

## TOWER INFRASTRUCTURE 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 March 19, 2019 having registration number IN/InvIT/18-19/0009)

**Principal place of business:** 9<sup>th</sup> Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021  
**Tel:** +91 22 3555 5000; **Fax:** +91 22 3555 5560; **Compliance Officer:** Ashita Holani  
**E-mail:** tower.infratel@zmail.ril.com; **Website:** towerinfratrust.com



<b>Reliance Sponsor</b> Reliance Industrial Investments and Holdings Limited	<b>Brookfield Sponsor*</b> BIF IV Jarvis India Pte. Ltd.	<b>Investment Manager</b> Infinite India Investment Management Limited	<b>Trustee</b> Axis Trustee Services Limited
---	---	---	---

Tower Infrastructure Trust (the "Trust") is proposing an initial offer of up to 2,521,500,000 Units through a private placement at a price of ₹ 100 per Unit (the "Issue Price"), aggregating up to ₹ 252,150 million (the "Issue").

The Issue Price is ₹ 100 per Unit.

**THIS ISSUE, AND THE DISTRIBUTION OF THIS PRELIMINARY 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 BSE Limited ("BSE" or the "Stock Exchange"). In-principle approval for listing of the Units has been received from BSE on January 13, 2020. BSE is the Designated Stock Exchange. Applications shall be made to the Stock Exchange for obtaining the final listing and trading approvals for the Units to be Allotted pursuant to the Issue. The Stock Exchange assume 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 Trust or of the Units.

This being an initial offer by the Trust, there has been no formal market for the Units. The Issue Price, 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.

This Preliminary 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 outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S") and applicable law of the jurisdictions where such offers and sales occur.

**THIS PRELIMINARY PLACEMENT MEMORANDUM IS PERSONAL TO EACH ELIGIBLE INVESTOR. THIS PRELIMINARY PLACEMENT MEMORANDUM HAS BEEN PREPARED BY THE TRUST SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE.**

**YOU MAY NOT, AND ARE NOT AUTHORIZED TO, (1) DELIVER THIS PRELIMINARY PLACEMENT MEMORANDUM TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT MEMORANDUM IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY 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 UNITS INVOLVE RISKS AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THE ISSUE UNLESS THEY CAN AFFORD TO TAKE THE RISK OF LOSING THEIR ENTIRE INVESTMENT. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TRUST, THE UNITS, THE ISSUE, AND THIS PRELIMINARY PLACEMENT MEMORANDUM, INCLUDING THE RISKS INVOLVED. INVESTORS ARE ADVISED TO CAREFULLY READ THIS PRELIMINARY PLACEMENT MEMORANDUM, INCLUDING THE SECTION ENTITLED "RISK FACTORS" ON PAGE 52 BEFORE MAKING AN INVESTMENT DECISION. EACH ELIGIBLE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS, ABOUT THE CONSEQUENCES OF AN INVESTMENT IN THE UNITS BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT MEMORANDUM.**

Unless a serially numbered Preliminary 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 pursuant to the Issue. For further details, please see the section entitled "Issue Information" on page 191. The distribution of this Preliminary 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, is unauthorized and prohibited. Each addressee, by accepting delivery of this Preliminary Placement Memorandum, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Memorandum or any documents referred to in this Preliminary Placement Memorandum.

LEAD MANAGER	REGISTRAR AND UNIT TRANSFER AGENT
<b>ICICI Securities Limited</b> ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020 Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: tower.invit@icicisecurities.com Investor grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Rupesh Khant SEBI Registration No.: INM000011179	<b>KFin Technologies Private Limited</b> (formerly known as, Karvy Fintech Private Limited) Selenium Tower – B Plot No 31 & 32 Gachibowli, Financial District Nanakramguda, Serilingampally Hyderabad, Telangana 500 032 Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: einward.ris@kfintech.com Investor Grievance E-mail: towerinfratrust.invit@kfintech.com Website: www.kfintech.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221

This Preliminary Placement Memorandum is dated January 13, 2020.

\* For further details, please see the section entitled "Definitions and Abbreviations" on page 6.

## TABLE OF CONTENTS

NOTICE TO INVESTORS.....	1
DEFINITIONS AND ABBREVIATIONS .....	6
PRESENTATION OF FINANCIAL DATA AND OTHER INFORMATION .....	13
FORWARD-LOOKING STATEMENTS .....	15
THE ISSUE .....	17
OVERVIEW OF THE TRUST .....	19
FORMATION TRANSACTIONS IN RELATION TO THE TRUST.....	21
SUMMARY FINANCIAL STATEMENTS OF THE TOWER CO. ....	23
SUMMARY FINANCIAL INFORMATION OF THE RELIANCE SPONSOR .....	25
SUMMARY FINANCIAL INFORMATION OF THE INVESTMENT MANAGER .....	36
SUMMARY OF INDUSTRY .....	45
SUMMARY OF BUSINESS .....	48
RISK FACTORS .....	52
GENERAL INFORMATION .....	78
PARTIES TO THE TRUST.....	82
OTHER PARTIES INVOLVED IN THE TRUST .....	108
CORPORATE GOVERNANCE .....	112
INDUSTRY OVERVIEW .....	118
BUSINESS .....	126
SUMMARY OF THE TOWER AGREEMENTS.....	137
INFORMATION CONCERNING THE UNITS.....	144
USE OF PROCEEDS .....	145
FINANCIAL INDEBTEDNESS .....	147
DISTRIBUTION.....	150
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	152
RELATED PARTY TRANSACTIONS.....	165
REGULATIONS AND POLICIES .....	173
REGULATORY APPROVALS .....	176
LEGAL AND OTHER INFORMATION.....	177
SECURITIES MARKET OF INDIA .....	181
SELLING AND TRANSFER RESTRICTIONS .....	183
RIGHTS OF UNITHOLDERS .....	186
DILUTION .....	189
ISSUE STRUCTURE .....	190
ISSUE INFORMATION .....	191
STATEMENT OF TAX BENEFITS.....	198
LEGAL MATTERS.....	208
INDEPENDENT ACCOUNTANTS.....	209
AUDITED CONSOLIDATED FINANCIAL STATEMENTS .....	210
CAPITALISATION STATEMENT.....	245
PROJECTIONS OF REVENUE AND OPERATING CASH FLOW .....	246
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....	255
DECLARATION .....	257
ANNEXURE I.....	272
ANNEXURE II.....	273

## NOTICE TO INVESTORS

The statements contained in this Preliminary Placement Memorandum relating to the Trust and the Units are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Memorandum with regard to the Trust and the Units 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, the Reliance Sponsor, the Brookfield Sponsor or any of them. There are no other facts in relation to the Trust and the Units, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Memorandum misleading in any material respect. Further, each of the Investment Manager, the Reliance Sponsor and the Brookfield Sponsor has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Lead Manager has not separately verified any information (financial, legal or otherwise) contained in this Preliminary Placement Memorandum. Accordingly, the Lead Manager nor 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 Preliminary 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 Preliminary Placement Memorandum acknowledges that such person has neither relied on the Lead Manager 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 Trust and the merits and risks involved in investing in the Units. Eligible Investors should not construe the contents of this Preliminary Placement Memorandum as legal, tax, accounting or investment advice. Each Eligible Investor receiving this Preliminary Placement Memorandum acknowledges that in making an investment decision, such investor has relied solely on the information contained in this Preliminary Placement Memorandum and not on any other disclosure or representation by the Investment Manager, the Trustee, the Reliance Sponsor, the Brookfield Sponsor, the Lead Manager or any other party.

No person is authorized to give any information or to make any representation not contained in this Preliminary 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 Trust or by, or on behalf, of the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager or the Lead Manager. The delivery of this Preliminary 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 Preliminary Placement Memorandum contains a summary of some terms of certain documents which are qualified in their entirety by the terms and conditions of those documents.

This Preliminary Placement Memorandum is personal to each Eligible Investor.

The distribution of this Preliminary 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 Preliminary Placement Memorandum, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Memorandum or any other material in connection with the Issue or the Units.

### Certain U.S. Matters

**The Units have not been, and will not be, registered under the Securities Act or any other applicable state securities laws of the U.S. and, unless so registered, may not be offered or sold within the U.S. 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 only (outside the United States in offshore transactions in reliance on Regulation S, in each case in compliance with the applicable laws of the jurisdictions where those offers and sales occur.**

Each purchaser of the Units offered by this Preliminary 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 183.

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION IN THE U.S. OR ANY OTHER U.S. REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRELIMINARY PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE U.S..

## **Notice to Investors in certain other jurisdictions**

The distribution of this Preliminary Placement Memorandum and the issue of the Units in certain jurisdictions may be restricted by law. As such, this Preliminary 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 Manager which would permit an Issue of the Units or distribution of this Preliminary Placement Memorandum in any jurisdiction, other than India. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Preliminary 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 183.

## **FATCA and Similar Measures**

India has signed a Model 1 inter-governmental agreement with the United States (the “**U.S.-India IGA**”) to give effect to the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and U.S. Treasury Regulations promulgated thereunder (together, as amended from time to time, “**FATCA**”). Pursuant to the U.S.-India IGA and the related Indian legislation, regulations and guidance, the Trust is required to report certain information about “Specified U.S. Persons” (as defined in the U.S.-India IGA) that own, directly or indirectly, an interest in the Trust. If the Trust does not comply with these obligations, it may be subject to a 30% withholding tax on certain payments to it of U.S. source income (including interest and dividends) (from July 1, 2014) and proceeds from the sale of property that could give rise to U.S. source interest or dividends (from January 1, 2019) (a “**FATCA Deduction**”), and to financial penalties or other sanctions under the relevant Indian legislation.

Under the terms of the current U.S.-India IGA, the Trust will not generally be required to withhold tax on payments made to an account holder (i.e. a Unitholder) or to close recalcitrant accounts. The Trust will be required to report certain information in respect of any “Specified U.S. Persons” to the Indian Directorate of Intelligence and Criminal Investigation (the “**Directorate**”) and the Directorate will exchange this information, on an automatic basis annually, with the U.S. Internal Revenue Service.

It should be noted that a number of other jurisdictions have entered into or are committed to entering into inter-governmental agreements for the automatic cross-border exchange of tax information similar to the U.S.-India IGA, including, in particular, under a regime known as the OECD Common Reporting Standard (the “**CRS**”). India has signed, along with over 80 other countries, a multilateral competent authority agreement to implement the CRS, and has passed regulations to give effect to the CRS. These regulations require Indian “Financial Institutions”, which is likely to include the Trust, to identify specified persons in participating jurisdictions under the CRS, and to report related information to the Directorate (for automatic exchange with the relevant tax authorities in such jurisdictions).

While the Trust will seek to satisfy its obligations under FATCA, the U.S.-India IGA, the CRS and the associated implementing legislation in India to avoid the imposition of any FATCA Deductions, financial penalties and other sanctions, the ability of the Trust to satisfy such obligations will depend on receiving relevant information and/or documentation about each Unitholder and the direct and indirect beneficial owners of the Units (if any). There can be no assurance that the Trust will be able to satisfy such obligations. If a Unitholder, or any related party, causes the Trust to suffer a FATCA Deduction, financial penalty, or other cost, expense or liability, or the Trust is required to make a FATCA Deduction from such Unitholder, the Investment Manager and/or the Trustee, on behalf of the Trust, reserves the right to take any action available to it and to pursue all remedies at its disposal to ensure that the FATCA Deduction or financial penalty and other associated costs, expenses and liabilities are economically borne by such Unitholder.

All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA, the U.S.-India IGA, the CRS and the associated implementing legislation in India and any other similar legislation and/or regulations on their investments in 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, Units pursuant to the Issue, you are deemed to have represented to the Trustee, the Investment Manager, the Reliance Sponsor, the Brookfield Sponsor, and the Lead Manager, and acknowledge and agree as follows:

- (1) You are entitled to acquire the Units under the laws of all relevant jurisdictions and that you 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 Preliminary Placement Memorandum) and will honour such obligations;

- (2) 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
- (3) You will make all necessary filings, in relation to the Issue and your investment in Units, with appropriate governmental, statutory or regulatory authorities, including the RBI, as may be required, in accordance with applicable law in your respective jurisdiction;
- (4) 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 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 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 relevant regulatory, governmental or statutory authority;
- (5) 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. This Preliminary Placement Memorandum will be submitted to SEBI and the Stock Exchange;
- (6) You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Trust or its agents (“**Presentations**”) with regard to the Trust, the Units or the Issue; or (ii) if you have participated in or attended any Presentations, you understand and acknowledge that the Lead Manager or the Trustee may not have knowledge of the statements that the Trust or its 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 Manager, the Trustee (or its agents), the Investment Manager, the Reliance Sponsor or the Brookfield Sponsor have advised you not to rely in any way on any information that was provided to you at such Presentations;
- (7) None of the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager, the Trustee or the Lead Manager 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 Manager. None of the Reliance Sponsor, the Brookfield Sponsor, the Trustee, the Investment Manager, the Lead Manager 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;
- (8) All statements, other than statements of historical fact included in this Preliminary Placement Memorandum, including, without limitation, those regarding the Trust’s financial position, business strategy, plans and objectives for future operations, the Investment Objectives, and the Projections of Revenue and Operating Cash Flow, 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 Trust’s present and future business strategies and the environment in which the 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 Preliminary Placement Memorandum. The Trust, the Trustee, the Sponsors, the Investment Manager and the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates assume no responsibility to update any of the forward-looking statements contained in this Preliminary Placement Memorandum;
- (9) You have been provided a serially numbered copy of this Preliminary Placement Memorandum and have read this Preliminary Placement Memorandum in its entirety, including, in particular, the section entitled “*Risk Factors*” on page 52;

- (10) 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;
- (11) You have made, or are deemed to have made, as applicable, the representations provided in the section entitled “*Selling and Transfer Restrictions*” on page 183;
- (12) You understand that the Units have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the Securities Act;
- (13) The Units are being offered and sold outside the United States in an offshore transaction within the meaning of Regulation S and the applicable law of the jurisdictions in which those offers and sales occur.
- (14) 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 183, and you warrant that you will comply with such restrictions;
- (15) In making your investment decision, you have (i) relied on your own examination of the 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 Trust, the Units and the terms of the Issue based solely on the information contained in this Preliminary 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 Preliminary Placement Memorandum and no other disclosure or representation by the Reliance Sponsor or the Brookfield Sponsor or the Investment Manager or the Lead Manager or any other party; (v) received all information in this Preliminary Placement Memorandum that you believe is necessary or appropriate in order to make an investment decision in respect of the Trust and the Units, and (vi) relied upon your own investigation in deciding to invest in the Issue;
- (16) 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 Preliminary Placement Memorandum, look to any of the Investment Manager, the Trustee, the Reliance Sponsor, the Brookfield Sponsor or the Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, 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 party in any jurisdiction;
- (17) The Trustee, the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager, the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, 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 Reliance Sponsor, the Brookfield Sponsor, the Trustee, the Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates or the Investment Manager 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 Manager, the Reliance Sponsor, the Brookfield Sponsor, the Trustee or the Investment Manager 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;
- (18) You are not the Trustee, or the Valuer or an employee of the Valuer involved in the valuation of the Tower Co.;
- (19) You are aware that (i) we have received in-principle approval from BSE dated January 13, 2020, 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 approvals for listing and trading of the Units will be obtained in a timely manner, or at all. The Trust, the Trustee, the Investment Manager, the Reliance Sponsor or the Brookfield Sponsor, shall not be responsible for any delay or non-receipt of such final approvals (except to the extent prescribed under the InvIT Regulations) or any loss arising from such delay or non-receipt;

- (20) You shall not undertake any trade in the Units credited to your demat account until such time that the final listing and trading approvals for the Units have been issued by the Stock Exchange, subject to compliance with applicable law;
- (21) 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 Preliminary 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 Manager, the Investment Manager, the Reliance Sponsor or the Brookfield Sponsor, and neither the Trustee, the Lead Manager, the Investment Manager, the Reliance Sponsor nor the Brookfield 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;
- (22) 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 respects 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 150;
- (23) You are eligible to Bid for, and hold, Units, so Allotted. Your holding after the Allotment of the Units shall not exceed the investment level permissible as per any applicable law and regulation.
- (24) You agree to indemnify and hold the Trustee, Investment Manager, the Reliance Sponsor, the Brookfield Sponsor and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this section;
- (25) The Trustee, the Investment Manager, the Reliance Sponsor, the Brookfield Sponsor, the Lead Manager, 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 Manager on their own behalf and on behalf of the Trust, the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager, the Trustee, and the same are irrevocable;
- (26) 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 or any other statutory, regulatory or judicial authority from buying, selling or dealing in securities;
- (27) You understand that, subject to the terms of this Preliminary Placement Memorandum, neither the Lead Manager, the Investment Manager, the Reliance Sponsor, the Brookfield 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;
- (28) 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 Preliminary Placement Memorandum; and
- (29) 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.

#### **Available Information**

The Investment Manager agrees to comply with any undertakings given by it from time to time in connection with the Units to the Stock Exchange and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchange all such information as the rules of the Stock Exchange may require in connection with the listing of the Units on such Stock Exchange.

## DEFINITIONS AND ABBREVIATIONS

*This Preliminary 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, circulars, notifications, clarifications or policies shall be to such legislation, act, regulations, rules, guidelines, circulars, notifications, clarifications 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 Preliminary 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 Consolidated Financial Statements”, “Projections of Revenue and Operating Cash Flow”, “Statement of Tax Benefits”, and “Legal and other Information” on pages 210, 246, 198 and 177, respectively, shall have the meanings ascribed to such terms in those respective sections.*

*In this Preliminary Placement Memorandum, unless the context otherwise requires, a reference to “we”, “us” and “our” refers to the Trust and the Tower Co., on a consolidated basis.*

### Trust Related Terms

Term	Description
Associate	Associate shall have the meaning under Regulation 2(1)(b) of the InvIT Regulations
Auditors	Deloitte Haskins & Sells LLP, the statutory auditors of the Trust
Audited Consolidated Financial Statements	Audited consolidated financial statements of Trust, which comprise the consolidated balance sheets as at March 31, 2019 and as at September 30, 2019 and the related consolidated statements of profit and loss (including other comprehensive income), consolidated cash flow statements and consolidated statements of changes in equity for the year ended March 31, 2019 and the six months period ended September 30, 2019 and a summary of significant accounting policies and other explanatory information
Brookfield Group	Brookfield Singapore Pte. Ltd., Brookfield Asset Management Inc., Brookfield Infrastructure Partners, L.P., their affiliates and each of their managed funds
Brookfield Sponsor	BIF IV Jarvis India Pte. Ltd.*  *SEBI has taken on record the request for addition of BIF IV Jarvis India Pte. Ltd. as one of the sponsors of the Trust. The Deed of Accession will be signed by BIF IV Jarvis India Pte. Ltd. after receipt of approval from DoT and prior to the Bid/Issue Opening Date.
Capital Contribution	The aggregate per Unit price at which Units are issued by the Trust, as agreed and paid by a Unitholder to the Trust for acquiring Units of the Trust, in accordance with the provisions of the InvIT Documents
Corporate Governance Framework	The corporate governance framework adopted by the Investment Manager on behalf of the Trust. For details, please see the section entitled “Corporate Governance” on page 112
COW Site	‘Cell on wheels’ portable or movable site at which the Passive Infrastructure is located
DMDT	Digital Media Distribution Trust
Deed of Accession	Deed of accession to the Indenture of Trust executed on [●], 2020 between the Brookfield Sponsor, the Reliance Sponsor and the Trustee
Equity Shares	Equity shares of Tower Co. each having a face value ₹ 1 each
Framework Agreement	The framework agreement entered into between the Reliance Sponsor, the Brookfield Sponsor, the Trust (acting through its Trustee) and the Tower Co. dated July 19, 2019 together with the amendment agreement dated November 4, 2019 and the extension agreement dated December 31, 2019
GBM Site	Ground-based mast or pole site at which the Passive Infrastructure is located on land
GBT Site	Ground-based tower site at which the Passive Infrastructure is located on land
Holding Company	A holding company, as defined under Regulation 2(1)(sa) of the InvIT Regulations

<b>Term</b>	<b>Description</b>
Indenture of Trust	The indenture of trust of Tower Infrastructure Trust dated January 31, 2019 entered into between the Reliance Sponsor and the Trustee together with the Deed of Accession
Initial Tower Agreements	Collectively, the Original Master Services Agreement, Original O&M Agreement and the Original Project Execution Agreement
Investment	Investment by the Trust in Holding Companies or SPVs in accordance with the InvIT Documents and as permitted under applicable law
Investment Management Agreement	The investment management agreement dated January 31, 2019 entered into between the Trust (acting through its Trustee) and the Investment Manager
Investment Manager	Infinite India Investment Management Limited
Investment Objectives	The object and purposes of the Trust, as provided under the section entitled “ <i>Overview of the Trust</i> ” on page 19
InvIT Assets	The aggregate of the initial corpus of the Trust, immovable, movable and other assets and cash (including cash equivalents) owned by the Trust (held either directly or through the Trustee), on a consolidated basis, and includes all rights, interests and benefits arising from, and incidental to, ownership thereof of such assets, as specified under, amongst others, the Indenture of Trust, the offer documents, and in accordance with applicable law
InvIT Documents	The Indenture of Trust, the Investment Management Agreement, the Project Implementation and Management Agreement, any other document, letter or agreement with respect to the Trust or the Units, executed for the purpose of the 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
JDFPL	Jio Digital Fibre Private Limited
Macro Tower	Ground based towers, ground based mast or pole, roof-top towers, roof-top pole or cell on wheels
Master Services Agreement	The amended and restated master services agreement dated December 16, 2019 entered into between RJIL, the Tower Co. and RDPPSL
O&M Agreement	The amended and restated operation and maintenance agreement for passive infrastructure dated December 16, 2019 entered into between the Project Manager, the Tower Co. and RDPPSL
Original Master Services Agreement	The master services agreement dated April 15, 2019 entered into between Tower Co. and RJIL, which was effective from the close of business hours on March 31, 2019
Original O&M Agreement	The operation and maintenance agreement dated April 15, 2019 entered into between the Tower Co., the Project Manager and RDPPSL, which was effective from the close of business hours on March 31, 2019
Original Project Execution Agreement	The project execution agreement dated April 15, 2019 entered into between the Tower Co., the Project Manager and RDPPSL, which was effective from the close of business hours on March 31, 2019
Parties to the Trust	Collectively, the Reliance Sponsor, the Trustee, the Investment Manager, the Project Manager and upon execution of the Deed of Accession, the Brookfield Sponsor
Passive Infrastructure	The passive telecommunication infrastructure located at any Site, including tower, room/shelter, diesel generator sets and electrical and civil works, DC power system and battery bank and does not include the RJIL equipment located at such Site
Portfolio Assets	The Tower Co. which is owned by the Trust and any other asset owned by the Trust from time to time
Preference Shares	10% cumulative, optionally convertible preference shares of Tower Co. each having a face value of ₹ 10 each
Project Execution Agreement	The amended and restated project execution agreement for establishment of passive tower infrastructure dated December 16, 2019 entered into between the Project Manager, the Tower Co., RJIL and RDPPSL
Project Implementation and Management Agreement	The project implementation and management agreement dated January 13, 2020 entered into amongst the Trustee, the Project Manager, the Investment Manager and the Tower Co.
Project Manager or JIMSL	Jio Infrastructure Management Services Limited
Projections of Revenue and Operating Cash Flow	Projections of revenue and operating cash flows of the Trust on a consolidated basis for the years ending March 31, 2021, March 31, 2022 and March 31, 2023 along with the basis of preparation and other explanatory information and significant assumptions

<b>Term</b>	<b>Description</b>
RDPPSL/ Contractor/ Operator	Reliance Digital Platform & Project Services Limited (formerly known as, Reliance Corporate IT Park Limited), being the contractor for the purposes of the Project Execution Agreement and the operator for the purposes of the O&M Agreement
Related Parties	Related parties, as defined under Regulation 2(1)(zv) of the InvIT Regulations
Reliance Sponsor or RIHL	Reliance Industrial Investments and Holdings Limited
RIL	Reliance Industries Limited
RJIL	Reliance Jio Infocomm Limited
RTP Site	Roof top pole site at which the Passive Infrastructure is located on a building or structure
RTT Site	Roof top tower site at which the Passive Infrastructure is located on a building or structure
RVL Loan	The loan amounting to ₹ 1,100 million availed by the Trust in terms of the RVL Loan Agreement
RVL Loan Agreement	The facility agreement dated March 27, 2019 entered into between the Trust (acting through the Trustee), the Investment Manager and Reliance Ventures Limited
Scheme of Arrangement	The composite scheme of arrangement among RJIL, JDFPL, the Tower Co. and their respective shareholders and creditors under Sections 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013 approved by the National Company Law Tribunal, Ahmedabad bench on March 20, 2019.
Shareholder and Option Agreement	The shareholder and option agreement dated December 16, 2019 entered into among the Trust (acting through its Trustee), the Investment Manager, RIL, the Reliance Sponsor, the Tower Co., RJIL and the Brookfield Sponsor
Share Purchase Agreement – I	The share purchase agreement dated March 31, 2019 entered into between the Trust (acting through its Trustee), the Investment Manager, RJIL, the Reliance Sponsor and DMDT (acting through its trustee, Reliance Media Transmission Private Limited) for the acquisition of 51% of the outstanding equity share capital in Tower Co. by the Trust
Share Purchase Agreement – II	The share purchase agreement dated December 16, 2019 entered into between the Trust (acting through its Trustee), the Investment Manager, RIL, Reliance Sponsor, the Tower Co. and the Brookfield Sponsor and the extension agreement dated December 31, 2019 for acquisition of the remaining 49% of the outstanding equity share capital in Tower Co. by the Trust
Share Purchase Agreements	Collectively, the Share Purchase Agreement – I and the Share Purchase Agreement – II
Sharer	A person (other than RJIL) whose equipment is installed at the Site or which has been allocated space thereat, in terms of the relevant Tower Agreements
Site	GBT Site, GBM Site, RTT Site, RTP Site or COW Site or any other passive telecom tower infrastructure site
SPA Closing Date	The closing date specified under the Share Purchase Agreement – II, being either (i) the 10 <sup>th</sup> Business Day from the date of fulfilment of all the conditions precedent (or waiver thereof by the relevant party in accordance with the Share Purchase Agreement - II); or (ii) such other date as may be mutually agreed, in writing, between the parties to the Share Purchase Agreement – II
Sponsors	The Reliance Sponsor and the Brookfield Sponsor, collectively
SPV(s)	Special purpose vehicles, as defined under Regulation 2(1)(zy) of the InvIT Regulations
Third Party Site Specification	The standard site requirements for a Sharer in terms of the Master Services Agreement
Tower Agreements	Collectively, the Master Services Agreement, the O&M Agreement and the Project Execution Agreement
Tower Agreements Closing Date	The date on which the Trust acquires 49% of the Equity Shares of the Tower Co. pursuant to the Share Purchase Agreement – II
Tower Co. or RJIPL	Reliance Jio Infratel Private Limited
Tower Infrastructure Business	The business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services
Transition Services Agreement	The transition services agreement proposed to be entered into between the Tower Co. and relevant entities forming a part of the Reliance group.
Trust	Tower Infrastructure Trust
Trust Assets	(a) The equity shares of the Holding Companies/ SPVs, (b) other investments made in any security issued by the Holding Companies/ SPVs, (c) any loan extended to the Holding Companies/ SPVs, each of the foregoing made from the Capital Contributions received by the Trust and income earned by the Trust, (d) any other

<b>Term</b>	<b>Description</b>
	investments made from the Capital Contributions, (e) assets or properties held by the Trust and/or income earned by the Trust and any additions, accretions or reductions thereto (including properties of any kind whatsoever to which the same may be converted or varied from time to time), and (e) any cash or bank balances held by the Trust
Trust Loan	The loan aggregating to ₹ 250,000 million to be provided by the Trust to the Tower Co. in accordance with the Trust Loan Agreement
Trust Loan Agreement	The facility agreement to be entered into between the Trust (acting through the Trustee), the Investment Manager and the Tower Co.
Trustee	Axis Trustee Services Limited
Unitholder	Any person who owns any Unit of the Trust
Units	An undivided beneficial interest in the Trust, and all issued and allotted Units together representing the entire beneficial interest in the Trust
Valuation Report	The valuation report issued by the Valuer, which sets out its opinion as to the fair enterprise value of the Tower Co. as on September 30, 2019
Valuer	Sunil Kumar Saini

### Issue Related Terms

<b>Term</b>	<b>Description</b>
Allocated/ Allocation	The allocation of Units, to successful Bidders on the basis of the Application Form submitted by them, by the Investment Manager, in consultation with the Lead Manager and the Brookfield Sponsor
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Units to successful Bidders, pursuant to the Issue
Allotees	Bidders to whom Units are issued and Allotted pursuant to the Issue
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 Preliminary 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 Preliminary Placement Memorandum
Bid/Issue Closing Date	[●], 2020, which is the last date up to which the Application Forms shall be accepted
Bid/Issue Opening Date	[●], 2020, 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 2,600,000 Units and in multiples of [●] Units thereafter
Bidder	Any Eligible Investor, who makes a Bid pursuant to the terms of this Preliminary Placement Memorandum and the Application Form
Bodies Corporate	Bodies corporate as defined in Regulation 2(1)(d) of the InvIT Regulations, whether Indian or foreign
Business Day	Any day from Monday to Friday, excluding any public holiday
Cash Escrow Account	'No-lien' and 'non-interest bearing' account opened with the Escrow Collection Banks 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 dated [●], 2020 entered into amongst the Trust (acting through the Trustee), the Investment Manager, the Lead Manager, the Brookfield Sponsor 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 Units pursuant to the Issue shall be made, i.e. on or about [●]
Demographic Details	Details of the Bidders, including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details
Designated Date	The date of credit of Units to the Eligible Investors' demat accounts
Designated Stock Exchange	BSE Limited
Eligible Investors	Institutional Investors and Bodies Corporate, whether Indian or foreign
Escrow Collection Bank	[●]

<b>Term</b>	<b>Description</b>
Institutional Investors	Institutional investor as defined in Regulation 2(1)(ya) of the InvIT Regulations
I-Sec	ICICI Securities Limited
Issue	The issue of up to 2,521,500,000 Units at an Issue Price of ₹ 100 per Unit, aggregating up to ₹ 252,150 million, on a private placement basis
Issue Expenses	Expenses in relation to the Issue
Issue Price	₹ 100 per Unit, being the price at which Units will be Allotted to successful Bidders in terms of this Preliminary Placement Memorandum
Issue Proceeds	The proceeds of the Issue of up to ₹ 252,150 million.  For further details about the use of the Issue Proceeds, please see the section entitled “Use of Proceeds” on page 145
Issue Size	The issue of up to 2,521,500,000 Units aggregating up to ₹ 252,150 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 Manager	I-Sec
Minimum Bid Size	₹ 250 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 January 13, 2020 entered into among the Trust (acting through its Trustee), the Trustee, the Investment Manager, the Reliance Sponsor, the Brookfield Sponsor, the Project Manager and the Lead Manager
Placement Memorandum	The placement memorandum dated [●] to be issued in relation to this Issue in accordance with the InvIT Regulations
Preliminary Placement Memorandum	This preliminary placement memorandum dated January 13, 2020 in relation to this Issue, to be filed with SEBI and the Stock Exchange, issued in accordance with the InvIT Regulations, which does not contain the complete particulars of the Issue, including any modifications, amendments, supplements, notices, corrections or corrigenda thereto
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 individuals, corporate bodies and family offices, (iii) a public financial institution as defined in section 2(72) of the Companies Act, 2013, (iv) a scheduled commercial bank as included in the second schedule to the Reserve Bank of India Act, 1934, (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.
Registrar and Unit Transfer Agent or Registrar	KFin Technologies Private Limited (formerly, Karvy Fintech Private 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

<b>Term</b>	<b>Description</b>
Analysys Mason Report	The report entitled “Valuation of Jio TowerCo” dated March 31, 2019 issued by Analysys Mason India Private Ltd.
O&M	Operation and maintenance
Technical Consultant	Capitel Pte Ltd
Technical Report	The technical report entitled “Commercial Due Diligence of RJIPL Towers” prepared by the Technical Consultant



## Abbreviations

Term	Description
ABC Policy	Anti-bribery and Corruption Policy
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
Anti-Corruption Laws	Collectively, the Prevention of Corruption Act, 1988, the Benami Transactions (Prohibition) Act, 1988, the Prevention of Money Laundering Act, 2002, the United States Foreign Corrupt Practices Act of 1977, and the United Kingdom Bribery Act of 2010, in each case as amended from time to time, including rules, regulations or guidelines, issued by the government entities in relevant jurisdictions
AoA	Articles of Association
BSE	BSE Limited
CAN	Confirmation of Allocation Note
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 1956 and the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder
Competition Act	Competition Act, 2002
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT under D/o IPP F.No. 5(1)/2017-FC-1 dated the August 28, 2017, effective from August 28, 2017
CRISIL	CRISIL Limited
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
Depositories Act	Depositories Act, 1996
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DoT	Department of Telecommunications, Government of India
ECR	Energy Consumption Rating
FBIL	Financial Benchmark India Private Limited
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
FPI	Foreign portfolio investors
FVCI	Foreign venture capital investors, as defined under the SEBI FVCI Regulations
GAAR	General Anti-Avoidance Rules
GoI or Government	Government of India
GSM	Global System for Mobile communication
GST	Goods and Services Tax
HSE Policy	Health, Safety and Environment Policy
ICAI	Institute of Chartered Accountants of India
Ind AS	Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
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
IRDAI	Insurance Regulatory and Development Authority of India
IT Act	The Income Tax Act, 1961
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MoA	Memorandum of Association

<b>Term</b>	<b>Description</b>
MoEF	Ministry of Environment, Forest and Climate Change
NACH	National Automated Clearing House
NASD	National Association of Securities Dealers
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
Notified Sections	The sections of the Companies Act, 2013 that were notified by the Ministry of Corporate Affairs, Government of India
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies
Rs./Rupees/INR/₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
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 VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	U.S. Securities Act of 1933
Securities Exchange Act	U.S. Securities Exchange Act of 1934
Stock Exchange	BSE
TRAI	Telecom Regulatory Authority of India
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 Preliminary Placement Memorandum to “India” are to the Republic of India.

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

### Financial Data

Unless stated otherwise, the financial information in this Preliminary Placement Memorandum is derived from the Audited Consolidated Financial Statements.

Further, this Preliminary Placement Memorandum includes projections of revenue and operating cash flows of the Trust on a consolidated basis for the financial years ended March 31, 2021, March 31, 2022 and March 31, 2023, prepared in accordance with Standard on Assurance Engagement 3400, ‘The Examination of Prospective Financial Information’, issued by the Institute of Chartered Accountants of India (the “**Projections of Revenue and Operating Cash Flow**”). For further details, please see the section entitled “*Projections of Revenue and Operating Cash Flow*” on page 246.

Further, this Preliminary Placement Memorandum includes summary financial statements of the (i) Reliance Sponsor, for the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 prepared in accordance with Ind AS and the Companies Act; and (ii) Investment Manager, for the financial years ended (a) March 31, 2019 and the comparative financial year ended March 31, 2018, prepared in accordance with Ind AS, and (b) March 31, 2018 and March 31, 2017, prepared in accordance with Indian GAAP. Since the Brookfield Sponsor was incorporated in May, 2019, there are no financial statements of the Brookfield Sponsor available as of date of this Preliminary Placement Document. For further details, please see the sections entitled “*Summary Financial Information of the Reliance Sponsor*” and “*Summary Financial Information of the Investment Manager*” on pages 25 and 36, respectively.

The financial year for the Trust, the Reliance Sponsor, the Investment Manager and the Tower Co., 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 for each of the Trust, the Reliance Sponsor, the Investment Manager and the Tower Co., unless stated otherwise, are to the 12-month period ended on March 31 of that year. The financial year for the Brookfield Sponsor commences on January 1 and ends on December 31 of that year, and accordingly, all references to a particular financial year or fiscal year for the Brookfield Sponsor, unless stated otherwise, are to the 12-month period ended on December 31 of that year.

The degree to which the financial information included in this Preliminary 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. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Preliminary Placement Memorandum should accordingly be limited.

In this Preliminary 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.

### 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 Preliminary Placement Memorandum has been presented in “million” units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Unless the context requires otherwise, any percentage amounts, in relation to us as set forth in this Preliminary Placement Memorandum, have been calculated on the basis of the Audited Consolidated Financial Statements.

## Exchange Rates

This Preliminary 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 September 30, 2019	As of March 31, 2019*	As of March 31, 2018**	As of March 31, 2017
1 US\$	70.69	69.17	65.04	64.84

Source: [www.rbi.org.in](http://www.rbi.org.in) and [www.fbil.org.in](http://www.fbil.org.in)

\*Exchange rate as on March 29, 2019, as FBIL reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and Saturday, respectively.

\*\*Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and public holidays, respectively.

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Preliminary Placement Memorandum has been obtained or derived from publicly available information, publications of the Government, the Technical Report, the Analysys Mason India Private Ltd. (“**Analysys Mason Report**”) and other sources. Such information has not been independently verified by us, the Reliance Sponsor, the Lead Manager, or their respective legal, financial or other advisors, and no representation is made as to the accuracy of such information. The industry and market data provided in this Preliminary Placement Memorandum is presented as of specific dates and may no longer be current or reflect current trends.

For further details, please see the section entitled “*Risk Factors – This Preliminary Placement Memorandum contains information from the Analysys Mason Report which is a commissioned report. The accuracy of statistical and other information with respect to the telecommunication infrastructure sector and the Analysys Mason Report which are based on certain bases, estimates and assumptions that are subjective in nature, cannot be guaranteed*” on page 61 of this Preliminary Placement Memorandum.

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. Although the Investment Manager, the Reliance Sponsor and the Brookfield Sponsor believe that the industry and market data used in this Preliminary Placement Memorandum is reliable, it has not been independently verified by the Investment Manager, the Reliance Sponsor, the Brookfield Sponsor, the Trustee, the Lead Manager or any of their respective affiliates or advisors. 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*” on page 52. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Preliminary Placement Memorandum is meaningful depends 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 Trust is conducted, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary 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”, “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 Trust are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding the 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 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 Preliminary Placement Memorandum that are not historical facts. Further, this Preliminary Placement Memorandum also includes the section entitled “*Projections of Revenue and Operating Cash Flow*” on page 246.

The Valuation Report included in this Preliminary 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 I.

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, 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 Trust to differ materially include, but are not limited to, those discussed under the sections entitled “*Risk Factors*”, “*Industry Overview*”, “*Business*” and “*Management’s Discussion and analysis of the financial condition and results of operations*”, on pages 52, 118, 126 and 152, 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:

- RJIL currently contributes all of the Tower Co.’s revenues and is expected to continue to contribute significantly to its revenues going forward. Accordingly, its results of operations and financial condition are linked to those of RJIL. As a result, any and all the factors that may adversely affect the business of RJIL would adversely and materially affect the results of operations and financial condition of the Tower Co.. Further, any delay in payments from RJIL would materially and adversely affect the Tower Co.’s cash flows and distributions to our Unitholders;
- Competition in the telecommunications tower industry may create pricing pressures that materially and adversely affect us;
- We may not be able to successfully expand our tower portfolio by acquisition. Our growth strategies depend on various factors, some of which are outside our control;
- Failure to comply with, safety, health and environmental laws and regulations in India applicable to our business or adverse changes in such applicable laws and regulations, may materially and adversely affect our business;
- The Tower Co. may be unable to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate the Tower Sites and any changes in current or future regulations could restrict our ability to operate our business as we currently do;
- The composite scheme of arrangement undertaken by RJIL, Jio Digital Fibre Private Limited (“JDFPL”), the Tower Co. and their respective shareholders in relation to transfer of RJIL’s tower assets are subject to risks in relation to the transfer of the relevant licenses, approvals and permits;
- Our substantial indebtedness could adversely affect our business, prospects, financial condition, results of operations and cash flows;
- A decrease in demand for telecommunications tower infrastructure in India could materially and adversely affect our ability to attract potential customers in the market;
- Merger or consolidation among wireless telecommunications service providers could have a material and adverse effect on our revenue and cash flow; and
- Our costs could increase and the growth of our revenues could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated and regulatory requirements become applicable to telecommunication towers and related infrastructure.

The forward-looking statements, Projections of Revenue and Operating Cash Flow, Valuation Report and Technical Report reflect current views as of the date of this Preliminary 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, the Reliance Sponsor and the Brookfield 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, the Reliance Sponsor or the Brookfield 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 and Operating Cash Flow have been examined by the Auditors. The Projections of Revenue and Operating Cash Flow have been prepared for inclusion in this Preliminary 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 and Operating Cash Flow may not be appropriate for purposes other than that described above. In any event, these statements speak only as of the date of this Preliminary Placement Memorandum or the respective dates indicated in this Preliminary Placement Memorandum.

The Trust, the Investment Manager, the Reliance Sponsor, the Brookfield Sponsor and the Lead Manager 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 Preliminary 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 Trust could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the 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 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 Preliminary Placement Memorandum:

<b>Issue</b>	Up to 2,521,500,000 Units aggregating up to ₹ 252,150 million
<b>Issue Price</b>	₹ 100 per Unit
<b>Minimum Bid Size</b>	₹ 250 million
<b>Bid/Issue Opening Date</b>	[●]*
<b>Bid/Issue Closing Date</b>	[●]
<b>Sponsors</b>	Reliance Industrial Investments and Holdings Limited and BIF IV Jarvis India Pte. Ltd.
<b>Trustee</b>	Axis Trustee Services Limited
<b>Investment Manager</b>	Infinite India Investment Management Limited
<b>Project Manager</b>	Jio Infrastructure Management Services Limited
<b>Eligible Investors</b>	Institutional Investors and Bodies Corporate
<b>Authority for this Issue</b>	This Issue was authorised, and approved by the board of directors of the Investment Manager on January 13, 2020
<b>Tenure of the Trust</b>	The Trust shall remain in force for 99 years or until it is dissolved or terminated in accordance with the Indenture of Trust. For details, please see the section entitled “ <i>Parties to the Trust</i> ” on page 82
<b>Units issued and outstanding as of the date of this Preliminary Placement Memorandum</b>	As of the date of this Preliminary Placement Memorandum, there are no issued and outstanding Units.
<b>Units issued and outstanding immediately after this Issue</b>	Up to 2,521,500,000 Units
<b>Sponsor Units as on the date of the Placement Memorandum</b>	Up to [●] Units by the Brookfield Sponsor*  The Units held by the Brookfield Sponsor, shall rank <i>pari passu</i> with, and have the same rights as the Units to be Allotted to other Bidders pursuant to this Issue.  *Subject to finalization of Allotment
<b>Distribution</b>	Please see the section entitled “ <i>Distribution</i> ” on page 150
<b>Indian Taxation</b>	Please see the section entitled “ <i>Statement of Tax Benefits</i> ” on page 198
<b>Use of Proceeds</b>	Please see the section entitled “ <i>Use of Proceeds</i> ” on page 145
<b>Listing</b>	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 BSE on January 13, 2020. The Investment Manager shall apply to the Stock Exchange for the final listing and trading approvals, after the Allotment and the credit of the Units to the demat accounts of the Allottees
<b>Designated Stock Exchange</b>	BSE Limited
<b>Closing Date</b>	The date on which Allotment of the Units pursuant to this Issue shall be made, i.e. on or about [●]
<b>Ranking</b>	The Units being issued shall rank <i>pari passu</i> in all respects, including rights in respect of distribution.  Please see the section entitled “ <i>Rights of Unitholders</i> ” on page 186
<b>Lock-in and Rights of Unitholders</b>	For details, please see the sections entitled “ <i>Information Concerning the Units</i> ” and “ <i>Rights of Unitholders</i> ” on pages 144 and 186, respectively
<b>Risk Factors</b>	Prior to making an investment decision, Bidders should consider carefully the matters discussed in the section entitled “ <i>Risk Factors</i> ” on page 52

\* The Bid/Issue Opening Date shall be determined by the Investment Manager in consultation with the Lead Manager and the Brookfield Sponsor upon the satisfaction of the conditions precedent in accordance with the terms of the Share Purchase Agreement – II. For further details, please see the section entitled “*Related Party Transactions – Acquisition of the Tower Co. by the Trust – Share Purchase Agreement – II*” on page 167.

