security, or pay the fees or other charges required by his licence;

(d) *Where in the opinion of the Appropriate Commission the financial position of the licensee is such that he is unable fully and efficiently to discharge the duties and obligations imposed on him by his licence.*

(e) *Where in its opinion the public interest so requires, the Appropriate Commission may, on application, or with the consent of the licensee, revoke his licence as to the whole or any part of his area of distribution or transmission or trading upon such terms and conditions as it thinks fit.*

(f) *No licence shall be revoked under sub-section (1) unless the Appropriate Commission has given to the licensee not less than three months' notice, in writing, stating the grounds on which it is proposed to*

revoke the licence, and has considered any cause shown by the licensee within the period of that notice, against the proposed revocation.

(g) *The Appropriate Commission may, instead of revoking a licence under subsection (1), permit it to remain in force subject to such further terms and conditions as it thinks fit to impose, and any further terms and conditions so imposed shall be binding upon and be observed by the licensee and shall be of like force and effect as if they were contained in the licence.*

(h) *Where the Commission revokes a licence under this section, it shall serve a notice of revocation upon the licensee and fix a date on which the revocation shall take effect.*

(i) *Where the Appropriate Commission has given notice for revocation of licence under sub-section (5), without prejudice to any penalty which may be imposed or prosecution proceeding which may be initiated under this Act, the licensee may, after prior approval of that Commission, sell his utility to any person who is found eligible by that Commission for grant of licence'.*

In view of above, it is most likely that license of the Company shall be extended in accordance with law.

6.0 ENVIRONMENT AND SAFETY

Project company has adopted and implemented well defined Safety, Health, Environment and Quality Policy in line with its commitment towards safety, health, environment, and quality. Project company aims to ensure implementation of good industry practices, procedures and processes across its corporate offices, and operational areas to ensure safe, sustainable operations & maintenance and performance of assets across technical and financial parameters. In order to achieve the objectives, set out in the SHEQ Policy, the Company has issued several Standard Operating Procedures (SOP) in line with good industry practices and implemented best practices such as lock-out & tag-out, arc flash protection, chemical safety, fall protection, safety signages, dangerous zones marking, spill control, waste management etc. Performance statistics are also tracked on a regular basis to ensure measurement and accountability. Various trainings programmes were conducted at corporate office and at Operating Sites to educate and train the employees and build a culture that understands, appreciates, and values the importance to matters pertaining to safety, health, and environment.

To benchmark its process and practices with best practices in the industry, the Company and its two subsidiaries viz; DMTCL and NRSS pursued independent accreditation and as an outcome, ***The Management System of Sekura Energy Ltd., and its subsidiaries DMTCL and NRSSXXXIB have been approved by Lloyd's Register to: ISO14001:2015*** (Environment Management System)***, ISO 45001:2018*** (Safety Management System).

Transmission line projects are environment friendly and do not involve any disposal of solid effluents and hazardous substance in land, air, and water. Transmission line projects are not included in the list of project activities that require

prior Environmental Clearance as per the notification issued by MoEF on 14th September 2006. Therefore, no Environmental Clearance is applicable for this project.

Forest Clearance under Forest (Conservation) Act, 1980 from Ministry of Environment Forests and Climate Change (MoEFCC) is a mandatory requirement wherever transmission line involves forest area. Due care and process has been followed by the Licensee in taking Forest approvals from the respective department of Environment and Forests and is summarised as under.

FOREST STRETCH IN LINE ROUTE AND APPROVALS				
Sl. No.	**Description**	**Area in Hectares**	**Stage -I Approval**	**Stage -II Approval**
1	Amritsar, Jalandhar, Ludhiana & Sangrur Forest Division (for Malerkotla-Amritsar Transmission Line).	5.0056	Received	Received
2	Kurukshetra, Karnal & Kaithal Forest Division (for Malerkotla-Kurukshetra Transmission Line).	2.1247	Received	Received
3	Patiala & Sangrur Forest Division (for Malerkotla-Kurukshetra Transmission Line).	3.3083	Received	Received

Further there is no requirement for Approval for the River Crossings in this project as the rivers in this project are not identified as Navigable Rivers.

The safety requirements during the operation and maintenance of electric lines are defined in the CEA regulations 2011. (Safety Requirements for Construction, Operation and Maintenance of Electrical Plants and Electric Lines).