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 Trust may issue subordinate units of the Trust only to the Sponsors and their respective Associates, in compliance with the InvIT Regulations, where such subordinate units of the 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 191.



## OVERVIEW OF THE 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 Preliminary 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 Trust to differ materially from those forecasted or projected in this Preliminary 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 Trust, the Parties to the Trust or the Lead Manager 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 Preliminary Placement Memorandum in its entirety and, in particular, the section entitled "Risk Factors" on page 52.*

### Structure and description of the Trust

The Reliance Sponsor set up the Trust on January 31, 2019, as an irrevocable trust under the provisions of the Indian Trusts Act, 1882. The Trust was registered as an infrastructure investment trust under the InvIT Regulations on March 19, 2019, having registration number IN/InvIT/18-19/0009. The Reliance Sponsor has settled the Trust for an initial sum of ₹ 10,000 (the "**Initial Contribution**") and shall not have any beneficial interest in the Initial Contribution. The Initial Contribution shall not be distributed to any of the Sponsors to the Trust under any circumstances.

The Reliance Sponsor, the Brookfield Sponsor, the Trust (acting through the Trustee) and the Tower Co. executed the Framework Agreement in relation to, amongst others, (i) designation of BIF IV Jarvis Pte. Ltd. or such other entity forming a part of the Brookfield Group as one of the sponsors of the Trust, (ii) investment by the Brookfield Sponsor along with co-investors in, and allotment of, Units of the Trust issued pursuant to this Issue, (iii) executing the Master Services Agreement, the Project Execution Agreement and the O&M Agreement, and (iv) sale of 49% of the Equity Shares of Tower Co. to the Trust.

Pursuant to the terms of the Framework Agreement, the Brookfield Sponsor and the Reliance Sponsor filed an application with SEBI dated September 17, 2019 seeking approval for the Brookfield Sponsor to execute the Deed of Accession to the Indenture of Trust, upon being satisfied that the Brookfield Sponsor satisfies the eligibility criteria of a 'sponsor' in terms of the of the InvIT Regulations. SEBI through its letter dated December 17, 2019, has taken on record the request made by the Reliance Sponsor and Brookfield Sponsor. Upon execution of the Deed of Accession, the Brookfield Sponsor shall be designated as a 'sponsor' in addition to the Reliance Sponsor.

For details of the registered office and contact person of each of each of the Reliance Sponsor and Brookfield Sponsor, please see the section entitled "*General Information*" on page 78.

Infinite India Investment Management Limited has been appointed as the Investment Manager, and Jio Infrastructure Management Services Limited has been appointed as the Project Manager to the Trust. For further details, please see the section entitled "*Parties to the Trust*" on page 82.

### Investment Objectives

The objective of the Trust is to carry on the activities of an infrastructure investment trust, as permissible under the InvIT Regulations, to raise resources and to make Investments in accordance with the InvIT Documents and to carry on the activities of all incidental and ancillary matters thereto.

The Investment Objective of the Trust includes the following:

- (a) to raise funds in accordance with applicable law, for purpose of attaining the object and purpose of the Trust;
- (b) to make Investments or re-Investments in accordance with the InvIT Documents and applicable law;
- (c) to park amounts held by the Trust pending investment or distribution, or as a reserve of the Trust's anticipated obligations, in temporary short term investments such as high-grade money market instruments, short term deposits with banks and financial institutions and debt based market funds to the extent permitted under the InvIT Regulations;
- (d) to make distributions to the Unitholders in the manner set out in the Indenture of Trust; and
- (e) to do all other things necessary and conducive to the attainment of the Investment Objective of the Trust, through agents or other delegates (including the Investment Manager).

The Trust, through the Trustee or the Investment Manager (as applicable), is entitled to do all other things necessary or conducive to the attainment of the objectives and the Investment Objective, as is reasonably practicable, subject to the provisions of the InvIT Regulations. The Trustee shall ensure that the Trust shall invest in the Holding Companies or in SPVs in the manner provided for under the InvIT Regulations.

Subject to, and as contemplated in, the InvIT Regulations and the InvIT Documents, the Trust may invest amounts held by it pending investments, distributions, as a reserve or any other permitted use of the Trust Assets in short-term investments, through such instruments, as may be permitted under the InvIT Regulations.

The Trustee shall ensure that at all times during the term of the Trust, the utilisation of the InvIT Assets and the activities of the Trust shall comply with the provisions of the InvIT Documents and applicable laws. The Trustee shall ensure that the Trust shall not carry on any other business or trade, in contradiction of the restrictions and requirements under applicable law.

#### ***Fee and expenses***

#### ***Annual Expenses***

The expenses in relation to the Trust, other than such expenses incurred in relation to operations of the Tower Co., 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 (exclusive of out of pocket expenses, taxes and escalations), including but not limited to, are as follows:

	<i>(₹ in million)</i>
<b>Payable by the Trust</b>	<b>Estimated Expenses*</b>
Fee payable to the Valuer	1.60
Fee payable to the Auditors	1.50
Fee payable to Trustee	1.40
Fee payable to Investment Manager	20.00
Fee payable to Project Manager	20.00
Fee payable to the Registrar	0.50
Fee payable to the Stock Exchange and Depositories	0.85
Fee payable to the credit rating agencies	5.00

#### ***Details of credit ratings***

The Tower Co. has received a rating of CRISIL AAA/Stable for long term bank facilities aggregating to ₹ 300,000 million, the rationale for which is available on the website of CRISIL.

## FORMATION TRANSACTIONS IN RELATION TO THE TRUST

### Details of arrangement pertaining to the Trust

The Trust's initial portfolio of asset comprises Reliance Jio Infratel Private Limited, being the Tower Co. The details of the Tower Co. as of the date of this Preliminary Placement Memorandum are provided below:

#### 1. *Reliance Jio Infratel Private Limited*

The Tower Co. was incorporated on January 18, 2013 under the Companies Act, 1956 (CIN: U64200GJ2013PTC105870) as a special purpose vehicle as Reliance Jio Private Limited. Subsequently, a fresh certificate of incorporation dated March 3, 2014 was issued consequent to the change in name of Reliance Jio Private Limited to Reliance Jio Infratel Private Limited. Its registered office is located at Office -101, Saffron Near Centre Point, Panchwati 5 Rasta, Ambawadi, Ahmedabad 380 006.

Pursuant to the Scheme of Arrangement, the tower infrastructure undertaking of RJIL, comprising the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services was transferred and vested in Tower Co. as of, and with effect from the close of business on March 31, 2019. The Scheme of Arrangement was approved by the National Company Law Board, Ahmedabad ("NCLT"), through its order dated March 20, 2019. The Scheme of Arrangement became effective from the close of business on March 31, 2019.

On March 31, 2019, the Trust, acting through the Trustee, has acquired 51% of the issued and paid-up equity share capital of Tower Co., pursuant to the Share Purchase Agreement - I. For further details, please see the section entitled "*Related Party Transactions – Share Purchase Agreement – I*" on page 167.

#### *Capital structure of the Tower Co.*

Name of the Equity Shareholder	Number of Equity Shares	Percentage Holding
Tower Infrastructure Trust	1,096,500,000	51.0%
Reliance Industries Limited	1,053,500,000	49.0%
<b>Total</b>	<b>2,150,000,000</b>	<b>100.0%</b>

Name of the Preference Shareholder	Number of Preference Shares*	Percentage Holding
Reliance Industries Limited	50,000,000	100.0%
<b>Total</b>	<b>50,000,000</b>	<b>100.0%</b>

\* For details regarding the proposed change in terms of the Preference Shares, please see the section entitled "*Related Party Transactions – Shareholder and Option Agreement*" on page 169.

### Acquisition of the Tower Co. by the Trust

The Trust, acting through its Trustee, shall acquire the remaining 49% of the Equity Share capital of the Tower Co., pursuant to the Share Purchase Agreement – II, pursuant to the Share Purchase Agreements. For further details, please see the section entitled "*Related Party Transactions*" on page 165.

### Utilisation of Issue Proceeds

Upon the Listing of the Units, the Trust shall utilize the Issue Proceeds (a) to provide the Trust Loan in terms of the Trust Loan Agreement; (b) for the part repayment of the RVL Loan availed pursuant to the RVL Loan Agreement by the Trust; and (c) acquisition of the remaining 49% of the outstanding equity share capital of Tower Co. in terms of the Share Purchase Agreement - II. For details in relation to the RVL Loan, please see the section entitled, "*Financial Indebtedness*" on page 147.

The key terms proposed to be included in the Trust Loan Agreement include:

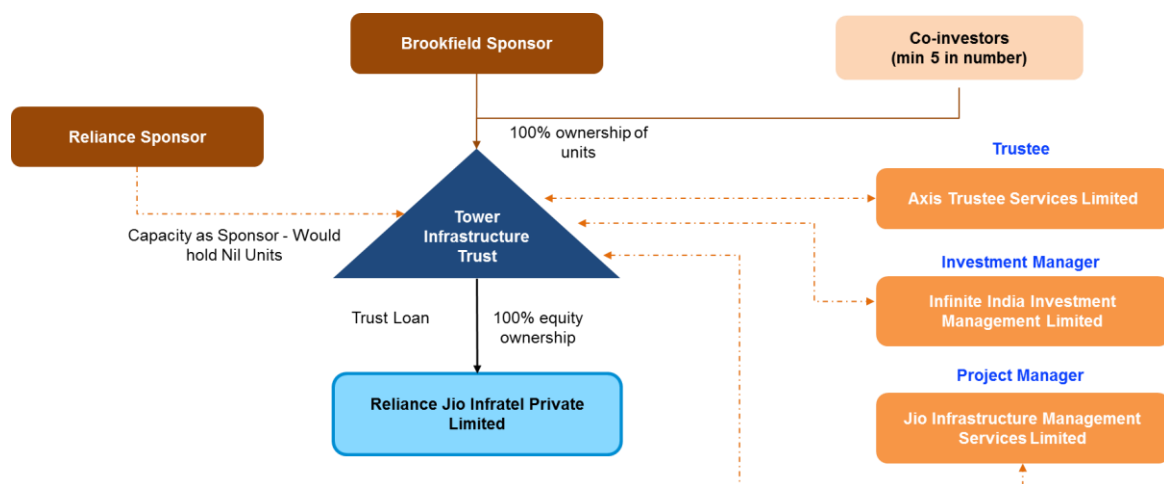
<b>Purpose</b>	The use of this facility will be for repayment of the Identified Liabilities, funding of cash shortfalls and prepaying senior lenders
<b>Commitment Amount</b>	Initial Commitment: ₹ 250,000 million Further Commitment: Commitment amount to be mutually agreed and to be used to fund any cash shortfalls and prepayment of senior lenders
<b>Term of this Agreement</b>	Maximum of 30 (thirty) years from the date of first drawdown of the loan
<b>Interest Rate</b>	The loan is to be provided at a fixed rate of 15% per annum (stepped up or stepped down (as applicable) as per the terms of the Loan Agreement

<b>Interest Payment Date</b>	Monthly or Quarterly as agreed between Parties in the binding agreements. Interest amount not payable due to surplus cash not being available shall be paid as and when surplus cash is available.
<b>Default interest</b>	0.5% above the applicable interest rate
<b>Repayment</b>	The total repayment is due over a total 30-year period from the date of first disbursement. There will be a three-year moratorium from first disbursement and the any surplus cash post payment of dividend and interest shall be used for repayments subject to payment of all interest and principal due and payable to the Senior Lenders and hold back of applicable amounts as a reserve for meeting payment obligations to the Senior Lenders in relation to the applicable payment period.
<b>Events of Default</b>	The occurrence of failure to make payment when its due, amongst others, constitutes an Event of Default.
<b>Consequences of Event of Default</b>	All amounts outstanding under the loan will become due and payable. Trust may appoint a nominee director of the board of directors of the Company.
<b>Other Conditions</b>	<ul style="list-style-type: none"> <li>• The loan shall be subordinated to the loans of the Senior Lenders</li> <li>• Money shall be infused into an escrow account and shall be used for the purposes only once money from the Senior Lenders is received by RJPL at Closing</li> <li>• Any surplus cash shall be used by the Company to repay the loan subject to payment of all interest and principal due and payable to the Senior Lenders and hold back of applicable amounts as a reserve for meeting payment obligations to the Senior Lenders in relation to the applicable payment period</li> <li>• The loan is assignable to RJIL or a RIL / RIIHL nominee in accordance with the terms of the Shareholder and Option Agreement if a Trust Intermediate Trigger Event, Reliance Intermediate Trigger Event or an Enforcement Sale occurs</li> <li>• Company permitted to voluntarily prepay the loan subject to terms of the agreements with the Senior Lenders</li> </ul>

For further details on utilization of the Issue Proceeds, please see the section entitled “*Use of Proceeds*” on page 145.

### Proposed structure post-listing and transfer of 49% of the Equity Shares of the Tower Co.

The following structure illustrates the relationship between the Trust, the Trustee, the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager, the Project Manager and the Unitholders after the listing of Units:



## SUMMARY FINANCIAL STATEMENTS OF THE TOWER CO.

*Please note that the Tower Infrastructure Business was transferred from RJIL to the Tower Co. pursuant to the Scheme of Arrangement. Accordingly, the statement of profit and loss of the Tower Co. for the six months period ended September 30, 2019 has been provided hereunder, being the period after transfer of the Tower Infrastructure Business to the Tower Co.*

### Special Purpose Balance Sheet as at 30th September, 2019

Particulars	Notes	(Rs. in Million) As at 30th September, 2019
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	1	370,833
Financial Assets		
Other Financial Assets	2	3,004
Other Non-Current Assets	3	3,038
<b>Total Non-Current Assets</b>		<b>376,875</b>
<b>CURRENT ASSETS</b>		
Financial Assets		
Trade Receivables	4	310
Cash and Cash Equivalents	5	37
Other Financial Assets	6	22,964
Other Current Assets	7	23,954
<b>Total Current Assets</b>		<b>47,265</b>
<b>Total Assets</b>		<b>424,140</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity Share Capital	8	2,150
Other Equity	9	(10,694)
<b>Total Equity</b>		<b>(8,544)</b>
<b>LIABILITIES</b>		
<b>Non - Current Liabilities</b>		
Financial Liabilities		
Borrowings	10	229,843
Provisions	11	10,061
<b>Total Non-Current Liabilities</b>		<b>239,904</b>
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	12	30,050
Trade Payables due to	13	
Micro and Small Enterprises		-
Other than Micro and Small Enterprises		6,353
Other Financial Liabilities	14	28,346
Creditors for Capital Expenses		127,854
Other Current Liabilities	15	177
<b>Total Current Liabilities</b>		<b>192,780</b>
<b>Total Liabilities</b>		<b>432,684</b>
<b>Total Equity and Liabilities</b>		<b>424,140</b>

**Special Purpose Statement of Profit and Loss for the half year ended 30th September, 2019**

(Rs. in Million)

**Particulars**

	Notes	Half year ended 30th September, 2019
<b>INCOME</b>		
Revenue from Operations	16	16,328
Other Income	17	72
<b>Total Income</b>		<u><u>16,400</u></u>
<b>EXPENSES</b>		
Network Operating Expenses	18	2,968
Finance Costs	19	15,837
Depreciation and Amortisation Expense	1	8,695
Other Expenses	20	61
<b>Total Expenses</b>		<u><u>27,561</u></u>
<b>Loss before tax</b>		<b>(11,161)</b>
Tax expenses	3.1	-
<b>Loss for the period</b>		<b>(11,161)</b>
<b>Other Comprehensive Income</b>		-
<b>Total Comprehensive Income for the period</b>		<b>(11,161)</b>
<b>EARNING PER EQUITY SHARE OF FACE VALUE OF Re. 1 EACH</b>		
Basic and Diluted (in Rupees)	21	(5.19)

**SUMMARY FINANCIAL INFORMATION OF THE RELIANCE SPONSOR**

**Balance Sheet as at 31<sup>st</sup> March, 2019**

	Notes	As at 31st March, 2019	₹ in lakhs As at 31st March, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1	3	7
<b>Financial Assets</b>			
Investments	2	25321 64	16870 77
Loans	3	17265 81	11182 49
Other Non-Current Assets	4	-	44 88
<b>Total Non-Current Assets</b>		<u>42587 48</u>	<u>28098 21</u>
<b>Current Assets</b>			
<b>Financial Assets</b>			
Trade Receivables	5	5 52	5 64
Cash and Cash Equivalents	6	4 45	1 15
Loans	7	668 25	1521 51
Others Financial Asset	8	10497 79	2144 32
Other Current Assets	10	13 42	9 03
<b>Total Current assets</b>		<u>11189 44</u>	<u>3681 65</u>
<b>Total Assets</b>		<u><u>53776 92</u></u>	<u><u>31779 86</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	147 50	147 50
Other Equity	12	38639 42	18924 81
<b>Total Equity</b>		<u>38786 92</u>	<u>19072 31</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	13	14941 00	12702 71
<b>Total Non-current liabilities</b>		<u>14941 00</u>	<u>12702 71</u>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables due to Micro and Small Enterprise Other than Micro and Small Enterprise	14	6 67	1 05
Other Current Liabilities	15	7 36	1 10
Provisions	16	34 97	2 69
<b>Total Current Liabilities</b>		<u>49 00</u>	<u>4 84</u>
<b>Total Liabilities</b>		<u>14990 00</u>	<u>12707 55</u>
<b>Total Equity and Liabilities</b>		<u><u>53776 92</u></u>	<u><u>31779 86</u></u>

## Reliance Industrial Investments and Holdings Limited

### Statement of Profit and Loss for the year ended 31 March, 2019

		₹ in lakhs	
	Note	2018-19	2017-18
<b>INCOME</b>			
Revenue from Operations	17	1233 94	1276 98
Other Income	18	1126 97	908 70
<b>Total Income</b>		<b>2360 91</b>	<b>2185 68</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade		1185 06	1243 96
Employee Benefits expense	19	38 86	31 47
Finance Costs	20	1101 77	902 02
Depreciation	1	4	5
Other Expenses	21	11 17	4 80
<b>Total Expenses</b>		<b>2336 90</b>	<b>2182 30</b>
Profit Before Tax		24 01	3 38
<b>Tax Expenses</b>			
Current Tax	9	3 80	-
<b>Profit for the Year</b>		<b>20 21</b>	<b>3 38</b>
<b>Other Comprehensive Income</b>			
i) Items that will not be reclassified to Profit or Loss			
Fair value changes relating to financial assets		585 22	473 17
Remeasurement of the Defined Benefit Plans		56	11
ii) Income tax relating to items that will not be reclassified to Profit or Loss			
		(129 44)	(4)
<b>Total Other Comprehensive Income for the Year (Net of Tax)</b>		<b>456 34</b>	<b>473 24</b>
<b>Total Comprehensive Income for the Year</b>		<b>476 54</b>	<b>476 62</b>
<b>Earnings per Equity Share of face value of ₹ 10 each</b>			
	22		
Basic (in ₹)		1.37	0.23
Diluted (in ₹)		0.06	0.01



**Reliance Industrial Investments and Holdings Limited**

**Cash Flow Statement for the year ended 31 March, 2019**

	₹ in lakhs	
	2018-19	2017-18
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax as per Statement of Profit and Loss	24 01	3 38
Adjusted for:		
Interest income	(1104 73)	(873 92)
Dividend income	(9 82)	(9 53)
Net gain on sale of investments	(12 03)	(23 37)
Profit on sale of Asset	-	(2)
Share of profit in LLP (₹ 2877/-, previous year ₹ 19446/-)	0	0
Interest expenses	1101 77	902 02
Depreciation	4	5
	<u>(24 77)</u>	<u>(4 77)</u>
<b>Operating Loss before Working Capital Changes</b>	(76)	(1 39)
Adjusted for:		
Trade and other Receivables	(5 25)	(1 23)
Trade and other Payables	6 92	(1 95)
	<u>1 67</u>	<u>(3 18)</u>
<b>Cash Generated from/(used in) Operations</b>	91	(4 57)
Taxes paid	(56 14)	(15 63)
<b>Net Cash Flow used in Operating Activities</b>	<u>(55 23)</u>	<u>(20 20)</u>
<b>B. Cash flow from Investing Activities</b>		
Investment in subsidiaries	(3422 80)	(19 00)
Disposal of investment in subsidiaries	102 09	146 93
Purchase of other investments	(4532 93)	(670 31)
Sale of Assets	-	2
Purchase of Assets	-	(4)
Dividend received	9 82	9 53
Movement in loans	(5230 06)	(4722 24)
Preference share application money paid	(8350 95)	-
Interest income	1103 60	1615 54
<b>Net Cash Flow used in Investing Activities</b>	<u>(20321 23)</u>	<u>(3639 57)</u>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Borrowing – Non-Current	9860 06	11954 27
Repayment of Borrowing – Non-Current	(7621 77)	(7203 44)
Proceeds/(redemption) – issue of Debentures	-	(101 00)
Proceeds/Redemption of Preference shares (incl. Premium)	19238 07	569 77
Interest paid	(1096 60)	(1564 78)
<b>Net Cash Flow from Financing Activities</b>	<u>20379 76</u>	<u>3654 82</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3 30	(4 95)
Opening Balance of Cash and Cash Equivalents	1 15	6 10
Closing Balance of Cash and Cash Equivalents (Refer Note 6)	<u>4 45</u>	<u>1 15</u>

## Reliance Industrial Investments and Holdings Limited

### Balance Sheet as at 31<sup>st</sup> March, 2018

	Notes	As at 31st March, 2018	(₹ in Lakhs) As at 31st March 2017
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1	7	9
<b>Financial Assets</b>			
Investments	2	16870 77	15419 85
Loans	3	11182 49	7579 54
Other Non-Current Assets	4	44 88	29 25
Deferred Tax Asset (Net)	5	-	12
<b>Total Non-Current Assets</b>		<b>28098 21</b>	<b>23028 85</b>
<b>Current Assets</b>			
<b>Financial Assets</b>			
Trade Receivables	6	5 64	3 91
Cash and Cash Equivalents	7	1 15	6 10
Loans	8	1521 51	402 22
Others Financial Asset	9	2144 32	3297 93
Other Current Assets	11	9 03	9 27
<b>Total Current Assets</b>		<b>3681 65</b>	<b>3719 43</b>
<b>Total Assets</b>		<b>31779 86</b>	<b>26748 28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	12	147 50	147 50
Other Equity	13	18924 81	17982 82
<b>Total Equity</b>		<b>19072 31</b>	<b>18130 32</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	14	12702 71	7948 48
<b>Total Non-Current Liabilities</b>		<b>12702 71</b>	<b>7948 48</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables	15	1 05	1 27
Other Financial Liabilities	16	-	596 47
Other Current Liabilities	17	1 10	69 51
Provisions	18	2 69	2 23
<b>Total Current Liabilities</b>		<b>4 84</b>	<b>669 48</b>
<b>Total Liabilities</b>		<b>12707 55</b>	<b>8617 96</b>
<b>Total Equity and Liabilities</b>		<b>31779 86</b>	<b>26748 28</b>

## Reliance Industrial Investments and Holdings Limited

### Statement of Profit and Loss for the year ended 31 March, 2018

	Notes	2017-18	(₹ in Lakhs) 2016-17
<b>INCOME</b>			
Revenue from Operations	19	1276 98	886 83
Other Income	20	908 70	655 38
<b>Total Income</b>		<b>2185 68</b>	<b>1542 21</b>
<b>EXPENSES</b>			
Purchases of Stock-in-Trade		1243 96	850 89
Employee Benefits Expenses	21	31 47	34 23
Finance Cost	22	902 02	666 12
Depreciation	1	5	9
Other Expenses	23	4 80	10 96
<b>Total Expenses</b>		<b>2182 30</b>	<b>1562 29</b>
<b>Profit/(Loss) Before Tax</b>		<b>3 38</b>	<b>(20 08)</b>
<b>Tax Expenses</b>			
Current Tax	10	-	-
Tax for earlier years		-	1
<b>Profit / (Loss) for the year</b>		<b>3 38</b>	<b>(20 09)</b>
<b>Other Comprehensive Income</b>			
i) <b>Items that will not be reclassified to Profit or Loss</b>			
Fair value changes relating to financial assets		473 17	171 39
Remeasurement of the Defined Benefit Plans		11	( 6)
ii) <b>Income tax relating to items that will not be reclassified to Profit or Loss</b>			
		( 4)	2
<b>Total Other Comprehensive Income for the year (Net of Tax)</b>		<b>473 24</b>	<b>171 35</b>
<b>Total Comprehensive Income for the year</b>		<b>476 62</b>	<b>151 26</b>
<b>Earnings per Equity Shares of face value of ₹ 10 each</b>			
Basic (in ₹)	24	0.23	(1.36)
Diluted (in ₹)		0.01	(1.36)

## Reliance Industrial Investments and Holdings Limited

### Cash Flow Statement for the year ended 31 March, 2018

	2017-18	₹ in Lakhs 2016-17
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax as per Statement of Profit and Loss	3 37	(20 08)
Adjusted for :		
Interest income	(873 92)	(666 41)
Dividend income	(9 53)	( 6)
Net gain on sale of investments	(23 37)	14 75
Investment written off	-	750
Profit on sale of Asset	( 2)	(3)
Share of profit in LLP (₹ 19446/-)	0	1
Interest expenses	902 02	662 74
Depreciation	6	8
	<u>(4 76)</u>	<u>18 58</u>
<b>Operating Loss before Working Capital Changes</b>	<b>(1 39)</b>	<b>(1 50)</b>
Adjusted for :		
Trade and other Receivables	(1 23)	96 08
Trade and other Payables	(2 04)	1 55
	<u>(3 27)</u>	<u>97 63</u>
<b>Cash used in Operations</b>	<b>(4 66)</b>	<b>96 13</b>
Taxes paid	(15 54)	(5 71)
<b>Net Cash Flow from / (used in) Operating Activities</b>	<b>(20 20)</b>	<b>90 42</b>
<b>B Cash flow from Investing Activities</b>		
Investment in subsidiaries	(19 00)	(4996 84)
Disposal of investment in subsidiaries	146 93	827 96
Purchase of other investments	(670 31)	(629 53)
Proceeds from sale of financial assets	-	3845 96
Sale of Assets	2	7
Purchase of Assets	( 4)	(3)
Dividend received	9 53	6
Movement in loans	(4722 24)	(1332 46)
Preference share application money paid	-	(334 73)
Interest income	1615 54	760 76
<b>Net Cash Flow used in Investing Activities</b>	<b>(3639 57)</b>	<b>(1858 78)</b>

## Cash Flow Statement for the year ended 31 March, 2018

	2017-18	₹ in Lakhs 2016-17
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Borrowing - Non-Current	11954 27	9627 76
Repayment of Borrowing - Non-Current	(7203 44)	(8265 41)
Proceeds / (redemption) - issue of Debentures	(101 00)	(14520 90)
Proceeds / Redemption of Preference shares (incl Premium)	569 77	15746 50
Interest paid	(1564 78)	(816 24)
Net Cash Flow from Financing Activities	<u>3654 82</u>	<u>1771 71</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(4 95)	3 35
Add		
Opening Balance of Cash and Cash Equivalents	6 10	1 32
On Amalgamation	<u>-</u>	<u>1 43</u>
	<u>6 10</u>	<u>2 75</u>
Closing Balance of Cash and Cash Equivalents (Refer Note 7)	<u><u>1 15</u></u>	<u><u>6 10</u></u>

**Reliance Industrial Investments and Holdings Limited**

**Balance Sheet as at 31<sup>st</sup> March, 2017**

(` in Lac)

	Notes	As at 31st March, 2017	As at 31st March 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	4	13
Financial Assets			
Investments	2	15201 03	10779 94
Loans	3	7600 54	6154 34
Defered Tax assets	4	12	10
<b>Total Non-current assets</b>		<b>22801 73</b>	<b>16934 51</b>
<b>Current assets</b>			
Financial Assets			
Trade receivables	5	3 25	3 25
Cash and cash equivalents	6	4 66	1 32
Loans	7	315 58	429 32
Others Financial Asset	8	3313 38	6495 60
Other Current Assets	9	30 35	16 78
<b>Total Current Assets</b>		<b>3667 22</b>	<b>6946 27</b>
<b>Total Assets</b>		<b>26468 95</b>	<b>23880 78</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	10	147 50	147 50
Other Equity	11	17704 36	16326 67
<b>Total Equity</b>		<b>17851 86</b>	<b>16474 17</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	12	7948 48	6586 13
<b>Total Non-current liabilities</b>		<b>7948 48</b>	<b>6586 13</b>
<b>Current liabilities</b>			
Financial Liabilities			
Trade payables	13	77	92
Other Financial Liabilities	14	596 47	734 62
Other Current liabilities	15	69 14	82 49
Provisions	16	2 23	2 45
<b>Total Current liabilities</b>		<b>668 61</b>	<b>820 48</b>
<b>Total Liabilities</b>		<b>8617 09</b>	<b>7406 61</b>
<b>Total Equity and Liabilities</b>		<b>26468 95</b>	<b>23880 78</b>

**Reliance Industrial Investments and Holdings Limited**

**Statement of Profit and Loss for the year ended 31 March, 2017**

	Notes	2016-17	(₹ in lac) 2015-16
<b>INCOME</b>			
Revenue from Operations	17	863 48	957 04
Other Income	18	651 86	819 04
<b>Total Income</b>		<b>1515 35</b>	<b>1776 08</b>
<b>EXPENSES</b>			
Purchases of Stock-in-Trade		827 63	923 73
Employee Benefits expenses	19	34 23	31 51
Finance Cost	20	662 74	816 24
Depreciation		8	13
Other expenses	21	9 93	1 91
<b>Total Expenses</b>		<b>1534 61</b>	<b>1773 52</b>
<b>Profit/(loss) before tax</b>		<b>(19 26)</b>	<b>2 57</b>
<b>Tax Expenses</b>			
Current tax		-	-
Tax for earlier years		1	-
<b>Profit / (Loss) for the year</b>		<b>(19 27)</b>	<b>2 57</b>
<b>Other Comprehensive Income</b>			
i) <b>Items that will not be reclassified to profit or loss</b>			
Fair value changes relating to financial assets		171 39	(36 25)
Remeasurement of the Defined Benefit Plans		( 6)	( 29)
ii) <b>Income tax relating to items that will not be reclassified to profit and loss</b>			
		2	10
<b>Total Comprehensive Income for the year</b>		<b>152 08</b>	<b>(33 88)</b>
Earnings per equity shares of face value of ₹ 10 each	22		
Basic (in ₹)		(1.31)	0.17
Diluted (in ₹)		(1.31)	0.05

## Reliance Industrial Investments and Holdings Limited

### Cash Flow Statement for the year ended 31 March, 2017

	2016-17	2015-16
<b>A Cash Flow from Operating Activities</b>		<b>₹ in lac</b>
Net Profit before tax as per Profit and Loss Statement	(19 26)	2 57
Adjusted for :		
Interest income	(666 41)	(792 09)
Dividend income	( 6)	(23 91)
Net gain on sale of investments	14 75	(2 84)
Investment written off	7 50	-
Profit on sale of Asset	( 3)	(1)
Share of profit in LLP	1	2
Interest expenses	662 74	816 24
Depreciation	8	13
	<u>18 58</u>	<u>(2 46)</u>
<b>Operating Loss before working capital changes</b>	<b>( 68)</b>	<b>10</b>
Adjusted for :		
Trade and other receivables	95 25	30 50
Trade and other payables	1 55	(4)
	<u>96 80</u>	<u>30 46</u>
<b>Cash (used in) operations</b>	<b>96 12</b>	<b>30 56</b>
Taxes paid	(5 71)	(3 14)
<b>Net Cash from operating activities</b>	<b>90 41</b>	<b>27 42</b>
<b>B Cash flow from Investing Activities</b>		
Sale of Investments	4673 92	437 44
Purchase of investments	(5626 37)	(1391 98)
Sale of Assets	7	4
Purchas of Assets	( 3)	-
Dividend received	6	23 91
Movement in loans	(1332 46)	1760 24
Preference share application money paid	(334 73)	(3334 36)
Interest income	760 76	668 37
<b>Net Cash used in investing activities</b>	<b>(1858 78)</b>	<b>(1836 34)</b>



## Cash Flow Statement for the year ended 31 March, 2017

---

<b>C Cash flow from financing Activities</b>			
Proceeds from Long term borrowings	9627 76	5281 59	
Repayment of long term borrowings	(8265 41)	(6848 73)	
Proceeds / (redemption) - issue of Debentures	(14520 90)	4469 55	
Proceeds / Redemption of Preference shares (incl Premium)	15746 50	(281 10)	
Interest paid	(816 24)	(812 20)	
Net Cash from financing activities		1771 71	1809 11
Net Increase / (Decrease) in Cash and Cash Equivalents		3 34	19
Opening Balance of Cash and Cash Equivalents		1 32	1 13
Closing Balance of Cash and Cash Equivalents (Refer Note no. 6)		<u>4 66</u>	<u>1 32</u>

**SUMMARY FINANCIAL INFORMATION OF THE INVESTMENT MANAGER**

**Infinite India Investment Management Limited**

**Balance Sheet as at March 31, 2019**

**(Rs. In Lakhs)**

	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>1 Financial Assets</b>			
A Cash and cash equivalents	3	1,412.69	6.61
B Other bank balances	4	46.95	42.95
C Investments	5	1.72	1,246.53
D Other financial assets	6	1.41	2.67
		1,462.77	1,298.76
<b>2 Non- financial Assets</b>			
A Current tax assets (net)	7	86.06	-
B Deferred tax assets [net]	8	1.35	-
C Property, plant and equipment	9	0.22	0.68
D Other Intangible assets	9	0.24	0.33
E Other non-financial assets	10	1.28	0.82
		89.15	1.83
<b>Total assets</b>		<b>1,551.92</b>	<b>1,300.59</b>
<b>LIABILITY AND EQUITY</b>			
<b>LIABILITY</b>			
<b>1 Financial Liabilities</b>			
<b>A Payable</b>			
(I) Trade payables	11		
(i) Total outstanding dues of creditors of micro enterprises and small enterprises		0.90	0.90
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		62.66	36.74
B Other financial liabilities	12	10.50	12.25
<b>Total Financial Liabilities</b>		<b>74.06</b>	<b>49.89</b>
<b>2 Non- Financial Liabilities</b>			
A Current tax liabilities (net)	13	-	0.57
B Deferred tax liabilities[net]	8	-	4.48
C Provisions	14	39.22	38.73
D Other current liabilities	15	3.95	46.08
<b>Total Non- Financial Liabilities</b>		<b>43.17</b>	<b>89.86</b>
<b>3 EQUITY</b>			
A Equity share capital	16	160.00	160.00
B Other equity	17	1,274.69	1,000.84
<b>Total Equity</b>		<b>1,434.69</b>	<b>1,160.84</b>
<b>Total Liability and Equity</b>		<b>1,551.92</b>	<b>1,300.59</b>

Infinite India Investment Management Limited

Statement of Profit and Loss for the year ended March 31, 2019

(In Rs. Lakhs)

	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I Income:</b>			
<b>Revenue from operations</b>			
Fees and commission income	18	-	324.25
<b>Total Revenue from operations (A)</b>		-	<b>324.25</b>
<b>Other Income (B)</b>	19	<b>1,179.14</b>	<b>61.84</b>
<b>II. Total Income (A+B)</b>		<b>1,179.14</b>	<b>386.09</b>
<b>Expenses:</b>			
Employee benefits expenses	20	45.92	44.33
Depreciation and amortisation expense	9	0.56	0.56
Finance costs	21	736.79	-
Other expenses	22	15.71	16.27
<b>Total expenses</b>		<b>798.98</b>	<b>61.16</b>
<b>III. Profit before tax</b>		<b>380.16</b>	<b>324.93</b>
<b>VI Less: Tax expense</b>	23		
Current tax		112.00	76.00
Deferred tax		(5.79)	7.19
Tax adjustment of earlier years (net)		-	0.04
<b>Total tax expense</b>		<b>106.21</b>	<b>83.23</b>
<b>Net Profit for the year</b>		<b>273.95</b>	<b>241.70</b>
<b>Other Comprehensive Income/(loss)</b>			
(i) Items that will not be reclassified to profit or loss			
- Actuarial gain/(loss) on post retirement benefit plans		(0.14)	2.33
- Income tax on the above		0.04	-
<b>Total Other Comprehensive income</b>		<b>(0.10)</b>	<b>2.33</b>
<b>V Total Comprehensive Income</b>		<b>273.85</b>	<b>244.03</b>
<b>VI Earnings per equity share</b>	24		
(face value of Rs. 10/- each)			
Basic		17.12	15.11
Diluted		17.12	15.11

Infinite India Investment Management Limited

Cash Flow Statement

(In Rs. Lakhs)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A</b>	<b>Cash flow from operating activities</b>		
	Profit before tax	380.16	324.93
	<b>Adjustment for:</b>		
	Depreciation	0.56	0.56
	(Profit)/loss on sale of investments	(22.69)	(23.66)
	Net gain on fair value changes	(19.54)	(16.24)
	Provision for gratuity	(0.44)	0.68
	Provision for/(reversal of) compensated absences	0.79	(2.21)
	Deposit received	-	67.61
	Interest income	(1,134.64)	(20.29)
	Interest expense	736.79	-
	<b>Operating profit before working capital changes</b>	<b>(59.00)</b>	<b>331.38</b>
	<b>Adjustment for:</b>		
	(Increase)/decrease in Other financial assets	1.25	0.02
	(Increase)/decrease in other non-financial assets	(0.46)	10.76
	(Increase)/decrease in other financial liabilities	(1.75)	(39.52)
	Increase/(decrease) in trade payables	25.93	(1.06)
	Increase/(decrease) in other non-financial current liabilities	(42.14)	43.42
	<b>Cash generated from/(used in) operations</b>	<b>(76.18)</b>	<b>344.99</b>
	Direct taxes paid	(198.64)	(9.29)
	<b>Net cash from/(used in) operating activities</b>	<b>(274.81)</b>	<b>335.71</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of other financial instruments - Others	(20,635.00)	-
	Purchase of mutual fund investments - Others	(1,443.50)	(2,958.00)
	Sale of other financial instruments - Others	20,635.00	-
	Sale of mutual fund investments - Others	2,730.55	1,753.10
	Amount invested in Fixed Deposit	(76.75)	(42.95)
	Amount matured from Fixed Deposit	72.75	40.15
	Interest Income	1,134.64	20.29
	<b>Net cash from/(used in) investment activities</b>	<b>2,417.69</b>	<b>(1,187.41)</b>
<b>C</b>	<b>Cash flow from financing activities</b>		
	Proceeds from borrowings	29,920.00	-
	Repayment of borrowings	(29,920.00)	-
	Interest paid	(736.79)	-
	<b>Net cash from/(used in) financing activities</b>	<b>(736.79)</b>	<b>-</b>
	<b>Net increase/(decrease) in Cash and cash equivalents</b>	<b>1,406.08</b>	<b>(851.70)</b>
	Cash and cash equivalents at the beginning of the year	6.61	858.31
	<b>Cash and cash equivalents at the end of the year</b>	<b>1,412.69</b>	<b>6.61</b>
<b>Notes</b>	<p><b>1</b> The cash flow statement has been prepared under the 'Indirect Method' set out in Ind AS 7 - "Statement of Cash Flow".</p> <p><b>2</b> Previous year's figures have been regrouped and rearranged wherever necessary.</p>		

**INFINITE INDIA INVESTMENT MANAGEMENT LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2018**

Particulars	Note No.	As at	As at
		31.03.2018	31.03.2017
		Rupees in Lakh	Rupees in Lakh
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a Share Capital	2.1	160.00	160.00
b Reserves and Surplus	2.2	989.09	756.81
		1,149.09	916.81
<b>2 Non-current liabilities</b>			
a Long-term provisions	2.3	38.20	39.81
		38.20	39.81
<b>3 Current liabilities</b>			
a Trade payables	2.4	37.64	38.70
b Other current liabilities	2.5	58.33	54.42
c Short-term provisions	2.6	1.10	2.77
		97.07	95.89
<b>Total</b>		<b>1,284.36</b>	<b>1,052.51</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
<b>a Fixed assets</b>			
Property, plant and equipments	2.7	0.68	1.14
Intangible assets		0.33	0.43
b Non current investments	2.8	1.72	1.72
c Deferred tax assets (net)	2.9	-	2.71
d Long-term loans and advances	2.10	-	133.78
		2.73	139.78
<b>2 Current assets</b>			
a Current investments	2.11	1,228.57	-
b Trade receivables	2.12	0.02	-
c Cash and bank balances	2.13	49.56	898.46
d Short-term loans and advances	2.14	0.97	11.61
e Other current assets	2.15	2.51	2.66
		1,281.63	912.73
<b>Total</b>		<b>1,284.36</b>	<b>1,052.51</b>

**INFINITE INDIA INVESTMENT MANAGEMENT LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018**

Particulars	Note No.	Current year Rupees in Lakh	Previous year Rupees in Lakh
<b>I. REVENUE FROM OPERATIONS</b>	<b>2.16</b>	324.25	165.96
<b>II. OTHER INCOME</b>	<b>2.17</b>	45.60	13.53
<b>III Total Revenue (I + II)</b>		369.85	179.49
<b>IV EXPENSES</b>			
Employee benefits expense	2.18	42.01	115.70
Depreciation and amortization expense	2.7	0.56	0.51
Other expenses	2.19	16.25	296.88
<b>Total expenses</b>		58.82	413.09
<b>V Profit/(loss) before tax</b>		311.03	(233.60)
Tax expense			
Current tax		76.00	-
Deferred tax		2.71	-
(Excess)/ Short provision for tax in respect of earlier year (net)		0.04	-
		78.75	-
<b>VI Profit/ (loss) after tax for the year</b>		232.28	(233.60)
<b>VII Earnings per share</b>	<b>2.20</b>		
Basic & diluted		14.52	(14.60)

INFINITE INDIA INVESTMENT MANAGEMENT LIMITED  
CASH FLOW STATEMENT

Rupees in Lakh

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A</b>	<b>Cash flow from operating activities</b>		
	Profit before tax	311.03	(233.60)
	<b>Adjustment for:</b>		
	Depreciation	0.56	0.51
	(Profit)/loss on sale of investments	(23.66)	170.04
	Sundry balances written off	-	0.74
	Provision for gratuity	(1.64)	1.00
	Provision for/(reversal of) compensated absences	(2.21)	0.59
	Deposit received	67.61	-
	Dividend income	-	(7.14)
	Interest income	(20.29)	(3.62)
	<b>Operating profit before working capital changes</b>	<b>20.37</b>	<b>162.12</b>
	<b>Adjustment for:</b>		
	(Increase)/decrease in trade receivables	(0.02)	70.73
	(Increase)/decrease in short-term loans and advances	10.64	1.73
	(Increase)/decrease in other current assets	0.15	0.23
	Increase/(decrease) in trade payables	(1.06)	(20.72)
	Increase/(decrease) in other current liabilities	3.90	10.18
	<b>Cash generated from/(used in) operations</b>	<b>33.98</b>	<b>224.27</b>
	Direct taxes paid	(9.29)	(15.89)
	<b>Net cash from/(used in) operating activities</b>	<b>24.69</b>	<b>208.38</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of non-current investments - Others	-	(5.56)
	Purchase of current investments - Others	(2,958.00)	(1,303.87)
	Sale of non-current investments - Others	-	362.78
	Sale of current investments - Others	1,753.09	1,380.41
	Purchase of fixed assets	-	(1.86)
	Amount invested in Fixed Deposit	(42.95)	(40.15)
	Amount matured from Fixed Deposit	40.15	37.20
	Interest Income	20.29	3.62
	Dividend Income	-	7.14
	<b>Net cash from/(used in) investment activities</b>	<b>(1,187.42)</b>	<b>439.71</b>
	<b>Net increase/(decrease) in Cash and cash equivalents</b>	<b>(851.70)</b>	<b>414.49</b>
	Cash and cash equivalents at the beginning of the year	858.31	443.82
	<b>Cash and cash equivalents at the end of the year</b>	<b>6.61</b>	<b>858.31</b>
<b>Notes</b>	<p>1 The cash flow statement has been prepared under the 'Indirect Method' set out in AS 3 - "Cash Flow Statement" notified in Companies (Accounting standards) Rules, 2006 (as amended).</p> <p>2 Previous year's figures have been regrouped and rearranged wherever necessary.</p>		

**INFINITE INDIA INVESTMENT MANAGEMENT LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2017**

Particulars	Note No.	As at	As at
		31.03.2017	31.03.2016
		Rupees in Lakh	Rupees in Lakh
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a Share Capital	2.1	160.00	160.00
b Reserves and Surplus	2.2	756.81	990.41
		916.81	1,150.41
<b>2 Non-current liabilities</b>			
a Long-term provisions	2.3	39.81	38.82
		39.81	38.82
<b>3 Current liabilities</b>			
a Trade payables	2.4	38.70	59.42
b Other current liabilities	2.5	54.42	44.24
c Short-term provisions	2.6	2.77	2.16
		95.89	105.82
<b>Total</b>		<b>1,052.51</b>	<b>1,295.05</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
a <b>Fixed assets</b>	2.7		
Tangible assets		1.14	0.21
Intangible assets		0.43	-
b Non current investments	2.8	1.72	507.97
c Deferred tax assets (net)	2.9	2.71	2.71
d Long-term loans and advances	2.10	133.78	118.63
		139.78	629.52
<b>2 Current assets</b>			
a Current investments	2.11	-	97.53
b Trade receivables	2.12	-	70.74
c Cash and bank balances	2.13	898.46	481.02
d Short-term loans and advances	2.14	11.61	13.35
e Other current assets	2.15	2.66	2.89
		912.73	665.53
<b>Total</b>		<b>1,052.51</b>	<b>1,295.05</b>



**INFINITE INDIA INVESTMENT MANAGEMENT LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

Particulars	Note No.	Current year Rupees in Lakh	Previous year Rupees in Lakh
<b>I. REVENUE FROM OPERATIONS</b>	<b>2.16</b>	165.96	397.95
<b>II. OTHER INCOME</b>	<b>2.17</b>	13.53	36.61
<b>III Total Revenue (I + II)</b>		179.49	434.56
<b>IV EXPENSES</b>			
Employee benefits expense	<b>2.18</b>	115.70	73.00
Depreciation and amortization expense	<b>2.7</b>	0.51	0.59
Other expenses	<b>2.19</b>	296.88	135.40
<b>Total expenses</b>		413.09	208.99
<b>V Profit before tax</b>		(233.60)	225.57
Tax expense			
Current tax		-	55.00
Deferred tax		-	(0.05)
(Excess)/ Short provision for tax in respect of earlier year (net)		-	(0.66)
		-	54.30
<b>VI Profit after tax for the year</b>		(233.60)	171.28
<b>VII Earnings per share</b>	<b>2.20</b>		
Basic & diluted		(14.60)	10.70

INFINITE INDIA INVESTMENT MANAGEMENT LIMITED  
CASH FLOW STATEMENT

Rupees in Lakh

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A</b>	<b>Cash flow from operating activities</b>		
	Profit before tax	(233.60)	225.57
	<b>Adjustment for:</b>		
	Depreciation	0.51	0.59
	(Profit)/loss on sale of investments	170.04	(8.13)
	Sundry balances written off	0.74	-
	Provision for gratuity	1.00	(0.59)
	Provision for/(reversal of) compensated absences	0.59	0.41
	Dividend income	(7.14)	(20.14)
	Interest income	(3.62)	(8.31)
	<b>Operating profit before working capital changes</b>	<b>162.12</b>	<b>(36.17)</b>
	<b>Adjustment for:</b>		
	(Increase)/decrease in trade receivables	70.73	200.03
	(Increase)/decrease in short-term loans and advances	1.73	(0.03)
	(Increase)/decrease in other current assets	0.23	(0.20)
	Increase/(decrease) in trade payables	(20.72)	(1.69)
	Increase/(decrease) in other current liabilities	10.18	(8.77)
	<b>Cash generated from/(used in) operations</b>	<b>224.27</b>	<b>153.17</b>
	Direct taxes paid	(15.89)	(22.62)
	<b>Net cash from/(used in) operating activities</b>	<b>208.38</b>	<b>130.55</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of non-current investments - Others	(5.56)	(54.40)
	Purchase of current investments - Others	(1,303.87)	(766.17)
	Sale of non-current investments - Others	362.78	66.58
	Sale of current investments - Others	1,380.41	759.76
	Purchase of fixed assets	(1.86)	-
	Interest Income	3.62	8.31
	Dividend Income	7.14	20.14
	<b>Net cash from/(used in) investment activities</b>	<b>442.66</b>	<b>34.22</b>
	<b>Net increase/(decrease) in Cash and cash equivalents</b>	<b>417.44</b>	<b>390.34</b>
	Cash & cash equivalents (opening)	481.02	90.68
	Cash & cash equivalents (closing)	898.46	481.02

Notes

- 1 The cash flow statement has been prepared under the 'Indirect Method' set out in AS 3 - "Cash Flow Statement" notified in Companies (Accounting standards) Rules, 2006 (as amended).
- 2 Previous year's figures have been regrouped and rearranged wherever necessary.

## SUMMARY OF INDUSTRY

*The information in this section is derived from various publicly available sources, government publications and other industry sources, including the Analysys Mason Report. The information in this section has not been independently verified by us, the Lead Manager, or their legal, financial or other advisors, and no representation is made as to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and accordingly, investment decisions should not be based on such information. Industry publications are also prepared based on information of specific dates and may no longer be current or reflect current trends.*

*For further details, see “Risk Factors – This Preliminary Placement Memorandum contains information from the Analysys Mason report which is a commissioned report. The accuracy of statistical and other information with respect to the telecommunication infrastructure sector and the Analysys Mason report which are based on certain bases, estimates and assumptions that are subjective in nature, cannot be guaranteed” of this Preliminary Placement Memorandum.*

*Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this section as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Issue and the Units.*

### **The Indian Economy**

India is the third largest economy when its gross domestic product (“GDP”) is compared in terms of purchasing power parity (PPP) in 2018 according to the World Bank. India’s total GDP size was U.S.\$2.7 trillion in 2018 according to the World Bank. India’s GDP per capita has consistently grown between 5% and 6% according to the World Bank.

India’s per capita income has also risen in recent years. According to the International Monetary Fund (the “IMF”), India’s GDP per capita at current prices in 2019 was estimated to be U.S.\$ 2.17 thousand. (Source: International Monetary Fund, available at: <http://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/IND>)

India is becoming increasingly urbanized. In 2018, India’s urban population increased to approximately 460.3 million representing 34% of India’s population. (Source: World Bank, accessed on January 7, 2020 at <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?view=map>)

The IMF expects that India’s economy will continue to grow rapidly. India’s GDP per capita on PPP basis is forecasted to be U.S.\$ 12,756.79 in 2024. This records an increase from the last reported number of U.S.\$ 8,378.38 in March 2019.

Further, India has recorded a significant improvement in ease of doing business. In the World Bank’s latest Doing Business Report (“DB 2020”), India has moved up 14 positions against its rank of 77 in 2018 to be placed now at 63 among 190 countries assessed by the World Bank. (Source: World Bank, accessed January 7, 2020, <https://www.worldbank.org/en/news/feature/2019/10/24/doing-business-2020-sustaining-the-pace-of-reforms>, Ministry of Commerce & Industry, India, accessed January 7, 2020 at <https://www.phdcci.in/wp-content/uploads/2019/10/India-jumps-14-spots-in-Ease-of-Doing-Business-rankings-2020-ranks-63rd-out-of-190-countries.pdf>)

### **Indian Telecommunications Industry**

#### ***Indian mobile telecommunications services sector***

The mobile telecommunications industry is an integral part of the Indian economy. The industry has contributed to the economic growth and the GDP of the country by generating revenue for the Government and creating new jobs, directly and indirectly.

India is currently the world’s second-largest telecommunications market by subscribers and strong customer demand has led to a rapid growth in this sector. As of September 30, 2019, India had a total reported telephone subscriber base of 1,195.24 million according to TRAI.

The mobile telecommunications industry in India is divided into 22 service areas – three metro service areas (Delhi, Mumbai, and Kolkata) and 19 other service areas. These other service areas are categorized as Circle ‘A’, Circle ‘B’ and Circle ‘C’, in descending order on the basis of the degree of affluence, infrastructure development and revenue potential across each service area.

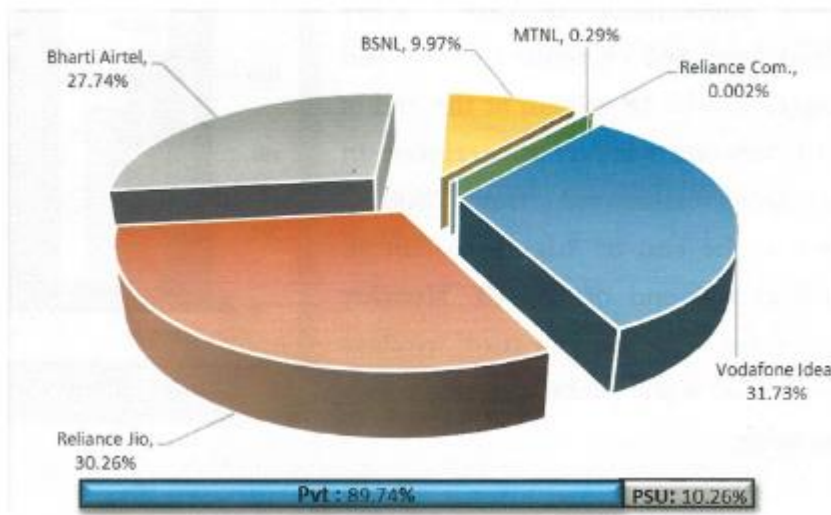
The wireless telecommunication industry in India has undergone a massive transformation in the last two years with the launch of services by Reliance Jio Infocomm Limited (“RJIL”). RJIL saw a net addition in wireless subscribers of access service providers of almost 6.9 million subscribers in the month of September 2019. RJIL brought about a change in the

fundamental tenet of the industry with entire growth being driven by affordable data services. As of September 30, 2019, RJIL had 355.2 million wireless subscribers on its network according to TRAI.

As of September 30, 2019, private access service providers held 89.74% market share of the wireless subscribers whereas BSNL and MTNL, the two public service Undertaking access service providers, held a market share of 10.26%. Among the private access service providers, notable companies include Vodafone Idea (with a market share of 31.73%), Bharti Airtel (with a market share of 27.74%) and RJIL (with a market share of 30.26%).

The following diagrams show the graphical representation of access service provider-wise market share based on wireless subscribers as of September 30, 2019:

**Access Service Provider-wise Market Shares in term of Wireless Subscribers as on 30<sup>th</sup> September, 2019**



(Source: TRAI)

On the other hand, within the subset of broadband service providers, RJIL holds the largest market share with 56.91% as of September 30, 2019 based on the number of subscribers. This is closely followed by Bharti Airtel with 20.44% and Vodafone Idea with 17.94% of market share. The top five providers form 98.96% of the total internet subscriber base, as of September 30, 2019 according to TRAI.

### Government Initiatives and Regulation

The Government of India has taken various initiatives to bolster the growth of the telecommunications industry in India.

#### *National Telecom Policy (NTP) 1994, 1999 and 2012*

Before 1994, the telecommunications industry in India was a Government managed monopoly. In 1994, the Government announced the NTP which defined certain important objectives, including availability of telephone on demand, provision of world class services at reasonable prices, ensuring India's emergence as a major manufacturing / export base of telecommunications equipment and universal availability of basic telecommunications services. Importantly, the NTP 1994 was introduced with the aim of privatising the sector, as it was recognised that the private sector was required to bridge the resource gap. The Government thus invited private sector participation in a phased manner from the early nineties.

In 1997, the TRAI was established by the Telecom Regulatory Authority of India Act, 1997. The aim of TRAI is to regulate telecommunications services, including the fixation and revision of tariffs for telecommunications services which were earlier vested with the Government and to create and nurture an environment for the growth of the telecommunications sector in India.

In 1999, the Government announced a new NTP which largely focused on creating an environment for attracting continuous investment in the telecommunications sector and allowing the creation of communication infrastructure by leveraging on technological development.

Specifically, the new NTP allowed service providers to migrate their license fee structure from fixed to revenue sharing, which made it financially viable for such operators to function in the market. The Government also extended the initial license term from 10 years to 20 years. Through the new NTP, the Department of Telecommunications ("DoT") was bifurcated into BSNL, the Government managed telecommunications service provider, and DoT, the policy maker and

licensor. It also permitted the DoT to issue more mobile telecommunications licenses in each Service Area. Subsequently, in September and October 2001, 17 fresh licenses were issued to private companies as the fourth cellular operator, one each in four metro cities and 13 telecommunications circles. In 2012, the Government approved the NTP 2012, which continued NTP 1999's vision of transforming the country into an empowered and inclusive knowledge-based society using telecommunications as a platform.

### ***Digital India***

The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. It is an umbrella programme that covers multiple Government Ministries and Departments, with overall coordination arranged by the Department of Electronics and Information Technology. Digital India aims to provide the much needed thrust to the nine pillars of growth areas, namely Broadband Highways, Universal Access to Mobile Connectivity, Public Internet Access Programme, e-Governance: Reforming Government through Technology, e-Kranti – Electronic Delivery of Services, Information for All, Electronics Manufacturing, IT for Jobs and Early Harvest Programmes. Notable Digital India initiatives relevant to bolstering the growth of the telecommunications industry include the setting up of Bharat Broadband Network Limited, which is a special purpose vehicle set up under the Companies Act by Government of India with a mandate to create the National Optical Fibre Network in India. (Source: Ministry of Electronics & Information Technology, Government of India, accessed on July 4 2019 at <https://digitalindia.gov.in/content/introduction>)

### ***National Digital Communications Policy (NDCP) 2018***

In September 2018, the Union Cabinet approved the NDCP. The NDCP envisions supporting India's transition to a digitally empowered economy and society by fulfilling the information and communications needs of citizens and enterprises by establishment of a ubiquitous, resilient and affordable digital communications infrastructure and services. (Source: Press Information Bureau, Government of India, accessed on July 4 2019 at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=183711>). Specifically, it envisages three Missions. (Source: National Digital Communications Policy 2018)

First, “Connect India” aims to create a robust digital communications infrastructure, promoting Broadband for All as a tool for socio-economic development, while ensuring service quality and environmental sustainability.

Second, “Propel India” focuses on enabling next generation technologies and services through investments, innovation and IPR generation. In particular, it aims to harness the power of emerging digital technologies, notably 5G, to enable the provision of future ready products and services.

Lastly, “Secure India” focuses on securing the interests of citizens and safeguarding the digital sovereignty of India with a focus on ensuring individual autonomy and choice, data ownership, privacy and security; while recognizing data as a crucial economic resource.

The NDCP also provides incentives to tower companies to facilitate the establishment of mobile tower infrastructure by:

- extending incentives and exemptions for the construction of telecommunication towers;
- according accelerated rights of way (“ROW”) permissions for telecommunication towers in government premises; and
- promoting and incentivizing deployment of solar and green energy for telecommunication towers.

### ***Active Infra-sharing Notification***

In February 2016, the DoT issued a notification to all ‘unified license’ (access service) licensees, amending the unified license (access) service agreement permitting sharing of active infrastructure among service providers, based on mutual agreements. As per the notification, active infrastructure sharing will be limited to antenna, feeder cable, Node B, Radio Access Network (“RAN”) and transmission system only (Source: Department Of Telecommunications Notifications dated February 11, 2016).

### ***Smart Cities Mission***

The Smart Cities Mission is an urban renewal and retrofitting initiative by the Ministry of Housing and Urban Affairs, with the mission to develop 100 cities across the country and make them citizen friendly and sustainable. (Source: Ministry of Urban Development, accessed on January 7, 2020 at [http://smartcities.gov.in/upload/uploadfiles/files/SmartCityGuidelines\(1\).pdf](http://smartcities.gov.in/upload/uploadfiles/files/SmartCityGuidelines(1).pdf)). The initiative focuses primarily on the following: city improvement (retrofitting), city renewal (redevelopment) and city extension (greenfield development), and a Pan-city initiative in which Smart Solutions are applied covering larger parts of the city. (Source: Ministry of Housing and Urban Affairs, Government of India, accessed on January 7, 2020 at <http://smartcities.gov.in/content/innerpage/strategy.php>).



## SUMMARY OF BUSINESS

*The following information should be read together with the more detailed financial and other information included in this Preliminary Placement Memorandum, including the information contained in “Business”, “Industry Overview”, “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Audited Consolidated Financial Statements” on pages 126, 118, 52, 152 and 210 respectively.*

### OVERVIEW

We are a registered infrastructure investment trust under the InvIT Regulations, set up in order to invest in infrastructure projects in accordance with the InvIT Regulations.

The Trust currently holds 51% of the equity shareholding in Reliance Jio Infratel Private Limited (“**RJIPL**” or the “**Tower Co.**”) and has entered into the Share Purchase Agreement - II to acquire the remaining 49% of the equity shareholding in the Tower Co. using a portion of the Issue Proceeds. Accordingly, on the consummation of the Share Purchase Agreement - II, the Trust shall hold 100% of the equity shareholding in the Tower Co. The Tower Co. is in the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services (the “**Tower Infrastructure Business**”) to telecommunication service providers (“**TSPs**”). The Tower Co. with a pan-India portfolio of 174,451 telecommunication towers (including 124,091 operational and 50,360 under-construction and under-development towers) as of September 30, 2019 (the “**Initial Tower Sites**”) is one of the largest independent tower companies in India. The Tower Infrastructure Business was transferred from Reliance Jio Infocomm Limited (“**RJIL**”) to the Tower Co. by way of a slump sale on a going concern basis under a scheme of arrangement (“**Scheme**”) with effect from close of business hours on March 31, 2019.

RJIL is one of the fastest growing wireless broadband services providers in India and in less than 3 years from its commercial launch in September 2016 has grown its wireless subscriber base to 355.22 million as of September 30, 2019, the second largest in India, according to TRAI. RJIL is the industry leader in the Indian telecommunications sector with the largest market share of 39.5% and 56.9% based on revenue and total broadband subscribers, respectively, for the six months ended and as of September 30, 2019, according to TRAI.

Our Tower Sites consist of a network of ground-based towers (“**GBT**”), ground-based masts (“**GBM**”), roof-top towers (“**RTT**”), roof-top poles (“**RTP**”) and cell-on-wheels (“**COW**”). We offer space on our Macro Towers for TSPs to host the active equipment for providing telecommunications services. On December 16, 2019, the Tower Co. entered into a 30-year master services agreement (the “**Master Services Agreement**”), with RJIL to provide Passive Infrastructure and Services to RJIL. The Master Services Agreement, which would come into effect on the SPA Closing Date would replace the Original MSA between the Tower Co. and RJIL. RJIL currently is our sole tenant has certain preferential rights under the Master Services Agreement and also has preferential rights for taking up additional tenancies on the Initial Tower Sites. The Tower Co. has also executed the O&M Agreement with Jio Infrastructure Management Services Limited (“**JIMSL**” or “**Project Manager**”) and Reliance Digital Platform & Project Services Limited (“**RDPPSL**” or “**Operator**”) to operate, maintain and manage its Passive Infrastructure and provide Services thereto for a period of 30 years, pursuant to the terms of the O&M Agreement. The O&M Agreement shall come into effect from the Tower Agreements Closing Date. Further, the Tower Co. has executed the Project Execution Agreement with the Project Manager, RJIL and RDPPSL as contractor (the “**Contractor**”) to establish the Passive Infrastructure for the Tower Co. The Project Execution Agreement shall come into effect from the Tower Agreements Closing Date and shall continue to remain in force for a period of 30 years therefrom. For more information about the Master Services Agreement, the O&M Agreement and the Project Execution Agreement, see the section titled “*Overview of the Trust*” on page 19.

Our Macro Towers are one of the youngest portfolio of tower assets in the industry. As of September 30, 2019, more than 60% of our towers are fiberized i.e. they use fibre for backhaul and have access to a fibre network, which we believe is critical for TSPs whose revenue growth is increasingly being led by data services and products offering. With an increasing rollout of 4G / LTE networks by TSPs and a trend for rapid technological developments in the market to transition to 5G and beyond, we believe that our network of macro towers provide us with significant advantage to tap the market and attract new customers.

The following map demonstrates the pan-India presence of our tower assets:



## **COMPETITIVE STRENGTHS**

We believe that our competitive strengths are as follows:

### ***Well diversified tower portfolio with pan-India presence across urban and rural markets***

Our tower portfolio is well diversified across India. We have an established presence across all 22 telecommunications circles in India, including the metro, A-category, B-category and C-category telecommunications circles. Majority of our towers are located in metro, A-category and B-category circles which account for a large proportion of telecom subscribers in India and have a strong potential for revenue growth.

Our towers are located across both urban and rural areas in India. According to TRAI, as of September 30, 2019, rural wireless subscribers constituted 43.84% of total wireless subscribers in India. With a large part of our tower portfolio in rural India, we believe that we are well positioned to benefit from the increase in consumer demand in telecommunications services being driven from rural India.

We believe that the geographic diversity of our tower portfolio will play a major role in developing our experience and expertise, including our ability to evaluate, own, acquire, operate and maintain new towers.

### ***Stable, secure and recurring revenue through the Master Services Agreement with RJIL with additional revenue potential from new tenancies***

Our Initial Tower Sites play a critical role in the seamless operations of RJIL's core telecommunication service offering. We have entered into the Master Services Agreement with RJIL that would come into effect on the SPA Closing Date. Under the Master Services Agreement, RJIL shall be granted one tenancy on all our Initial Tower Sites for a term of 30 years. Further, we have a right of first offer ("ROFO") whenever RJIL requires Passive Infrastructure and Services on a Macro Tower (not forming part of the Initial Tower Sites). Additionally, the Master Services Agreement provides for continuity and therefore stability in revenues for the Tower Co. even in situations of 'relocation' of our towers or where

RJIL seeks to terminate or decommission any Tower Site. We are entitled to receive from RJIL monthly tariffs, consisting of Monthly Site Premium with built in escalation clause, Monthly Site Reimbursement and P&F Costs. Accordingly, the Master Services Agreement provides us with high degree of certainty with respect to our revenues and cash flows.

Further, majority of our Initial Tower Sites are GBT which are capable to accommodate additional tenancies from third parties besides RJIL. RJIL is currently the sole tenant on all our Macro Towers. We accordingly have a significant opportunity to increase tenancies on our GBTs as well as RTTs thus, improving our overall tenancy ratios and creating additional revenue and cash flow stream.

***Large portfolio of high quality, fiberized and newly constructed towers ideally suited to capitalize on the strong industry tailwinds and high demand for delivery of digital services***

The wireless telecommunication industry in India has undergone a transformation in the last 2 years with the launch of telecommunication services by RJIL. The per capita data consumption on RJIL networks is approximately 11.7 GB/month, with 355.22 million wireless subscribers as of September 30, 2019. Driven by growth in number of subscribers as well as usage, overall industry wireless data traffic is expected to grow at a CAGR of 57.0% over Fiscal Years 2018 to 2022 and further at a CAGR of 11.0% between Fiscal Years 2022 and 2029, according to the Analysys Mason Report. Voice traffic too is expected to shift substantially to VoLTE by Fiscal Year 2025. Further, according to the Analysys Mason Report, the total number of active SIMs are likely to grow by more than 50.0% over the next 10 years to 1.6 billion, all of which will be data SIMs indicating a long runway for data growth on the network.

With further proliferation of video enabled products and services and wider adoption of over the top (“OTT”) applications, the per capita data consumption of users already connected to mobile broadband network is projected to increase manifold. In addition, further roll-out and coverage of video enabled network by RJIL and a higher prevalence of LTE and subsequent technologies in general, will bring more and more users from all corners of the country on to the data network thereby further increasing the demand for data. The surge in data traffic and the transition towards 100% 4G networks and beyond will require both capacity and coverage sites thereby leading to significant densification of existing networks. According to the National Digital Communications Policy, 2018 (the “**Indian Communications Policy**”), the Government of India targets to achieve fiberization of at least 60% of telecommunication towers by 2022 to enable accelerated migration to 4G and 5G.

As of September 30, 2019, more than 60% of our towers are fiberized using fibre for backhaul and ready for higher capacity and bandwidth requirements in the event of increased data consumption by digital users through services and applications, which we believe is critical for TSPs whose revenue growth is increasingly being led by data services and products offering. High speed data demand requires denser network and better backhaul for superior user experience. We believe that with an increasing rollout of 4G / LTE networks by telecommunications operators and a trend for rapid technological developments in the market to transition to 5G and beyond, our high quality fiberized towers would give us significant advantage in attracting new customers and driving our revenue growth.

Additionally, our towers are one of the youngest portfolio of towers in the industry. This we believe would help us in attracting new customers given the relatively long remaining useful life of our towers.

All our towers are proposed to be connected to the electricity board and have diesel generators and battery backup to meet the agreed service level agreement standards. We currently use lithium-ion batteries instead of lead-acid batteries which are more commonly used in the industry, leading to less space and weight requirements, increased power back-up time compared to traditional batteries, optimized operational costs, reliable performance and less carbon footprint. Further, our towers also have a built-in battery management system and can be monitored remotely. This we believe would improve our overall operational efficiency and meeting our service level commitments.

***Long term O&M arrangement in place providing stability in costs and cash flows***

We have entered into the O&M Agreement with JIMSL and RDPPSL under which RDPPSL shall be responsible for operations, maintenance and periodic repairs required for our towers for a period of 30 years. Further, RDPPSL shall be responsible for meeting the service level requirements laid down in the Master Services Agreement entered into with RJIL. The scope of the O&M arrangement includes among other things, (i) strengthening capex if required to achieve one more tenant in addition to RJIL on the GBTs and 50% of the cumulative RTTs and RTPs, in each case forming part of the Initial Tower Sites; (ii) replacement of passive equipment including DC power systems, diesel generator sets and battery bank, and other identified equipment; and (iii) payment of operating costs, including related insurance policies and associated costs of any claims and annual maintenance costs. The arrangement provides for cost budgets including escalations, which need to be adhered to by RDPPSL and additional safeguards have been provided to us in the form of recovery of O&M costs in excess of the cost budgets from RJIL. We believe this arrangement provides us with stability in our costs and cash flows.



### ***Favourable government policies paving way for growth in passive infrastructure industry***

We believe that the Government's focus on digitalisation of the Indian economy will be beneficial to our business. Under the Indian Communications Policy, the Government of India has stated that in order to expand mobile and broadband connectivity across India, it is critical to focus on infrastructure development initiatives related to fibre deployment and right of way clearances, for both over ground and underground infrastructure that will form the backbone of next generation technologies. The Indian Communications Policy also looks to providing incentive to tower companies such as (i) extending exemptions for the construction of telecommunication towers; (ii) according accelerated ROW permissions for telecommunication towers in government premises; and (iii) promoting and incentivizing deployment of solar and green energy for telecommunication towers. We believe these initiatives and policies would give further impetus to the industry and growth in tenancies. As per Analysys Mason Report, the total demand for tenancies is projected to increase to 1,023,000 in Fiscal Year 2029. For further details on the market opportunity and the telecommunications industry in India, see the section titled "*Industry Overview*". We believe that we are well positioned to tap the growing demand for tenancies given our current low utilization. Further we have the opportunity to increase our portfolio of towers to meet the growing demand for passive infrastructure by the TSPs.

### **INVESTMENT STRATEGY AND RISK AND CAPITAL MANAGEMENT STRATEGY**

The followings are our strategies:

#### ***Improve the tenancy ratio on our towers by targeting new customers as well as offering additional tenancies to meet requirements of RJIL***

We believe that our towers are ideally suited to tap the growing demand for high quality and fiberized telecommunication towers from TSPs given the increasing demand for data services and roll out of and adoption of next generation and newer technologies such as 4G and 5G. We would continue to service RJIL through our Initial Tower Sites, to meet its growing demand for passive infrastructure services. We would also look to actively market our Initial Tower Sites to third party TSPs to achieve (i) improved utilization; (ii) reduce dependence on RJIL; and (iii) increased revenue from operations and cash flows for our Unitholders.

#### ***Increase the portfolio of our telecommunication towers***

As per Analysys Mason Report, the total tenancies in the market is set to increase from approximately 695,000 in Fiscal Year 2019 to around 1,023,000 in Fiscal Year 2029. With the huge opportunity in providing passive infrastructure services, we would look at opportunistically acquiring additional telecommunication tower portfolios with secured and long term service agreements to be entered with TSPs. Additionally, in accordance with the terms of our Master Services Agreement with RJIL, we would evaluate opportunities to construct new telecommunication towers to meet the requirements of RJIL as well as acquiring any new telecommunication towers constructed by RJIL in accordance with the terms of the Master Services Agreement for its own captive use.

#### ***Institute and maintain efficient capital structures to maximize distributions to the Unitholders***

We intend to pursue instituting and maintaining efficient capital structure at all levels to maximize distributions to the Unitholders. For instance, from the proceeds of the issuance of Units, we intend to extend loans aggregating to ₹ 250 billion to the Tower Co. This we believe would allow us greater flexibility to manage distributions of cash flows from the Tower Co. to the Trust and eventually to the Unitholders. We would also seek to employ appropriate financing policies and diversify the Trust's sources of financing with the objective of minimizing our overall cost of capital.

#### ***Continue to focus on achieving cost efficiencies through innovative techniques and high-quality, technologically advanced equipment***

We would continue to focus on achieving operating cost efficiencies through the use of innovative designs and techniques for our towers. For instance, placing utilities inside each GBT thus reducing space usage, using natural cooling mechanism and thus reducing use of air-conditioning or fans, use of light-weight outdoor cabinet designs, the use of lithium-ion batteries leading to much longer battery life cycles compared to lead-acid batteries and micro-piling.

Further, our commitment to the long-term performance of our towers are exemplified by our approach of ensuring that we invest in high-quality, technologically advanced equipment at the outset, which also leads to low cost per tower over its life-cycle. We continue to enhance our project quality management and automation practices by moving from conventional reactive maintenance to predictive maintenance through the use of advanced tools and applications. We believe that the above mentioned approach would contribute to our cost efficiencies in the long-term.

## RISK FACTORS

*An investment in the Units involves risks. Prospective investors should carefully consider all the information in this Preliminary Placement Memorandum, including the risks and uncertainties described below, before making an investment in the Units. To obtain a complete understanding, prospective investors should read this section in conjunction with the sections entitled “Business”, “Audited Consolidated Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 126, 210 and 152, respectively, as well as all other information contained in this Preliminary Placement Memorandum. If any of the risks described below occurs, our business, cash flows, financial condition and prospects could be materially and adversely affected, the trading price of the Units could decrease and investors could lose all or part of their original investment. The risks and uncertainties described in this section may not be the only risks and uncertainties the Trust currently faces. Additional risks and uncertainties not presently known to the Trustee or the investment manager of the Trust, or that the Trustee, the Sponsors or the investment manager of the Trust currently deem immaterial, may arise or may adversely affect our business, prospects, financial condition, cash flows, results of operations and the price of the Units. Unless otherwise stated in the relevant risk factors set forth below, the Trustee, the Sponsors and the investment manager of the Trust are not in a position to specify or quantify the financial or other risks mentioned herein.*

*This Preliminary Placement Memorandum also contains forward-looking statements (including the financial projections (the “Projections”)) that involve risks, uncertainties and assumptions. The actual results of the Trust and the Tower Co. could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Memorandum.*

*In making an investment decision, prospective investors must rely upon their own examinations and the terms of the Issue, including the merits and the risks involved. To obtain a complete understanding, prospective investors should read this section in conjunction with the sections entitled “Business”, “Audited Consolidated Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 126, 210 and 152, respectively, as well as all other information contained in this Preliminary Placement Memorandum. Prospective investors should consult their 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 Trust and the Tower Co. on a consolidated basis.*

### **Risks Related to the Tower Co.’s Business and Industry**

- 1. RJIL currently contributes all of the Tower Co.’s revenues and is expected to continue to contribute significantly to its revenues going forward. Accordingly, its results of operations and financial condition are linked to those of RJIL. As a result, any and all the factors that may adversely affect the business of RJIL would adversely and materially affect the results of operations and financial condition of the Tower Co.. Further, any delay in payments from RJIL would materially and adversely affect the Tower Co.’s cash flows and distributions to our Unitholders***

RJIL currently contributes to all of the Tower Co.’s revenues and it may continue to depend substantially on RJIL for its revenues and cash flows.

Accordingly, its results of operations and performance heavily depends on factors affecting the growth of the business of RJIL and its ability to implement its business plans. RJIL’s business is sensitive to factors such as the general growth of the Indian economy, the intensity of competition in the telecommunication industry, the telecommunications technology landscape, digital consumer behaviors regarding the adoption of digital services and the governmental policies or regulatory framework or any changes to such policies or framework for digital communications in India. RJIL’s business is also affected by factors which have a significant impact on telecommunications companies, such as the usage of fiberized towers and fiber backhaul, the length and frequencies of network downtime, the availability of licenses and spectrum in relevant service areas and the appropriate selection of tower sites. Changes in RJIL’s business requirements or focus, any adverse industry conditions and/or regulatory requirements that cause RJIL to re-consider its vendor selection, project prioritization, financial prospects, capital resources and expenditures as contemplated in their business plan or any deterioration in the creditworthiness of RJIL or its inability or unwillingness to meet its obligations under the Master Services Agreement, could significantly lead to delays or cancellations of its planned commitment to use the Tower Sites under the Master Services Agreement, which would increase the risk of fluctuations in the Tower Co.’s revenues and operating results. For details on the terms of the Master Services Agreement, please see the section titled “*Summary of the Tower Agreements – Master Services Agreement*” in this Preliminary Placement Memorandum.

Any such delay or cancellation of commitments by RJIL may affect the Tower Co.’s ability to continue to operate and maintain its tower assets, fund its working capital, service its debt obligations and make distributions to Unitholders.

We expect that RJIL will continue to contribute materially to the Tower Co's revenue for the foreseeable future. Since the Tower Co. currently depends on RJIL for all of its revenues, the loss of, or a significant delay or reduction in payments by RJIL would have a material and adverse effect on its cash flows and distributions to our Unitholders.

**2. *Competition in the telecommunications tower industry may create pricing pressures that materially and adversely affect us***

Competition in the telecommunications tower industry is substantial, and our potential customers / telecommunications service providers ("TSPs") have numerous alternatives for obtaining similar Passive Infrastructure Services, including:

- telecommunications operators that own (individually or together with other operators) site portfolios and offer space for installation of telecommunication equipment and antennas to third parties;
- independent tower companies that operate large site portfolios and offer space for installation of telecommunication equipment and antennas to third parties and a significant number of independent tower companies that operate smaller site portfolios; and
- in certain circumstances, owners of alternative site structures such as outdoor and indoor distributed antenna system networks, billboards and electric transmission towers, which may offer their infrastructure to be utilized for installation of the telecommunications equipment and antennas.

We believe competition in the tower infrastructure industry in India is based principally on size of site portfolio and pricing, tower location, relationships with telecommunications operators, tower quality and height, operational management and additional services to customers. Some of our competitors may have greater financial resources and have better relationship with other telecommunications operators than we do. In addition, some of our competitors may have a different return on investment criteria than we do and therefore may be able to offer services at a lower than market rate.

Competitive pressures could materially and adversely affect our monthly services income and availability of the sites for installation of towers and could result in potential customers availing services from our competitors and not from the Tower Co. We also face, and expect to continue to face, competition in identifying and successfully acquiring tower assets, particularly for high quality tower assets and large site portfolios, which could also make our tower acquisitions more costly. Any of the foregoing factors could materially and adversely affect our business, prospects, results of operations, cash flows and financial condition.

**3. *We may not be able to successfully expand our tower portfolio by acquisition. Our growth strategies depend on various factors, some of which are outside our control***

We intend to expand our portfolio of telecommunications tower assets by acquiring additional telecommunications tower portfolios with secured and long-term service agreements with TSPs.

Our ability to execute the acquisition growth strategy will depend on a number of factors. We must identify suitable and available acquisition candidates at an acceptable cost, reach agreement with acquisition candidates and their shareholders on commercially reasonable terms and also secure financing to complete larger acquisitions or investments. We are continuously examining the merits, risks and feasibility of potential transactions and searching for acquisition opportunities. Such search and examination efforts, and any related discussions with third parties, may or may not lead to future acquisitions. If we are unable to complete any of these steps required in acquiring suitable telecommunications tower portfolios due to various reasons, including our inability to identify opportunities for acquisitions, it could negatively affect our revenue growth.

Our acquisition strategy will also place significant demands on the time and attention of our management. In addition to integrating, training and managing our expanding workforce, we will need to continue to develop and improve our financial and management controls, information systems and reporting procedures, including those of any acquired businesses. Additional risks associated with acquisitions include, but are not limited to, the following:

- it may be difficult to integrate the operations of an acquired business into our organization and we may have to incur expenditure to ensure integration of our technology into such acquired businesses;
- management, information, and accounting systems of an acquired business may be different from, and incompatible with, our current systems and may need to be successfully integrated;

- our failure to manage regulatory non-compliance following the acquisition of a business may result in the removal or cessation of the towers in the site portfolio of the acquired business; and
- we could lose some of the key employees of an acquired business.

Further, opportunities would be evaluated to construct new telecommunications towers to meet the requirements of RJIL and other TSPs, as well as acquiring new telecommunications towers constructed by RJIL for its captive use under the Master Services Agreement with RJIL. We cannot guarantee that the Tower Co. would be able to meet such requirements of RJIL in a timely manner or at all.

**4. *Failure to comply with, safety, health and environmental laws and regulations in India applicable to our business or adverse changes in such applicable laws and regulations, may materially and adversely affect our business***

The Tower Co.'s business is subject to environmental, social, health and safety regulations and standards and various labor, workplace and related laws and regulations in India, including obtaining the authorization for handling, use, storage, generation, collection, disposal, treatment, transfer, emission and remediation of, and exposure to, hazardous and other wastes, monitoring of the electromagnetic field radiation from telecommunication equipment installed on tower sites, as regulated by the Department of Telecommunications, the Government of India ("**DoT**") and procurement of consent to establish and operate the diesel generator sets installed at tower sites for energizing tower sites, from relevant State Pollution Control Boards and Pollution Control Committees. Any adverse changes in, or amendments to, these standards or laws and regulations could further regulate our business and could require us to incur additional, unanticipated expenses in order to comply with these changed standards which would adversely impact our operations. If we or contractors appointed by us fail to meet safety, health, social and environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil and criminal proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us and may also result in removal, seizure or demolition of tower sites. Penalties imposed by regulatory authorities on us or third parties upon whom we depend may also disrupt our business and operations.

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

**5. *The Tower Co. may be unable to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate the Tower Sites and any changes in current or future regulations could restrict our ability to operate our business as we currently do***

The Central law governing telecommunications in India is the Indian Telegraph Act, 1885 (including the rules, regulations, orders, and directions issued thereunder). The DoT issued guidelines to the State Governments effective from August 1, 2013, which were advisory in nature and dealt with the installation of mobile towers ("**2013 Guidelines**"). These guidelines aimed to streamline the process and documents required to be submitted by Infrastructure Provider ("**IP-1**") companies and to enable a single window clearance for grant of permit for installation of towers. Subsequently, the Central Government notified the Indian Telegraph Right of Way Rules, 2016 ("**ROW Rules**") dated November 15, 2016, under the Indian Telegraph Act, 1885 which regulate the procedure for the establishment and maintenance of underground and over ground telegraph infrastructure by any licensee (including Infrastructure Providers which establish towers). Under the ROW Rules, an application is made to the appropriate authority for establishing over ground telegraph infrastructure on immoveable property vested, in or under the control or management of such appropriate authority, along with the underlying documents, approvals and certificates specified under the ROW Rules and by the appropriate authority. Further, permits and approvals for the tower sites are also governed by the State specific policies and local laws, including any municipal laws or building laws, formulated by such States. The Indian Telegraph Act, 1885, 2013 Guidelines, ROW Rules, State specific tower policies and municipal laws are collectively referred to as "**Tower Legislations**".

The Tower Co. is required to obtain and maintain certain no objection certificates, permits, approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes, including Tower Legislations, regulated by various regulatory and governmental authorities for constructing and operating the Tower Sites, constructed on leasehold land (private or government) or freehold property. If the Tower Co. and/or its third-party contractor(s) fail to obtain, renew or maintain them, or fails to submit the underlying approvals or certificates required to be submitted along with the application for grant of tower approvals, or install the towers at specified locations, where such installation is restricted or prohibited, or if there is any delay in obtaining or renewing the tower permits, then such non-compliance may lead to removal, seizure or demolition of tower

sites and our business, financial condition and results of operations could be materially and adversely affected.

Further, few of the State policies governing installation and erection of tower sites in respective States are not consistent with the requirements and provisions of 2013 Guidelines and ROW Rules, issued by the Central Government. Certain provisions of State specific laws, rules and regulations governing installation of tower sites are inconsistent with the Central laws and their interpretation and application remain uncertain. Further, provisions governing our towers also differ amongst different States. Any non-compliance with the Central and State rules and regulations, governing our towers, may adversely impact our business, financial condition and results of operations. Further, any changes in current or future regulations may provide for stringent compliances, tower sites or re-registration of tower sites with revised and incremental fee structures, which may have an adverse impact on the revenue growth and our business.