Standard procedures for safety are followed during construction, testing, operation, and maintenance. Tower earthing, earth wire is provided for protection of transmission lines against lightening. Strict safety procedures for isolation, and permission to work protocols are in place.

From above it is visible that all standard procedures for safety are followed during construction, testing, operation, and maintenance of all the elements. Strict safety procedures for isolation, and permission to work protocols are in place.

7.0 QUALITY CONTROL:

In order to ensure quality of Contactor supplied Materials, the Project Company informed that proper MQP (Manufacturer Quality Plan) and FQP (Field Quality Plan) have been implemented and were practiced. Field Quality Assurance and Standard Field Quality Plans (SFQP) and transmission lines, standard formats and guidelines are part of the Technical Specification. The field quality plan covers all aspects during construction and erection of transmission lines and substations.

To ensure compliance to technical requirements as stipulated in the RFP and also conforming to CEA regulations for construction of sub-stations, all the equipment were tested as per relevant Indian (BIS) and international Standards (IEC). The equipment suppliers furnished the reports for type tests as per technical specification. These type tests are conducted in accredited laboratories or witnessed by Central, State, or other reputed Indian Utilities. Routine and Acceptance tests were conducted as per relevant IS/IEC during manufacturing stage. Comprehensive Manufacturing Quality plans covering quality of raw materials, bought-out items, Type, Routine/Acceptance tests and Final inspection procedure as per best industry practices were finalized by Contractor's Engineers and respective OEM's which were further reviewed by M/s Feedback Infra Private Limited, the Owner's Engineer for this project.

The Field Quality Plan for Erection works following industry's best practices & relevant standards were prepared by the EPC contractor/ Sub-contractor and further reviewed and approved by M/s Lahmeyer International India (Pvt.) Ltd., the Owner's Engineer. The Field Quality Plan for Civil works was prepared by the EPC contractor/sub-contractor as per best practices of the industry and as per relevant IS and CPWD specifications and further reviewed & approved by M/s Feedback Infra Private Limited, the Owner's Engineer for this project.
IE reviewed the MQP of various equipment and the FQP for the project. The MQP and FQP are in line with the industry practice. Additionally, it was found that the test results/ certificates for various equipment, reviewed by the IE were in line with the standards/ benchmarks stated in the MQP/ FQP.

8.0 OPERATION AND MAINTENANCE

A general O&M set up for transmission line includes SPV In-charge, line in-charge (SPV In-charge), a transmission line maintenance engineer and a team of junior engineers, technicians, and fitters. The team composition is flexible and is augmented/ strengthened based on requirements at the site.

8.1 Organogram for O&M of Transmission Lines:

O&M of all the elements are being regularly monitored through CAC by Senior Management at corporate office Mumbai, who interacts with O&M team of SPV for ensuring timely compliance to preventive maintenance schedule, sharing of best practices followed in industry, providing opportunity for learning and development. On ground, transmission lines are being managed by SPV In charge. They are supported by One Line In charge NRSS XXXI B.

They both are supported by O&M Supervisors. each, who are further supported by the O&M fitters and helper's staff. The O&M team comprising of engineers, Fitters/ technicians and storekeepers who are responsible for the O&M activities of both the lines.

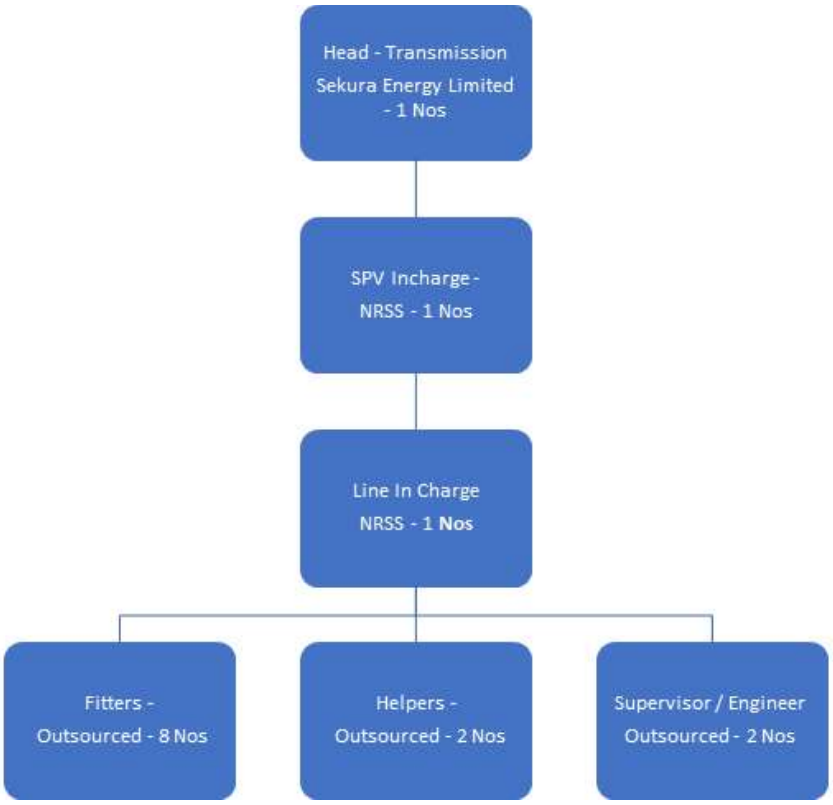


Figure 1: Organogram for O&M of NRSS XXXI B

From the organization chart it can be seen that the O&M manpower is sufficient for maintenance of the assets created.

8.2 Maintenance of Transmission lines

Routine and preventive maintenance of transmission lines is being carried out as per defined/ standard schedules for transmission lines; and best practices in O&M such as regular patrolling of lines, periodic removal of vegetation, thermo-vision scanning, online insulator puncture detection etc. have been adopted. Trained in-house manpower/ hired manpower on contract basis has been identified to swiftly attend any unforeseen eventualities/ natural calamities.

8.2.1 Patrolling

Monthly patrolling: There are rented vehicles which are used for patrolling of both the Transmission lines.
The O&M team has identified some critical towers in both the lines like Railway crossing, River crossing, Major/minor road crossing, line crossing.

- Line 1: 400 KV Kurukshetra to Malerkotla (139.2km having total 375 nos of towers): 57 nos. critical tower locations are visited every month by O&M team and the remaining towers are visited in three months.
- Line 2: 400 KV Malerkotla to Amritsar (149.6km having total 413 nos of towers): 56 nos. critical tower locations are visited in every month by NRSS team and the remaining towers are visited in three months.
- The O&M team is maintaining a check list format for monthly patrolling. Sample checklist was verified by the IE.
- It has also concluded that none of the tower locations are inaccessible

As per CBIP manual, following is the patrolling schedule for different voltage class transmission lines.

Table 6: Patrolling Schedule as per CBIP manual

Type of patrolling	Schedule
Ground Patrolling-400 kV Lines	Six Monthly
Ground Patrolling-765 kV Lines	Four Monthly
Ground Patrolling- Critical locations	Three Monthly
Emergency patrolling	Immediate

As against the above-mentioned patrolling schedule, NRSS XXXI B carries out the patrolling activities as per below schedule.

Table 7: Patrolling schedule by NRSS XXXI B

Patrolling activities by NRSS XXXI B for 400 KV D/C Transmission Lines	Frequency of activities carried out by NRSS XXXI B Team
Thermo vision scanning	Annually
Tower Footing Resistance (TFR)	Annually
Clearances at all important crossings	Six Monthly
Ground Patrolling of lines	Every tower is covered in three months once as against six

Patrolling activities by NRSS XXXI B for 400 KV D/C Transmission Lines	Frequency of activities carried out by NRSS XXXI B Team
Tower top patrolling	Every tower is covered in Six months once
Critical locations patrolling	covered on monthly basis
Emergency patrolling	Immediately as per the site requirements

Patrolling for 400 KV Transmission Lines towers is six monthly as per CBIP manual while NRSS XXXI B team is carrying out the patrolling every three months.

9.0 BEST PRACTICES BY NRSS XXXI B

It is observed that NRSS XXXI B has implemented various aspects of improvement required for safe, secure, and sustainable operation & maintenance of all the elements of its assets. As a part of improvement action, following actions are observed to have been initiated and implemented in addition to standard O&M practices:

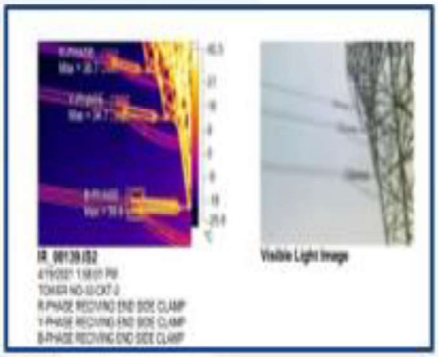
1) Pre & Post monsoon Drone survey of Transmission lines to promptly identify & initiate actions on all the areas of concerned.
2) Implementation of ISO-14001 for Environment Management System and ISO-45001 for Occupational Health & Safety Management and ISO 55001 for Asset Management System and ISO 27001 for Provision of IT services to Operational and maintenance of transmission lines and substation.
3) Establishment of Centralized Analytics Center (CAC) at Mumbai which monitors all operations and maintenance w.r.t to PM schedule and routine maintenance through maintenance management software installed at CAC.
4) Currently NRSS XXXI B has 1 Lead Auditor in its team available to lead the process of ISO 55001 along with 14 others Lead auditors in SEPL.
5) NRSS team is following stringent compliance to all their SOPs for O&M, SHE. It is also observed that the risk & compliance, learning & development, and compliance to SHE practices are being monitored by using various tools and applications like a) Komrisk, b) RAPL and c) Gensuite, by all DMTCL employees on regular basis.

With the implementation of all the above, NRSS XXXI B has been able to minimize undue trippings/break down and has achieved highest availability for its assets.

Some of the project elements and practices in NRSS XXXI B are as shown below:



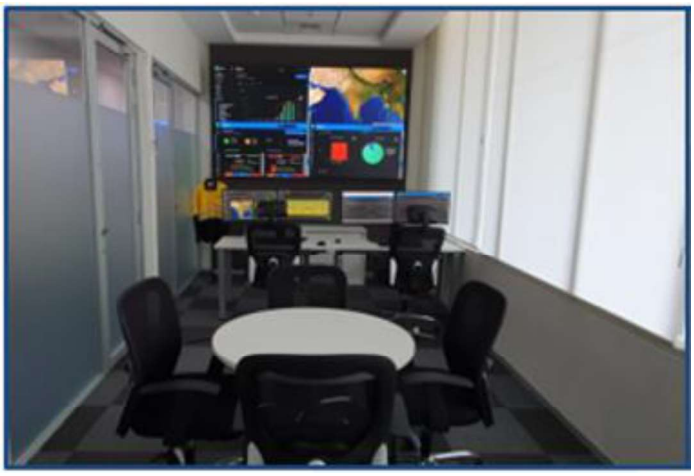
Physical (using App) and drone-based tower inspections



Line condition monitoring



Foundation and tower design sufficiency



Remote Control & Analytics Centre (CAC) located in Head Office, Mumbai**

*** Photos are provded by NRSS.*

10.0 AVAILABILITY OF ASSET

Calculation of availability of the projects acquired through TBCB mechanism is carried out as stipulated in the respective TSA. The outage data of the company is submitted to respective RLDC(s) for checking. Based on the certified outages by RLDC(s), the RPC(s) issues the availability certificates.

Table 8: Transmission System Availability

Availability of NRSS XXXI(B) TRANSMISSION LIMITED Certified by NRPC	
FY 2019-20	
Month	**Monthly Availability (%)**
Apr-19	100.00
May-19	100.00
Jun-19	99.51
Jul-19	100.00
Aug-19	100.00
Sep-19	100.00
Oct-19	99.97
Nov-19	99.83
Dec-19	100.00
Jan-20	100.00
Feb-20	100.00
Mar-20	100.00

FY 2020-21	
Apr-20	100.00
May-20	99.98
Jun-20	99.88
Jul-20	99.96
Aug-20	100.00
Sep-20	99.92
Oct-20	99.88
Nov-20	100.00

Dec-20	100.00
Jan-21	100.00
Feb-21	100.00
Mar-21	100.00

FY 2021-22	
Apr-21	100.00
May-21	100.00
Jun-21	99.78
Jul-21	100.00
Aug-21	100.00
Sept-21	100.00
Oct- 21	100.00
Nov -21	100.00
Dec -21	99.80
Jan -22	100.00
Feb- 22	99.66
March -22	100.00
Sept-21	100.00
For Assessment of recent performance, the availability of preceding 02 Financial years has been considered.	

FY 2022-23	
Apr-22	100.00
May-22	99.77
Jun-22*	100.00*

*(Number based on internal calculation of Availability & submission to NRPC. This is subject to issuance of final availability certificate.)

As per TSA, the target availability for the project is 98%. The company is entitled to receive incentive/ required to pay penalty based on the annual transmission system availability.