Further, these permits, approvals, licenses, registrations and permissions, including the IP-1 registration certificate, are subject to several conditions, and we might not be able to meet such conditions or be able to prove compliance with such conditions to the statutory authorities. This could lead to the cancellation, revocation or suspension of relevant permits, licenses or approvals, which may result in the interruption of our operations and may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations. Further, RJIL's failure to maintain requisite permits, approvals, licenses, registrations and permissions, may also interrupt our operations and may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

As public concern over tower proliferation has grown in recent years and if such concern continues to rise, local authorities may restrict telecommunications tower construction, delay granting permits or impose technical standards on the construction and/or operation of telecommunications towers. Such policies, if adopted by local authorities, may materially and adversely affect the associated timing or cost of construction or operation of the towers and additional regulations may increase delays, or result in additional costs to us, or that prevent completion of construction of the towers in certain locations. Any failure to complete tower construction, modifications, additions of new antennas to a site, or site upgrades which could harm our ability to add additional site space or increased costs in operating or developing our towers could have an adverse effect on our revenues and, accordingly, on our ability to make distribution to the Unitholders.

**6. *The composite scheme of arrangement undertaken by RJIL, Jio Digital Fibre Private Limited (“JDFPL”), the Tower Co. and their respective shareholders in relation to transfer of RJIL’s tower assets are subject to risks in relation to the transfer of the relevant licenses, approvals and permits***

The composite scheme of arrangement amongst RJIL, JDFPL, the Tower Co. and their respective shareholders and creditors (the “**Scheme of Arrangement**”) in relation to transfer and vesting of the fibre and tower undertaking of RJIL to JDFPL and the Tower Co., respectively, are subject to several risks arising in relation to the transfer of the relevant licenses, approvals and permits from various regulatory authorities, including relevant local or municipal authorities and environmental approvals from the pollution control boards.

While the Tower Co. will continue to operate the towers under the existing licenses, approvals and permits, there can be no assurance that they will be able to continue to do so. Further, the relevant authority may levy penalties on the Tower Co. for not having obtained or maintained permits, which may be applicable until such times as the transfers of these permits are completed. We cannot assure you that any difficulties that the Tower Co. has in obtaining or maintaining the required approvals or permits will not materially and adversely affect our business, prospects, results of operations, cash flows and financial condition.

**7. *Our substantial indebtedness could adversely affect our business, prospects, financial condition, results of operations and cash flows***

As of September 30, 2019, our consolidated non-current borrowings was ₹ 230,943 million and our current borrowings (including current maturity of non-current borrowings) was ₹ 40,050 million. While some portion of the aforementioned borrowings is being refinanced from the Trust Loan and the consolidated borrowings and deferred payments would be subject to and in accordance with the provisions of the InvIT Regulations and the borrowing policy as approved by the investment manager of the Trust, the Tower Co.'s borrowings could affect our ability to service our Unitholders as well as impacting the operations and business of the Tower Co. in the following manner:

- reducing the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- limiting our ability to obtain additional financing;

- limiting our flexibility in planning for, or reacting to, changes in our business, the industry in which we operate and the general economy; and
- potentially increasing the cost of any additional financing.

Further, any increase in interest rates will increase our interest expense and have an adverse effect on our business, prospects, financial condition, results of operations and cash flows impacting our ability to service the Unitholders. There can be no assurance that we will be able to engage in hedging transactions and enter into new financing arrangements on commercially reasonable terms, that our counterparties will perform their obligations, or that these arrangements, if entered into, will protect us adequately against interest rate risks.

Further, any future consolidated borrowings and deferred payments net of cash and cash equivalents of the Trust and the Tower Co. would be limited to the extent of 70% of value of the Trust's assets in accordance with the requirements of the InvIT Regulations. If such borrowings and payments exceed 49% of the Trust's assets, the Trust will be required to, amongst others, have a track record of at least six distributions in terms of the InvIT Regulations on a continuous basis in the preceding years and obtain a credit rating of "AAA" or equivalent for the consolidated borrowing and proposed borrowing. Though the purpose for increased leverage may be for organic growth, various conditions associated with it may limit the ability of the Trust and/or the Tower Co. to incur additional debt required to support its organic and/or acquisition growth strategy.

Any of these factors and other consequences that may result from our substantial indebtedness could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows, impacting our ability to meet our distributions to the Unitholders. Our ability to meet our payment obligations under our current and future outstanding debt depends on our ability to generate significant cash flows in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control.

**8. *A decrease in demand for telecommunications tower infrastructure in India could materially and adversely affect our ability to attract potential customers in the market***

We intend to actively market our Tower Sites to potential customers to improve utilization of our Tower Sites, reduce dependence on RJIL and increase revenue from operations and cash flows. As our business consists of building, acquiring, owning and operating telecommunications towers and providing access to these towers primarily to wireless telecommunications service providers, factors adversely affecting the demand for telecommunications towers in India in general would adversely affect our ability to attract potential customers in the market. Such factors could include:

- a decrease in consumer demand for wireless telecommunications services due to adverse general economic conditions or other factors;
- a deterioration in the financial condition of wireless telecommunications service providers generally due to declining tariffs, media convergence or other factors or their access to capital;
- the ability and willingness of wireless telecommunications service providers to maintain or increase capital expenditure;
- a decrease in the overall growth rate of wireless telecommunications or of a particular segment of the wireless telecommunications sector;
- the development and implementation of new technologies that enhance the efficiency of telecommunications networks;
- adverse changes in telecommunications regulations;
- unstable infrastructure, including frequent power failures, which may affect operations;
- delays or changes in the deployment of 5G or other telecommunications technologies;
- delays in regulatory changes that would permit tower infrastructure providers to use towers for other revenue-generating purposes;
- changing strategies of wireless telecommunications service providers with respect to owning or sharing towers;

- adverse developments with regard to increase in stamp duty rates on lease agreements, zoning, environmental, health and other government regulations; and
- technological changes including alternatives to wireless communication such as video conferencing.

Our business, proposed capital expenditure and strategic plans are based on the assumption that the demand for wireless telecommunications or digital services in India will grow at a rapid pace. If the market does not grow or grows at a slower rate than we expect, or the behavior of market players does not meet our current expectations, the demand for our towers will be adversely affected, which would affect our ability to attract potential customers in order to increase our revenue from operations and cash flows.

**9. *Merger or consolidation among wireless telecommunications service providers could have a material and adverse effect on our revenue and cash flow***

We believe that large telecommunications operators in India would continue to compete for incremental subscribers and invest for growth in network traffic and capacity requirements.

Any further consolidation among the telecommunication operators could result in a reduction in the need for base transceiver stations, since certain base transceiver stations may become redundant or additional tower spaces may be gained in the consolidation. In addition, consolidation may result in a reduction in future capital expenditures in the aggregate, if the expansion plans of the consolidated companies are similar. As a result, it may be difficult for the Tower Co. to find additional customers. If we experience a difficulty in finding additional customers, it could materially and adversely affect our revenue and cash flow, which in turn could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

**10. *Our costs could increase and the growth of our revenues could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated and regulatory requirements become applicable to telecommunication towers and related infrastructure***

Public perception of possible health risks associated with cellular and other wireless communications technology could slow the growth of wireless companies, which could in turn slow our revenue growth. In particular, negative public perception of, and regulations regarding, these perceived health risks could slow the market acceptance of wireless communications services and increase opposition to the development and expansion of tower sites. The potential connection between radio frequency emissions and certain negative health effects has been the subject of substantial study by the scientific community in recent years, and numerous health-related lawsuits have been filed around the world against wireless carriers and wireless device manufacturers. If a scientific study or court decision resulted in a finding that radio frequency emissions posed health risks to consumers, it could negatively impact the market for wireless services, as well as our wireless carrier customers, which could materially and adversely affect our business, financial condition and results of operation. We do not maintain any significant insurance with respect to these matters.

In relation to electromagnetic field radiation (“**EMF**”), the Inter Ministerial Committee (“**IMC**”) had examined and issued recommendations in relation to the effect of such radiation from the base stations and mobile phones. The recommendations made by the IMC were accepted by the Government of India and consequently, directions in this regard were issued by Department of Telecommunications (“**DoT**”) to the mobile service providers on April 10, 2012 making the new norms applicable to them from September 1, 2012 (with new test procedure notified in June 2018) (the “**EMF Norms**”). Subsequently, TRAI has released an information paper in 2014 titled “Effects of Electromagnetic Field Radiation from Mobile Towers and Handsets”, where TRAI has highlighted the absence of any clear scientific evidence establishing the causality between EMF emitted by towers or cell phones and diseases in human beings. One of the strategies of the National Digital Communication Policy 2018 published by DoT is to ensure a holistic and harmonized approach for harnessing emerging technologies, which includes, amongst others, defining a policy for EMF radiation for machine-to-machine devices. However, no steps have been taken in this regard as on the date of this Preliminary Placement Memorandum. Currently, the EMF norms are applicable only to telecommunications service providers and do not apply to tower and related infrastructure. We will comply with these regulations as and when they become applicable to us and all applicable regulations will be followed by us while erecting new towers.

The Telecom Regulatory Authority of India (the “**TRAI**”) released its “Recommendations on Approach towards Green Telecommunications” dated April 12, 2011 pursuant to which the TRAI highlighted the challenges posed by telecommunications, to the environment and ways to address such challenges. Further, the DoT issued directives in 2012 for implementation of “green technologies” in the telecommunications sector (as further supplemented by recommendations and directions issued by TRAI in 2017 and 2020, respectively and revised approach for ILD and NLD pursuant to DoT circular in 2019) (collectively, the “**Green Tower Directives**”). The Green Tower Directives *inter alia* regulate “carbon footprint including the consumption of grid power as well as power generated through DG sets” which are being installed at tower sites by tower companies. There is

uncertainty with respect to the applicability of such Green Tower Directives to the tower companies (*i.e.*, entities with IP-1 registration certificate) as opposed to telecommunications service providers since the Green Tower Directives are addressed to TSPs only.

The implementation of the EMF norms, Green Tower Directives or other similar recommendations could result in increased costs for telecommunications service providers and the tower companies, as applicable, and as a result, reduced demand for new towers from our customers, which could in turn adversely affect our business, prospects, results of operations, cash flows and financial condition. For further details, see the section “*Regulations and Policies*” on page 173.

In 2017, the Supreme Court of India, pursuant to a claim made by the petitioner therein of exposure to radiation from a mobile tower of BSNL, directed BSNL to deactivate the said tower (the “**BSNL Proceeding**”). Separately, certain litigation proceedings have been initiated against us before different judicial forums in relation to, *inter alia*, the alleged radioactive effects of our operations. We cannot assure you that the litigation proceedings initiated against us in this regard, will be determined in our favour and that the verdict of the Supreme Court in the BSNL Proceeding will not impact the outcome in the proceedings initiated against us.

**11. *We may experience local community opposition to some of our tower sites***

We may in the future, experience local community opposition to our existing sites or the construction of new sites for various reasons, including concerns about alleged health risks. For example, residential communities or societies might take protectionist measures, refuse to allow our Tower Sites near certain facilities such as schools or hospitals and/or demand higher rents for our Tower Sites, which may result in fewer sites being available for our Tower Sites and/or higher operational expenses. Various cases have been filed in different courts and forums against us (including the cases filed against RJIL, which are transferred to the Tower Co., pursuant to the Scheme of Arrangement), which pertain to issues of radiation emitted, causing health hazards to the people in the vicinity of the tower site, and relief sought in such cases include removal or demolition of the towers due to potential health hazards. As a result of such local community opposition, we could be required by the local authorities to dismantle and relocate certain towers or pay a larger amount of site rental. If we are required to relocate a material number of our towers and cannot locate replacement sites that are acceptable to our customers or incur higher operating expenses due to increased site rental fees, it could materially and adversely affect our revenue and cash flow, which in turn could have a material adverse effect on business, prospects, results of operations, cash flows and financial condition.

**12. *Our business depends on the availability of an adequate and uninterrupted supply of electrical power and fuel at a reasonable cost***

Our Tower Sites require an adequate and cost-effective supply of electrical power to function effectively. We principally depend on power supplied by regional and local electricity transmission grids operated by the various state electricity providers. In the non-urban areas where power supply is erratic, in order to ensure that the power supply to our sites is constant and uninterrupted, we also rely on batteries and diesel generator sets, the latter of which require diesel fuel and may require regulatory approval. A lack of adequate power supply and/or power outages could result in significant downtime at our Tower Sites, resulting in service level credits becoming due to our customers.

Our operating costs will increase if the price at which we purchase electrical power from the state electricity providers or the price of fuel increases. There is no assurance that we will have an adequate or cost effective supply of electrical power at our sites or fuel for diesel generator sets, the lack of which could disrupt our customers’ businesses, adversely affecting our business and results of operations. Under the Master Services Agreement, the Tower Co. currently passes through additional expenses from electrical power and fuel to its customers. If our estimates of fuel and electricity requirements are affected by external factors, and we incur additional expenses which we are unable to pass through to our customers, the Tower Co. may suffer an adverse impact on its business, prospects, results of operations, cash flows and financial condition. In the event of a material price increase or significant interruption or limitation in the supply of fuel from our current suppliers, we may need to procure fuel from other sources. However, there can be no assurance that we will be able to do so at commercially acceptable costs or at all, which could have a material adverse effect on business, prospects, results of operations, cash flows and financial condition.

**13. *We are exposed to information technology and cyber security risks and disruptions in our disaster recovery systems or business continuity planning could limit our ability to operate the business effectively***

As our businesses and operations rely heavily on information technology, we are exposed to risks of cyber security threats, data privacy breaches as well as other network security and stability risks. The scale and level of sophistication of cyber security threats have increased especially in recent times. We rely on a number of vendors to implement and maintain its information technology systems. Any failure of these vendors to provide adequate



and timely software and hardware support could have a material adverse effect on our systems. Disruptions to our information technology systems, whether resulting from cyber-attacks, a failure by a key vendor or otherwise, that can cause interruptions to the operation of the Tower Sites and network and services provided to RJIL's end-customers, may result in litigation and/or regulatory fines and penalties.

In addition, in the event that a significant number of our management personnel are unavailable in the event of a disaster, our ability to effectively conduct business could be adversely affected. Further, any failure or deviation of our disaster recovery systems or business continuity plans to meet the relevant regulatory standards, rules or laws in India may result in additional costs in order to upgrade such systems and/or the imposition of sanctions, including financial penalties, upon us, which may have a material adverse effect on business, prospects, results of operations, cash flows and financial condition.

While we have established appropriate policies and frameworks to minimize the disruptions to our business operations, there can be no assurance that such policies and frameworks are sufficient or that our operations, financial condition and financial performance would not be adversely affected by such cyber security threats, data privacy breaches as well as other network security and stability risks.

**14. *If we are unable to extend our leases, or renew on commercially viable terms, or protect our rights to the land under our towers, it could adversely affect our business and operating results***

Our site portfolio consists primarily of ground-based towers / masts constructed on land and roof top towers/poles constructed on the building's roofs, that we have leased under long-term lease and license agreements from private parties and government institutions. More than 75% of the Tower Sites are ground based and a large portion of our ground-based Tower Sites are on leased land or buildings that we do not own.

Under lease arrangements, the Tower Co. may require prior consent of the lessor/licensor to share its tower sites/equipment with third parties and may be required to pay additional compensation / license fee to the lessor/licensor, as may be mutually agreed, for sharing the tower/equipment with third parties. Further, the Tower Co. may require consent of the lessor/licensor for sub-leasing/sub-licensing with third parties. In the event, we are not able to procure such consent from the lessor/licensor, it would impact the Tower Co.'s ability to operate tower sites and to generate revenues. Further, certain leases and license agreements entered into by the Tower Co. (including the leases and license agreements entered into by RJIL, which are transferred to the Tower Co., pursuant to the Scheme of Arrangement) may not be duly stamped or registered. In the event the Tower Co. requires to enforce its rights under such agreements in a court of law, the required stamp duty and penalty will need to be paid by the Tower Co. in order for it to do so.

For various reasons, land owners may not want to or may not be able to renew their leasing arrangements with us, or they may lose their rights to the land or they may transfer their land interests to third parties, which could affect our ability to renew such arrangements on commercially viable terms. In the event that we cannot extend these leases or if the lease/license is terminated by the lessor/licensor, we will be required to dismantle or relocate these towers and may have to accordingly incur expenses in connection with such relocation and obtain the necessary regulatory approvals. There can be no assurance that we will be able to find a suitable substitute location for installation of the tower or obtain the necessary regulatory approvals for such substitute location. We may lose the cash flows derived from such towers during the period of relocation or may not be able to find a substitute location suitable for our customers, which may have a material adverse effect on business, prospects, results of operations, cash flows and financial condition. We cannot assure that we will be able to find a suitable alternate site for installation of the tower.

From time to time, we may also experience disputes with lessors regarding the terms of our lease agreement for our Tower Sites, which can affect our ability to access and operate the Tower Sites. The termination of leases for our Tower Sites, could have a material adverse effect on business, prospects, results of operations, cash flows and financial condition.

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

Our assets are subject to various risks that we may not be insured against, adequately or at all, including:

- changes in governmental and regulatory policies;
- shortages of, or adverse price movement for, construction materials;
- design and engineering defects;
- breakdown, failure or substandard performance of the tower assets and other equipment;

- improper installation or operation of the tower assets and other equipment;
- labor disturbances;
- public agitations/demonstrations;
- terrorism and acts of war;
- inclement weather and natural disasters;
- environmental hazards, including flooding, cyclones, droughts, tsunamis and landslides; and
- adverse developments in the overall economic environment in India.

Further, we are subject to various risks in the operation of the Tower Sites. The Tower Co. principal types of insurance coverage include an electronic equipment insurance policy, burglary insurance policy, cellular network policy and terrorism policy. Further, under the Project Execution Agreement, the Contractor is required to obtain cellular network policies for Passive Infrastructure at its own cost. Despite our efforts to take insurance policies which are in line with our business requirements, such insurance coverage might not be adequate to cover all risks or losses that may arise or we might not be able to procure adequate insurance coverage at commercially reasonable rates in the future.

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

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

Reliance Digital Platform & Project Services (“RDPPSL”) Limited shall operate, maintain and manage the Tower Co.’s Passive Infrastructure and provide the related services. RDPPSL shall also be responsible for ensuring that the Tower Co. meets all the service level requirements under the Master Services Agreement. RDPPSL may at its discretion provide the O&M services by itself or through sub-contractors. While we believe we have adequate safe-guards in our O&M Agreement, there can be no assurance that we would not be exposed to any risks or be held liable for any acts or omissions by RDPPSL or its sub-contractors. Further in terms of the O&M Agreement, RDPPSL would be responsible for meeting service level obligations of RJIL or any other third party tenant. Any failure to meet the service level obligations could impact our business and our ability to effectively acquire new customers.

Further, under the Project Execution Agreement, RDPPSL has been appointed to perform work for establishment of Passive Infrastructure and related procurement, erection, installation, establishment, inspection, and testing work at the Tower Sites. RDPPSL can deploy manpower and staff as may be required for performance of its responsibilities and may sub-contract any of the work to be performed by it.

Any delay, default or unsatisfactory performance by PDPPSL or sub-contractors could materially and adversely affect our ability to effectively construct the Tower Sites.

Our results of operations and performance depends on factors affecting the ability of RDPPSL to carry out its operations. If RDPPSL fails to perform its obligations satisfactorily or within the prescribed time periods or budgets, or terminates its arrangements with us, we may be unable to operate the Towers or carry out the Tower Infrastructure Business. If this occurs, we may be required to incur additional cost or time to operate and maintain the Towers in a manner consistent with the applicable standards, which could result in reduced profits or, in some cases, significant penalties and losses which we may not be able to recover from any third party.

**17. *A failure by the Tower Co. to meet its service level obligations could have an adverse impact on our reputation and therefore, our business, prospects, results of operations, cash flows and financial condition***

As a part of the service level agreements (the “SLAs”) that the Tower Co. entered into or may enter into with its customers, the Tower Co. has committed to and will commit to maintain certain service level standards, which impose or may in the future impose, as the case may be, stringent obligations upon the Tower Co. and its operations, including in relation to required minimum availability levels. For example, the Tower Co. must provide a link uptime calculated on a monthly basis to RJIL under the Master Services Agreement. For further

details, please see the section entitled “*Summary of the Tower Agreements – Master Services Agreement*” on page 137. We believe that the Tower Co.’s services are critical to the operations of its customers’ businesses and hence its SLAs impose various service level credits on the Tower Co. in the event that it fails to meet its obligations.

Any failure by the Tower Co. to comply with applicable service levels could damage its reputation or result in claims against it. Successful assertions of one or more claims against the Tower Co., especially by its potential customers, could have a significant adverse effect on our reputation, our relationship with our customers and therefore, our business and prospects.

**18. *A portion of Trust Loan is intended to be used to pre-pay/repay in part or in full certain borrowings and interest obligations of the Tower Co. towards RIL. Further we propose to prepay in part the RVL Loan***

A portion of the Trust Loan aggregating approximately ₹ 131,710 million is intended to be used by the Tower Co. to pre-pay / repay in part or in full certain borrowings and interest obligations of the Tower Co. towards RIL. Further the Trust proposes to use from the Issue Proceeds ₹ 1,096.50 million towards part repayment of the RVL Loan. For further details of the utilization of the Issue Proceeds, see the section titled “*Use of Proceeds*” on page 145.

**19. *Our inability to successfully integrate, recruit, train, retain and motivate new management team of the Tower Co. may adversely affect our business***

It is proposed that on the consummation of the Share Purchase Agreement - II, the Tower Co. would build a suitable team to run the business of the Tower Co. There is also a shortage of skilled personnel in the telecommunications tower industry in India, which we believe is likely to continue. As a result, we may face increased competition for skilled employees in many job categories from tower companies, telecommunications operators and new entrants into the tower industry and this competition is expected to intensify. We cannot assure we will be able to successfully integrate, recruit, train, retain and motivate key employees, which could have a material adverse effect on business, prospects, results of operations, cash flows and financial condition of the Tower Co.

**20. *We have entered and may continue to enter into related-party transactions***

We have entered and may continue to enter into transactions with certain related parties. The transactions would be subject to the policy adopted by the investment manager of the Trust for related party transactions and would be undertaken in accordance with the InvIT Regulations. For more details see the section titled “*Related Party Transactions*” on page 165.

**21. *The investment manager of the Trust is proposed to be changed to an entity controlled by the Brookfield Sponsor or any of its affiliates***

In accordance with the terms of the Share Purchase Agreement - II, the investment manager of the Trust is proposed to be changed to an entity controlled by Brookfield Sponsor or any of its affiliates. Such a change in the investment manager of the Trust would require unitholders’ approval under the InvIT Regulations and the approval of SEBI. The Brookfield Sponsor may be able to exercise significant influence over the new investment manager (the “**Jarvis IM**”) and the actions of the new investment manager may be subject to conflict of interest vis-à-vis the Trust and the Unitholders other than the Brookfield Sponsor. Further under the Shareholder and Option Agreement, post the Closing Date and until the Jarvis IM is appointed as the investment manager of the Trust, certain actions of the Trust under the Shareholder and Option Agreement as well as any obligations that the Investment Manager is required to undertake under the InvIT Regulations require the prior consent of the Brookfield Sponsor. This may place restrictions on the activities of the Investment Manager and may adversely affect the interest of the Unitholders.

**22. *This Preliminary Placement Memorandum contains information from the Analysys Mason Report which is a commissioned report. The accuracy of statistical and other information with respect to the telecommunication infrastructure sector and the Analysys Mason Report which are based on certain bases, estimates and assumptions that are subjective in nature, cannot be guaranteed***

The information in the section entitled “*Industry Overview*” in this Preliminary Placement Memorandum is based on the Analysys Mason Report and other publicly available information. The Analysys Mason report is a commissioned report. Neither we, nor the Trustee, the Sponsors, the Lead Manager, the investment manager of the Trust nor any other person connected with the Issue has verified the information in the Analysys Mason Report. Further, the Analysys Mason Report has been prepared based on information as of specific dates based on information available with Analysys Mason at the time and may no longer be current or reflect current trends. Opinions in the Analysys Mason Report based on estimates, projections, forecasts and assumptions may prove to be incorrect.

Further, the Analysys Mason Report contains forecasts, projections and other “forward-looking” statements that relate to future events in relation to our businesses, which are, by their nature, subject to various limitations and are based upon certain bases, estimates, methodologies and assumptions that are subjective in nature and that are based, in part, on information provided by and discussions with or on behalf of us, the Reliance Sponsor and the investment manager of the Trust. The Analysys Mason Report reflects current expectations and views regarding future events involve known and unknown risks and uncertainties. Additionally, these are long-term projections and do not take into account short-term or microeconomic factors which may impact or affect our business in the near term. Therefore, these projections may not take into account, reflect or portray any short-term effect of unforeseen situations which may arise in the future.

The future events referred to in the Analysys Mason Report involves risks, uncertainties and other factors which may cause our results of operations to be materially different from any future performance expressed or implied by the Analysys Mason Report. The bases, estimates, methodologies and assumptions adopted by Analysys Mason for the purposes of preparing the Analysys Mason Report might not prove to be accurate. If any of these bases or assumptions is incorrect, future conditions for the Tower Co. could be materially different from those that are set forth in the Analysys Mason Report and this Preliminary Placement Memorandum.

23. ***There are no combined financial statements related to the Tower Co. for the period of three years preceding the date of the Private Placement Memorandum and only the Audited Consolidated Financial Statements of the Trust as of and for the six months ended September 30, 2019 and as of March 31, 2019 have been disclosed in the Preliminary Placement Memorandum. Additionally only the summary financials of the Tower Co. as of and for the six months ended September 30, 2019 and as of March 31, 2019 have been disclosed.***

The Tower Infrastructure Business was transferred by way of a slump sale on a going concern basis to the Tower Co. from RJIL under the Scheme of Arrangement as of and with effect from close of business hours on March 31, 2019. Prior to this, the Tower Infrastructure Business was carried out by RJIL for its own captive use and no financial statements of the same were prepared as it was not a separate division. Accordingly there were no financial statements attributable to the Tower Infrastructure Business prior to March 31, 2019 which could be disclosed as combined financial statements related to the Tower Co.

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

This Preliminary Placement Memorandum contains forward-looking statements regarding, among other things, the projections of revenues and operating cash flows of the Tower Co. for the next three years. The projections are only estimates of possible future operating results and are not guarantees of future performance. The projections are based on a variety of estimates and assumptions are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial risks, uncertainties, contingency and other factors, many of which are beyond our control.

Such risks, uncertainties, contingencies and other factors may cause the actual results or performance of the Tower Co. to be materially different from any future results or performance expressed or implied by the projections. Our revenue will be depend on the cash flows from dividends, buyback of Tower Co. shares, and principal and interest payments (net of applicable taxes and expenses) from the Tower Co., whose revenue in turn depends on a number of factors which may decrease for a number of reasons. Accordingly, we might not be able to achieve the Projections or make the planned/expected distributions set out in the section entitled “Projections of Revenue and Operating Cash Flows”.

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

25. ***The Tower Co., the Sponsors, the Project Manager, the investment manager of the Trust and their respective Associates and the Trustee are involved in certain legal and other proceedings, which may not be decided in their favor***

The Tower Co., the Sponsors, the Project Manager, the investment manager of the Trust and their respective Associates and the Trustee are involved in legal proceedings or claims which are pending at different levels of adjudication before various courts, tribunals and regulatory authorities. Unfavorable outcomes or developments

relating to these proceedings may have a material, adverse effect on our or their respective business, prospects, financial condition, cash flows and results of operations. Any losses, damages, costs and expenses suffered by the Trust and the Tower Co. arising from such proceedings besides any reputational damages or any other consequences thereof could have a material and adverse impact on our business, prospects, results of operations, cash flows and financial condition. For details of certain material outstanding legal proceedings and regulatory proceedings, see the section titled “*Legal and other Information*”.

#### **Risks Related to our Organization and the Structure of the Trust**

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

The Trust was established by way of a trust deed dated January 31, 2019 under the provisions of the Indian Trust Act, 1882 and it is registered as an infrastructure investment trust in accordance with the InvIT Regulations. Accordingly, the Trust does not have any operating history or historical financial information by which its past performance may be evaluated. This could make it difficult for investors to assess the future performance and prospects of the Trust.

**27. *The Valuation Report and any underlying reports, are not opinions on the commercial merits of the Trust or the Tower Co., nor are they opinions, expressed or implied, as to the future trading price of the Units or the financial condition of the Trust upon listing, and the valuation contained therein may not be indicative of the true value of the Tower Co.’s assets***

Sunil Kumar Saini is the Registered Valuer who has undertaken an independent appraisal of the enterprise value of the Tower Co. The Valuation Report, included in Annexure III to this Preliminary Placement Memorandum, which sets out their opinion as to the value of the Tower Co. is based on assumptions which have inherent limitations and involves known and unknown risks and uncertainties.

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

**28. *The Trust and the Tower Co. are subject to restrictive covenants under the financing agreements / arrangements entered into by the Tower Co. that could limit our flexibility in managing our business or to use cash or other assets.***

The financing agreements that the Tower Co. has entered into with certain banks and financial institutions contain certain restrictive covenants, including, but not limited to, requirements that they obtain consent from the lenders prior to:

- effecting any change in management/management control of the Tower Co.;
- effecting any change in capital structure (including shareholding pattern);
- making any capital expenditure other than permitted investments;
- the repayment of certain facilities prior to their stated maturity date;
- creating of any security interest in any of the secured property;
- incurring any other indebtedness, including the issuance of debentures or acceptance of deposits, other than permitted indebtedness;

- entering into any agreements in which the Tower Co.'s income or profit are shared with any other persons or any management contacts in which its business and operation are managed by any other persons;
- removing any person exercising substantial powers of management over the affairs of the Tower Co. in case of an event of default;
- amending the constitutional documents of the Tower Co.;
- making any dividend payments or making any other restricted payments (including redemption of any shares of any class, prepayment in relation to any indebtedness, payment of interest on unsecured loans, investment in any entity) except as permitted under the financing agreements;
- making of any investment or taking any assets on lease;
- providing guarantees, indemnities or similar assurances in respect of indebtedness of any other person;
- the repayment of any subordinated debt without prior consent of relevant lenders;
- undertaking or permitting any scheme of arrangement or compromise with their creditors or shareholders; and
- changing the composition of the board of directors of the Tower Co.

Certain of the loan agreements entered into by the Tower Co. provide that in case of an event of default, lenders may elect to convert their debt into equity in the Tower Co. This may affect the debt to equity ratios maintained by the Tower Co and our holding in the Tower Co..

Such financing agreements also require the Tower Co. to maintain certain financial ratios. In the event of any breach of any covenant contained in these financing agreements, the Tower Co. may be required to immediately repay its borrowings either in whole or in part, together with any related costs. It may not be able to secure consents from, and/or negotiate revised terms with, the lenders on terms favorable to the Trust or at all.

Further, two financing agreements contain mandatory prepayment provisions, one of which entitles the relevant lender to issue a prepayment notice to the Tower Co. if certain financial covenants are breached for a period of 60 days and above. The triggering of such mandatory prepayment provisions will impact the ability of the Tower Co. to make payments to the Trust and accordingly impact the ability of the Trust to make distributions to the Unitholders.

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

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

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

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.

The company is in the process of refinancing its loans which will be completed prior to the Issue Opening Date which may change the above terms. An agreement is proposed to be entered into to address the risk of unitholders in case of certain onerous restrictive covenants.

Further, certain sanction letters in relation to proposed borrowings have been issued to the Tower Co.. For further details, please see the section entitled "*Financial Indebtedness – Post-Issue Indebtedness of the Trust – Term*

*Loans proposed to be availed by the Tower Co.*”. If borrowings under such sanction letters are availed, such borrowings shall rank senior to the Trust Loan. There can be no assurance that any definitive borrowing arrangements shall be entered into pursuant to such sanction letters, and that the terms and conditions of such borrowing arrangements will not be more onerous than the Tower Co.’s existing borrowings.

**29. *We must maintain certain investment ratios in compliance with the InvIT Regulations, 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 eligible infrastructure projects, and are only permitted to deploy un-invested funds in debt of companies or body corporates in the infrastructure sector, equity shares of such listed companies in India which derive at least 80% of their operating income from the infrastructure sector, government securities, or money market instruments, liquid mutual funds or cash equivalents. Additionally, under the InvIT Regulations, the aggregate consolidated borrowings and deferred payments, net of cash and cash equivalents, cannot exceed 70% of the value of the assets of the Trust (subject to compliance with certain conditions prescribed under the InvIT regulations) or such threshold as may be specified under the InvIT Regulations. Failure to comply with these conditions may present additional risks to us, including divestment of certain assets, delisting and other penalties, which could have an adverse effect on our business, financial condition and results of operations.

**Risks Related to the Trust’s Relationships with the Sponsors and the investment manager of the Trust**

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

In accordance with the terms of the Share Purchase Agreement - II, the existing Investment Manager is proposed to be changed to an entity controlled by Brookfield Sponsor or any of its affiliates. For further information, please see the section entitled “*Risk Factors – The existing Investment Manager is proposed to be changed to an entity controlled by the Brookfield Sponsor or any of its affiliates*” on page 61. Accordingly the Brookfield Sponsor may be able to exercise significant influence over the Jarvis IM and the actions of the Jarvis IM may conflict with the interests of the Trust and our other Unitholders. Further under the Shareholder and Option Agreement, post the SPA Closing Date and until the Jarvis IM is appointed as the investment manager of the Trust, certain actions of the Trust under the Shareholder and Option Agreement as well any obligations that the Investment Manager is required to undertake under the InvIT Regulations requires the prior consent of the Brookfield Sponsor. These conflicts may be harmful to our interests or the interests of the Trust and/or our other Unitholders, which may impact our business, financial condition and results of operations.

**31. *Dependence on the Investment Manager or the Jarvis IM***

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

**32. *The investment manager of the Trust may not be able to implement the investment or corporate strategies of the Trust or comply with certain ongoing reporting and management obligations in relation to the Trust***

The investment manager of the Trust’s strategies focus on three main areas:

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

The investment manager of the Trust might not be able to implement these strategies successfully or that it will be able to expand our portfolio at any specified rate or to any specified size or to maintain distributions at projected levels. The investment manager of the Trust may not be able to make acquisitions or investments on favorable terms or within a desired time frame, and it may not be able to manage the operations of its underlying assets in a profitable manner. Factors that may affect this risk may include, but are not limited to, changes in the regulatory framework in India, competition for assets, partial award of licenses favoring local or other competitors of the Trust, changes in the Indian regulatory or legal environment or macro-economic conditions.

Even if the investment manager of the Trust is able to successfully grow the operating business of the underlying assets and to acquire tower assets in India as desired, the investment manager of the Trust might not achieve its intended return on such acquisitions or capital investments. Furthermore, the investment manager of the Trust's investment mandate may involve a higher level of risk as compared to a portfolio which has a more diverse range of investments.

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

33. ***Parties to the Trust are required to maintain the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis. The Trust may not be able to ensure such ongoing compliance by the Sponsors, the investment manager of the Trust, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Trust***

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

## **Risks Related to India**

34. ***Our business depends on economic growth in India and financial stability in Indian markets, and any slowdown in the Indian economy or in Indian financial markets could have a material, adverse effect on our business***

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

- any increase in interest rates or inflation in India;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India;
- prevailing income, consumption and saving conditions among consumers and corporations in India;



- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India, including increased tensions on the Indian borders, or in countries in the region or globally, including in India's various neighboring countries;
- the occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions;
- the balance of trade movements, including export demand and movements in key imports, including oil and oil products;
- any downgrading of India's debt rating by a domestic or international rating agency;
- instability in Indian financial markets;
- annual rainfall which affects agricultural production; and
- other significant regulatory or economic developments in or affecting India or its infrastructure sector.

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

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

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

The Government of India and State Governments have traditionally exercised, and continue to exercise, significant influence over many aspects of the economy. As a result, our business, and the market price and liquidity of the Units, may be affected by interest rates, changes in governmental policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

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

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

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

Indian entities are subject to regulatory restrictions in relation to borrowing in foreign currencies, including restrictions in relation to eligibility, amount of borrowings which may be incurred, end-use and creation of security, and may require the prior approval of Indian regulatory authorities. Such restrictions could limit our ability to raise financing on competitive terms and refinance existing indebtedness. Additionally, our ability to borrow money against the security of our immovable assets in India is subject to the directions of RBI, Companies Act, 2013, Foreign Exchange Management Act, 1999 ("FEMA") and exchange control regulations in India and

may require the prior approval of the Indian regulatory authorities. Any approval required to raise borrowings might not be granted without onerous conditions, or at all. Such limitations on debt may have a material, adverse effect on our business growth, financial condition, cash flows and results of operations.

As per the InvIT Regulations, the aggregate consolidated borrowings and deferred payments net of cash and cash equivalents of an infrastructure investment trust cannot exceed 49% or 70%, as applicable, of the value of the assets. Further, as an Indian trust, we are subject to exchange controls that regulate borrowing in foreign currencies. As per the master directions issued by the Reserve Bank of India on External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 (the “**ECB Master Directions**”), overseas borrowing by any entity eligible to receive foreign direct investment, which includes infrastructure investment trusts, is permitted subject to the conditions and limits contained therein. Pursuant to the circular dated October 14, 2019 issued by RBI, banks are permitted to lend money to InvITs where none of the underlying special purpose vehicle(s) with existing bank loans is facing “financial difficulty” in terms of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019, subject to fulfilment of certain conditions such as the lending bank putting in place a board approved policy on exposure to InvITs and undertaking an assessment of all critical parameters including sufficiency of cash flows at the InvIT level to ensure timely debt servicing. Such regulatory restrictions limit our financing sources for the towers under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, any required regulatory approvals for borrowing in foreign currencies might not be granted to us without onerous conditions, or at all. Limitations on foreign debt may have a material, adverse effect on our business growth, financial condition and results of operations.

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

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

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

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

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

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

**39. *India is vulnerable to natural disasters that could severely disrupt the normal operation of the Tower Co.***

India has experienced natural calamities, such as tsunamis, floods, droughts and earthquakes in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. Unforeseen circumstances of below normal rainfall and other natural calamities could also have a negative impact on the Indian economy. Because the tower assets are located in India, the business and operations of the Tower Co. could be interrupted or delayed as a result of a natural disaster in India, which could affect the business, financial condition and results of operations of the Tower Co. and the price of the Units.

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

The Trustee, the investment manager of the Trust and the Reliance Sponsor are incorporated in India and the

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

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

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

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

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset-and turnover-based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the “**CCI**”). Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which set out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India.

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

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

Our business, financial condition and results of operations could be materially and adversely affected by any change in laws or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. The Government of India or State Governments might implement new regulations and

policies which will require the Trust and the Tower Co. to obtain additional approvals and licenses from governmental and other regulatory bodies or impose onerous requirements and conditions on our operations. The investment manager of the Trust cannot predict the terms of any new policy, and such policy might be onerous.

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

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

**44. *The Trust will qualify as a foreign owned and controlled trust and any investment made by the Trust in any Indian entity will be considered as an indirect foreign investment and will be required to comply with the extant foreign exchange regulations.***

The Brookfield Sponsor is an entity which is owned and controlled by persons resident outside India. Therefore, post the Allotment of Units pursuant to the Issue, any investment made by the Trust in an Indian entity will be reckoned as an indirect foreign investment and the Trust will be required to comply with the extant foreign exchange regulations, particularly the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, for making any investment in India.

**Risks Related to Ownership of the Units**

**45. *The price of the Units may decline after the Issue***

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

- the perceived prospects of our business and investments and the market for telecommunication towers;
- differences between our actual financial and operating results and those expected by investors and analysts;
- the perceived prospects of future tower assets and other infrastructure assets that may be added to our portfolio in accordance with our investment mandate;
- changes in research analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of our assets;
- the perceived attractiveness of the Units against those of other business trusts, equity or debt securities;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Indian business trusts market;
- any changes to the regulatory system, including the tax system, both generally and specifically in relation to India business trusts;
- the ability of the investment manager of the Trust to implement successfully its investment and growth strategies;
- foreign exchange rates;

- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets;
- variations in our quarterly operating results;
- difficulty in assessing our performance against either domestic or international benchmarks, as there are few listed comparables;
- publication of research reports about us, other tower businesses, the telecommunication industry in general or other relevant sectors, or the failure of securities analysts to cover the Units after the Issue;
- changes in the amounts of our distributions, if any, and changes in the distribution payment policy or failure to execute the existing distribution policy;
- actions by the Unitholders;
- changes in market valuations of similar business entities or companies;
- announcements by us or our competitors of significant contracts, acquisitions, disposals, strategic partnerships, joint ventures or capital commitments;
- speculation in the press or investment community; and
- changes or proposed changes in laws or regulations affecting the telecommunication industry and infrastructure development in India or enforcement of these laws and regulations, or announcements relating to these matters.

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

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

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

**46. *The regulatory framework governing infrastructure investment trusts in India is relatively new and the interpretation and enforcement thereof involve uncertainties, which 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***

Since their enforcement in 2014, the InvIT Regulations have since been amended and supplemented with additional guidelines and circulars.

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 offers of Units, including rights and bonus issues, the liabilities of the Unitholders and the dissolution and delisting of infrastructure investment trusts have not yet been issued. For example, trust units may not be classified as “securities” under the Securities Contract Regulation Act, 1956, as amended, and infrastructure investment trusts are not “companies” or “bodies corporate” within the meaning of 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. Accordingly, the applicability of several regulations (including regulations relating to intermediaries, underwriters, merchant bankers, takeover, insider trading and fraudulent and unfair trade practices) to the Trust is unclear. 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. Further, while the recently notified Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (“**FPI Regulations**”) which are effective from September 23, 2019 specify that foreign portfolio investors (“**FPIs**” as defined in the FPI Regulations) may invest in units of infrastructure investment trusts and an offshore derivative instrument may be issued overseas by a FPI that is categorized as a ‘Category I

foreign portfolio investor' under the FPI Regulations against "securities" held by it in India, as its underlying. Accordingly, the issuance of offshore derivative instruments overseas by FPIs against Units may not be permitted as Units may not be classified as "securities".

Infrastructure investment trusts operate in a relatively unclear regulatory environment. Changes to the Issue structure, changes to agreements entered into or proposed to be entered into in connection with the Issue, 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. 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 infeasible to continue conducting business as an infrastructure investment trust or otherwise have a material, adverse effect on our business, financial condition and results of operations.

Because we will operate 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 the infrastructure sector in India, and the regulatory system might change in a way that will impair our ability to comply with the regulations, conduct our business, compete effectively or make distributions. Failure to comply with changes in laws, regulations and standards may have a material, adverse effect on our business, prospects, financial condition, cash flows and results of operations.

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

The Trust's distributions will be based on the net distributable cash flows ("NDCF") available for distribution and not on whether the Trust makes an accounting profit or loss. The InvIT Regulations provide that not less than 90% of NDCF of the Tower Co. is required to be distributed to the Trust in proportion of its holding in the Tower Co. subject to applicable provisions of the Companies Act. Not less than 90% of NDCF of the Trust shall be distributed to the Unitholders. However, distributions may be limited depending on the nature of the capital structure of the Tower Co.

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

- its business and financial position;
- implementation of expansion/acquisition strategy;
- insufficient cash flows received from the assets;
- applicable laws and regulations, which may restrict the payment of dividends by the Tower Co.;
- operating losses incurred by the Tower Co. in any financial year;
- tax benefits on interest payments that the Tower Co. earned, any repayments made by the Tower Co. to the Trust, dividends and other forms of earnings / profits that the Trust paid to the Unitholders;
- the amounts (net of all taxes and expenses) received by the Trust from the Tower Co. in connection with loans made available to the Tower Co. by the Trust;
- changes in accounting standards, taxation laws and regulations, laws and regulations in respect of foreign exchange repatriation of funds, corporation laws and regulations relating thereto; and
- the terms of agreements to which they are, or may become, a party.

Further, the method of calculation of NDCF is subject to change. Any change in the applicable laws in India or elsewhere (including, for example, tax laws and foreign exchange controls) may limit the Trust's ability to pay or maintain distributions to the Unitholders. For example, under current laws and regulations, dividends that may be paid by the Tower Co. to the Trust (post the Tower Agreement Closing Date) will be exempt from the dividend distribution tax. Such dividends might not remain exempt from the dividend distribution tax. Furthermore, the Trust might not be able to pay or maintain the levels of distributions or ensure that the level of distributions will increase over time, or that future acquisitions will increase the Trust's distributable free cash flow to the

Unitholders. Any reduction in, or elimination or taxation of, payments of distributions could materially and adversely affect the market price of the Units.

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

The Trust is an irrevocable trust registered under the Registration Act and it may only be extinguished (i) if it is impossible to continue with the Trust or if the Trustee, on the advice of the investment manager of the Trust, deems it impracticable to continue with the Trust; (ii) if the Units of the Trust are delisted from the Stock Exchanges; (iii) if the SEBI passes a direction for the winding up of the Trust or the delisting of the Units; or (iv) in the event the Trust becomes illegal. Under the Trust Deed, in the event of dissolution, the net assets of the Trust, remaining after settlement of all liabilities, and the retention of any reserves which the Trustee deems to be necessary to discharge contingent or unforeseen liabilities, shall be paid to the Unitholders. Should the Trust be dissolved, depending on the circumstances and the terms upon which assets of the Trust are disposed of, a Unitholder might not recover all or any part of his investment. Any distributions received by Unitholders upon the dissolution of the Trust may be taxable under the Income Tax Act, 1961.

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

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

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

The Trust may require additional debt financing or the issuance of additional Units in order to support the operating business or to make acquisitions and investments. If obtained, any such additional debt financing may decrease distributable income, and any issuance of additional Units may dilute existing Unitholders' entitlement to distributions. Pursuant to the InvIT Regulations, the Trust is required to obtain a credit rating and Unitholders' approval for further borrowing, if the consolidated borrowings and deferred payments of the Trust (net of cash and cash equivalents) exceeds 25% of the value of its assets. Further, if the consolidated borrowings and deferred payments of the Trust (net of cash and cash equivalents) exceeds 49% of the value of its assets, the Trust is required to obtain a credit rating of "AAA" or equivalent for its consolidated borrowings and the proposed borrowing and Unitholders' approval for further borrowing, have a track record of at least six distributions consecutive in the preceding years and utilize the borrowings only for acquisition or development of infrastructure projects. As on the date of this Preliminary Placement Memorandum, the Trust has not obtained any such credit rating, and its ability to raise financing after Listing, may be restricted to this extent.

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

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

There is no market for the Units prior to the Issue and an active market for the Units may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, that there will be liquidity of that market for the Units. As the Units will be sold through a private placement in a Minimum Bid Size (₹ 250 million), there may be a lack of liquidity and a limited market for the Units. The price of the Units may be volatile, and investors may be unable to resell the Units at or above the Issue Price, or at all. Although it is currently intended that the Units will be listed on the Stock Exchange(s), there is no guarantee of the continued listing of the Units. There is no assurance that the Trust will continue to satisfy the listing requirements. Further, it may be difficult to assess the Trust's performance against domestic benchmarks.

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

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

such issuances might occur could also affect the trading price of the Units.

Upon completion of the Issue, at least 378,225,000 Units (constituting 15% of the Units on a post-Issue basis) will be held by the Brookfield Sponsor. For more details, please see the section titled “*Information concerning the Units – Unitholding of the Reliance Sponsor, the Brookfield Sponsor, Investment Manager, Project Manager and Trustee*” on page 144. Under the InvIT Regulations, an InvIT whose public unitholding is less than 25% at the time of its initial offer is required to increase its public unitholding to at least 25% within a period of three years from the date of listing pursuant to the initial offer.

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

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

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

**54. *Our rights and the rights of the Unitholders to recover claims against the investment manager of the Trust or the Trustee are limited***

Under the Investment Management Agreement and the Trustee, the investment manager of the Trust, the Reliance Sponsor, the Brookfield Sponsor and their respective affiliates, directors, officers, employees, shareholders, partners, advisors, members or agents and members of any committee constituted by the investment manager of the Trust and/or Sponsors (each a “**Protected Person**”) are entitled to be indemnified and held harmless by the Trust from and against any and all liabilities, claims, costs, losses, damage and expenses arising out of, or in connection with the Trust or any other InvIT Documents (as defined therein and subject to certain exceptions) to the extent permitted by law. As a result, the Trust’s rights and the rights of the Unitholders to recover claims against the investment manager of the Trust or the Trustee are limited and the liability of the investment manager of the Trust and the Trustee are limited under the terms of these agreements and the Unitholders may not be able to recover claims against the Trustee or the investment manager of the Trust, including claims with respect to any offer documents relating to the Issue.

**55. *Unitholders are unable to require the redemption of their Units.***

Unitholders will not have the right to redeem Units or request or require the redemption of Units by the investment manager of the Trust while the Units are listed. It is intended that Unitholders may only deal in their listed Units through trading on the Stock Exchange. Listing of the Units on the Stock Exchange does not guarantee a liquid market for the Units.

**56. *The Trust does not have many similar and comparable listed peers which are involved in same line of business for comparison of performance and, therefore, investors must rely on their own examination of the Trust for the purposes of investment in the Issue***

As of the date of this Placement Memorandum, there are five other infrastructure investment trusts which are listed on the Indian stock exchanges and none in the tower business and, accordingly, we are not in a position to provide comparative analysis of our performance with any listed company. Therefore, investors must rely on their own examination of the Trust for the purposes of investing in the Units.

## **Risks Related to Tax**

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

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

The GST regime came into effect on July 1, 2017, combining taxes and levies by the Government and State Governments into a unified rate structure. Given the limited availability of information in the public domain



concerning the GST, there can be no assurances as to the tax regime following implementation of the GST. Additionally, there is limited clarity on the availability of input tax credit, and any unfavorable 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.

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

The investment manager of the Trust 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.

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

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

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

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

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

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

income shall be a sum equal to (a) 50% of the amount of tax payable or, (b) in cases where the under-reporting of income is a consequence to any misreporting the penalty is two times the amount of tax payable.

**59. *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 recognized 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 20% (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 recognized 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.

**60. *The Income Tax Department had raised certain objections on the Scheme of Arrangement and has claimed that the Hon’ble National Company Law Tribunal, Ahmedabad bench, had not adjudicated on their objections while granting sanction to the Scheme of Arrangement***

The Income Tax Department had raised certain objections on the Scheme of Arrangement including conversion of preference shares by cancelling the same and converting the same into loans with the National Company Law Tribunal, Ahmedabad Bench (“NCLT”). The Scheme of Arrangement was however sanctioned by the NCLT on March 20, 2019. The Income Tax Department alleged that the National Company Law Tribunal, Ahmedabad bench had not adjudicated on their objections before sanctioning the Scheme of Arrangement and filed appeals before the National Company Law Appellate Tribunal, New Delhi (“NCLAT”). While the NCLAT has dismissed the appeals of the Income Tax Department vide its order dated December 20, 2019, we cannot guarantee that the Income Tax Department would not appeal against the order of the NCLAT in the Hon’ble Supreme Court and the likely outcome of any such appeal with the Supreme Court. In the event of any adverse ruling by the Supreme Court, the transaction may need to be wound up and our investments in the Tower Co. and the results of our operations may be adversely and materially impacted. An agreement is proposed to be entered into prior to the Bid/Issue Closing Date to address this risk to all Unitholders.

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

Tax laws and regulations are subject to differing interpretations by tax authorities. Differing interpretations of tax and other fiscal laws and regulations may exist within governmental ministries, including tax administrations and appellate authorities, thus creating uncertainty and potential unexpected results. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action by the governmental or tax authorities, may result in tax risks in the jurisdictions in which we operate being significantly higher than expected. For example, transactions between the Tower Co. and its associated enterprises are required to be carried out at arm’s length pricing and comply with the transfer pricing under the Income Tax Act, 1961. Any failure to comply with such rules, including any failure to maintain required documentation or furnish required information to the tax regulator, may result in penalties of 2% of the value of the relevant transaction.

Our investment manager of the Trust intends to take measures to ensure that it is in compliance with all relevant tax laws. However, the tax authorities might take a position that differs from the position taken by us with regard to our tax treatment of various items.

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

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

63. *The Trust and the Tower Co. may be subject to certain tax related risks under the provisions of the IT Act.*

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

Under the provisions of the Trust Deed, the Trust is permitted to repay a portion of the capital or reduce the face value of Units. There is a lack of clarity on the tax treatment that will be applicable on the Trust on the occurrence of such an event.

The Trust is under an obligation to distribute to the Unitholders, the surplus of the income earned from receipt of cash flows from the interest and dividend received from the Tower Co., after the deduction of the various expenses incurred in connection with earning such income and general-purpose expenses. The provisions of the IT Act provide that the Trust should disclose the nature of the amount distributed to the Unitholders, i.e., whether from dividends received from the Tower Co., interest income earned, etc. However, there is lack of clarity on the method to be adopted by the Trust for the allocation of various expenses incurred towards earning each specific stream of income by the Trust. The Tower Co. has inherited a certain capital structure from the Predecessors via a slump sale arrangement. However, the capital structure may be skewed towards debt, and accordingly the Tax Department may disallow tax deductibility of part interest chargeable on such debt. Even though there may be various defenses available with the Tower Co. and the Trust to claim interest deductibility, there is a risk that it might be challenged at the lower levels.

The tax depreciation to which the Tower Co. is entitled post the slump sale would depend on the purchase price allocation towards various depreciable assets based on a fair valuation report prepared by an independent valuer. However, there is a risk that the Tax Department might challenge this and recharacterize the arrangement as a 'sale and lease back' (not being a services arrangement), and consider the written down value of depreciable assets in the books of RJIL for the purposes of claiming tax depreciation in the Tower Co.. However, appropriate indemnities have been obtained in the definitive documents, and accordingly, risk if any, would be appropriately indemnified.

## GENERAL INFORMATION

### **The Trust**

The Trust was set up as an irrevocable trust under the provisions of the Indian Trusts Act, 1882 on January 31, 2019 at Mumbai. The Trust was registered as an infrastructure investment trust under the InvIT Regulations on March 19, 2019 having registration number IN/InvIT/18-19/0009. For information on the background of the Trust and the description of the Tower Co., please see the sections entitled “*Overview of the Trust*” and “*Business*” on pages 19 and 126, respectively.

### ***Compliance Officer of the Trust***

The compliance officer of the Trust is Ashita Holani. Her contact details are as follows:

#### **Ashita Holani**

7<sup>th</sup> Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi  
Mumbai 400 025  
Tel: +91 22 6630 3030  
Fax: +91 22 6630 3344

Bidders can contact the Compliance Officer or the Lead Manager 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 Reliance Sponsor – Reliance Industrial Investments and Holdings Limited**

#### ***Registered office:***

Office -101, Saffron  
Near Centre Point  
Panchwati 5 Rasta  
Ambawadi  
Ahmedabad 380 006  
Tel: +91 079 3560 0100

#### ***Address for correspondence***

9<sup>th</sup> Floor, Maker Chambers IV  
222, Nariman Point  
Mumbai 400 021  
Tel: +91 22 2278 5000  
Fax: +91 22 3555 5560

#### ***Contact Person of the Reliance Sponsor:***

K. R. Raja is the contact person of the Reliance Sponsor. His contact details are as follows:

#### **K. R. Raja**

9<sup>th</sup> Floor, Maker Chambers IV  
222, Nariman Point  
Mumbai 400 021  
Tel: +91 22 2278 5000  
Fax: +91 22 3555 5560  
E-mail: TowerInvIT.Sponsor@ril.com

**The Brookfield Sponsor – BIF IV Jarvis India Pte. Ltd.**

***Registered office and address for correspondence:***

Income at Raffles  
16 Collyer Quay  
#19-00  
Singapore 049 318  
Tel: +65 6750 4483  
Fax: +65 6532 0149

***Contact Person of the Brookfield Sponsor:***

Aanandjit Sunderaj is a director and the contact person of the Brookfield Sponsor. His contact details are as follows:

**Aanandjit Sunderaj**

9 One Tree Hill  
Singapore 248707  
Tel: +65 6750 4483  
Fax: +65 6532 0149  
E-mail: aanandjit.sunderaj@brookfield.com  
Website: www.brookfield.com

**The Investment Manager – Infinite India Investment Management Limited**

***Registered office and address for correspondence:***

7<sup>th</sup> Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi, Mumbai 400 025  
Contact Person: Rajkumar Agarwal  
Tel: +91 22 6630 3030  
Fax: +91 22 6630 3344  
E-mail: Rajkumar.Agrawal@jmfl.com

**The Project Manager – Jio Infrastructure Management Services Limited**

***Registered office and address for correspondence:***

9<sup>th</sup> Floor, Maker Chambers IV  
222, Nariman Point  
Mumbai 400 021  
Tel: +91 22 3555 5000  
Fax: +91 22 3555 5560  
E-mail: TowerInvIT.ProjectManager@ril.com

**The Trustee – Axis Trustee Services Limited**

***Registered office and Address for correspondence:***

The Ruby, 2<sup>nd</sup> 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.com  
Contact Person: Anil Kumar Grover  
Website: www.axistrustee.com  
SEBI Registration No.: IND000000494

## **Other Parties involved in the Trust**

### **Auditors**

#### **Deloitte Haskins & Sells LLP**

27 – 32 Floor, Indiabulls Finance Centre, Tower 3,  
Senapati Bapat Marg  
Elphinstone Mill Compound  
Elphinstone (West)  
Mumbai 400 013  
Tel: +91 22 6185 4000  
Fax: +91 22 6185 4201  
E-mail: vaphadte@deloitte.com  
Firm Registration No: 117366W/W-100018  
Contact Person: 009919

### **Valuer**

#### **Sunil Kumar Saini**

102, Mohyal Colony  
Unitech Cyber Park  
Sector 40 Gurgaon  
Haryana 122 001  
Tel: +91 99997 30536  
E-mail: ssainisuniil@gmail.com  
Registration No: IBBI/RV/06/2018/10385

### **Technical Consultant**

#### **Capitel Pte Ltd**

Ocean Financial Centre  
Singapore  
Tel: +65 8499 1965, +91 995 890 1085  
E-mail: Pankaj.agrawal@capitelpartners.com  
Company Registration No.: 201617691K  
Contact Person: Pankaj Agrawal

### **Lead Manager to the Issue**

#### **ICICI Securities Limited**

ICICI Centre  
H.T. Parekh Marg  
Churchgate  
Mumbai 400 020  
Tel: +91 22 2288 2460  
Fax: +91 22 2282 6580  
E-mail: tower.invit@icicisecurities.com  
Investor grievance E-mail:  
customercare@icicisecurities.com  
Website: www.icicisecurities.com  
Contact Person: Rupesh Khant  
SEBI Registration No.: INM000011179

### **Escrow Collection Bank**

[●]

[●]

Tel: [●]

Fax: [●]

E-mail: [●]

Contact Person: [●]  
Website: [●]  
SEBI Registration Number: [●]

**Legal Counsel to the Trust, the Reliance Sponsor and the Investment Manager as to Indian law**

**Cyril Amarchand Mangaldas**

5<sup>th</sup> 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 Brookfield Sponsor as to Indian Law**

**AZB & Partners**

AZB House  
Plot No. A-8, Sector 4  
Noida – 201 301, India  
Tel: +91 120 417 9999

**Legal Counsel to the Lead Manager as to Indian Law**

**Khaitan & Co**

One Indiabulls Centre  
10<sup>th</sup> and 13<sup>th</sup> Floor, Tower 1  
841 Senapati Bapat Marg  
Mumbai 400 013  
Tel: +91 22 6636 5000  
Fax: +91 22 6636 5050

**International Legal Counsel to the Lead Manager**

**Latham & Watkins LLP**

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619  
Tel: (+65) 6536 1161  
Fax: (+65) 6536 1171

**Registrar and Unit Transfer Agent**

**KFin Technologies Private Limited**

**(Formerly known as “Karvy Fintech Private Limited”)**

Selenium Tower - B  
Plot No 31 & 32 Gachibowli, Financial District  
Nanakramguda, Serilingampally  
Hyderabad, Telangana 500 032  
Tel: +91 40 6716 2222  
Fax: +91 40 2343 1551  
E-mail: einward.ris@kfintech.com  
Investor Grievance E-mail: towerinfratrust.invit@kfintech.com  
Contact Person: M Murali Krishna  
Website: www.kfintech.com  
SEBI Registration Number: INR000000221

## PARTIES TO THE TRUST

### The Sponsors

#### A. The Reliance Sponsor

##### *History and Certain Corporate Matters*

As on the date of this Preliminary Placement Memorandum, the Reliance Sponsor is one of the sponsors of the Trust. The Reliance Sponsor was incorporated in India under the Companies Act, 1956. The Reliance Sponsor was originally incorporated on October 1, 1986 as Trishna Investments and Leasings Private Limited. The Reliance Sponsor was considered as a 'deemed' public company under Section 43A of the Companies Act, 1956 with effect from August 20, 1988 and accordingly, the word 'private' was deleted. Subsequently, the name of the Reliance Sponsor was changed from Trishna Investments and Leasings Limited to Reliance Industrial Investments and Holdings Limited and a fresh certificate of incorporation was issued on August 6, 1993. The Regional Director (Western Region), Ministry of Corporate Affairs, Mumbai has, by its order dated December 28, 2018, confirmed the alteration of the memorandum of association of the Reliance Sponsor for shifting the registered office from Maharashtra to Gujarat. Currently, the corporate identity number of the Reliance Sponsor is U65910GJ1986PLC106745.

The Reliance Sponsor's registered office is situated at Office - 101, Saffron, Near Centre Point, Panchwati 5 Rasta, Ambawadi, Ahmedabad Gujarat 380 006. For further details, please see the section entitled "*General Information*" on page 78.

In September 2019, pursuant to a scheme of arrangement, certain undertakings of the Reliance Sponsor have been demerged to its fellow subsidiaries. Post the effectiveness of the scheme of arrangement, the principal activities of Reliance Sponsor are trading and strategic investments.

##### *Background of the Reliance Sponsor*

The Reliance Sponsor is a wholly-owned subsidiary of RIL, the largest private sector company in India in terms of market capitalisation as at December 31, 2019, with presence across energy, material value chain, retail and telecommunication sectors. The equity shares of RIL are listed on BSE and NSE. Its global depository receipts are listed on the Luxembourg Stock Exchange and are traded on the International Order Book of the London Stock Exchange and amongst the qualified institutional investors in the Portal System of NASD, USA.

The Reliance Sponsor has relied upon the past experience of its Associates in the development of infrastructure to meet the eligibility requirements under the InvIT Regulations. For instance, Reliance Gas Pipelines Limited ("**RGPL**"), a fellow subsidiary of the Reliance Sponsor is engaged in laying, building and operating cross country pipelines for transportation of gas and has received authorisation from the Petroleum & Natural Gas Regulatory Board for laying, building, operating or expanding the natural gas pipeline along the route of Shahdol (Madhya Pradesh) – Phulpur (Uttar Pradesh). RJIL, an indirect subsidiary of RIL, has built world class all-IP data strong future proof network with latest 4G LTE technology in India. Each of RGPL and RJIL have experience of development of infrastructure in India of at least five years.

For details of the acquisition of the Tower Co. by the Trust, please see the section entitled "*Related Party Transactions – Acquisition of the Tower Co. by the Trust*" on page 167.

Further, neither the Reliance Sponsor nor any of the promoters or directors of the Reliance 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, in accordance with the guidelines on willful defaulters issued by the RBI.

Further, in accordance with the eligibility criteria specified under the InvIT Regulations, the Reliance Sponsor had a consolidated net worth of not less than ₹ 1,000 million as on September 30, 2019.



### ***Board of Directors of the Reliance Sponsor***

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

<b>Sr. No.</b>	<b>Name</b>	<b>DIN</b>
1.	Hital Rasiklal Meswani	00001623
2.	Vinod Mansukhlal Ambani	00003128
3.	Mahendra Nath Bajpai	00005963
4.	Savithri Parekh	00274934
5.	Dhiren Vrajlal Dalal	01218886
6.	Balasubramanian Chandrasekaran	06670563

### **B. The Brookfield Sponsor**

#### ***History and Certain Corporate Matters***

The Brookfield Sponsor is proposed to be the other sponsor of the Trust. The Brookfield Sponsor was incorporated on May 31, 2019 under the laws of Singapore. The Brookfield Sponsor is 100% held by BIP IV India Holdings Pte. Ltd. (“**BIF IV India**”), a company incorporated in Singapore. The Brookfield Sponsor and BIF IV India are controlled by Brookfield Asset Management Inc. (“**BAM**”).

The registered office of the Brookfield Sponsor is situated at Income at Raffles, 16 Collyer Quay, #19-00 Singapore 049 318. For further details, please see the section entitled “*General Information*” on page 78.

#### ***Background of the Brookfield Sponsor***

BAM, together with its affiliates (“**Brookfield**”), has a history of over 115 years of owning and operating assets with a focus on infrastructure, renewable power, property and other real assets. Brookfield currently controls over USD 9 billion of assets in India, with approximately 1,000 employees, employed directly and indirectly. BAM is listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols BAM and BAMA, respectively and has a market capitalization of approximately USD 56 billion, as of September 30, 2019. BAM had over USD 500 billion of assets under management as of September 30, 2019. Brookfield’s infrastructure group (“**Brookfield Infrastructure**”) owns and operates one of the largest infrastructure portfolios in the world, with approximately USD 113 billion of assets under management as on September 30, 2019. Brookfield’s Infrastructure’s assets under management span the utilities, transport, energy and renewable power sectors and include operations throughout North America, South America, India, Australia, Europe and Asia.

Brookfield Infrastructure’s publicly listed infrastructure vehicles include Brookfield Infrastructure Partners, L.P. (“**BIP**”), a publicly traded infrastructure investor and operator, targeting long-life assets with high barriers to entry that provide essential services to the global economy. BIP is listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols BIP and BIP.UN, respectively and has a market capitalization of approximately USD 21 billion, as of September 30, 2019. The Brookfield Sponsor has relied on BAM and BIP for meeting the eligibility criteria specified under the InvIT Regulations.

Further, neither the Brookfield Sponsor nor any of the promoters or directors of the Brookfield 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 persons who are categorized as wilful defaulters by any bank or financial institution, as defined under the Companies Act, 2013, or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Further in accordance with the eligibility criteria specified under the InvIT Regulations, the Brookfield Sponsor had a net worth of not less than ₹ 1,000 million as on September 30, 2019.

### ***Board of Directors of the Brookfield Sponsor***

Please see below the details in relation to the board of directors of the Brookfield Sponsor:

<b>Sr. No.</b>	<b>Name</b>	<b>Identity Name</b>	<b>Identity No.</b>
1.	Ho Yeh Hwa	Singapore NRIC	S7838513H
2.	Aanandjit Sunderaj	Singapore Employment Pass	G3395950N
3.	Liew Yee Foong	Singapore NRIC	S8779790B
4.	Zhang Shen	Singapore NRIC	S9179041F
5.	Taswinder Kaur Gill	Singapore NRIC	S8843856F

### **C. The Trustee – Axis Trustee Services Limited**

Axis Trustee Services Limited is the Trustee of the Trust. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee having registration number IND000000494 and is valid until suspended or cancelled. The Trustee's registered office and principal place of business is situated at Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025.

#### ***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 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 with advice on suitability of the transaction on operational aspects; (ii) an escrow agent; (iii) a trustee to alternative investment funds; (iv) custodian of documents as a safekeeper; (v) monitoring agency; and (vi) a family office.

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 Trust, in accordance with the InvIT Regulations, the Indenture of Trust and other applicable law.

The Trustee is not an Associate of the Reliance Sponsor, the Brookfield 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 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 persons who are categorized as wilful defaulters by any bank or financial institution, as defined under the Companies Act, 2013, or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

#### ***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:

<b>Sr. No.</b>	<b>Name</b>	<b>DIN</b>
1.	Sanjay Sinha	08253225
2.	Rajesh Kumar Dahiya	07508488
3.	Ganesh Sankaran	07580955

#### ***Brief profiles of the Directors of the Trustee***

1. **Sanjay Sinha**, aged 58 years, is the managing director and chief executive officer of the Trustee.
2. **Rajesh Kumar Dahiya**, aged 52 years, is a non-executive director on the board of the Trustee.
3. **Ganesh Sankaran**, aged 50 years, is a non-executive director on the board of the Trustee.

## ***Key Terms of the Indenture of Trust***

### *Indenture of Trust*

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

### *Powers of the Trustee*

The Trustee has been provided with various powers under the Indenture of Trust in accordance with the InvIT Regulations and applicable law, including but not limited to:

- (i) The Trustee shall, in relation to the Trust, have all powers of a person competent to contract, acting as a legal and beneficial owner of such property.
- (ii) The Trustee shall, in accordance with the Indenture of Trust and applicable law, have the power to appoint the Investment Manager as the investment manager of the Trust and delegate all or any powers of the Trustee to the Investment Manager, in accordance with the Indenture of Trust and applicable law.
- (iii) The Trustee shall have the power to execute the Investment Management Agreement or any other agreement or arrangement, from time to time, with the Investment Manager.
- (iv) The Trustee shall be authorised and empowered on behalf of the Trust (which power shall be delegated by the Trustee to, and consequently exercised exclusively by, the Investment Manager pursuant to the Investment Management Agreement), subject to the Indenture of Trust and the InvIT Regulations, to:
  - (a). make all decisions, concerning the investigation, selection, development, negotiation, structuring, restructuring, monitoring, divestment of the Investments (including any additions or accretions thereto) and appoint various advisors and service providers in connection with such investments;
  - (b). direct and approve the formulation of investment policies and strategies for the Trust;
  - (c). direct and approve the investment of the monies comprised in the Trust Assets;
  - (d). structure an investment through one or more investment vehicles in order to address commercial or regulatory considerations;
  - (e). manage, acquire, hold, sell, securitize, transfer, exchange, pledge and dispose of the Investments (including any additions or accretions thereto), and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to investments;
  - (f). commence, prosecute, enforce, defend, answer or oppose any suit or other legal proceedings in connection with any or all matters relating to the Trust;
  - (g). appoint counsel or appear before the relevant authorities, submit information, seek clarifications from any governmental agency and complete, sign and submit any applications or documents for any approvals, permissions, or actions that may be necessary or desirable;
  - (h). open, maintain and close bank accounts and draw cheques or other orders for the payment of money and open, maintain and close demat, brokerage, mutual fund and similar accounts; and
  - (i). enter into, execute and/or terminate any investment pooling agreements, agreements related to strategic investments, co-investment agreements, and any and all documents and instruments of a similar nature in the name of the Trust;
- (v) The Trustee shall have the power (whether directly or through the Investment Manager where the Investment Manager has been so authorised) to appoint, determine the remuneration of and enter into, execute, deliver, perform, modify or terminate all documents, agreements and instruments containing customary terms including contractual indemnities with valuers, auditors, registrar and transfer agents, merchant bankers, credit rating agencies, search agents, property consultants, brokers, legal, financial and tax consultants or any other intermediary or professional service provider or agent as may be required in connection with the activities of Trust.

- (vi) The Trustee, in consultation with, and on the recommendation with the Investment Manager, shall have the power to delegate to any committee or person, any powers and duties including management of the Trust Assets vested in it.
- (vii) The Trustee shall, in consultation with, and on the recommendation of the Investment Manager, have the power to create such reserves in respect of the Trust, as it may deem proper, in order to meet the expenses, liabilities or contingent liability of the Trust.
- (viii) The Trustee shall have the power to cause the offering of Units of the Trust, and issue and allot Units to the Unitholders of the Trust, which power shall be delegated to the Investment Manager in terms of the Investment Management Agreement.
- (ix) The Trustee shall also have the power, to be exercised in consultation with the Investment Manager, to cause the issuance of securities (including bonds, debentures and other debt securities, at discount or premium, secured or otherwise, with special rights of redemption or otherwise) by the Trust.
- (x) The Trustee shall have the power to create charges, security interests and / or liens over any or all of the assets of the Trust (both present and future), to secure and guarantee the performance by the Trust of any obligation of the Trust.
- (xi) The Trustee shall have the power to utilise any tax credits available to the Trust, prior to making any such payment of taxes or expenses.
- (xii) The Trustee shall, on receipt of advice from the Investment Manager, have the power to borrow monies and offer such security as it may deem fit, for the purpose of making such borrowing.
- (xiii) The Trustee shall have the power, apart from acting personally, to employ and pay at the expense of the Trust, 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.
- (xiv) The Trustee may permit any property comprised in the Trust, or any documents in relation thereto, to be, and remain, deposited with a custodian or with any person in India.
- (xv) In the event that any capital gains tax, income tax, stamp duty or other duties, fees, cess or other taxes (and any interest or penalty chargeable thereon), become payable in any jurisdiction in respect of the Trust or on behalf of the Unitholders in respect of the Trust or any of the Units or any part thereof in any circumstances, the Trustee may, on the recommendation of the Investment Manager, pay all such duties, fees, cess or other taxes (and any interest or penalty chargeable thereon), out of the Trust Assets in accordance with the advice of tax consultants.
- (xvi) The Trustee shall have the power to take the opinion of legal and tax counsel in any jurisdiction concerning any disputes or differences arising under the Indenture of Trust, in connection with any investments or any matter incidental thereto.
- (xvii) The Trustee shall cause the Investment Manager to, insure the Trust (including the Trust Assets) against any loss or damage from any peril, any assets and property forming part of the Trust for any amount, and to pay the premiums out of the Trust Assets.
- (xviii) The Trustee may maintain, or cause the Investment Manager or registrar and transfer agent to maintain, a register of the Units of the Trust.
- (xix) The Trustee may, in consultation with, and upon the recommendation of the Investment Manager, extend loans to the Holding Company or SPVs and also subscribe to debt securities or quasi debt securities or any similar kind of securities issued by the Holding Company or SPVs from the monies comprised in the Trust Assets.
- (xx) The Trustee shall have the power to make distributions to the Unitholder in accordance with the InvIT Regulations and confer all other rights attached to the Units.

### *Other Powers of the Trustee*

The Trustee shall have the following powers and authorities exercisable pursuant to the advice of the Investment Manager, in accordance with the Indenture of Trust and applicable law:

- (i). to make and give receipts, releases and other discharges for moneys payable to the Trust and for the claims and demands of the Trust;
- (ii). 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 Trust as the Trustee may consider expedient for or in relation to any of the matters or otherwise for the purposes of the Trust;
- (iii). to require (during and after the term of the Trust, subject to the Unitholder being informed of such requirement) a Unitholder to return distributions made to such Unitholder (subject to a limit of the total distributions made to such Unitholder) in order to satisfy the Unitholder's pro-rata share of any obligations or liabilities of the Trust;
- (iv). to sign, seal, execute, deliver and register according to law all deeds, documents, and assurances in respect of the Trust;
- (v). take into their custody and/or control all the capital, assets, property of the Trust and hold the same in trust for the Unitholders; and
- (vi). generally to exercise all such powers as it may be required to exercise for the time being in force and do all such matters and things as may promote the Trust 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 Indenture of Trust.

### *Duties of the Trustee*

The Trustee shall perform its duties as required under the Indenture of Trust including but not limited to:

(i). *Applications to Governmental Agencies*

The Trustee shall, with the assistance and advice of the Investment Manager, make all necessary applications to such governmental agencies as may be required for the Trust to carry on its activities after the Trust is registered with SEBI.

(ii). *Interests of the Unitholders*

- (a). The Trustee shall at all times exercise due diligence in carrying out its duties and protect the interests of the Unitholders.
- (b). The Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager in accordance with the InvIT Regulations.

(iii). The Trustee shall, through the Investment Manager, ensure prompt and proper collection of the income due to the Trust.

(iv). *Transactions by certain Persons*

The Trustee shall ensure that all transactions executed by the Investment Manager and any service provider to whom the Trustee has delegated any powers or duties, are done in accordance with the Indenture of Trust, the Investment Management Agreement, the InvIT Regulations and the agreement executed with such service provider.

(v). *Trust Assets*

- (a). The Trustee shall hold the Trust Assets in trust for the benefit of the Unitholders in accordance with the Indenture of Trust and the InvIT Regulations.
- (b). The Trustee shall also be responsible for opening and operating bank accounts on behalf of the Trust.

- (c). The Trustee shall ensure that the capital contributions are kept in a separate bank account in name of the Trust and is only utilised for adjustment against allotment of Units or refund of money to the applicants till the time such Units are listed and the same will be utilised for the objectives stated in the Placement Memorandum.

(vi). Books of Accounts and Records

The Trustee shall maintain all the records that are required to be maintained pursuant to Regulation 26(2) of the InvIT Regulations or otherwise as required under applicable law. The Trustee shall also ensure that the Investment Manager maintains the books of accounts of the Trust in accordance with the Indenture of Trust.

(vii). Statutory charges or levies payable by the Trust

The Trustee shall, in accordance with the Applicable Law and on receipt of advice from the Investment Manager, pay all taxes, duties and any other statutory charges or levies that may be payable by the Trust on behalf of the Unitholders from the Trust Assets, subject to the provisions of the InvIT Documents.

(viii). Reports to be filed by the Trust

The Trustee, either by itself or through the Investment Manager, shall from time to time file such reports and provide such information as may be required by the SEBI, the Stock Exchange or other governmental agencies, with respect to the activities carried on by the Trust.

(ix). Documents and information to be provided to the Unitholders

The Trustee shall, through the Investment Manager, from time to time provide such documents and information to the Unitholders, as may be required by the SEBI, the Stock Exchange or other governmental agency, with respect to the activities carried on by the Trust. The Trustee shall comply with intimation requirements under the InvIT Regulations. The Trustee shall also immediately inform SEBI in case (i) the Investment Manager fails to submit to the Trustee, the information or reports as specified under the InvIT Regulations, in a timely fashion; and (ii) any act which is detrimental to the interest of the Unitholders is noted.

(x). Segregation of assets and liabilities

The assets and liabilities of the Trust shall at all times be segregated from the assets and liabilities of any other trusts managed by the Trustee. The assets held under the Trust shall be held for the exclusive benefit of the Unitholders of the Trust and such assets shall not be subject to the claims of any creditor or other Person claiming under any other trust administered by the Trustee or managed by the Investment Manager, as the case may be.

(xi). Attainment of objects of the Trust

The Trustee shall ensure that all acts, deeds and things are done with a view to attain the objects of the Trust, in accordance with applicable law and the InvIT Documents, in order to secure the best interests of the Unitholders.

(xii). Activities of the Investment Manager

- (a). The Trustee shall oversee activities of the Investment Manager in the interest of the Unitholders, and shall ensure that the Investment Manager complies with the InvIT Regulations and obtain a compliance certificate from the Investment Manager on a quarterly basis, in the form prescribed by SEBI, if any.
- (b). The Trustee shall ensure that the Investment Manager complies with reporting and disclosure requirements in accordance with InvIT Regulations and other applicable law and in case of any delay or discrepancy, require the Investment Manager to rectify such delay or discrepancy on an urgent basis.
- (c). The Trustee shall 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 Trust.

- (d). The Trustee shall ensure that the activity of the Trust is being operated in accordance with the provisions of the InvIT Documents and the InvIT Regulations, and in the event that any discrepancy is noted, the Trustee shall inform the same to the SEBI immediately in writing.

(xiii). Meetings of Unitholders

- (a). The Trustee shall ensure that the Investment Manager convenes meetings of the Unitholders in accordance with the InvIT Regulations and shall oversee the voting by the Unitholders and declaration of results of such meetings;

Provided that, where there is:

- (1). a change or removal of the Investment Manager, or a Change in Control of the Investment Manager of the Trust, the Trustee shall be responsible for convening and conducting of the meeting of the Unitholders; and
  - (2). any issue pertaining to the Trustee, such as change in the Trustee, the Trustee shall not be involved in any manner in the conduct of the meetings of the Unitholders.
- (b). The Trustee shall ensure that the Investment Manager convenes meetings of the Unitholders at least once every year within requisite number of days from the end of a financial year (as prescribed under the InvIT Regulations) with the period between such meetings not exceeding such number of months as is prescribed under the InvIT Regulations.
- (c). 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.

(xiv). Related Party Transactions

The Trustee shall review the transactions carried on between the Investment Manager and its Associates and where the Investment Manager has advised that there may be a conflict of interest, the Trustee must obtain a certificate from a practising chartered accountant or a valuer as applicable specifying that such transactions are on an arms' length basis.

(xv). Change in control of the Investment Manager

The Trustee shall (a) obtain the prior approval of the Unitholders in accordance with the requirements of the InvIT Regulations, and (b) obtain prior approval of SEBI in the event of a proposed change in control of the Investment Manager.

(xvi). Suspension of Trustee's Registration

The Trustee shall, promptly on occurrence, inform the Investment Manager and the Unitholders of a cancellation, revocation, suspension, non-renewal of its registration to act as a trustee under applicable law or a breach of the terms of such registration that will materially impair its ability to perform its obligations and exercise its powers under the Indenture of Trust.

(xvii). General Duties

The Trustee shall perform all the duties and obligations set out in the InvIT Regulations, including those duties and obligations set out in Regulation 9 of the InvIT Regulations, as may be amended, modified or supplemented from time to time.

Rights of the Trustee

The Trustee shall have the following rights, in accordance with the Indenture of Trust:

- (i). The Trustee shall have the right to receive trusteeship fees from the Trust for services to be rendered in relation to the administration and management of the Trust, as mutually agreed between the parties to the Indenture of Trust.

- (ii). The Trustee may, in the discharge of its duties, act upon any advice obtained in writing from any qualified bankers, accountants, brokers, lawyers, professionals, consultants, or other experts acting as advisors to the Trustee.
- (iii). The Trustee may appoint any scheduled commercial bank to act as the banker to the Trust, on the same terms and conditions extended by such a bank to similar customers.
- (iv). The Trustee shall be entitled to the reimbursement of all reasonable expenses incurred by the Trustee on behalf of the Trust, including any direct or indirect tax or duty, which has become or may become leviable under applicable law. Such expenses shall be paid out of the monies comprised in the Trust Assets.
- (v). Subject to applicable law, the Trustee acknowledges that no Unitholder shall be entitled to inspect or examine the Trust'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 Trust's activities or any matter which may be related to the conduct of the business of the Trust and which information may, in the opinion of the Investment Manager adversely affect the interest of other Unitholders.

#### *Liabilities of the Trustee*

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

(i). *Assets received by the Trustee*

The Trustee shall only be liable or responsible for such monies, stocks, funds, shares, assets, investment, property or securities as the Trustee shall have actually received and shall not be liable or responsible for any banker, broker, administrator, 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 Trust nor otherwise for any involuntary loss. Any receipt signed by the Trustee for any monies, stocks, funds, shares, assets, securities, investment or property, paid, delivered or transferred to the Trustee under or by virtue of the Indenture of Trust 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). *Acts done in good faith*

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). *Suits, proceedings or claims against the Trust*

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 (including tax proceedings) in respect of the provisions of the Indenture of Trust or in respect of the investments or any part of such investments or any corporate or shareholders' action which in its opinion, acting on the advice of the Investment Manager, would or might involve expense or liability unless the Investment Manager shall so request in writing and the Trustee 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 the trustee as a result thereof.

(iv). *Bona fide action by the Trustee*

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 reorganisation 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). *Acts or things required to be done by the Trustee under law*

The Trustee 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 (which 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 Indenture of Trust, the Trustee shall not be under any liability therefore or thereby.

(vi). Authenticity of signature and seal

The Trustee shall not be responsible to any Unitholder for the authenticity of any signature or any seal affixed to any endorsement on any certificate or to any transfer or form of application endorsement or other document affecting the title to or transmission of interests in the Trust or of any investments of the Trust or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. 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 the Indenture of Trust shall be verified to the Trustee's reasonable satisfaction.

(vii). Trustee to act as trustee of other trusts

Subject to the InvIT Regulations, nothing contained in the Indenture of Trust shall be construed so as to prevent the Trustee from acting as trustee of other trusts or privately pooled funds separate and distinct from the Trust, and retaining for its own use and benefit all remuneration, profits and advantages which it may so derive.

(viii). Information regarding the Trust, etc.

If the Trustee is required by applicable law or any other laws to provide information regarding the Trust and/or the Unitholders, the investments of the Trust and income or proceeds therefrom and provisions of the Indenture of Trust and complies with such request in good faith, whether or not it was in fact enforceable, the Trustee shall not be liable to any of the Unitholders or to any other party as a result of such compliance or in connection with such compliance.

(ix). Depletion in the value of the Trust Assets

The Trustee shall not incur any liability for doing 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 Trust Assets or otherwise), except in the event that such loss is a result of disabling conduct on the part of the Trustee, as provided under the Indenture of Trust.

(x). Limited Liability

The Trustee shall not be personally liable for any losses (including indirect or consequential losses), costs, damages or expenses incurred in any way arising from anything which the Trustee, in its capacity as trustee of the Trust does or fails to do. Further, the liability of the Trustee shall not exceed the fee received by the Trustee except in case of the Trustee engaging in disabling conduct, as provided under the Indenture of Trust.

(xi). Trustee to not risk its monies

If the Trustee engages any external advisors or experts (in accordance with the Indenture of Trust), to discharge its obligations under the Indenture of Trust, 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 Indenture of Trust 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 Trust. The Trustee will not be required to utilise 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 Indenture of Trust.

### *Provisions relating to Unitholders*

- (i). For matters requiring approval, consent or vote of the Unitholders under the InvIT Documents and InvIT Regulations, the approval, consent or vote shall be on the basis of the relevant threshold in terms of the beneficial interest of the Unitholders.
- (ii). The Unitholders, in such capacity, shall not participate or take part in the control of the Trust's affairs and shall have no right or authority to act for or bind the Trust, except as provided under the InvIT Documents and InvIT Regulations.
- (iii). In no event shall a Unitholder have or acquire any rights against the Trustee and the Investment Manager except as expressly conferred on such Unitholder under the Indenture of Trust or in the other InvIT Documents, nor shall the Trustee or the Investment Manager be bound to make payment to any Unitholders, except out of funds held by the Trustee for that purpose under the Indenture of Trust.
- (iv). 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.
- (v). The Depository Register, maintained by the Depository 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.
- (vi). The powers, rights and obligations of the Unitholders shall be to the extent and as specified in the InvIT Regulations and InvIT Documents. However, the Trustee shall, in consultation with the Investment Manager, have the power to grant additional rights to the Unitholders ("**Additional Rights**"), in such manner, to such extent and on such terms and conditions as may be prescribed in the Placement Documents. Such Additional Rights granted to the Unitholders shall be deemed to have been incorporated in the Indenture of Trust, and no further amendments will need to be made to the Indenture of Trust in this regard.
- (vii). The aggregate liability of each Unitholder in the Trust shall be limited to making the Capital Contribution payable by it in respect of the Units subscribed by it. The Unitholders shall not be responsible or liable, directly or indirectly, for acts, omissions or commissions of the Trustee, the Investment Manager, the Reliance 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 the InvIT Documents.
- (viii). The Unitholders may, in accordance with the provisions of the InvIT Documents, any rules and regulations of the Stock Exchange and applicable law, transfer any of their Units, to a prospective Unitholder, who accepts all the rights and obligations of the transferor, and the Trustee and/or the Investment Manager shall effectuate such transfer, in accordance with applicable law. The Investment Manager shall have the right, in consultation with the Trustee, to impose such restrictions on the transfer of Units (or creating any form of encumbrance or pledge thereon) as it may deem fit, in order to ensure that the number of Unitholders of the Trust is maintained in line with the requirements of the InvIT Regulations. Any transfer of Units by a Unitholder which has the effect of reducing the number of Unitholders of the Trust below the limit prescribed in the InvIT Regulations, shall be null and void, and the Investment Manager shall, in consultation with the Trustee, have the full power and authority to refuse any such transfer of Units. The Investment Manager and the Trustee shall have the power and authority to implement such structures from time to time, as they deem fit, to give effect to the aforementioned transfer restrictions.