From the availability certificates provided, it is observed from the availability certificate that the average availability of elements from date of COD is more than 99.75% and this thus is beyond normative availability of 98% enabling full revenue recovering and incentive.

11.0 SPARE PART MANAGEMENT:

Necessary spares for Transmission line are procured by NRSS. The list of the same is given as under. All mandatory spares are kept in stock. Fast delivery of spares from works is possible since almost all suppliers have works or sales offices in India. So, spares are available for both TL. However whenever necessary spares are procured to replenish the stocks.

As per the inventory list of the spares provided by the utility It can be observed that almost all the necessary spares are maintained by the developer.

SEPL has made a contract with a reputed Tower manufacturing Indian company which can provide the towers within 30 days of the order on as and when required basis.

12.0 PHYSICAL SECURITY OF ASSET:

12.1 Security of Transmission Line:

As we know that the Transmission lines are spread across the country and no exclusive security can be deployed for that. The only measure available as on date with the Owners is regular patrolling of the transmission line which is normally scheduled in such a way that every tower of the line is checked at least three times in a year for 765 kV/ critical / vulnerable locations and at least two times in a year for 400 kV lines. In case of any theft in transmission line the issue is taken-up with local authorities. However, in NRSS XXXI B even though the assets comprise of 400kV but still every tower is covered in patrolling every three months.

The main objectives achieved by implementation of Security Management Plan are:

- Strengthening of physical measures with trained security guards at stores
- Prevention of loss /Theft of material from the site with adequate procedural safeguards

- Restrict complicity of security personnel or nexus between workers and outsiders
- Restrict interference of unauthorized persons at project site
- Better control on inward and outward movement of materials owned by SPV /Contractors / any others

13.0 CYBER SECURITY:

The Assets under operation for NRSS XIII B do not have any Operational Technology (OT) systems installed. The IT assets viz laptops, printers used by personnel adhere to the information security standards as specified by ISO 27001 standard and framework specified under Information Technology Act, 2000.

14.0 RISK ANALYSIS:

In any asset, post the development of the project there are various risks which an asset could encounter during the operation period of the assets. The operating risk due to transient faults, earthquake, short circuit, falling or touching of trees, lightning strike, travelling wave wind, storm, rain, hailstorm, cyclone, flood, over loading etc are part of operations. This can be taken care of by the design, compliance with technical standards, quality plan, inspection, and testing. This seems to be taken care of as seen from the good availability since commissioning of the project. Sound operation and maintenance practices, adequate qualified/ skilled manpower, preventive maintenance, diagnostic testing, protection audits, healthy work culture, good T&P would ensure reliable operation of the scheme for decades to come. All mandatory spares are kept in stock and spare management ensures timely availability of required spares.

Operation of Assets beyond TSA period:

As per the RFP document and CERC order granting transmission Licence, the assets have been created by the company on Build, Own, Operate and Maintain (BOOM) basis. The Right of Way (not ownership but limited to related construction and O&M activities) and other statutory approvals belong to the Company.
Though the Transmission Licence is granted for a period of 25 years initially, it can be extended as per various provisions of TSA and CERC Regulations.

The transmission lines are designed to provide a service life of more than 35 years. Though the transmission charges are to be quoted by the Bidders under the TBCB process for a period of 35 years, the useful life can be extended even beyond 50 years, by carrying out regular maintenance, and inspection. The first 400 kV line built in early 1970s is still in service. Further, many assets of POWERGRID which have completed 30 years and more have been performing well in terms of availability.

While not necessarily relevant to NRSS XXXI B, from a sector perspective, the transmission lines associated with hydro projects may well be required beyond 50 years depending on evolution of the grid. If there is a grid, the 765 kV and 400 kV lines are indispensable. The right of way is always valuable and even after 50 years lines are usually refurbished, sometimes the voltage is stepped up, sometimes, multi-circuit patches are added.

In view of above analysis, the technical life of transmission line can be considered up to 50 years.

Regarding the life of asset beyond the tariff period, the TSA provides for the following:

Subject to Article 2.2.2 and Article 2.4, this agreement shall continue to be effective in relation to the Project until the Expiry Date, when it shall automatically terminate unless extended by the Appropriate Commission for such period and on such terms and conditions as the Appropriate Commission may specify in this regard in terms of the procedures laid down by the Appropriate Commission for such matters.