### *Indemnity*

- (i). The Trustee, the Investment Manager, the Reliance Sponsor and their respective affiliates, directors, officers, employees, shareholders, partners, advisors, members or agents and members of any committee constituted by the Investment Manager and/or Sponsor (each, a "**Protected Person**") shall not be liable to and shall be indemnified and held harmless by the Trust from and against any and all liabilities (including tax, interest and penalty), claims, costs, losses, damage and expenses (including reasonable attorney's fees and costs) arising out of or in connection with the Trust or any other matters provided in the InvIT Documents, in each case, subject to any exceptions set out in the InvIT Documents or where the

Protected Person has engaged in disabling conduct, in terms of the Indenture of Trust, in respect of the matter for which it is to be indemnified, subject to applicable law.

- (ii). The right of any Protected Person to indemnification as provided under the InvIT Documents shall be cumulative of, and in addition to, any and all rights to which such Protected Person may otherwise be entitled by contract or as a matter of law or equity and will extend to such Protected Person's successors, assigns and legal representatives.
- (iii). If the Trustee determines in its sole discretion that it is appropriate or necessary to do so, the Trustee, on the advice of the Investment Manager may establish reasonable reserves, escrow accounts or similar accounts to fund obligations under the Indenture of Trust.

*Term and discharge of the Trustee, appointment of new trustee and resignation by, and removal of the Trustee*

- (i). The Trustee shall hold office as the trustee until the dissolution of the Trust or the discharge of the Trustee, whichever is earlier.
- (ii). The Trustee shall stand discharged as trustee of the Trust on the happening of any of the following events:
  - (a). the board of directors of the Trustee passes a resolution for the Trustee to be voluntarily wound up under the applicable law at such time, or any order of winding up against the Trustee is passed by any court or tribunal;
  - (b). SEBI or any other governmental or regulatory authority passes a direction to remove the Trustee;
  - (c). in the event that the majority Unitholders elect in writing to terminate the services of the Trustee and appoint a new trustee in accordance with the InvIT Regulations and the InvIT Documents; or
  - (d). in the event that the Trustee desires to resign, it may submit its resignation to the Reliance Sponsor and each of the Unitholders.

Provided that, the Trustee shall, upon it becoming aware, promptly intimate the Reliance Sponsor and the Investment Manager of any event or potential event which may result in any of the foregoing events set out in clauses (a) and (b) above.

- (iii). In the event the Trustee desires to resign from its office, it may submit its resignation to the Reliance Sponsor, or in the absence of any of the Reliance Sponsor, the Unitholders, setting out reasons for such resignation. Any of the Reliance Sponsor or the Unitholders, as the case may be, may approve the resignation on the condition that a new trustee shall be appointed to hold office in its place from the date of acceptance of the resignation in accordance with terms and conditions of the Indenture of Trust. The date of acceptance of the Trustee's resignation shall be deemed to be the date of discharge of the Trustee.
- (iv). In any event, the Trustee shall not be discharged unless a new trustee is appointed by any of the Reliance Sponsor or the Unitholders in its place by the execution of a deed of appointment and on such appointment the Trustee shall be deemed to have vacated office as trustee of the Trust provided that either of the Reliance Sponsor shall appoint a new trustee within 3 (Three) months from the date on which any of the events set out in clause (ii) above occur. On such appointment, the Trust shall be conveyed and transferred to the new trustee so as to legally vest in such new trustee, which, subject to applicable law, shall not be construed to be a conveyance of property of the Trust. Any appointment, substitution, nomination of a trustee shall be effected by an appropriate decision in that behalf and shall neither require the amendment of the Indenture of Trust nor the execution of a supplemental Indenture of Trust. The trustee holding office as such from time to time shall be bound by the provisions of the Indenture of Trust as if it were a party to the Indenture of Trust and had actually executed the Indenture itself. In the event the Reliance Sponsor fail to appoint a trustee within the said three month period from the date of notice of resignation of the Trustee, the Trustee shall to the best of its ability guide the Reliance Sponsor or the Unitholders on the appointment of a reputed person with the requisite expertise and experience as successor trustee and the Trustee shall continue as trustee until such appointment of the successor trustee.
- (v). The Trustee shall continue to be responsible and liable for all its past acts and deeds, whether by way of commission or omission, subject to indemnity of the Trustee as provided under the Indenture of Trust, during its tenure as trustee.

- (vi). Every new trustee shall have the powers, authorities and discretion, and shall in all respects act and be liable as if originally appointed as a Trustee under the Indenture of Trust.
- (vii). Any change in the trustee in accordance with the terms of the Indenture of Trust shall be subject to the requirements under the InvIT Regulations.

#### ***Key terms of the Deed of Accession***

The Trustee shall enter into a Deed of Accession with the Reliance Sponsor and the Brookfield Sponsor. The key terms of which are provided below:

The Brookfield Sponsor agrees that it shall:

- (i). it shall be a party to the Indenture of Trust as a sponsor and shall perform all obligations applicable to it under the applicable law and specified in the InvIT documents;
- (ii). assume and perform all obligations applicable to a sponsor under the InvIT Regulations and as may be prescribed by SEBI, BSE and NSE from time to time;
- (iii). execute such binding document as may be required by the Trustee and the Investment Manager;
- (iv). provide to the Investment Manager such information regarding the assets as may be required to make adequate disclosure in the offer document or Placement Memorandum; and
- (v). subscribe to and hold such number of units of the Trust as may be required under the InvIT Regulations.

#### **D. The Investment Manager – Infinite India Investment Management Limited**

##### ***History and Certain Corporate Matters***

Infinite India Investment Management Limited is the Investment Manager for the Trust. The Investment Manager was originally incorporated under the Companies Act, 1956 as Infinite India Investment Management Private Limited on August 2, 2006 at Mumbai.

Subsequently, the Investment Manager was converted from a private company to a public company and the name of the Investment Manager was changed from Infinite India Investment Management Private Limited to Infinite India Investment Management Limited. A fresh certificate of incorporation consequent to the conversion of the Investment Manager to a public limited company was issued by the RoC, Maharashtra at Mumbai on August 27, 2014. The Investment Manager's registered office is situated at 7<sup>th</sup> Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025. The CIN of the Investment Manager is U74140MH2006PLC163489.

##### ***Background of the Investment Manager***

The Investment Manager is a wholly owned subsidiary of JM Financial Limited. The Investment Manager has over 10 years of experience in fund management, being the investment manager of JM Financial Property Fund, a real estate focused venture capital fund registered with the SEBI under the SEBI VCF Regulations and has also served as an investment advisor to certain off-shore funds for direct co-investments of about ₹ 8,000 million. Further, JM Financial Limited, the holding company of the Investment Manager is one of India's prominent financial services group specialising in a wide spectrum across investment banking and securities business, fund based activities, alternative asset management and asset management.

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 persons who are categorized as wilful defaulters by any bank or financial institution, as defined under the Companies Act, 2013, or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Further, in accordance with the eligibility criteria specified under the InvIT Regulations, the Investment Manager had a consolidated net worth of not less than ₹ 100 million as on November 30, 2019.

### ***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:

<b>Sr. No.</b>	<b>Name</b>	<b>DIN</b>
1.	Shailesh Shankarlal Vaidya	00002273
2.	Vishal Nimesh Kampani	00009079
3.	Rajendra Dwarkadas Hingwala	00160602
4.	Dipti Neelakantan	00505452

### ***Brief Biographies of the Directors of the Investment Manager***

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

1. **Shailesh Shankarlal Vaidya** is an Independent Director of the Investment Manager since February 20, 2019. He is a director on the board of several companies such as Excel Industries Limited, Prabhukripa Overseas Limited and Apcotex Industires Limited.
2. **Vishal Nimesh Kampani** is a director of the Investment Manager since August 2, 2006. He is a director on the board of several companies such as JM Financial Products Limited, JM Financial Asset Reconstruction Company Limited and JM Financial Credit Solutions Limited.
3. **Rajendra Dwarkadas Hingwala** is an Independent Director of the Investment Manager since February 20, 2019. He is a director on the board of Balkrishna Industries Limited.
4. **Dipti Neelakantan** is a director of the Investment Manager since October 19, 2007. She is a director on the board of several companies such as JM Financial Credit Solutions Limited, JM Financial Securities Private Limited and JM Financial Institutional Securities Limited.

### ***Brief profiles of the Key Personnel of the Investment Manager***

Please see below brief biographies of the key personnel of the Investment Manager:

1. **Sahpal Yadav** is the Vice President of the Investment Manager since February 14, 2019. He holds a master's degree in engineering/ technology in electronics and communications engineering from Guru Nanak Dev Engineering College, Ludhiana, Punjab Technical University. He has over five years of experience indevelopment in the telecom infrastructure sector.
2. **Milind Prabhakar Pawar** is the Assistant Vice President of the Investment Manager since February 14, 2019. He holds a bachelor's degree in engineering in electronics and telecommunications from Maharashtra Institute of Technology, University of Pune. He has over five years of experience indevelopment in the telecom infrastructure sector.

### ***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.

#### ***Powers, duties and rights of the Investment Manager***

1. **General Powers:** The Investment Manager shall, in relation to the Trust, have every and all powers and rights that are granted to the Trustee under the Indenture of Trust, to the extent that such powers and rights are necessary and required by the Investment Manager for the performance of its duties and discharge of its obligations under the InvIT Documents and the InvIT Regulations.
2. **Power to manage and administer the Trust and Trust Assets:** The Investment Manager shall take all decisions in relation to the day-to-day management and administration of the Trust and the Trust Assets as may be incidental or necessary for the advancement or fulfilment of the Investment Objectives of the Trust in accordance with the InvIT Documents and InvIT Regulations.
3. **Power to make investment and divestment decisions:** The Investment Manager shall make the investment decisions with respect to the Trust and the Trust Assets including any further investments or

divestments, subject to InvIT Regulations and in accordance with the relevant InvIT Documents, and in this regard is also empowered to do the following acts on behalf of the Trust:

- (i) acquire, hold, manage, trade and dispose of the Trust Assets, shares, stocks, convertibles, debentures, bonds, equity, equity-related securities, debt or mezzanine securities of all kinds issued by any Holding Company or SPVs (including loans convertible into equity), whether in physical or dematerialised form, including power to hypothecate, pledge or create encumbrances of any kind on such securities held by the Trust in such Holding Company or SPVs to be used as collateral security for any borrowings by the Trust;
  - (ii) to decide, in the manner set out in the InvIT Documents and in compliance with InvIT Regulations and the Investment Objective, the amounts to be invested in each new entity that is to form part of the Trust Assets and the mode, manner, terms and conditions for making such Investment and the forms of assistance including the return to be earned therefrom, and to realize such Investments and income and distribute the same to the Unitholders as per the terms contained herein and the InvIT Documents and in compliance with the InvIT Regulations;
  - (iii) keep the monies comprised in the Trust Assets in deposit with banks or in such other instruments or form as permitted under the InvIT Regulations in the name of the Trust;
  - (iv) 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 Company or the SPVs and any other income of the Trust, as and when the same may become due and receivable;
  - (v) make investments as set out in the InvIT Documents and Investment Objective and in the manner and to the extent permitted under the InvIT Regulations; and
  - (vi) structure investments through one or more investment vehicles in order to address tax or regulatory considerations.
4. ***Power to do all acts to achieve the Objects of the Trust:*** The Investment Manager is authorized to do all such other acts, deeds and things as may be incidental or necessary for the advancement or fulfilment of the Investment Objective of the Trust, as set out in the Indenture of Trust.
  5. ***Power to issue and to accept subscription to the Units:*** The Investment Manager shall have the power to cause the issue and allotment of Units, in accordance with the InvIT Regulations. The Investment Manager shall have the power to accept Capital Contributions for the Trust and subscriptions to Units and undertake all related activities. If the Investment Manager fails to allot or list the Units or refund the money within the time specified in the InvIT Regulations, then the Investment Manager shall pay interest to the Unitholders at the rate prescribed in the InvIT Regulations, until such allotment or listing or refund and such interest shall not be recovered in the form of fees or any other form payable to the Investment Manager by the Trust.
  6. ***Power to maintain register of Unitholders:*** The Investment Manager shall cause the Depository to maintain a register of Unitholders.
  7. ***Power to make reserves:*** The Investment Manager shall, as it may deem proper, make such reserves out of the income or capital of the Trust.
  8. ***Power to borrow:*** The Investment Manager may cause the Trust to issue debentures, borrow or to defer payments, subject to applicable law.
  9. ***Power to exercise rights in respect of the Trust Assets:*** The Investment Manager shall have the power to exercise all rights in relation to the shareholding of the Trust in the Holding Company or SPVs and other assets underlying the Trust Assets, including voting rights in every meeting, including an annual general meeting, rights to appoint majority of board of directors (in consultation with the Trustee as required under the InvIT Regulations), whether pursuant to securities held by the Trust, or otherwise.
  10. ***Power to appoint professional service providers, intermediaries and agents:***
    - (i) The Investment Manager, in consultation with the Trustee, shall have the power to appoint, determine the remuneration of and enter into, execute, deliver, perform, modify or terminate all documents, agreements and instruments containing customary terms including contractual

indemnities with valuers, auditors, registrar and transfer agents, merchant bankers, credit rating agencies, search agents, property consultants, brokers, legal, financial and tax consultants or any other intermediary or professional service provider or agent as may be required in connection with the activities of the Trust in a timely manner and as per the provisions of the InvIT Regulations and other applicable law.

- (ii) The Investment Manager shall not be responsible for the default or violation by any such professional service provider, intermediary or agent of their terms of service, if employed in good faith to transact any business identified in the arrangement with them.
  - (iii) All fees in relation to such professional service providers, intermediaries and agents shall be determined by the Investment Manager in consultation with the Trustee and shall be to the account of the Trust, to be paid out of the monies comprised in the Trust Assets, provided that the remuneration of a valuer shall not be linked to or based on the value of the investments being valued by such valuer.
  - (iv) The Investment Manager shall not appoint an auditor, valuer and such other intermediaries or agents for consecutive periods greater than as permitted under the InvIT Regulations, without the consents of Unitholders or governmental agencies, as may be required under the InvIT Regulations or other Applicable Law.
11. **Power to appoint custodians:** The Investment Manager may appoint any custodian in order to provide custodian services, oversee the activities of the custodian, and may permit any Trust Asset (or any documents pertaining thereto) to be and remain deposited with a custodian, subject to such deposit as authorised by the Trustee and permissible under applicable law.
12. **Power to pay duties and taxes:** In the event of any duties, fees or taxes (and any interest or penalty chargeable thereon) whatsoever becoming payable in any jurisdiction in respect of the Trust or in respect of documents issued or executed in pursuance of the Indenture of Trust 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 thereon as well as to create any reserves for future potential tax liability out of the Trust's income. For the avoidance of doubt, it is clarified that pursuant to this Section, no Unitholder will be required to make a Capital Contribution to the Trust, other than the Issue Price for the Units allotted.
13. **Power to spend on behalf of the Trust:** The Investment Manager shall have the power to pay operating expenses out of the monies comprised in the Trust Assets.
14. **Power to take counsel's opinion:** The Investment Manager shall have the power to take the opinion of legal or 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 the duties of the Investment Manager in connection with the Investment Management Agreement.
15. **Power to re-invest:** The Investment Manager may retain, for the purpose of reinvestment into a potential Holding Company or SPV, any proceeds received by the Trust from any sale of any Trust Assets or any Holding Company or SPV or any shares or interest in the Holding Company or SPV. In such circumstances, the Investment Manager shall not be required to distribute any amounts retained for re-investment to the Unitholders.
16. **Power to make policies:** The Investment Manager may make internal policies to generally evolve, formulate and adopt from time to time such policies and procedures as may be conducive for the effective administration and management of the Trust and the attainment of the Investment Objective, in accordance with the InvIT Documents and the InvIT Regulations. In particular, the Investment Manager may provide for all or any of the following matters:
- (i) norms of investment by the Trust in accordance with the Investment Objective of the Trust and in accordance with the powers and authorities of the Trustee as set out in the Indenture of Trust and those delegated to the Investment Manager;
  - (ii) matters relating to entrustment / deposit or handing over of any documents, etc. pertaining to the Investments of the Trust in, a Holding Company or SPVs or other assets, to one or more custodians and the procedure relating to the holding thereof by the custodian;
  - (iii) such other administrative, procedural or other matters relating to the administration or management of the affairs of the Trust and which matters are not by the very nature required

- to be included or provided for in the Indenture of Trust or the Investment Management Agreement;
- (iv) procedure for seeking approval of the Unitholders in compliance with the InvIT Regulations; and
  - (v) procedure for summoning and conducting of meetings of Unitholders.
17. **Power to restrict right to inspect:** Subject to applicable law, the Trustee acknowledges that no Unitholder shall be entitled to inspect or examine the Trust'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 Trust's activities or any matter which may be related to the conduct of the business of the Trust and which information may, in the opinion of the Investment Manager adversely affect the interest of other Unitholders.
18. **Power to buyback Units:** The Investment Manager may facilitate the buyback of Units from the Unitholders by the Trust, at the end of the term of the Trust or in any other manner in accordance with applicable law.
19. **Power to delegate:** The Investment Manager may delegate its administrative duties under the Investment Management Agreement and may appoint advisors and consultants to assist with the same, the cost of which shall be borne by the Trust. Regardless of any delegation, the Investment Manager will remain liable for any delegate's acts of commission or omission as if the Investment Manager would itself have been responsible and liable under the Investment Management Agreement for that act of commission or omission. Any action taken by such delegate in respect of the Trust shall be construed as an act done by the Investment Manager.
20. **Other Powers:** The Investment Manager shall also have the following powers and authorities exercisable without any further act or approval or vote of the Unitholders:
- (i) to open one or more bank accounts, demat accounts and any other accounts for the purposes of the Trust, to deposit and withdraw money and fully operate the same;
  - (ii) negotiate and execute contracts, and/or terminate or modify such contracts and do all such acts, deeds and things for or on behalf of or in the name of the Trust as the Investment Manager may consider expedient for managing the Trust (including without limitation entering into, modifying or terminating rent agreements for use of office space for the Trust, maintenance service arrangements for the office of the Trust, share purchase agreements for acquisition of entities that are to be included as SPVs under the Trust, indemnity agreements, deed of right of first offer and refusal, escrow agreements, debt documentation, underwriting agreements, any investment pooling agreement, agreement relating to strategic investments, co-investment agreements;
  - (iii) to vary, alter, postpone, extend or cancel the terms and conditions of agreements in relation to the Investments, as entered into with the relevant SPVs;
  - (iv) to ascertain, appropriate, declare and distribute or reinvest the surplus comprised in the Trust Assets in compliance with the InvIT Regulations, to determine and allocate income, profits and gains and expenses in respect of the Trust to and amongst the Unitholders;
  - (v) to sign, seal, execute, deliver and register according to law all deeds, documents, and assurances in respect of the Trust;
  - (vi) along with the Trustee, initiate, prosecute and/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, for any claim, actions or suits in respect of and pertaining to the Trust, right, title or interest in the Trust Assets or any other matter in connection therewith, and to discontinue or settle any of the above, as the Investment Manager shall in its best judgment or discretion deem fit;
  - (vii) to sign and verify all written statements, petitions, appeals, declarations, revisions and applications in connection with any proceedings, and have the power to refer any claim to arbitration and to perform, observe and challenge the awards;
  - (viii) to issue statement of accounts or Unit certificates (if requested) to the Unitholders on behalf of the Trustee;



- (ix) where Unit certificates have been issued to the Unitholders, to submit the 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;
- (x) to retain and pay to the relevant governmental agencies, any amounts that the Trustee or the Investment Manager is required to, or may deem prudent to, withhold from the amounts to be distributed to the Unitholders;
- (xi) 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 Trust. The Trustee shall intimate SEBI of any failure by the Investment Manager to submit such reports in a timely manner;
- (xii) to ensure that the Trust Assets have proper legal title and that all the material contracts entered into on behalf of the Trust or SPV are legal, valid, binding and enforceable by and on behalf of the Trust or SPV;
- (xiii) to make and give receipts, releases and other discharges for moneys payable to the Trust and for the claims and demands made or to be made by the Trust; and
- (xiv) generally, to exercise all such powers as it may be required to exercise under the InvIT Regulations and do all such matters and things 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 and the InvIT Regulations, in relation to the Trustee, Unitholders, Trust Assets and the Holding Company or SPVs.

#### *Liabilities of the Investment Manager*

1. ***Assets received by the Investment Manager:*** The Investment Manager shall only be liable or responsible for such monies, stocks, funds, shares, assets, investment, property or securities as the Investment Manager shall have actually received and shall not be liable or responsible for any banker, broker, administrator, 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 Trust nor otherwise for any involuntary loss. Any receipt signed by the Investment Manager for any monies, stocks, funds, shares, assets, securities, investment or property, paid, delivered or transferred to the Investment Manager under or by virtue of the Investment Management Agreement or in exercise of the duties, functions and powers of the Investment Manager shall effectively discharge the Investment Manager 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 Investment Manager 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.
2. ***Acts done in good faith:*** The Investment Manager shall not be under any liability on account of anything done or omitted to be done or suffered by the Investment Manager in good faith.
3. ***Suits, proceedings or claims against the Trust:*** The Investment Manager shall not be under any obligation to institute, acknowledge the service of, appear in, prosecute or defend any action, suit, proceedings or claim (including tax proceedings) in respect of the provisions of the Investment Management Agreement or other InvIT Documents in respect of the investments or any part of such investments or any corporate or shareholders' action which in its opinion would or might involve expense or liability unless it 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 the trustee as a result thereof.
4. ***Bona fide action by the Investment Manager:*** 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 reorganisation 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.
5. ***Acts or things required to be done by the Investment Manager under law:*** The Investment Manager shall not be liable to the Unitholders for doing or failing to do any act or thing which, by reason of *force majeure* or 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), 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) unless 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 therefore or thereby.

6. ***Authenticity of signature and seal:*** The Investment Manager shall not be responsible to any Unitholder for the authenticity of any signature or any seal affixed to any endorsement on any certificate or to any transfer or form of application endorsement or other document affecting the title to or transmission of interests in the Trust or of any investments of the Trust or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Investment Manager 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 the Investment Management Agreement shall be verified to the Investment Manager's reasonable satisfaction.
7. ***Information regarding the Trust, etc.:*** If the Investment Manager is required by applicable law or any other laws to provide information regarding the Trust and/or the Unitholders, the investments of the Trust and income or proceeds therefrom and provisions of the Investment Management Agreement and complies with such request in good faith, whether or not it was in fact enforceable, the Investment Manager shall not be liable to any of the Unitholders or to any other party as a result of such compliance or in connection with such compliance.
8. ***Depletion in the value of the Trust Assets:*** The Investment Manager shall not incur any liability for doing 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 Trust Assets or otherwise), except in the event that such loss is a result of any of the following on the part of the Investment Manager: (a) fraud, wilful misconduct or gross negligence; (b) failure to show the degree of care and diligence required under the Trusts Act while carrying out the duties of the Trustee described in the Indenture of Trust; or (c) a breach of applicable law or of the provisions of the InvIT Documents, and in each of the foregoing cases, as finally determined by a non-appealable court of competent jurisdiction.
9. ***Limited Liability:*** The Investment Manager shall not be personally liable for any losses (including indirect or consequential losses), costs, damages or expenses incurred in any way arising from anything which the Investment Manager does or fails to do.
10. ***Investment Manager entitled to reimbursement:*** If the Investment Manager engages any external advisors or experts (in accordance with the Investment Management Agreement), to discharge its obligations under the Investment Management Agreement, or undertakes any work (in the interest of the Unitholders) which is not covered within the scope of work of the Investment Manager under the Investment Management Agreement and such additional work is beyond the obligations of the Investment Manager under applicable law, the Investment Manager shall be entitled to recover such costs, charges and expenses which the Investment Manager may incur in this regard, from the funds of the Trust.

#### *Duties of the Investment Manager*

1. ***Duty to manage the Trust:*** The Investment Manager shall coordinate with the Trustee, as may be necessary, with respect to the operations of the Trust.
2. ***Duty to undertake valuation:*** The Investment Manager shall have the Trust Assets valued by an independent valuer and submit the same to the Stock Exchange and Unitholders in accordance with and within the timeframes prescribed in the InvIT Regulations. The Investment Manager shall ensure that the computation and declaration of net asset value, as defined in the InvIT Regulations, of the Trust is based on the valuation done by a valuer in accordance with the InvIT Regulations.
3. ***Insurance:*** The Investment Manager shall maintain adequate insurance coverage for the Trust Assets in accordance with the InvIT Regulations and shall ensure that assets held by the SPVs or a Holding Company are adequately insured. However, the requirement to maintain insurance for SPVs and a Holding Company shall not arise in case the assets have been insured (and maintained on an on-going basis) by any other person under any agreement including a concession agreement or shareholders' agreement or pursuant to applicable law or direction of a governmental agency.
4. ***Distributions:*** The Investment Manager shall declare distribution to Unitholders in accordance with the InvIT Regulations. Subject to applicable law, such percentage of the net distributable cash flows of the Holding Company or SPVs shall be distributed to the Trust and such percentages of the net

distributable cash flows of the Trust shall be distributed to the Unitholders (in the ratio of the beneficial interest of the Unitholders), and within such time periods, as prescribed in the InvIT Regulations. The Investment Manager shall maintain a record (for such periods as may be prescribed by the InvIT Regulations) of the distributions declared and made to the Unitholders.

5. **Meeting of Unitholders:**

- (i) The Investment Manager shall convene meetings of the Unitholders in accordance with the InvIT Regulations and maintain records pertaining to the meetings in accordance with the InvIT Regulations.
- (ii) The Investment Manager shall convene meetings of the Unitholders at least once every year within requisite number of days from the end of a Financial Year with the period between such meetings not exceeding such number of months as is prescribed under the InvIT Regulations.
- (iii) The Investment Manager shall be responsible for all the activities pertaining to conducting of meeting of the Unitholders, subject to overseeing by the Trustee in all cases other than where the meetings are on issues pertaining to the Trustee. Provided that, for Unitholder meeting related to issues related to Investment Manager such as change, removal or change in control of the Investment Manager, the Unitholder meetings shall be convened and conducted by the Trustee.

6. **Change in control:** The Investment Manager shall intimate the Trustee prior to any change in control of the Investment Manager to enable the Trustee to seek approval from the Unitholders and SEBI in this regard and shall ensure that any change is given effect to in compliance with the provisions of the InvIT Regulations and applicable law.

7. **Monitoring:** The Investment Manager will monitor the InvIT, including monitoring current and projected financial position of the Trust and the Trust Assets, including the Holding Company or SPVs. The Investment Manager shall place before its board of directors, a report on the activity and performance of the Trust, in accordance with and in the manner and at the frequency prescribed in the InvIT Regulations. The Investment Manager shall designate an employee 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 non-compliance.

8. **Maintenance of records:** The Investment Manager shall maintain records pertaining to the activity of the Trust in terms of the InvIT Regulations.

9. **Duty in relation to the Investment Objective:** The Investment Manager shall manage the Trust in accordance with the InvIT Regulations and the Investment Objective, and shall ensure that the investments made by the Trust are in accordance with the investment conditions enumerated in the InvIT Regulations, in accordance with the Investment Objective and are solely in the interest of the Unitholders.

10. **Redressal of Complaints:** The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of the Trust.

11. **Submissions to Trustee:** The Investment Manager shall submit to the Trustee:

- (i) quarterly reports on the activities of the Trust including receipts for all funds received by it and for all payments made, status of compliance with the InvIT Regulations, performance report, status of development of under-construction properties, within the time periods specified under the InvIT Regulations;
- (ii) valuation reports as required under the InvIT Regulations within the time period specified under the InvIT Regulations;
- (iii) decision to acquire or sell or develop any property or expand existing completed assets or projects along with rationale for the same;
- (iv) details of any action which requires approval from the Unitholders as may be stipulated under the InvIT Regulations;
- (v) details of any other material fact including change in its directors, any legal proceedings that may have a significant bearing on the activity of the Trust, within such time period as required under the InvIT Regulations;

- (vi) details of any breach of the investment conditions specified under the InvIT Regulations on account of market movements of the price of the Investments;
- (vii) quarterly reports on the effective monitoring of the functioning of the Trust as per the InvIT Regulations;
- (viii) details of any borrowings exceeding such percentage of the value of the Trust Assets as may be prescribed by the InvIT Regulations on account of market movements of the price of the Investments; and
- (ix) any other reports, presentations, documents, as may be required under the InvIT Documents and applicable law including the InvIT Regulations.

The Trustee shall intimate SEBI of any failure by the Investment Manager to submit information or reports as specified above in a timely manner.

12. ***Listing of Units:*** The Investment Manager shall be responsible for all activities pertaining to the issue and listing of the Units of the Trust in accordance with the InvIT Regulations and other applicable law, including:

- (i) filing of the Placement Memorandum with SEBI;
- (ii) filing the Placement Memorandum with SEBI and the Stock Exchange within the prescribed time period;
- (iii) dealing with all matters up to allotment of Units to the Unitholders;
- (iv) obtaining in-principle approval, and final listing and trading approvals from the Stock Exchange;
- (v) dealing with all matters relating to the issue and listing of the Units as specified under the InvIT Regulations and any guidelines as may be issued by SEBI in this regard.

The Investment Manager is also responsible to ensure that all relevant provisions of the InvIT Regulations and other applicable law have been complied with and all statements and disclosures made in the Placement Memorandum comply with the InvIT Regulations and other applicable law, contain material, true, correct, not misleading and adequate disclosures in order to enable the investors to make an informed decision, do not provide guaranteed returns to the investors, not be misleading and not contain any untrue statements or mis-statements and shall include such other disclosures as may be specified by SEBI.

13. ***Delisting of units and winding up of the Trust:*** If any event specified in Regulation 17(1) of the InvIT Regulations occurs, the Investment Manager shall apply for delisting of units of the Trust to SEBI and the Stock Exchange in accordance with the InvIT Regulations and applicable law.

14. ***Submission of half yearly and annual report:*** The Investment Manager shall within the time period prescribed under the InvIT Regulations, submit half yearly and annual report to all the Unitholders.

15. ***Disclosures:*** The Investment Manager shall, in accordance with the requirements of the InvIT Regulations and other applicable law, disclose to the Stock Exchange any information having bearing on the operation or performance of the Trust as well as price sensitive information and other information that is required in terms of the InvIT Regulations and applicable law. The Investment Manager shall ensure that the disclosures or reporting to the Unitholders, SEBI, Trustee and Stock Exchange are in accordance with the InvIT Regulations and guidelines or circulars issued thereunder. The Investment Manager shall provide to SEBI and to the Stock Exchange, where applicable, any such information as may be sought by SEBI or the Stock Exchange pertaining to the activities of the Trust.

16. ***Related Party Transactions:*** The Investment Manager (along with the Trustee) shall ensure that all related party transactions in relation to the Trust are on an arms-length basis and are consistent with the Investment Objective of the Trust and shall be disclosed to the Stock Exchange and Unitholders periodically in accordance with the Listing Agreements and the InvIT Regulations. Details of fees and commissions received by Related Parties are required to be disclosed to Unitholders and the Stock Exchange, in accordance with the InvIT Regulations.

17. ***Title to the Trust Assets:*** The Investment Manager shall ensure that the Trust Assets have proper legal titles, if applicable, and that all the material contracts entered into on behalf of the Trust or the SPV are legal, valid, binding and enforceable by and on behalf of the Trust or the SPV.
18. ***Conflict of Interest:*** 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 the practicing chartered accountant or the valuer, as applicable, that such transaction is on arm's length basis.
19. ***Other Duties:*** Without prejudice to any other provision of the Investment Management Agreement, the Investment Manager will also have the following duties and obligations:
  - (i) maintain regular interaction with the Trustee on performance of the Trust and providing the Trustee with any information in relation to the operations of the Trust, as may be required;
  - (ii) keep the Unitholders updated on investment activities of the Trust in compliance with the InvIT Regulations and in accordance with the terms of the InvIT Documents;
  - (iii) to ensure that it has and continues to have adequate infrastructure and sufficient key personnel with adequate experience and qualification to undertake management of the Trust; and
  - (iv) to fulfil any other duty, obligation and responsibility that may be required of the Investment Manager, in accordance with, and within the timelines prescribed under (if any) the provisions of the InvIT Regulations.

The Investment Manager shall provide to the Trustee such assistance as may be required by the Trustee in fulfilling its obligation towards the Trust under applicable law or as may be required by any regulatory authority with respect to the Trust.

#### *Indemnity*

To the fullest extent permitted by law, the Trustee, the Investment Manager, the Reliance Sponsor and their respective affiliates, directors, officers, employees, shareholders, partners, advisors, members or agents and members of any committee constituted by the Investment Manager and/or Sponsor (each such person, a "**Protected Person**") shall not be liable to and shall be indemnified and held harmless by the Trust from and against any and all liabilities (including tax, interest and penalty), claims, costs, losses, damage and expenses (including reasonable attorney's fees and costs) arising out of or in connection with the Trust or any other matters set out in the InvIT Documents, in each case, subject to any exceptions set out in the InvIT Documents or where the Protected Person has engaged in the following conduct, in respect of the matter for which it is to be indemnified: (a) fraud, wilful misconduct or gross negligence; (b) a breach of applicable law or of the provisions of the InvIT Documents; or (c) only in respect of the Trustee, failure to show the degree of care and diligence required under the Trusts Act while carrying out the duties of the Trustee described in the Indenture of Trust, and in each of the foregoing cases, as finally determined by a non-appealable court of competent jurisdiction.

The right of any Protected Person to indemnification as provided under the InvIT Documents shall be cumulative of, and in addition to, any and all rights to which such Protected Person may otherwise be entitled by contract or as a matter of law or equity and will extend to such Protected Person's successors, assigns and legal representatives.

If the Trustee determines in its sole discretion that it is appropriate or necessary to do so, the Trustee, on the advice of the Investment Manager may establish reasonable reserves, escrow accounts or similar accounts to fund obligations under the Investment Management Agreement.

#### *Termination*

1. The Investment Management Agreement (along with the appointment of the Investment Manager) may be terminated by the Investment Manager by delivery of a written notice to the Trustee at any time, subject to the approval of the Unitholders and SEBI in accordance with the InvIT Regulations.
2. The Investment Management Agreement (along with the appointment of the Investment Manager) may be terminated by the Trustee on the occurrence of any of the following events (each, a "**Termination Event**"):

- (i) the board of directors of the Investment Manager passes a resolution for the Investment Manager to be voluntarily wound up under applicable law, or any order of winding up against the Investment Manager is passed by any court or tribunal;
  - (ii) in the event the Investment Manager is held to be insolvent or a receiver is appointed to all or a substantial portion of the assets of the Investment Manager;
  - (iii) SEBI or any other governmental or regulatory authority passes a direction to remove the Investment Manager;
  - (iv) in the event that the Investment Manager desires to resign, it may submit its resignation to the Trustee;
  - (v) in the event of termination by Trustee on account of material breach by the Investment Manager of the terms and conditions of the Investment Management Agreement; or
  - (vi) in the event that the Unitholders holding such percentage of Units as prescribed in the InvIT Regulations elect in writing to terminate the services of the Investment Manager and appoint a new investment manager in accordance with the InvIT Regulations.
3. Upon the occurrence of a Termination Event, the Trustee shall follow the procedure set out in the InvIT Regulations.
4. Consequences of Termination of the Investment Manager
- (i) Without prejudice to the actions required to be undertaken by the Trustee, in accordance with the InvIT Regulations, upon removal or replacement of the Investment Manager, the Investment Manager shall transfer to the Trustee, and deliver to the Trustee, all books of accounts, correspondence, documents and records relating to the Trust which the Investment Manager has in its possession.
  - (ii) In the event of removal or resignation of the Investment Manager, the Investment Manager shall be entitled to receive management fees and the reimbursements under the Investment Management Agreement only for the period for which the Investment Manager remains the investment manager of the Trust. However, the Investment Manager shall not be required to return any management fees or reimbursements already paid to it.
  - (iii) Every new investment manager shall have the powers, authorities and discretion, and shall in all respects act and be liable as if originally appointed as an investment manager under the Investment Management Agreement.
  - (iv) The Investment Manager shall continue to be liable for all its acts of default, omissions and commissions prior to such termination.
  - (v) Upon termination of the Investment Management Agreement, the powers, rights and obligations of the Parties under the Investment Management Agreement shall terminate except to the extent of rights and obligations accrued prior to such termination.

#### *Change in the Investment Manager*

In terms of the Shareholder and Option Agreement, the Brookfield Sponsor has the right to change the Investment Manager, at any time after the SPA Closing Date, and has the right to appoint (i) an entity nominated and controlled by the Brookfield Sponsor or any of its affiliates, in terms of the Share Purchase Agreement – II, (ii) any entity which is controlled by any member of the Brookfield Group, or (iii) any investment manager for which prior written consent has been obtained from RIL or such ‘investment manager’ appointed in accordance with the Shareholder and Option Agreement, as the investment manager of the Trust. For further details, please see the section entitled “*Related Party Transactions - Shareholder and Option Agreement*” on page 169.

#### *Details of the proposed investment manager – WIP (India) Private Limited*

WIP (India) Private Limited (“**WPL**”) is proposed to be appointed as the investment manager of the Trust subsequent to the SPA Closing Date, in accordance with the provisions of the InvIT Regulations and pursuant to, and in accordance with, the terms of the Shareholder and Option Agreement. WPL is a private limited company incorporated under the Companies Act, 1956, on May 6, 2010. It is engaged in the business of rendering

investment advisory services (to persons resident outside India). Brookfield Asset Management Inc. (through its affiliates) has acquired 100 % share capital of WPL pursuant to a share purchase agreement on August 23, 2019. The Brookfield Sponsor confirms that, WPL shall satisfy all the eligibility criteria set out in Regulation 4(2)(e) of the InvIT Regulations applicable to an investment manager of an infrastructure investment trust. Subsequent to SPA Closing Date, the Trustee shall appoint WPL as the investment manager of the Trust in accordance with the provisions of the InvIT Regulations including obtaining requisite approvals from SEBI and the Unitholders.

## **E. *The Project Manager – Jio Infrastructure Management Services Limited***

### ***History and Certain Corporate Matters***

The Project Manager was initially incorporated on September 4, 2017 as Reliance Digital Media Distribution Limited, a public limited company, under the Companies Act, 2013, with the RoC. Subsequently, the name of the Project Manager was changed from Reliance Digital Media Distribution Limited to Jio Infrastructure Management Services Limited and a fresh certificate of incorporation was issued by the RoC on March 25, 2019. The corporate identity number of the Project Manager is U74999MH2017PLC299344. The Project Manager's registered office is situated at 9<sup>th</sup> Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021.

### ***Background of the Project Manager***

The Project Manager is a wholly owned subsidiary of the Reliance Sponsor. The Project Manager shall (directly through the appointment of appropriate agents) undertake operations and management of the Trust assets, including making arrangements for the maintenance of such assets. The Project Manager will be appointed as per the terms of the Project Implementation and Management Agreement.

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 a person who is categorized as a wilful defaulter by any bank or financial institution, as defined under the Companies Act, 2013, or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

### ***Key terms of the Project Implementation and Management Agreement***

#### ***Project Implementation and Management Agreement***

The Project Manager has entered into a Project Implementation and Management Agreement dated January 13, 2020 with the Trustee (acting on behalf of the Trust), Investment Manager, and Tower Co. effective from March 31, 2019, to provide project implementation, execution and operations and maintenance services in relation to the InvIT Assets (“**PIMA**”), the key terms of which are provided below:

1. **Services:** The Project Manager has appointed RDPSSL as the Contractor and Operator to undertake designing, implementation, construction, establishment, development, operation and maintenance of the InvIT Assets (“**Construction and Maintenances Services**”).
2. **Covenants:**
  - (i). The Project Manager has agreed to certain covenants, including:
    - (a). to perform its obligations in accordance with good industry practice, applicable law and as per the scope of work agreed upon with the Project Manager and the Tower Co.;
    - (b). to deploy manpower and staff as may be required for the performance of the Construction and Maintenance Services and, where required, employ suitable sub-contractors for this purpose;
    - (c). to ensure that its workforce and employees (including any sub-contractors) are experienced to undertake the Construction and Maintenance Services and are adequately trained including on compliance with any health, safety and environment related policies and anti-bribery and corruption related policies; and
    - (d). to maintain the service levels as may be mutually agreed between Tower Co., the Project Manager, the Contractor and Operator, and the telecommunication service provider customer of Tower Co..
  - (ii). The Project Manager shall, for a period of three years from the date of listing of the Units, continue to be an Associate of the Reliance Sponsor.
  - (iii). In the event of a change in control of the Project Manager, the Trustee (on behalf of the Trust), in consultation with the Sponsor and the Investment Manager, shall ensure that it has obtained the requisite

consents of regulatory, statutory, legal or government authorities, lenders and any contractual counter parties, as applicable, prior to such change in control.

3. **Duties:** The Project Manager has agreed to undertake certain duties, including:
  - (i). to either directly or through the appointment and supervision of appropriate contractors, provide Construction and Maintenance Services in relation to the InvIT Assets;
  - (ii). to either directly or through the appointment and supervision of appropriate contractors, oversee the progress of development, approval status and other aspects of the InvIT Assets that may be under development or to be established until its completion in accordance with any agreement that may be entered into in this regard, including the supervision of contractors appointed for such purpose;
  - (iii). to either directly or through the appointment and supervision of appropriate contractors, discharge all its obligations hereunder for achieving timely completion of the infrastructure projects, wherever applicable, implementation, development, maintenance, operation and management of the infrastructure projects, in accordance with the terms of the PIMA and the InvIT Regulations;
  - (iv). to 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). to provide the Investment Manager with 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). to intimate the Trustee prior to any change in control of the Project Manager to enable the Trustee to seek 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). to 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 Trust and as may be required for making submissions to SEBI or any other governmental authority;
  - (viii). to ensure that the transactions or arrangements entered into by the Project Manager with a related party are on an arm's-length basis;
  - (ix). keeping the Investment Manager informed on all matters which have a material bearing on the operations of the InvIT Assets;
  - (x). keeping proper records for actions taken in respect of the InvIT Assets; and
  - (xi). complying with (a). the instructions of the Investment Manager and the Trustee in accordance with the InvIT Regulations; and (b). the provisions of the InvIT Regulations.
4. **Obligations of the Tower Co.:** The Tower Co. shall ensure that all information reasonably required by the Project Manager for the performance of its obligations is provided to the Project Manager in a timely manner and as and when required. Further, the Tower Co. shall co-operate with, and provide reasonable assistance to, the Project Manager for discharging its duties and obligations under the PIMA.
5. **Fees:** The Trustee (acting on behalf of the InvIT) has agreed to pay the fees, as specified in the PIMA, to the Project Manager, in consideration of the services provided by the Project Manager under the PIMA.
6. **Representations and Warranties:**
  - (i). Each party to the PIMA, other than the Tower Co. has represented and warranted to the other party that it is a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.
  - (ii). The Trustee, Investment Manager, the Project Manager and the Tower Co. have provided certain representations and warranties, such as:
    - (a). due incorporation or establishment, as the case may be;
    - (b). due authorisation for the consummation of the PIMA;
    - (c). non-contravention of constitutional documents, applicable law, agreements to which such entity is a party;
    - (d). legal validity and binding nature of the PIMA, except as may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting enforcement of creditors' rights generally, and general principles of equity; and
    - (e). no liquidation, dissolution, winding up, commencement of bankruptcy, insolvency, liquidation or similar proceedings, whether voluntary or involuntary, with respect to it, whether pending or has been pending, or to the best knowledge of such party, threatened.
7. **Representations and Warranties by the Project Manager:** The Project Manager has provided certain representations and warranties, such as:



- (i). no disciplinary action has been taken against it by SEBI or any other regulatory authority;
- (ii). neither it nor any of its promoter(s) or directors is debarred from accessing the securities market by SEBI;
- (iii). neither it nor any of its promoter(s) or directors is a promoter, director or person in control of any other company or a sponsor, investment manager or trustee of any other InvIT or InvIT which is debarred from accessing the capital market under any order or directions made by SEBI;
- (iv). neither it nor any of its promoter(s) or directors is in the list of wilful defaulters published by RBI;
- (v). to the best of its knowledge, there are no claims, investigations or proceedings before any court, tribunal or governmental authority, body or agency in progress or, pending against or relating to it;
- (vi). it has no knowledge of any existing ground on which any such claim, investigation or proceeding might be commenced with any reasonable likelihood of success;
- (vii). it has not, to its knowledge or to the knowledge of its officers, directors, employees or agents: (a). been a target of sanctions; (b). been located, organized or resident in any country that is the target of comprehensive sanctions; or (c). transacted any business with any target of sanctions, in violation of sanctions; and
- (viii). it has not disclosed to any government authority that it violated or may have violated any anti-corruption laws or sanctions.

8. **Term:** The PIMA shall be in effect from March 31, 2019 and shall remain valid and effective for a period of 30 years from the date on which the Trust acquires 100% of the paid-up equity share capital of Tower Co., unless terminated by the parties to the PIMA in accordance with the provisions of the PIMA or extended by mutual consent expressed in writing of all parties to the PIMA (the “**Validity Period**”). Prior to the expiry of its Validity Period, the PIMA may be terminated:

- (i). by the Investment Manager after consultation with the Trustee and prior approval of the Tower Co. by delivery of a prior written notice of 15 days to the Project Manager, subject to appointment of new project manager in accordance with the PIMA and the InvIT Regulations; or
- (ii). by any party to the PIMA 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 are not set aside within three months).

9. **Anti-Bribery and Corruption:** The Project Manager, shall in relation to PIMA:

- (i). maintain its books and records in a manner that, in reasonable detail, accurately and fairly reflect its transactions and disposition of its assets;
- (ii). maintain a system of internal accounting controls sufficient to provide reasonable assurances that:
  - (a). transactions are executed and access to assets is given in accordance with agreed operating procedure;
  - (b). transactions are recorded as necessary to permit preparation of periodic financial statements and to maintain accountability of corporate assets; and
  - (c). recorded assets are compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences between recorded and actual assets.
- (iii). The Project Manager shall confirm in writing on a semi-annual basis that it has complied with these undertakings and with the ABC Policy and provide, on an annual basis, any information reasonably requested by the Investment Manager in support of such compliance; and
- (iv). The Project Manager shall at all times work in full compliance with the ABC Policy and all safety requirements as per applicable law.

10. **Indemnity:**

- (i). The Project Manager shall indemnify the Trustee, the Investment Manager, the Tower Co. and their respective directors, employees, officers and the InvIT (“**Indemnified Parties**”) against any losses, as provided in the PIMA, relating to: (i) any misrepresentation or any breach of the warranties made by it or the terms or covenants or obligations under the PIMA by it; (ii) any failure in furnishing information required by SEBI or any regulatory authority with respect to the InvIT, or furnishing wrong information by it under the InvIT Regulations or related to the InvIT, including in any offer documents, or arising out of gross negligence, wilful default or fraud on its part, in carrying out its obligations under the PIMA, the other InvIT Documents any information memorandum / offer documents and applicable law; and
- (ii). The Trustee, the Investment Manager and the Tower Co. acknowledge and agree that the aggregate maximum liability of the Project Manager in each financial year shall be limited to an amount equivalent to the annual fee payable to the Project Manager in such financial year in accordance with the terms of the PIMA, provided that such aggregate maximum liability shall not be applicable in the event such liability of the Project Manager arises out of any gross negligence, wilful default or wilful misconduct or fraud of the Project Manager.

## OTHER PARTIES INVOLVED IN THE TRUST

### **The Auditors**

#### ***Background and terms of appointment***

The Investment Manager, in consultation with the Trustee, has appointed Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as the auditors of the Trust for a period of five years, subject to approval of the Unitholders each year. The Auditors have audited the Audited Consolidated Financial Statements and have examined the Projections of Revenue from Operations and Cash Flow from Operating Activities, and their reports in relation to such Audited Consolidated Financial Statements dated January 13, 2020 and Projections of Revenue from Operations and Cash Flow from Operating Activities dated January 13, 2020 have been included in this Preliminary Placement Memorandum.

#### ***Rights and Responsibilities of the Auditors***

The rights and responsibilities of the Auditors will be in accordance with the InvIT Regulations. Presently, in terms of the InvIT Regulations:

- (i) the Auditors shall conduct audit of the accounts of the 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;
- (ii) 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 Trust, including profit or loss and cash flow for the period and such other matters as may be specified;
- (iii) the Auditors shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Trust; and
- (iv) the Auditors shall have a right to require such information and explanation pertaining to activities of the Trust as it may consider necessary for the performance of their duties as auditors from the employees of Trust or any Holding Company or Parties to the Trust or the Tower Co., any Holding Company or SPV 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 the Valuer for the purpose of undertaking valuation of the Trust, as the valuer of the Trust. In accordance with the InvIT Regulations, the Valuer has undertaken a full valuation of the Tower Co., and their report dated January 13, 2020 in relation to such valuation as on September 30, 2019, has been included in this Preliminary 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:

- (i) the Valuer shall ensure that the valuation of the Trust assets is impartial, true and fair and is in accordance with Regulation 21 of the InvIT Regulations;
- (ii) the Valuer shall ensure that adequate and robust internal controls to ensure the integrity of its valuation reports;
- (iii) the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;
- (iv) the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;
- (v) the Valuer and any of its employees involved in valuing of the assets of the 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 Trust and not less than six months after ceasing to be valuer of the Trust;

- (vi) the Valuer shall conduct valuation of the 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;
- (vii) the Valuer shall act with independence, objectivity and impartiality in performing the valuation;
- (viii) the Valuer shall discharge its duties towards the Trust in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;
- (ix) the Valuer shall not accept remuneration, in any form, for performing a valuation of the Trust's assets from any person other than the Trust or its authorized representative;
- (x) the Valuer shall before accepting any assignment from any related party of the Trust, disclose to the Trust any direct or indirect consideration which the valuer may have in respect of such assignment;
- (xi) the Valuer shall disclose to the Trust any pending business transactions, contracts under negotiation and other arrangements with the investment manager or any other party whom the 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;
- (xii) the Valuer shall not make false, misleading or exaggerated claims in order to secure assignments;
- (xiii) the Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;
- (xiv) the Valuer shall not accept an assignment which interferes with its ability to do fair valuation; and
- (xv) 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**

The Investment Manager has adopted a policy on the appointment of auditor and valuer of the Trust, details of which are provided below:

##### ***Appointment of the auditor of the Trust***

- (i) The Investment Manager, in consultation with the trustee to the Trust, shall appoint the auditor of the 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:
  - the accounts of the 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 the InvIT Regulations and applicable law;
  - 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 the Trust, including profit or loss and cash flow for the period and such other matters as may be specified by SEBI;
  - the auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Trust; and
  - the auditor shall have a right to require such information and explanation pertaining to activities of the Trust as he may consider necessary for the performance of his duties as auditor from the employees of the Trust or Parties to the Trust or the special purpose vehicle(s) or any other person in possession of such information.

### *Appointment of the valuer of the Trust*

- (i) The Investment Manager, in consultation with Trustee, shall appoint the valuer of the Trust, to undertake valuation of the assets of the 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 Reliance Sponsor or the Brookfield Sponsor or the Investment Manager or Trustee.
- (iv) The valuer shall have not less than five years of experience in valuation of infrastructure assets.
- (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 the 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 the Trust for such acquisition or disposal.
- (vii) In terms of the policy, the valuer shall comply with the following conditions at all times:
  - the valuer shall ensure that the valuation of the Trust’s assets is impartial, true and fair and is in accordance with Regulation 21 of the InvIT Regulations;
  - the valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;
  - the valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;
  - the valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;
  - the valuer and any of its employees involved in valuing of the assets of the Trust, shall not:
    - invest in units of the Trust or in the assets being valued; and
    - sell the assets or units of the Trust held prior to being appointed as the valuer,until the time such person is designated as valuer of the Trust and not less than six months after ceasing to be valuer of the Trust;
  - the valuer shall conduct valuation of the 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;
  - the valuer shall act with independence, objectivity and impartiality in performing the valuation;
  - the valuer shall discharge its duties towards the Trust in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;
  - the valuer shall not accept remuneration, in any form, for performing a valuation of the Trust assets from any person other than the Trust or its authorized representative;
  - the valuer shall before accepting any assignment, from any related party of the Trust, disclose to the Trust, through the Investment Manager, any direct or indirect consideration which the valuer may have in respect of such assignment;
  - the valuer shall disclose to the 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 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;

- the valuer shall not make false, misleading or exaggerated claims in order to secure assignments;
- the valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;
- the valuer shall not accept an assignment which interferes with its ability to do fair valuation; and
- 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 Trust, implemented by or to be implemented by the Investment Manager and the Tower Co., as applicable and as specified in this section.*

### **I. Investment Manager**

#### ***Board of Directors***

##### *Composition of the Board of Directors of the Investment Manager*

The board of directors of the Investment Manager shall adhere to the following:

- a. Not less than 50% of the board of directors of the Investment Manager shall comprise of independent directors and not directors or members of the governing board of the Investment Manager of another infrastructure investment trust registered under the InvIT Regulations. The independence of directors shall be determined in accordance with the Companies Act and other applicable laws; and
- b. Such other requirements as may be specified in the articles of association of the Investment Manager.

For details of the current composition of the board of directors of the Investment Manager, please see the section entitled “Parties to the Trust – Investment Manager – Infinite India Investment Management Limited – Board of Directors of the Investment Manager” on page 95.

#### *Quorum*

The quorum of the board of directors of the Investment Manager shall be at least 50% of the number of directors on the board of directors. At least 50% of the directors present on the board of directors of the Investment Manager shall be independent directors.

#### *Frequency of meetings*

The board of directors of the Investment Manager shall meet at least four times every year, with a maximum gap of 120 days between any two successive 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 may receive sitting fee for attending board meetings and meetings of the committees, in accordance with the Companies Act.

#### ***Committees of the board of directors***

Please see below the indicative terms of reference for the committees to be constituted by the Investment Manager. In the event that WPL is appointed as the investment manager of the Trust, the board of directors of WPL may, subject to compliance with applicable laws, constitute such committees of the board of directors and nominate members of such committees as it may deem fit.

### **1. InvIT Committee**

#### *Terms of reference of the InvIT Committee*

- (i). approving all the investment decisions of the Trust with respect to the Trust Assets and any projects of the Trust including any further investment or divestment of the Trust Assets;
- (ii). overseeing activities of the Project Manager in accordance with the InvIT Regulations and the Project Implementation and Management Agreement;
- (iii). performing all obligations of an investment manager of an infrastructure investment trust in accordance with the InvIT Regulations and ensuring compliance of the Trust with the InvIT
- (iv). regulations and the Investment Management Agreement;

- (v). reviewing investments made by the Trust and ensuring compliance of such investments with the investment conditions specified in the InvIT Regulations and the investment strategy of the Trust;
- (vi). declaring distributions to the Unitholders in accordance with the InvIT Regulations;
- (vii). ensuring that the disclosures or reporting to the Unitholders of the Trust, SEBI, Trustee and the Stock Exchange, are in accordance with the InvIT Regulations and guidelines or circulars issued under the applicable law;
- (viii). providing any such information as may be sought by the SEBI or the Stock Exchange pertaining to the activities of the Trust;
- (ix). coordinating with the Trustee, as may be necessary, with respect to operations of the Trust;
- (x). appointing a custodian, if needed, in order to provide such custodial services as may be authorised by the Trustee;
- (xi). designating an employee or director as the compliance officer for monitoring of compliance with the InvIT Regulations and guidelines or circulars issued under applicable law and intimating the SEBI in case of any non-compliance;
- (xii). convening meetings of the Unitholders and maintaining records pertaining to the meetings in accordance with the InvIT Regulations;
- (xiii). ensuring that all activities of the intermediaries or agents or service providers appointed by the InvIT Committee are in accordance with the InvIT Regulations and guidelines or circulars issued under applicable law;
- (xiv). approving policies and procedures as may be conducive for the effective administration and management of the Trust;
- (xv). deciding on matters relating to the annual budget;
- (xvi). doing all and every acts for the operation and management of the Trust;
- (xvii). making applications, where necessary, to such authorities or entities as may be required and accept on behalf of the Company such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions as may be required in relation to the Issue;
- (xviii). approving and filing, where applicable, the preliminary placement memorandum and 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;
- (xix). deciding 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;
- (xx). appointing and entering into arrangements with the trustee, sponsors, lead managers and any other agencies or persons or intermediaries in relation to the Issue and to negotiate and finalise the terms of their appointment;
- (xxi). negotiating, finalising and settling, and executing where applicable and delivering or arranging the delivery of the draft preliminary placement memorandum, preliminary placement memorandum and placement memorandum, the preliminary and final international wraps, the agreements and all other documents, deeds, agreements and instruments and any notices, supplements and corrigenda thereto, as may be required or desirable in relation to the Issue;
- (xxii). obtaining in-principle approval, seeking the listing of the Units on the Stock Exchange, submitting the listing application to such Stock Exchange and taking all actions that may be necessary in connection with obtaining such listing;

- (xxiii). dealing with all matters up to allotment of Units to the Unitholders;
- (xxiv). authorizing the maintenance of a register of Unitholders;
- (xxv). accepting and utilizing the proceeds of the Issue in the manner provided under the preliminary placement memorandum, the placement memorandum and the applicable law;
- (xxvi). opening with the bankers to the Issue such accounts as may be required by the regulations issued by SEBI and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (xxvii). authorizing and approving, the incurring of expenditure and payment of fees, commission, remuneration and expenses in connection with the Issue;
- (xxviii). issuing all documents and authorising one or more officers of the Company to sign all or any of the aforementioned documents;
- (xxix). settling all questions, difficulties or doubts that may arise in regard to the Issue including such issues or allotment and matters incidental thereto as it may, deem fit and to delegate such of its powers as may be deemed necessary to the officials of the Company; and
- (xxx). doing 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 Trust***

The Investment Manager has adopted the following policies, in relation to the Trust and all assets of the Trust:

**1. Distribution Policy**

The Investment Manager has adopted the Distribution Policy pursuant to a resolution of its board of directors dated January 13, 2020, in relation to Trust. For details of the Distribution Policy, please see the section entitled “*Distribution*” on page 150.

**2. Policy on unpublished price-sensitive information and dealing in units by the parties to the Trust (the “UPSI Policy”)**

The Investment Manager has adopted the UPSI Policy pursuant to a resolution of its board of directors dated January 13, 2020, in relation the Trust. The purpose of the policy is to ensure that the Trust complies with applicable law, including the InvIT Regulations or such other laws, regulations, rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information (“UPSI”).

The key principles of the UPSI Policy are set out below:

- (i). prompt disclosure to the public of 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). following 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;
- (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;
- (v). while dealing with analysts or research persons or large investors like institutions, only public information shall be provided. Alternatively, the information given to analysts or research persons shall be simultaneously made public at the earliest; and
- (vi). All UPSI shall be handled on a need to know basis.

The key procedure relating to enquiries and investigation into leaks of UPSI is set out below:

- (i). Upon becoming aware of any leak or any allegations or suspicions of a leak, including, by way of:
  - (a). communication received from regulatory authorities; or
  - (b). a written complaint or email received from a whistle-blower; or
  - (c). through internal monitoring, etc.,



the Compliance Officer, in consultation with the board of the Investment Manager shall evaluate and determine if the matter merits any enquiry or investigation.

- (ii). In the event the board of the Investment Manager decides that the matter warrants an investigation, it shall promptly constitute an enquiry committee.
- (iii). the enquiry committee shall undertake a preliminary investigation and analyse the accuracy of the allegation or suspicion of leak by taking the necessary steps, such as:
  - (a). assessing the source and type of complaint, allegation or suspicion;
  - (b). assessing the nature of leak or suspected leak, in order to determine the scope of investigation, the parties who had access to the UPSI and the manner in which it could have been leaked; and
  - (c). conducting interviews with the complainant, in the event his or her identity is known, and other relevant stakeholders, in connection with the matter.
- (iv). On the basis of this initial assessment, the enquiry committee shall determine if:
  - (a). the allegation or suspicion is frivolous, and requires no further action; or
  - (b). the matter requires further internal diligence and investigation.
- (v). The enquiry committee will report its findings to the board of the Investment Manager along with a summary of the process followed, its recommendations and reasons thereof.
- (vi). Based on the report and recommendations of the enquiry committee, the board of the Investment Manager shall discuss and decide if the matter requires to be investigated further.
- (vii). If the board of the Investment Manager requires the enquiry committee to undertake a detailed investigation, the enquiry committee shall conduct the enquiry and take all requisite steps, including but not limited to, the following:
  - (a). identifying the medium through which the leaked UPSI was disclosed or communicated;
  - (b). conducting a confidential investigation into the activities of the persons that typically handled, or had knowledge of the UPSI in question, in an un-intrusive manner, including by reviewing the relevant documents, audit trails, and conducting interviews, where deemed necessary;
  - (c). appointing external advisors or professionals to assist in the conduct of enquiry; and
  - (d). re-assessing the internal controls and measures implemented by the Compliance Officer of the Trust, in consultation with the board of directors of the Investment Manager in relation to the Trust for identifying deficiencies, if any, in such controls and measures, and recommending improvements to the same.
- (viii). The enquiry committee will ensure that the details in relation the enquiry, including the initial assessment, are shared within and outside the organisation strictly on a “need to know” basis. In cases where the enquiry has been initiated based on a complaint from a whistle-blower, the enquiry committee will keep the identity of the whistle-blower confidential.

### **3. Code of Conduct (the “Code”)**

The Investment Manager has adopted the Code pursuant to a resolution of its board of directors dated January 13, 2020, in relation to the Trust. Trust and the Parties to the Trust shall comply with the Code at all time, in accordance with the InvIT Regulations.

The key principles of the Code are set out below:

- (i). the Trust and the Parties to the Trust shall conduct all the affairs of the Trust in the interest of all the Unitholders;
- (ii). the Trust and the Parties to the Trust shall make adequate, accurate, explicit and timely disclosure of relevant material information to all Unitholders, the Stock Exchange and SEBI in accordance with the InvIT Regulations and as may be specified by the Stock Exchange from time to time;

- (iii). the Trust and the Parties to the Trust shall try to avoid conflicts of interest, as far as possible, in managing the affairs of the Trust and keep the interest of all Unitholders paramount in all matters. In case such events cannot be avoided, it shall be ensured that appropriate disclosures are made to the Unitholders and they are fairly treated;
- (iv). the Trust and the Parties to the Trust shall ensure that fees charged by them with respect to activities of the Trust shall be fair and reasonable;
- (v). the Investment Manager shall carry out the business of the Trust and invest in accordance with the Investment Objectives and take investment decisions solely in the interest of Unitholders;
- (vi). the Trust, the Parties to the 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 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 Trust and the Parties to the Trust shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business;
- (viii). the Trust and the Parties to the Trust shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment; and
- (ix). the Trust and the Parties to the Trust shall not make any exaggerated statement, whether oral or written, either about their qualifications or capabilities or experience.

#### **4. Borrowing Policy of the Trust (the “Borrowing Policy”)**

The Investment Manager is required to ensure that all funds borrowed in relation to the Trust are in compliance with the InvIT Regulations. Accordingly, the Investment Manager, has adopted the Borrowing Policy pursuant to the resolution of the board of the Investment Manager dated January 13, 2020. Under terms of the Borrowing Policy, the Investment Manager has resolved that:

- (i). the Investment Manager shall ensure that all funds borrowed in relation to the Trust are in compliance with the InvIT Regulations;
- (ii). the Trust may raise debt and make borrowings from time to time, including through issuance of debt securities and availing loans from banks and financial institutions in accordance with applicable law. The Trust may issue debt securities in the manner specified by the SEBI, and in accordance with applicable law;
- (iii). if the value of funds borrowed from related parties in a financial year, exceeds 5% of the total consolidated borrowings of the Trust, any holding company and the special purposes vehicles, 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 Trust shall be permitted to borrow monies through any means, by any instrument, in Indian or foreign currency, as permitted by applicable law, including as prescribed by RBI. The Investment Manager and the Trustee (on behalf of the Trust) shall be permitted to borrow monies in relation to the 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; and
- (v). the 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 the Trust.

#### **5. Policy on appointment of the auditor and valuer of the Trust (the “Appointment Policy”)**

The board of the Investment Manager has adopted the Appointment Policy pursuant to its resolution dated January 13, 2020.

The key principles of the Appointment Policy are set out below:

- (i). The Investment Manager, in consultation with the trustee to the Trust, shall appoint the auditor of the Trust, in a timely manner and in accordance with the InvIT Regulations.

- (ii). The Investment Manager shall ensure to conduct the annual general meeting, for amongst others, approval of the unitholders with respect to the appointment of the auditor and the fees payable to the auditor, 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). The auditor shall conduct audit of the accounts of the Trust and draft the audit report based on the accounts examined by it after taking into account the relevant accounting and auditing standards under applicable law including InvIT Regulations, as may be specified from time to time.
- (v). The Investment Manager in consultation with the Trustee shall have the right to take all necessary steps to remove the auditor who ceases to comply with the eligibility criteria required under the InvIT Regulations and applicable law. In case of removal of the auditor and appointment of another auditor to the Trust, approval from the Unitholders shall be required in accordance with the InvIT Regulations.
- (vi). The Investment Manager, in consultation with Trustee, shall appoint the valuer of the Trust, in a timely manner and shall determine the remuneration of such valuer, in accordance with the InvIT Regulations.
- (vii). The remuneration of the valuer shall not be linked to or based on the value of the assets being valued.
- (viii). The valuer shall not be an associate of the Sponsors or the Investment Manager or Trustee.
- (ix). The valuer shall have not less than five years of experience in valuation of infrastructure assets.
- (x). The 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 the Trust.
- (xi). 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 the Trust for such acquisition or disposal.

The Investment Manager in consultation with the Trustee shall have the right to take all necessary steps to remove a valuer who ceases to comply with the eligibility criteria required under the InvIT Regulations and applicable law.

## **II. Tower Co.**

### ***Representatives on the Board of Directors of the Tower Co.***

The Investment Manager, in consultation with the Trustee, has appointed majority of the board of directors of Tower Co.

## INDUSTRY OVERVIEW

The information in this section is derived from various publicly available sources, government publications and other industry sources, including the Analysys Mason Report. The information in this section has not been independently verified by us, the Lead Manager, or their legal, financial or other advisors, and no representation is made as to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and accordingly, investment decisions should not be based on such information. Industry publications are also prepared based on information of specific dates and may no longer be current or reflect current trends.

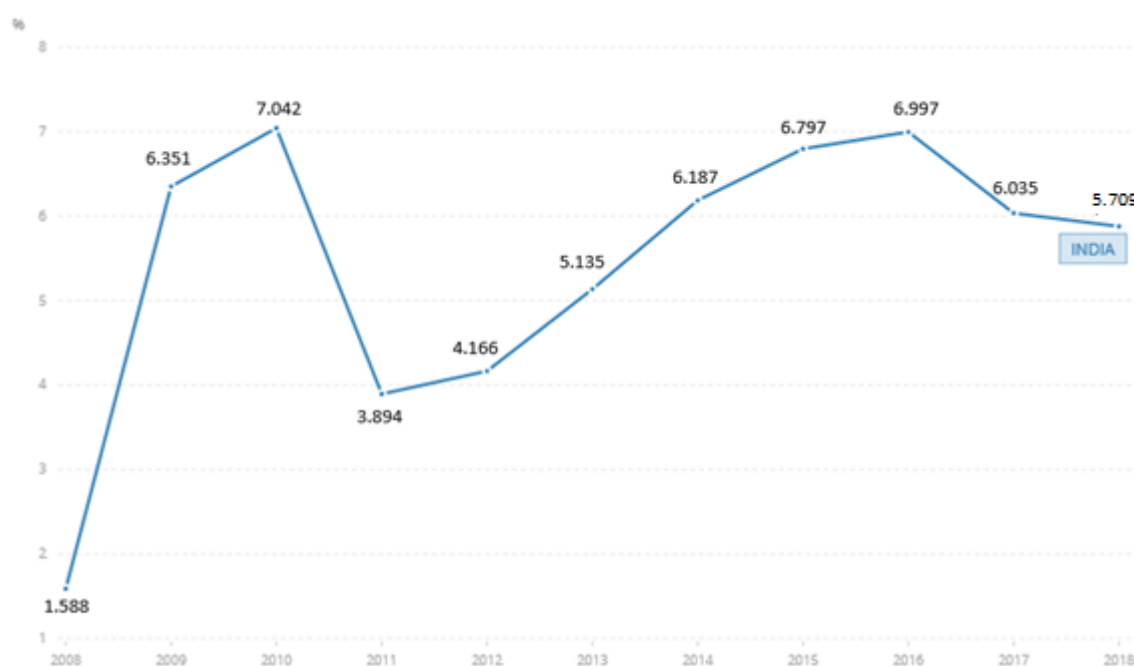
For further details, see “Risk Factors – This Preliminary Placement Memorandum contains information from the Analysys Mason report which is a commissioned report. The accuracy of statistical and other information with respect to the telecommunication infrastructure sector and the Analysys Mason report which are based on certain bases, estimates and assumptions that are subjective in nature, cannot be guaranteed” of this Preliminary Placement Memorandum.

Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this section as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Issue and the Units.

### The Indian Economy

India is the third largest economy when its gross domestic product (“GDP”) is compared in terms of purchasing power parity (PPP) in 2018 according to the World Bank. India’s total GDP size was U.S.\$2.7 trillion in 2018 according to the World Bank. India’s GDP per capita has consistently grown between 5% and 7% between 2013 and 2018 according to the World Bank.

The following diagram sets forth India’s GDP per capita growth for the periods indicated:



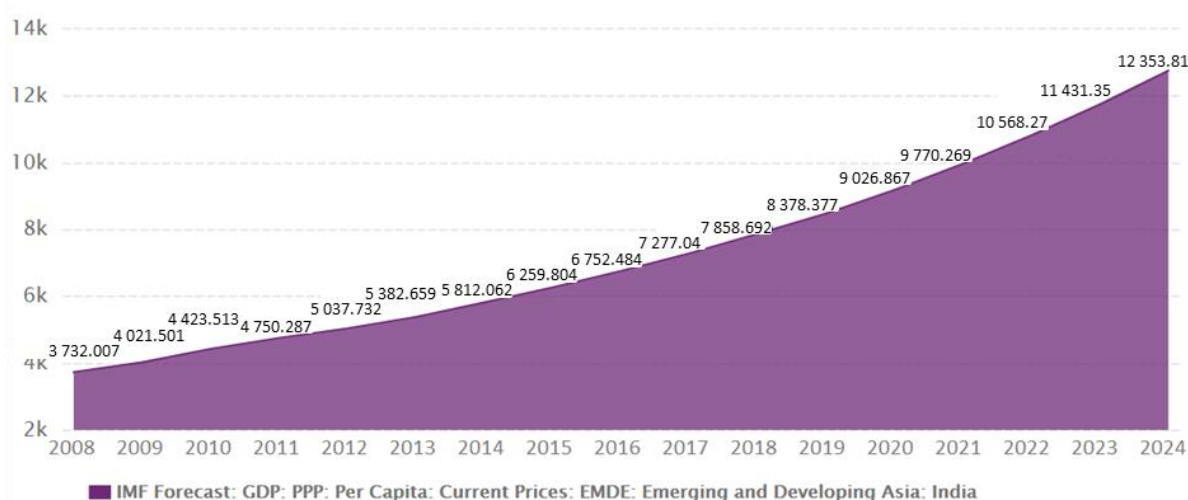
(Source: World Bank, accessed on January 7, 2020)

India’s per capita income has also risen in recent years. According to the International Monetary Fund (the “IMF”), India’s GDP per capita at current prices in 2019 was estimated to be U.S.\$ 2.17 thousand. (Source: International Monetary Fund, accessed on January 7, 2020 at: <http://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/IND>)

India is becoming increasingly urbanized. In 2018, India’s urban population increased to approximately 460.3 million representing 34% of India’s population. (Source: World Bank, accessed on January 7, 2020 at

<https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?view=map>)

The CEIC expects that India’s economy will continue to grow rapidly. India’s GDP per capita on PPP basis is forecasted to be U.S.\$ 12,353.81 in 2024. This records an increase from the last reported number of U.S.\$ 8,378.38 in 2019.



(Source: CEIC Data, accessed January 7, 2020)

Further, India has recorded a significant improvement in ease of doing business. In the World Bank’s latest Doing Business Report (“DB 2020”), India has moved up 14 positions against its rank of 77 in 2018 to be placed now at 63 among 190 countries assessed by the World Bank. (Source: World Bank, accessed January 7, 2020, <https://www.worldbank.org/en/news/feature/2019/10/24/doing-business-2020-sustaining-the-pace-of-reforms>, Ministry of Commerce & Industry, India, accessed January 7, 2020 at <https://www.phdcci.in/wp-content/uploads/2019/10/India-jumps-14-spots-in-Ease-of-Doing-Business-rankings-2020-ranks-63rd-out-of-190-countries.pdf>)

The Doing Business assessment provides objective measures of business regulations and their enforcement on ten parameters affecting a business through its life cycle. In DB 2020, India was classified as one of the ten economies that improved the most in their ease of doing business scores in 2018-19. The other nine economies were Bahrain, China, Jordan, Kuwait, Nigeria, Pakistan, Saudi Arabia, Tajikistan and Togo.

**TABLE O.2 The 10 economies improving the most across three or more areas measured by *Doing Business* in 2018–19**

Economy	Ease of doing business rank	Change in ease of doing business score	Reforms making it easier to do business									
			Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Saudi Arabia	62	7.7	✓	✓	✓		✓	✓		✓	✓	✓
Jordan	75	7.6					✓		✓			✓
Togo	97	7.0	✓	✓	✓	✓	✓					
Bahrain	43	5.9		✓	✓	✓	✓	✓	✓	✓	✓	✓
Tajikistan	106	5.7	✓				✓			✓		
Pakistan	108	5.6	✓	✓	✓	✓			✓	✓		
Kuwait	83	4.7	✓	✓	✓	✓	✓	✓	✓	✓		
China	31	4.0	✓	✓	✓				✓	✓	✓	✓
India	63	3.5	✓	✓						✓		✓
Nigeria	131	3.4	✓	✓	✓	✓				✓	✓	

(Source: World Bank, accessed January 7, 2020 at <https://www.worldbank.org/en/news/feature/2019/10/24/doing-business-2020-sustaining-the-pace-of-reforms> )

## Indian Telecommunications Industry

### Indian mobile telecommunications services sector

The mobile telecommunications industry is an integral part of the Indian economy. The industry has contributed to the economic growth and the GDP of the country by generating revenue for the Government and creating new jobs, directly and indirectly.

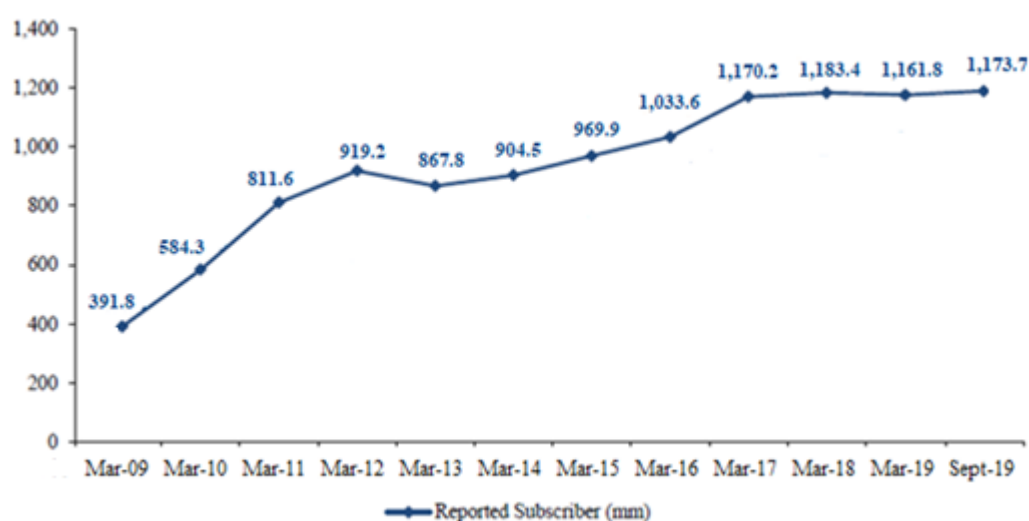
India is currently the world's second-largest telecommunications market by subscribers and strong customer demand has led to a rapid growth in this sector. As of September 30, 2019, India had a total reported telephone subscriber base of 1,195.24 million according to TRAI.

Mobile telecommunications operators offer two basic subscription methods, pre-paid and post-paid. The pre-paid subscription model is currently the most widely used subscription method in the mobile telecommunications industry in India.

	Wireless	Wireline	Total
<b>Total Telephone Subscribers (in millions)</b>	<b>1,173.75</b>	<b>21.49</b>	<b>1,195.24</b>
Net Addition in September, 2019 (in millions)	2.75	0.67	3.42
Monthly Growth Rate (%)	0.23%	3.23%	0.29%
<b>Urban Telephone Subscribers (in millions)</b>	<b>659.18</b>	<b>18.77</b>	<b>677.95</b>
Net Addition in September, 2019 (in millions)	-3.56	0.71	-2.85
Monthly Growth Rate (%)	-0.54%	3.95%	-0.42%
<b>Rural Telephone Subscribers (in millions)</b>	<b>514.56</b>	<b>2.72</b>	<b>517.29</b>
Net Addition in September, 2019 (in millions)	6.31	-0.04	6.27
Monthly Growth Rate (%)	1.24%	-1.46%	1.23%
<b>Overall Tele-density (%)</b>	<b>88.90</b>	<b>1.63</b>	<b>90.52</b>
Urban Tele-density (%)	156.18	4.45	160.63
Rural Tele-density (%)	57.28	0.30	57.59
Share of Urban Subscribers (%)	56.16%	87.33%	56.72%
Share of Rural Subscribers (%)	43.84%	12.67%	43.28%
<b>Broadband Subscribers (in millions) as of September 30, 2019</b>	<b>606.41</b>	<b>19.01</b>	<b>625.42</b>

(Source: Telecom Regulatory Authority of India (TRAI))

The chart below illustrates the annual subscriber base from March 31, 2009 to March 31, 2019 and the total wireless subscriber as of September 30, 2019:



(Source: TRAI)

The mobile telecommunications industry in India is divided into 22 service areas – three metro service areas (Delhi, Mumbai, and Kolkata) and 19 other service areas. These other service areas are categorized as Circle 'A', Circle 'B' and Circle 'C', in descending order on the basis of the degree of affluence, infrastructure development and revenue potential

across each service area. The licensed service areas of the various cellular service providers as of September 30, 2019 are provided below:

Service Provider	Licensed Service Area
Bharat Sanchar Nigam Limited (“ <b>BSNL</b> ”)	All India (except Delhi & Mumbai)
Bharti Airtel Limited (“ <b>Bharti Airtel</b> ”)	All India
Mahanagar Telephone Nigam Limited (“ <b>MTNL</b> ”)	Delhi & Mumbai
Reliance Jio Infocom Limited (“ <b>Reliance Jio</b> ”)	All India
Reliance Telecom Limited	Kolkata, Madhya Pradesh, West Bengal, Himachal Pradesh, Bihar, Odisha, Assam & North East
Vodafone Idea Limited (“ <b>Vodafone Idea</b> ”)	All India

(Source: TRAI)

The following table sets forth the wireless subscriber base for the key access service providers for each service area:

Subscribers as of September 30, 2019	Bharti Airtel	Vodafone Idea	Reliance Jio
<b>Circle</b>	<b>(In millions)</b>		
Andhra Pradesh	28.6	20.8	28.2
Assam	8.3	5.6	7.5
Bihar	35.8	18.0	26.4
Delhi	15.2	19.0	17.3
Gujarat	10.9	29.6	22.2
Haryana	4.3	10.1	8.8
Himachal Pradesh	3.4	1.2	3.3
Jammu & Kashmir	5.4	1.1	3.6
Karnataka	28.3	14.0	19.4
Kerala	5.5	20.1	8.4
Kolkata	6.4	8.5	9.7
Madhya Pradesh	14.9	27.4	26.8
Maharashtra	15.5	43.3	27.9
Mumbai	9.6	14.7	13.3
North East	5.2	2.3	3.3
Orissa	12.0	4.1	11.1
Punjab	10.2	11.3	13.0
Rajasthan	21.2	15.5	22.8
Tamil Nadu (incl. Chennai)	25.3	23.2	21.9
Uttar Pradesh (East)	30.4	32.7	25.6
Uttar Pradesh (West)	13.2	27.7	18.3
West Bengal	16.0	22.3	16.4
<b>Total</b>	<b>325.6</b>	<b>372.5</b>	<b>355.2</b>

(Source: TRAI)

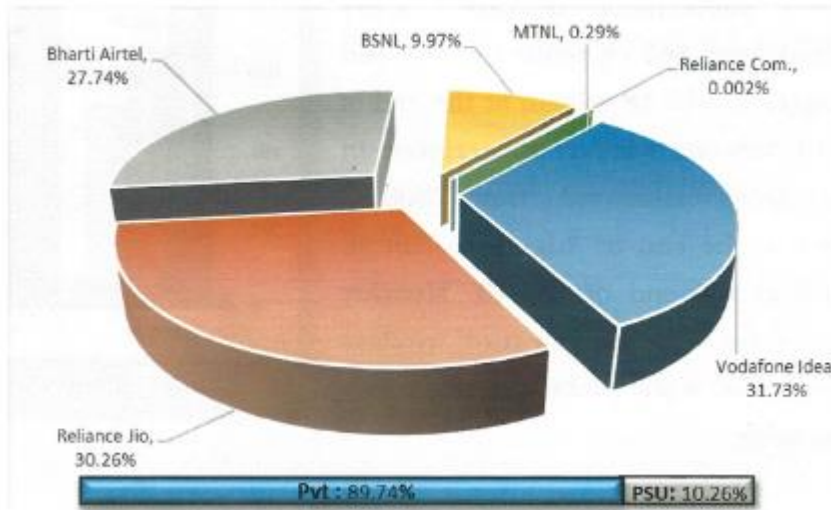
The wireless telecommunication industry in India has undergone a massive transformation in the last two years with the launch of services by Reliance Jio Infocomm Limited (“**RJIL**”). RJIL saw a net addition in wireless subscribers of access service providers of almost 6.9 million subscribers in the month of September 2019. RJIL brought about a change in the fundamental tenet of the industry with entire growth being driven by affordable data services. As of September 30, 2019, RJIL had 355.2 million wireless subscribers on its network according to TRAI.

As of September 30, 2019, private access service providers held 89.74% market share of the wireless subscribers whereas BSNL and MTNL, the two public service Undertaking access service providers, held a market share of 10.26%. Among the private access service providers, notable companies include Vodafone Idea (with a market share of 31.73%), Bharti Airtel (with a market share of 27.74%) and RJIL (with a market share of 30.26%).

The following diagrams show the graphical representation of access service provider-wise market share based on wireless subscribers as of September 30, 2019:



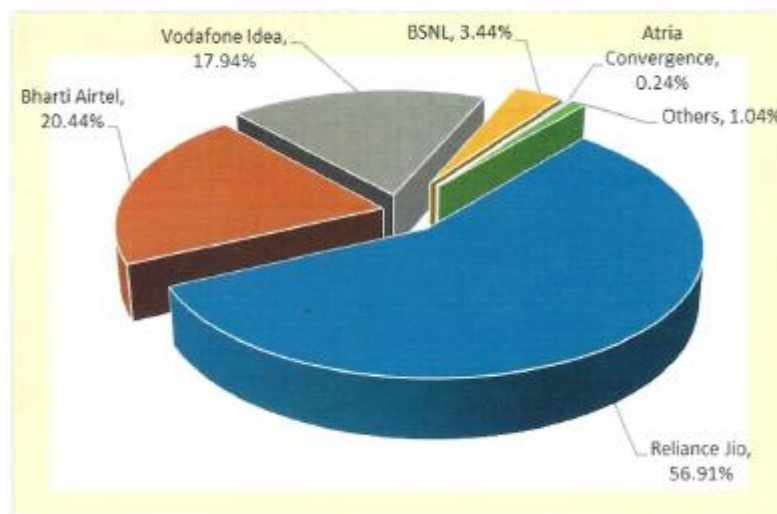
**Access Service Provider-wise Market Shares in term of Wireless Subscribers as on 30<sup>th</sup> September, 2019**



(Source: TRAI)

On the other hand, within the subset of broadband service providers, RJIL holds the largest market share with 56.91% as of September 30, 2019 based on the number of subscribers. This is closely followed by Bharti Airtel with 20.44% and Vodafone Idea with 17.94% of market share. The top five providers form 98.96% of the total internet subscriber base, as of September 30, 2019 according to TRAI.

**Service Provider-wise Market Share of Broadband (wired + wireless) Services as on 30.09.2019**



**Government Initiatives and Regulation**

The Government of India has taken various initiatives to bolster the growth of the telecommunications industry in India.

**National Telecom Policy (NTP) 1994, 1999 and 2012**

Before 1994, the telecommunications industry in India was a Government managed monopoly. In 1994, the Government announced the NTP which defined certain important objectives, including availability of telephone on demand, provision of world class services at reasonable prices, ensuring India’s emergence as a major manufacturing / export base of telecommunications equipment and universal availability of basic telecommunications services. Importantly, the NTP 1994 was introduced with the aim of privatising the sector, as it was recognised that the private sector was required to bridge the resource gap. The Government thus invited private sector participation in a phased manner from the early nineties.