15.0 PERMITS AND CLEARANCES:

15.1 Regulatory Clearances:

Table 10: Regulatory Clearances

S. No.	Event	Approving Authority	Approval Status
1	Transmission Service Agreement (TSA)	PFC Consulting Limited (PFCCL) as Facilitator/BPC	Signed on 02.01.2014
2	Transmission Licence	Central Electricity Regulatory Commission (CERC)	Granted on 25.08.2014
3	Tariff Adoption (Transmission Charges)	Central Electricity Regulatory Commission (CERC)	Granted on 07.082014
4	Approval under Section 68 of Electricity Act, 2003	Ministry of Power, Govt. of India	Permission issued on 16.09.2013
5	Approval under Section 164 of Electricity Act, 2003	Ministry of Power, Govt. of India	Granted on 15.10.2014

15.2 Statutory Clearances:

Table 9: Other Statutory Clearances

Sr. No.	Event	Approving Authority	Approval Status
1	Power & Telecommunication Coordination Committee Clearance (PTCC)	GOI, Ministry of Power (MOP)	Approval Received for both Malerkotla-Amritsar & Kurukshetra -Malerkotla Transmission Line
2	Road (SH/NH) Crossings	National Highway /	National Highway Crossing:

Sr. No.	Event	Approving Authority	Approval Status
		State Road Department	For both Malerkotla-Amritsar & Kurukshetra -Malerkotla Transmission Line approvals received.
			State Highway Crossing:
			Clearance for Kurukshetra element is received.
3	River Crossing	Navigational Authority	Not Applicable
4	Railway Crossing	Ministry of Railways	Approval Received for both Malerkotla-Amritsar & Kurukshetra -Malerkotla Transmission Line
5	Power Line Crossings	Concerned State Power Utilities/ PGCIL	Approval Received for both Malerkotla-Amritsar & Kurukshetra -Malerkotla Transmission Line
6	Civil Aviation Approval (CAA)	Airport Authority of India, Govt. of India, Ministry of Civil Aviation	Approval received for both Malerkotla-Amritsar & Kurukshetra -Malerkotla Transmission Line
7	Défense	Directorate Operation (ATS), Air HQ	Approval Received for Kurukshetra - Malerkotla and Malerkotla-Amritsar Transmission Line.
8	Approval for Energization of the System	CEA	Approval Received Malerkotla-Amritsar TL – 17/03/17
			Kurukshetra -Malerkotla TL- 02/01/17
9	Certificate for completion of Trial run	POSOCO	Kurukshetra- Malerkotla Transmission Line on 03.02.2017
			Amritsar-Malerkotla Transmission line on 17.04.2017
10	COD		Kurukshetra- Malerkotla Transmission Line on 18.01.2017
			Amritsar-Malerkotla Transmission Line on 27.03.2017
11	CEIG Approval	Chief Electrical Inspector General of India	For both Malerkotla-Amritsar Transmission Line on 17.03.2017 & Kurukshetra-Malerkotla Line approval on 02.01.2017
12	Forest Clearance	State Govt./ MOEF	Stage-I & Stager-II Approval received for following:
			i. Amritsar, Jalandhar, Ludhiana & Sangrur Forest Division (for Malerkotla-Amritsar Transmission Line)

Sr. No.	Event	Approving Authority	Approval Status
			ii. Kurukshetra, Karnal & Kaithal Forest Division (for Kurukshetra- Malerkotla Transmission Line)
			iii. Patiala & Sangrur Forest Division (for Kurukshetra - Malerkotla Transmission Line)

15.3 CEA / CEIG Safety clearances and approvals:

Table 10: Safety Clearances and approvals

Sr. No.	Type of Approval	Element	Issuing Authority
1	400 kV D/C (Twin) Malerkotla-Amritsar line [Line Length-149.67 km] Approval for Energisation Under Regulation 43 of CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 (as amended)] (Valid for 2 years from the date of issue of the letter).	NRSS XXXI B TL element	Initial Approval: NRIO/NRSSXXXI(B)-1/MET-ASR/TL/400KV/PB/17/1338 Dated: 17.03.2017NRIO/NRSS XXXI(B)-2/MET-ASR/TL/400KV/HR/19/503 Dated: 06.12.2019 Latest Approval: CEI/2//EI/RIO(N)/Insp./2022/391 Dated: 24.06.2022
2	400 kV D/C (Twin) Kurkshetra-Malerkotla line [Line Length-140 km] Approval for Energisation Under Regulation 43 of CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 (as amended)] (Valid for 2 years from the date of issue of the letter).	NRSS XXXI B TL element	Initial Approval: CEI/7/INSP/N/E/NE/2017/3 Dated: 02.01.2017 NRIO/NRSS XXXI(B)-2/MET-KUR/TL / 400KV/HR/19/502 Dated: 06.12.2019 Latest Approval: CEI/2//EI/RIO(N)/Insp./2022/391 Dated: 24.06.2022

It is observed that all major approvals have been received by the Project Company. Regulatory Clearances like Transmission Service Agreement, Transmission Licence, and approval for Transmission Charges as well as approval under Sections 68 and 164 of the Electricity Act 2003 have been received by the Project Company.

Statutory Clearances like Power & Telecommunication Coordination Committee Clearance (PTCC), Roads, Railway and Power Line Crossings have been received for both the transmission line elements. For the forest area found in the Transmission Line Routes during execution of project, the Project Company has received Stage I and Stage II approval from MoEF for both the lines. River Crossings is not required from Navigation Authorities in this project as the rivers in this project are not identified as Navigable Rivers. It is understood that adherence to compliance is regularly reviewed and tracked by the company and its management through the KOMRISK application and reported to the Board, which is a good practice.

16.0 INSURANCE:

IE has reviewed all the insurance policies for NRSS XXXI B and found that insurances are in accordance with the provisions of TSA and has been timely renewed for the period 15th-Feb-2022 to 14th-Feb-2023, in order to cover the risks during the ongoing operating period. As transmission lines falls under the linear asset category for which getting insurance covering complete reinstatement value is difficult and unviable. NRSS XXXI B transmission lines are covered for loss limit of 75 Cr. Additionally, NBTL has also taken Burglary and Theft, RSMD and Terrorism policies which combined seems sufficient under the present market scenario and industry practice. Copies of the Insurance policies has been shared with Lead LTTC after renewal. The list of insurances taken are as below:

Table 13: Insurance Policies

S. No	Coverages	Policy Period
1	SFSP policy	15th-February-2022 to 14th -February-2023
2	Burglary and Theft Policy for Transmission lines	15th-February-2022 to 14th -February-2023
3	RSMD policy including Terrorism coverage	10th-Jun-2022 to 09th-Jun-2023.

17.0 CONCLUSION:

- The company has obtained all necessary statutory clearances like, approval under Section 68 of the Electricity Act, Authorization under Section 164 of the Electricity Act, Grant of Transmission Licence by CERC, Route approval by PTCC, Electrical Safety Clearance of CEA for construction, commissioning, and operation of the

assets at its rated voltage. The company has a robust system of tracking compliances through the Komrisk application and regular review of the same by the Management.

- All the major equipment for the Transmission lines are procured from reputed manufacturers having good credentials.
- As per the information provided by the Project Company, it has been understood that there is no navigable river for which approval is required for crossing. Hence, River crossing approval is not envisaged for this project.
- The system has been constructed as per CEA and relevant Indian Standards.
- The selection of towers for the various crossings is generally found to be in order as per the standard industry practices.
- Mandatory spares for transmission lines are maintained by NRSS. In case of consumption of spares, the same are being replenished by NRSS. Also, in case of requirement, NRSS can request POWERGRID for ERS towers and depending on availability, it can be provided on chargeable basis. This ensures that there is no need to block capex on ERS.
- Prudent procedures and good practices for safety are followed during construction`, testing, operation, and maintenance. The company has benchmarked its standards with global best practices by securing ISO14001 and ISO 45001, ISO 27001 & ISO 55001 accreditations.
- The availability of NRSS has been reviewed and it has been observed that NRSS has managed to secure an average availability of more than 99.75% during FY 2019-20, FY20-21 & for FY 21-22, the average availability has been more than 99.94%. As per TSA, the target availability for claiming full transmission charges is 98% and maximum permissible limit for availing annual incentive is 99.75%.
- As per TSA, the life of the project is required to be 35 years. However, with proper maintenance, the life of project can be extended up to 50 years.
- Well documented SOPs which are implemented by competent team of NRSS under supervision and guidance of Senior Management team has ensured continued reliable asset management.

Based on above study, it is observed that all the project established is compliant to all technical, statutory, regulatory requirements and being operate & maintained with highest technical and safety standards by competent personnel in line with statutory requirements and regulations and as per good industrial practices.