In 1997, the TRAI was established by the Telecom Regulatory Authority of India Act, 1997. The aim of TRAI is to regulate telecommunications services, including the fixation and revision of tariffs for telecommunications services which were earlier vested with the Government and to create and nurture an environment for the growth of the telecommunications



sector in India.

In 1999, the Government announced a new NTP which largely focused on creating an environment for attracting continuous investment in the telecommunications sector and allowing the creation of communication infrastructure by leveraging on technological development. Specific objectives of the NTP were as under:

- Access to telecommunications is of utmost importance for achievement of the country's social and economic goals. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the policy.
- Strive to provide a balance between the provision of universal service to all uncovered areas, including the rural areas, and the provision of high-level services capable of meeting the needs of the country's economy.
- Encourage development of telecommunication facilities in remote, hilly and tribal areas of the country;
- Create a modern and efficient telecommunications infrastructure taking into account the convergence of IT, media, telecommunications and consumer electronics and thereby propel India into becoming an IT superpower;
- Convert public call offices, wherever justified, into Public Teleinfo centres having multimedia capability like Integrated Services Digital Network (ISDN) services, remote database access, government and community information systems etc.
- Transform in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players.
- Strengthen research and development efforts in the country and provide an impetus to build world-class manufacturing capabilities.
- Achieve efficiency and transparency in spectrum management.
- Protect the defence & security interests of the country.
- Enable Indian telecommunications companies to become truly global players.

Specifically, the new NTP allowed service providers to migrate their license fee structure from fixed to revenue sharing, which made it financially viable for such operators to function in the market. The Government also extended the initial license term from 10 years to 20 years. Through the new NTP, the Department of Telecommunications (“DoT”) was bifurcated into BSNL, the Government managed telecommunications service provider, and DoT, the policy maker and licensor. It also permitted the DoT to issue more mobile telecommunications licenses in each Service Area. Subsequently, in September and October 2001, 17 fresh licenses were issued to private companies as the fourth cellular operator, one each in four metro cities and 13 telecommunications circles. In 2012, the Government approved the NTP 2012, which continued NTP 1999’s vision of transforming the country into an empowered and inclusive knowledge-based society using telecommunications as a platform.

### ***Digital India***

The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. It is an umbrella programme that covers multiple Government Ministries and Departments, with overall coordination arranged by the Department of Electronics and Information Technology. Digital India aims to provide the much needed thrust to the nine pillars of growth areas, namely Broadband Highways, Universal Access to Mobile Connectivity, Public Internet Access Programme, e-Governance: Reforming Government through Technology, e-Kranti – Electronic Delivery of Services, Information for All, Electronics Manufacturing, IT for Jobs and Early Harvest Programmes. Notable Digital India initiatives relevant to bolstering the growth of the telecommunications industry include the setting up of Bharat Broadband Network Limited, which is a special purpose vehicle set up under the Companies Act by Government of India with a mandate to create the National Optical Fibre Network in India. (Source: Ministry of Electronics & Information Technology, Government of India, accessed on July 4 2019 at <https://digitalindia.gov.in/content/introduction>)

### ***National Digital Communications Policy (NDCP) 2018***

In September 2018, the Union Cabinet approved the NDCP. The NDCP envisions supporting India's transition to a digitally empowered economy and society by fulfilling the information and communications needs of citizens and enterprises by establishment of a ubiquitous, resilient and affordable digital communications infrastructure and services. (Source: Press Information Bureau, Government of India, accessed on July 4 2019 at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=183711>). Specifically, it envisages three Missions. (Source: National Digital Communications Policy 2018)

First, “*Connect India*” aims to create a robust digital communications infrastructure, promoting Broadband for All as a tool for socio-economic development, while ensuring service quality and environmental sustainability. This includes the following targets:

- Provide Universal broadband connectivity at 50 megabits per second (“**Mbps**”) to every citizen;
- Provide 1 billions of bits per second (“**Gbps**”) connectivity to all Gram Panchayats (village councils) of India by 2020 and 10 Gbps by 2022;
- Enable a fixed line broad band access to 50% of households;
- Achieve “unique mobile subscriber density” of 55 by 2020 and 65 by 2022; and
- Ensure connectivity to all uncovered areas.

Second, “*Propel India*” focuses on enabling next generation technologies and services through investments, innovation and IPR generation. In particular, it aims to harness the power of emerging digital technologies, notably 5G, to enable the provision of future ready products and services. Specific targets include:

- Attract investments worth U.S.\$100 billion in digital communications sector;
- Increase India’s contribution to global value chains;
- Creation of innovation led start-ups in digital communications sector;
- Train/ Re-skill 1 million manpower for building new age skills; and
- Accelerate transition to Industry 4.0 (the fourth Industrial Revolution).

Lastly, “*Secure India*” focuses on securing the interests of citizens and safeguarding the digital sovereignty of India with a focus on ensuring individual autonomy and choice, data ownership, privacy and security; while recognizing data as a crucial economic resource. Specific targets include:

- Establish a comprehensive data protection regime for digital communications;
- Ensure net neutrality principles are upheld;
- Develop and deploy robust digital communication network security frameworks;
- Build capacity for security testing and establish appropriate security standards; and
- Address security issues relating to encryption and security clearances.

The NDCP also provides incentives to tower companies to facilitate the establishment of mobile tower infrastructure by:

- extending incentives and exemptions for the construction of telecommunication towers;
- according accelerated rights of way (“**ROW**”) permissions for telecommunication towers in government premises; and
- promoting and incentivizing deployment of solar and green energy for telecommunication towers.

#### ***Active Infra-sharing Notification***

In February 2016, the DoT issued a notification to all ‘unified license’ (access service) licensees, amending the unified license (access) service agreement permitting sharing of active infrastructure among service providers, based on mutual agreements. As per the notification, active infrastructure sharing will be limited to antenna, feeder cable, Node B, Radio Access Network (“**RAN**”) and transmission system only (*Source: Department Of Telecommunications Notifications dated February 11, 2016*).

#### ***Smart Cities Mission***

The Smart Cities Mission is an urban renewal and retrofitting initiative by the Ministry of Housing and Urban Affairs, with the mission to develop 100 cities across the country and make them citizen friendly and sustainable. (*Source: Ministry of Urban Development, accessed on January 7, 2020 at [http://smartcities.gov.in/upload/uploadfiles/files/SmartCityGuidelines\(1\).pdf](http://smartcities.gov.in/upload/uploadfiles/files/SmartCityGuidelines(1).pdf)*). The initiative focuses primarily on the

following: city improvement (retrofitting), city renewal (redevelopment) and city extension (greenfield development), and a Pan-city initiative in which Smart Solutions are applied covering larger parts of the city. (Source: Ministry of Housing and Urban Affairs, Government of India, accessed on January 7, 2020 at <http://smarcities.gov.in/content/innerpage/strategy.php>)

## BUSINESS

*This section should be read in conjunction with, and is qualified in its entirety by, the sections entitled “Risk Factors”, “Audited Consolidated Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 52, 210 and 152, respectively, as well as all other information contained in this Preliminary Placement Memorandum.*

### OVERVIEW

We are a registered infrastructure investment trust under the InvIT Regulations, set up in order to invest in infrastructure projects in accordance with the InvIT Regulations.

The Trust currently holds 51% of the equity shareholding in Reliance Jio Infratel Private Limited (“**RJIPL**” or the “**Tower Co.**”) and has entered into the Share Purchase Agreement - II to acquire the remaining 49% of the equity shareholding in the Tower Co. using a portion of the Issue Proceeds. Accordingly, on the consummation of the Share Purchase Agreement - II, the Trust shall hold 100% of the equity shareholding in the Tower Co. The Tower Co. is in the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services (the “**Tower Infrastructure Business**”) to telecommunication service providers (“**TSPs**”). The Tower Co. with a pan-India portfolio of 174,451 telecommunication towers (including 124,091 operational and 50,360 under-construction and under-development towers) as of September 30, 2019 (the “**Initial Tower Sites**”) is one of the largest independent tower companies in India. The Tower Infrastructure Business was transferred from Reliance Jio Infocomm Limited (“**RJIL**”) to the Tower Co. by way of a slump sale on a going concern basis under a scheme of arrangement (“**Scheme**”) with effect from close of business hours on March 31, 2019.

RJIL is one of the fastest growing wireless broadband services providers in India and in less than 3 years from its commercial launch in September 2016 has grown its wireless subscriber base to 355.22 million as of September 30, 2019, the second largest in India, according to TRAI. RJIL is the industry leader in the Indian telecommunications sector with the largest market share of 39.5% and 56.9% based on revenue and total broadband subscribers, respectively, for the six months ended and as of September 30, 2019, according to TRAI.

Our Tower Sites consist of a network of ground-based towers (“**GBT**”), ground-based masts (“**GBM**”), roof-top towers (“**RTT**”), roof-top poles (“**RTP**”) and cell-on-wheels (“**COW**”). We offer space on our Macro Towers for TSPs to host the active equipment for providing telecommunications services. On December 16, 2019, the Tower Co. entered into a 30-year master services agreement (the “**Master Services Agreement**”), with RJIL to provide Passive Infrastructure and Services to RJIL. The Master Services Agreement, which would come into effect on the SPA Closing Date would replace the Original MSA between the Tower Co. and RJIL. RJIL currently is our sole tenant has certain preferential rights under the Master Services Agreement and also has preferential rights for taking up additional tenancies on the Initial Tower Sites. The Tower Co. has also executed the O&M Agreement with Jio Infrastructure Management Services Limited (“**JIMSL**” or “**Project Manager**”) and Reliance Digital Platform & Project Services Limited (“**RDPPSL**” or “**Operator**”) to operate, maintain and manage its Passive Infrastructure and provide Services thereto for a period of 30 years, pursuant to the terms of the O&M Agreement. The O&M Agreement shall come into effect from the Tower Agreements Closing Date. Further, the Tower Co. has executed the Project Execution Agreement with the Project Manager, RJIL and RDPPSL as contractor (the “**Contractor**”) to establish the Passive Infrastructure for the Tower Co. The Project Execution Agreement shall come into effect from the Tower Agreements Closing Date and shall continue to remain in force for a period of 30 years therefrom. For more information about the Master Services Agreement, the O&M Agreement and the Project Execution Agreement, see the section titled “*Overview of the Trust*” on page 19.

Our Macro Towers are one of the youngest portfolio of tower assets in the industry. As of September 30, 2019, more than 60% of our towers are fiberized i.e. they use fibre for backhaul and have access to a fibre network, which we believe is critical for TSPs whose revenue growth is increasingly being led by data services and products offering. With an increasing rollout of 4G / LTE networks by TSPs and a trend for rapid technological developments in the market to transition to 5G and beyond, we believe that our network of macro towers provide us with significant advantage to tap the market and attract new customers.

The following map demonstrates the pan-India presence of our tower assets:



## **COMPETITIVE STRENGTHS**

We believe that our competitive strengths are as follows:

### **Well diversified tower portfolio with pan-India presence across urban and rural markets**

Our tower portfolio is well diversified across India. We have an established presence across all 22 telecommunications circles in India, including the metro, A-category, B-category and C-category telecommunications circles. Majority of our towers are located in metro, A-category and B-category circles which account for a large proportion of telecom subscribers in India and have a strong potential for revenue growth.

Our towers are located across both urban and rural areas in India. According to TRAI, as of September 30, 2019, rural wireless subscribers constituted 43.84% of total wireless subscribers in India. With a large part of our tower portfolio in rural India, we believe that we are well positioned to benefit from the increase in consumer demand in telecommunications services being driven from rural India.

We believe that the geographic diversity of our tower portfolio will play a major role in developing our experience and expertise, including our ability to evaluate, own, acquire, operate and maintain new towers.

### **Stable, secure and recurring revenue through the Master Services Agreement with RJIL with additional revenue potential from new tenancies**

Our Initial Tower Sites play a critical role in the seamless operations of RJIL's core telecommunication service offering. We have entered into the Master Services Agreement with RJIL that would come into effect on the SPA Closing Date. Under the Master Services Agreement, RJIL shall be granted one tenancy on all our Initial Tower Sites for a term of 30 years. Further, we have a right of first offer ("ROFO") whenever RJIL requires Passive Infrastructure and Services on a Macro Tower (not forming part of the Initial Tower Sites). Additionally, the Master Services Agreement provides for continuity and therefore stability in revenues for the Tower Co. even in situations of 'relocation' of our towers or where RJIL seeks to terminate or decommission any Tower Site. We are entitled to receive from RJIL monthly tariffs, consisting

of Monthly Site Premium with built in escalation clause, Monthly Site Reimbursement and P&F Costs. Accordingly, the Master Services Agreement provides us with high degree of certainty with respect to our revenues and cash flows.

Further, majority of our Initial Tower Sites are GBT which are capable to accommodate additional tenancies from third parties besides RJIL. RJIL is currently the sole tenant on all our Macro Towers. We accordingly have a significant opportunity to increase tenancies on our GBTs as well as RTTs thus, improving our overall tenancy ratios and creating additional revenue and cash flow stream.

**Large portfolio of high quality, fiberized and newly constructed towers ideally suited to capitalize on the strong industry tailwinds and high demand for delivery of digital services**

The wireless telecommunication industry in India has undergone a transformation in the last 2 years with the launch of telecommunication services by RJIL. The per capita data consumption on RJIL networks is approximately 11.7 GB/month, with 355.22 million wireless subscribers as of September 30, 2019. Driven by growth in number of subscribers as well as usage, overall industry wireless data traffic is expected to grow at a CAGR of 57.0% over Fiscal Years 2018 to 2022 and further at a CAGR of 11.0% between Fiscal Years 2022 and 2029, according to the Analysys Mason Report. Voice traffic too is expected to shift substantially to VoLTE by Fiscal Year 2025. Further, according to the Analysys Mason Report, the total number of active SIMs are likely to grow by more than 50.0% over the next 10 years to 1.6 billion, all of which will be data SIMs indicating a long runway for data growth on the network.

With further proliferation of video enabled products and services and wider adoption of over the top (“OTT”) applications, the per capita data consumption of users already connected to mobile broadband network is projected to increase manifold. In addition, further roll-out and coverage of video enabled network by RJIL and a higher prevalence of LTE and subsequent technologies in general, will bring more and more users from all corners of the country on to the data network thereby further increasing the demand for data. The surge in data traffic and the transition towards 100% 4G networks and beyond will require both capacity and coverage sites thereby leading to significant densification of existing networks. According to the National Digital Communications Policy, 2018 (the “**Indian Communications Policy**”), the Government of India targets to achieve fiberization of at least 60% of telecommunication towers by 2022 to enable accelerated migration to 4G and 5G.

As of September 30, 2019, more than 60% of our towers are fiberized using fibre for backhaul and ready for higher capacity and bandwidth requirements in the event of increased data consumption by digital users through services and applications, which we believe is critical for TSPs whose revenue growth is increasingly being led by data services and products offering. High speed data demand requires denser network and better backhaul for superior user experience. We believe that with an increasing rollout of 4G / LTE networks by telecommunications operators and a trend for rapid technological developments in the market to transition to 5G and beyond, our high quality fiberized towers would give us significant advantage in attracting new customers and driving our revenue growth.

Additionally, our towers are one of the youngest portfolio of towers in the industry. This we believe would help us in attracting new customers given the relatively long remaining useful life of our towers.

All our towers are proposed to be connected to the electricity board and have diesel generators and battery backup to meet the agreed service level agreement standards. We currently use lithium-ion batteries instead of lead-acid batteries which are more commonly used in the industry, leading to less space and weight requirements, increased power back-up time compared to traditional batteries, optimized operational costs, reliable performance and less carbon footprint. Further, our towers also have a built-in battery management system and can be monitored remotely. This we believe would improve our overall operational efficiency and meeting our service level commitments.

**Long term O&M arrangement in place providing stability in costs and cash flows**

We have entered into the O&M Agreement with JIMSL and RDPPSL under which RDPPSL shall be responsible for operations, maintenance and periodic repairs required for our towers for a period of 30 years. Further, RDPPSL shall be responsible for meeting the service level requirements laid down in the Master Services Agreement entered into with RJIL. The scope of the O&M arrangement includes among other things, (i) strengthening capex if required to achieve one more tenant in addition to RJIL on the GBTs and 50% of the cumulative RTTs and RTPs, in each case forming part of the Initial Tower Sites; (ii) replacement of passive equipment including DC power systems, diesel generator sets and battery bank, and other identified equipment; and (iii) payment of operating costs, including related insurance policies and associated costs of any claims and annual maintenance costs. The arrangement provides for cost budgets including escalations, which need to be adhered to by RDPPSL and additional safeguards have been provided to us in the form of recovery of O&M costs in excess of the cost budgets from RJIL. We believe this arrangement provides us with stability in our costs and cash flows.

## **Favourable government policies paving way for growth in passive infrastructure industry**

We believe that the Government's focus on digitalisation of the Indian economy will be beneficial to our business. Under the Indian Communications Policy, the Government of India has stated that in order to expand mobile and broadband connectivity across India, it is critical to focus on infrastructure development initiatives related to fibre deployment and right of way clearances, for both over ground and underground infrastructure that will form the backbone of next generation technologies. The Indian Communications Policy also looks to providing incentive to tower companies such as (i) extending exemptions for the construction of telecommunication towers; (ii) according accelerated ROW permissions for telecommunication towers in government premises; and (iii) promoting and incentivizing deployment of solar and green energy for telecommunication towers. We believe these initiatives and policies would give further impetus to the industry and growth in tenancies. As per Analysys Mason Report, the total demand for tenancies is projected to increase to 1,023,000 in Fiscal Year 2029. For further details on the market opportunity and the telecommunications industry in India, see the section titled "*Industry Overview*". We believe that we are well positioned to tap the growing demand for tenancies given our current low utilization. Further we have the opportunity to increase our portfolio of towers to meet the growing demand for passive infrastructure by the TSPs.

## **INVESTMENT STRATEGY AND RISK AND CAPITAL MANAGEMENT STRATEGY**

The followings are our strategies:

### **Improve the tenancy ratio on our towers by targeting new customers as well as offering additional tenancies to meet requirements of RJIL**

We believe that our towers are ideally suited to tap the growing demand for high quality and fiberized telecommunication towers from TSPs given the increasing demand for data services and roll out of and adoption of next generation and newer technologies such as 4G and 5G. We would continue to service RJIL through our Initial Tower Sites, to meet its growing demand for passive infrastructure services. We would also look to actively market our Initial Tower Sites to third party TSPs to achieve (i) improved utilization; (ii) reduce dependence on RJIL; and (iii) increased revenue from operations and cash flows for our Unitholders.

### **Increase the portfolio of our telecommunication towers**

As per Analysys Mason Report, the total tenancies in the market is set to increase from approximately 695,000 in Fiscal Year 2019 to around 1,023,000 in Fiscal Year 2029. With the huge opportunity in providing passive infrastructure services, we would look at opportunistically acquiring additional telecommunication tower portfolios with secured and long term service agreements to be entered with TSPs. Additionally, in accordance with the terms of our Master Services Agreement with RJIL, we would evaluate opportunities to construct new telecommunication towers to meet the requirements of RJIL as well as acquiring any new telecommunication towers constructed by RJIL in accordance with the terms of the Master Services Agreement for its own captive use.

### **Institute and maintain efficient capital structures to maximize distributions to the Unitholders**

We intend to pursue instituting and maintaining efficient capital structure at all levels to maximize distributions to the Unitholders. For instance, from the proceeds of the issuance of Units, we intend to extend loans aggregating to ₹ 250 billion to the Tower Co. This we believe would allow us greater flexibility to manage distributions of cash flows from the Tower Co. to the Trust and eventually to the Unitholders. We would also seek to employ appropriate financing policies and diversify the Trust's sources of financing with the objective of minimizing our overall cost of capital.

### **Continue to focus on achieving cost efficiencies through innovative techniques and high-quality, technologically advanced equipment**

We would continue to focus on achieving operating cost efficiencies through the use of innovative designs and techniques for our towers. For instance, placing utilities inside each GBT thus reducing space usage, using natural cooling mechanism and thus reducing use of air-conditioning or fans, use of light-weight outdoor cabinet designs, the use of lithium-ion batteries leading to much longer battery life cycles compared to lead-acid batteries and micro-piling.

Further, our commitment to the long-term performance of our towers are exemplified by our approach of ensuring that we invest in high-quality, technologically advanced equipment at the outset, which also leads to low cost per tower over its life-cycle. We continue to enhance our project quality management and automation practices by moving from conventional reactive maintenance to predictive maintenance through the use of advanced tools and applications. We believe that the above mentioned approach would contribute to our cost efficiencies in the long-term.

## OVERVIEW OF PARTIES TO THE TRUST AND STRUCTURE OF THE TRUST

### *The Reliance Sponsor*

RIIHL is a wholly owned subsidiary of Reliance Industries Limited (“**RIL**”) the largest and most profitable private sector company in India in terms of market capitalisation as at December 31, 2019, with interests in petroleum refining and marketing, petrochemicals, textiles, exploration and production of oil and gas, retail, media and entertainment, financial services and telecommunication and digital services. RIL is India’s first private sector company to feature in the Global Fortune 500 list and was placed at the 106th rank for calendar year 2019. The equity shares of RIL are listed on both the BSE Limited and the National Stock Exchange of India Limited and its global depository receipts are listed on the Luxembourg Stock Exchange. RIL is India’s one of the most valuable companies with a market capitalization in excess of US\$136.00 billion as of December 31, 2019. For further details, see “*Parties to the Trust – The Sponsors – The Reliance Sponsor*” on page 82.

### *The Brookfield Sponsor*

BIF IV Jarvis India Pte. Ltd. is proposed to be the other sponsor of the Trust, pursuant to the execution of the Deed of Accession. It is an entity forming part of the Brookfield Group, that is the entities which are directly or indirectly controlled by Brookfield Asset Management Inc. (“**BAM**”). BAM (together with its affiliates, “**Brookfield**”) is a global alternative asset manager, currently listed on the New York Stock Exchange and the Toronto Stock Exchange and has a market capitalization of approximately US\$56 billion as of September 30, 2019. All infrastructure related investments by BAM are made through Brookfield Infrastructure Partners, L.P (“**BIP**”). The units of BIP are listed on the New York Stock Exchange and the Toronto Stock Exchange and its market capitalization as of September 30, 2019 was approximately US\$21 billion. BAM is a global asset manager which, together with its affiliates, owns and operates assets, with a focus on infrastructure, renewable power, property and other real assets. BAM had approximately over US\$500 billion of assets under management as of September 30, 2019. BAM’s infrastructure vehicle, BIP, owns and operates one of the largest infrastructure portfolios in the world, with approximately US\$113 billion of assets under management as of September 30, 2019. For further details, see “*Parties to the Trust – The Sponsors – The Brookfield Sponsor*” on page 83.

### *Trustee*

The Trustee of the Trust is Axis Trustee Services Limited and is a registered intermediary with SEBI. The Trustee is not an Associate of either of the Sponsors or the Investment Manager. For further details, see “*Parties to the Trust - The Trustee - Axis Trustee Services Limited*” on page 84.

### *Investment Manager*

Infinite India Investment Management Limited (“**IIIML**”) is the Investment Manager of the Trust. IIIML is a 100.0% subsidiary of JM Financial Limited. In accordance with the terms of the Share Purchase Agreement - II and subject to provision of the InvIT Regulations, it is proposed to appoint a new investment manager, being an entity nominated and controlled by the Brookfield Sponsor or any of its affiliates, in place of IIIML. For further details, see “*Parties to the Trust - The Investment Manager - Infinite India Investment Management Limited*” on page 94 and “*Parties to the Trust – The Investment Manager – Details of the Proposed Investment Manager – WIP (India) Private Limited*” on page 104. Please also see “*Related Party Transactions – Shareholder and Option Agreement*” on page 169.

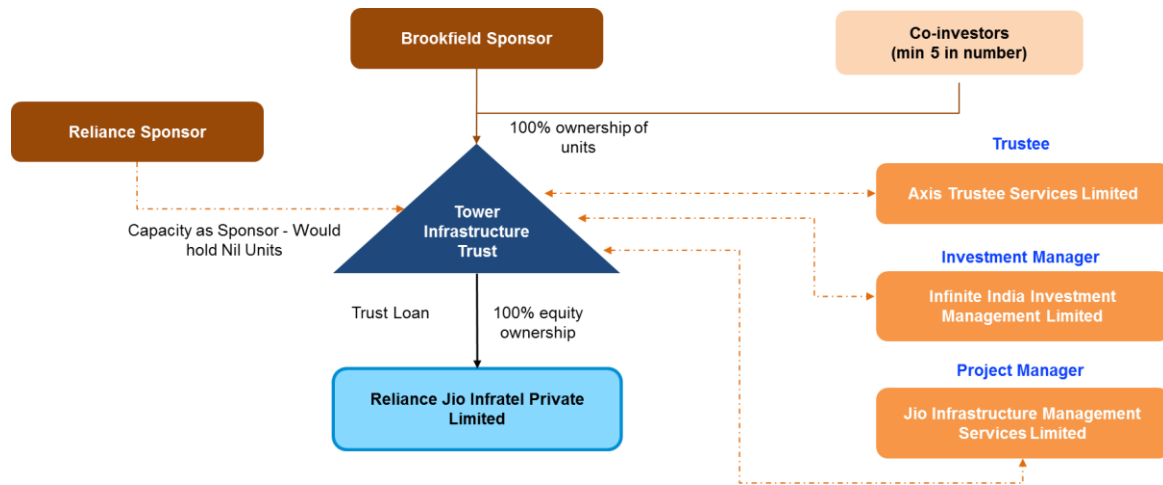
### *Project Manager*

JIMSL, a subsidiary of the Reliance Sponsor, is the Project Manager and has entered into a project implementation and management agreement (the “**Project Implementation and Management Agreement**”) with the Tower Co., the Trustee and the Investment Manager in accordance with the InvIT Regulations. In accordance with the terms of the Project Implementation and Management Agreement, the Project Manager shall provide project implementation, execution, operations and maintenance services in relation to the InvIT Assets either directly or through appointment of contractors and operators under its supervision.

Accordingly, the Project Manager has entered into the Project Execution Agreement with RJIL, the Tower Co. and RDPPSL on December 16, 2019 in accordance with the terms of which RDPPSL shall establish Passive Infrastructure for the Tower Co. Further the Project Manager has entered into the O&M Agreement with the Tower Co. and RDPPSL, in accordance with the terms of which RDPPSL shall provide for the operations, maintenance and management of the Passive Infrastructure and providing Services to the Tower Co. For further details, see the section titled “*Parties to the Trust – The Project Manager – Jio Infrastructure Management Services Limited*” on page 105.

The following structure illustrates the relationship among the Parties to the Trust (being the Trust, Trustee, the Sponsors, the Investment Manager and the Project Manager), the Contractor, the Operator, RJIL and the Unitholders as of the Listing Date.





## OVERVIEW OF THE TRANSACTION AGREEMENTS

The Tower Co., RIIHL, Trustee on behalf of the Trust and the Brookfield Sponsor entered into a framework agreement dated July 19, 2019 (the “**Framework Agreement**”), which recorded the understanding amongst the parties for, among others (i) designation of the Brookfield Sponsor as one of the Sponsors of the Trust, (ii) investment by the Brookfield Sponsor along with co-investors in the Trust and allotting the Units of the Trust, through a private placement, (iii) execution of the Master Services Agreement, the Project Execution Agreement and the O&M Agreement, (iv) transfer of 49% of equity shareholding in the Tower Co. to the Trust and (v) other commercial arrangements related to the Tower Infrastructure Business.

In order to give effect to the transactions under the Framework Agreement, the parties have entered into the following arrangements:

- The Trust (acting through the Trustee), the Investment Manager, RIIHL, the Tower Co. and RIL have entered into share purchase agreement dated December 16, 2019 (the “**Share Purchase Agreement - II**”) for the acquisition of 49.0% of the equity shareholding of the Tower Co. held by RIL by the Trust for a purchase consideration of ₹1,053.50 million. For more information, see “*Related Party Transactions – 49% Share Purchase Agreement*”;
- The Trust (acting through the Trustee), the Investment Manager, RIL, the Reliance Sponsor, the Tower Co., RJIL and the Brookfield Sponsor have entered into the shareholder and option agreement dated December 16, 2019 (the “**Shareholder and Option Agreement**”) that sets out certain inter-se rights and obligations in relation to the Tower Co. that shall come into effect on the Closing Date. For more information, see “*Related Party Transactions - Shareholder and Option Agreement*”;
- The Tower Co., RDPPSL and RJIL have entered into the Master Services Agreement under which the Tower Co. shall provide Passive Infrastructure Services to RJIL for period of 30 years from the SPA Closing Date. Under the Master Services Agreement, RJIL shall be granted one tenancy on each of the Initial Tower Sites at mutually agreed fees and other commercial terms. RJIL enjoys certain rights including (i) ability to choose any location on the under-construction / under-development Tower Sites forming part of the Initial Tower Site for installation of its equipment; and (ii) discounts on Monthly Site Premium payable to the Tower Co., linked to third party tenancies in the manner described in the Master Services Agreement. The Tower Co. shall have a right of first offer (“**ROFO**”) whenever RJIL requires Passive Infrastructure and Services on a Macro Tower (not forming part of the Initial Tower Sites). For more information, see “*Summary of the Tower Agreements – Master Services Agreement*”;
- The Tower Co., RJIL, JIMSL and RDPPSL have entered into the Project Execution Agreement under which, RDPPSL shall establish the Passive Infrastructure for the Tower Co. under the supervision of JIMSL. RDPPSL shall execute Passive Infrastructure projects for RJIL on a turnkey basis. For more information, see “*Summary of the Tower Agreements –Project Execution Agreement*”; and
- The Tower Co., JIMSL and RDPPSL have entered into the O&M Agreement under which, RDPPSL shall operate, maintain and manage the Passive Infrastructure and provide Services to the Tower Co. RDPPSL shall also be responsible for ensuring that the Tower Co. meets all the service level requirements under the Master Services Agreement. For more information, see “*Summary of the Tower Agreements –O&M Agreement.*” Further, pursuant to the letter issued by Tower Co., RJIL, RIL and the Contractor dated December 16, 2019, in the event the O&M Agreement is terminated by the Tower Co., RJIL and RIL have certain obligations as agreed between the parties.

Further, the Transition Services Agreement, in relation to providing the Tower Co. with certain identified services in connection with the business of the Tower Co., is proposed to be entered into before the Bid/Issue Opening Date.

## DESCRIPTION OF THE TOWER INFRASTRUCTURE BUSINESS

### OUR PORTFOLIO

As of September 30, 2019, our portfolio consisted of 174,451 telecommunications towers across India, out of which 124,091 towers are currently operational and 50,360 towers are under-construction and under-development. More than 75% of our towers are ground based. The average height of our GBTs exceeds 30 meters. All of our towers are proposed to be connected to the electricity board and have lithium-ion battery for back-up power. More than 60% of our towers are fiberized.

### Details of operational Tower Sites

The table below sets forth our operational Tower Sites by type as of September 30, 2019.

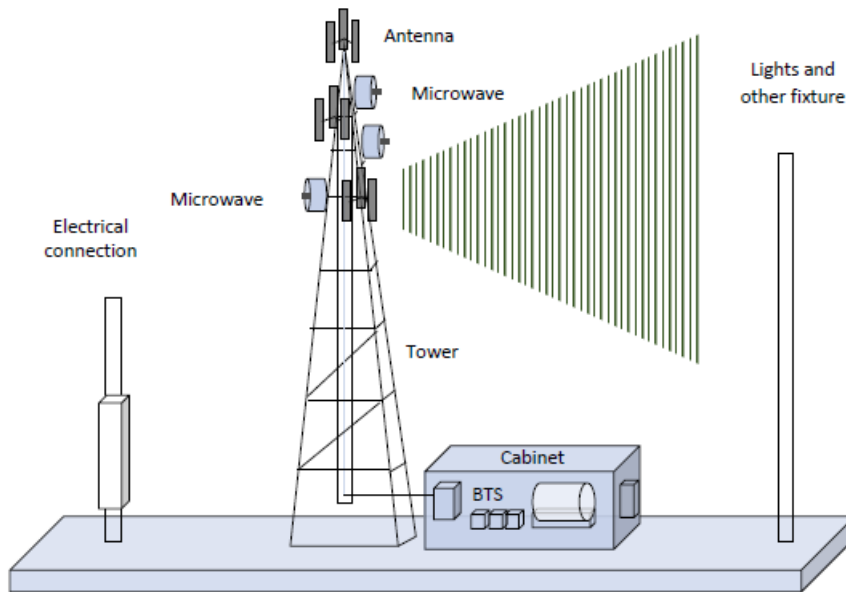
State Name / Circle	Tower Type				Total
	GBM	GBT	RTP / RTT	COW	
Andhra Pradesh	323	3,306	1,224	29	4,882
Arunachal Pradesh	-	152	18	-	170
Assam	1	2,209	376	2	2,588
Bihar	92	4,712	783	4	5,591
Chhattisgarh	217	2,921	163	7	3,308
Delhi	730	168	3,270	242	4,410
Goa	118	28	64	2	212
Gujarat	4,212	4,303	1,134	15	9,664
Haryana	96	1,919	413	60	2,488
Himachal Pradesh	21	1,424	79	4	1,528
Jammu	34	683	130	15	862
Jharkhand	211	3,146	512	18	3,887
Karnataka	325	3,794	1,742	15	5,876
Kashmir	40	1,260	85	31	1,416
Kerala	32	903	520	54	1,509
Kolkata	118	793	2,115	6	3,032
Madhya Pradesh	1,372	7,156	564	13	9,105
Maharashtra	618	5,627	2,032	21	8,298
Manipur	-	294	38	-	332
Meghalaya	-	564	6	-	570
Mizoram	-	161	17	1	179
Mumbai	606	291	2,201	31	3,129
Nagaland	-	242	22	1	265
Odisha	130	3,753	378	37	4,298
Punjab	846	1,427	1,317	69	3,659
Rajasthan	1,838	5,409	657	65	7,969
Tamil Nadu	982	4,372	2,698	16	8,068
Telangana	474	2,523	1,701	83	4,781
Tripura	-	441	27	-	468
Uttar Pradesh (East)	1,295	5,171	1,101	18	7,585
Uttar Pradesh (West)	376	4,539	1,103	5	6,023
Uttarakhand	63	1,473	368	23	1,927
West Bengal	62	5,443	478	29	6,012
<b>Grand Total</b>	<b>15,232</b>	<b>80,607</b>	<b>27,336</b>	<b>916</b>	<b>124,091</b>

### TOWER STRUCTURE

Our tower site portfolio consists primarily of standard ground -based towers and rooftop structures.

A tower holds an antennae called eNode B, typically mounted onto a tower at a designated height in order to ensure designed territorial coverage and compliance with certain industry standards, including DoT / ICNRP with respect to radiation emission. A wireless connectivity starts with eNode B sites. All electrical utilities are standardized and scalable to accommodate future capacity requirements.

The following diagram illustrates the standard facilities located on our tower sites:



Our Tower Sites comprise of different types of structure, deployed based on the network requirement to provide a required coverage to enhance our customer experience.

- **GBT:** GBTs are erected on the ground with a height of 30 meters to 60 meters. We have developed a GBT design in which utilities are placed inside towers, which leads to the reduction of additional costs for foundational work relating to DGs and/or cabinets, the elimination of fencing work around the plot and the enhancement of security of DGs and cabinets within our tower sites.
- **GBM:** GBMs address difficulties of erecting GBTs in urban areas arising from space requirements. GBMs require less space for tower sites compared to GBTs. Our GBMs require very low rents, use natural cooling mechanism with no air-conditioning or fans and therefore, result in lower capital expenditures.
- **Rooftop structures:** Rooftop structures are placed on the terrace of high-rise buildings and have varying heights of 3, 6, 9, 12, 15 and 18 meters. There are two types of rooftop structures, rooftop poles (“**RTP**”) and rooftop towers (“**RTT**”).
- **COW:** Cell On Wheel sites provide a coverage for places where permanent sites are not allowed, or for network restoration in case of natural disasters or temporary electricity outages. We have re-engineered the industry standard of long-tailor based COWs to create platform-based, optimized COWs which can be transported through trucks and self-loaded and/or self-unloaded.

The following table sets forth design and execution requirements of our towers by tower type as of September 30, 2019:

Type	Height	Space required	Access to site location	Factors/ requirements for civil foundation	Antenna loading required	Electrical utilities	Vertical clearance	High - tension electrical lines
GBT	Up to 60m	10m x 10m	24x7	Soil-bearing capacity, wind Speed	Yes	Standardize d AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
GBM	20m, 25m, 30m	3m x 3m	24x7	Standard penetration test, wind speed	Yes	Standardize d AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
RTP	3m, 6m, 9m, 12m, 15m, 18m	< 420 sq. ft	24x7	Structural stability report of buildings by certified structural	Yes	Standardize d AC/ DC	No vertical obstacle	No high-tension electrical lines nearby

Type	Height	Space required	Access to site location	Factors/ requirements for civil foundation	Antenna loading required	Electrical utilities	Vertical clearance	High - tension electrical lines
				consultants, wind speed				
RTT	Up to 12m/more than 12m	< 420 sq. ft	24x7	Structural stability report of buildings by certified structural consultants, wind speed	Yes	Standardize d AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
COW	Up to 30m	N/A	Not required	No civil foundation	Yes	Direct DG set	No vertical obstacle	Not required

## TOWER DEVELOPMENT PROCESS

The tower development process, ranging from site acquisition, procurement and warehousing, construction contracting, site construction and engagement of suppliers will be carried out by RDPPSL under the supervision of JIMSL in accordance with the terms of the Project Execution Agreement.

### Operation and Maintenance of Tower Sites

Once commissioning is completed, our key business activity is the operation and maintenance of our towers. RDPPSL in accordance with the terms of the O&M Agreement is responsible to operate, maintain and manage the Passive Infrastructure and provide the related Services to the Tower Co., under the supervision of JIMSL.

## OUR CUSTOMERS

### *Reliance Jio Infocomm Limited*

RJIL is currently the sole tenant at our Tower Sites.

RJIL, an indirect subsidiary of RIL, which is the largest private sector enterprise in India, has built a data network with the latest 4G LTE technology for offering wireless services and plan to provide wireline services, FTTH, enterprise offering, IOT and other digital services which can deploy 5G technology and other technologies. RJIL has created a digital ecosystem comprising of network, devices, application and content which enables its digital users to receive high quality service with affordable tariffs. The tower infrastructure provided by the Trust enables RJIL to provide broad coverage and enable the network carry higher capacity in India with its 4G services.

As of September 30, 2019, RJIL had 355.22 million wireless subscribers on its network making RJIL the second largest wireless telecommunications service provider in India according to TRAI. For further details, see the section entitled “*Industry Overview*.”

According to TRAI, RJIL has consistently been gaining market share across telecommunications circles in India and as of September 30, 2019 it had a wireless subscriber market share of 30.26% driven by its efficient sales channels, its simplified tariff structure and value offering for end users.

Further, according to TRAI, as of September 30, 2019, RJIL is the industry leader in the Indian telecommunications sector with the largest market share of 39.5% and 56.9% based on revenue and total broadband subscribers, respectively.

The Tower Co. has entered into the Master Services Agreement with RJIL for a period of 30 years that would come into effect from the SPA Closing Date.

### *Potential customer base*

Our potential customers include telecommunications and other service providers, such as mobile network operators, fixed broadband players and other ISPs, corporates, tower companies and distribution platform operators. We are a provider of telecommunications tower infrastructure and we do not directly provide telecommunications and data services to end-users.

## QUALITY MANAGEMENT, MONITORING AND MAINTENANCE

We have implemented and maintain a comprehensive quality management and monitoring system with respect to our towers. We have standard quality check and assurance processes which are required to be followed by our field and quality

engineers. These processes include, inward, in-process and final inspections of our tower sites or vendor premises in accordance with our inspection and test plan, issuance of daily progress reports by field engineers, periodical surveillance and audit followed by issuance of audit report and actual result monitoring. All works during the construction phase are required to be carried out in accordance with the specifications and drawings set out by us and agreed to by our contractors. For example, pursuant to the O&M Agreement, the Operator has agreed to monitor the operational parameters and report such information to the Tower Co. and the Project Manager on a monthly basis in writing.

During site inspections, if our field or quality engineers identify any minor deviations from specified standards, they are required to issue a filed observation report (“**FOR**”) at site on the basis of which corrective and preventive actions are taken. In the event a FOR is issued more than three times for the same contractor and for the same reasons, it will be treated as a non-conformance and a non-conformance report (“**NCR**”) will be raised. Field and quality engineers can also issue NCRs or material discrepancy reports directly if they identify any deviation or deficiency in processes or become aware of defects in the quality of item or materials used providing details of such non-compliances and discrepancies. Issuance of NCRs is treated very seriously followed by an audit and issue of written warnings to the concerned contractors. No further activities can be undertaken by contractors without resolving such previous non-conformance and receiving clearance from our team.

In addition, we release periodic preventive maintenance work orders for utility equipment and passive infrastructure elements at our tower sites, including the maintenance of batteries, DC power and DGs, physical integrity of tower structures, temperature control systems, fire-alarm systems and electrical systems and meters. Dedicated tower restoration teams are assigned to a fixed number of tower sites in order to conduct preventive tasks, address issues such as breakdowns of the tower assets and manage any changes which occur at our sites with a minimum mean time to repair. To ensure the highest quality of services in field operations, we apply certain criteria for qualifications, licenses, experience and training of our technicians and engineers.

## **COMPETITION**

The tower industry is highly competitive. We believe competition in the tower industry in India is based principally on size of site portfolio, pricing, tower location, relationships with telecommunications operators, tower quality and height, operational management and additional services to tenants.

We believe that Bharti Infratel Limited (alongside Indus Towers), ATC Telecom Infrastructure Private Limited (erstwhile “**Viom Networks Limited**”) GTL Infrastructure Limited are some of our key competitors. With the increasing trend of TSPs hiving off their tower assets to independent tower companies, we believe that there would be increasing scope for passive infrastructure sharing on the tower assets. We believe that with our pan-India presence as well as the high quality of our relatively newer portfolio of tower with approximately 60% of our towers having fibre as backhaul, we would be able to effectively compete in the market. Further we believe that our innovative power supply mechanism for our towers, the superior tower design for ground-based towers and ground-based masts for delivering cost effective solutions and advanced micro-piling methodologies to prepare foundation for our tower sites enabling a quicker and more efficient execution, would also assist us in competing effectively with our competitors.

As large telecommunications operators in India would continue to compete for incremental subscribers and invest for growth in network traffic and capacity requirements, the tower infrastructure industry in India may continue to experience consolidation. Our continued success would depend on, amongst other things, our ability to capture open market demand for base transceiver stations by responding to changing market condition, increasing our tower footprint further, improving fiberization of our portfolio and transitioning towards new technology which requires denser networks.

## **EMPLOYEES**

The Trust will be managed by qualified personnel of the Investment Manager and the board of directors of the Investment Manager who have management and operational experience in the project management or advisory services. Further and in accordance with the requirements of InvIT Regulations, the Investment Manager has appointed 2 personnel with extensive experience in development and management of tower infrastructure in India. For further details, see “*Parties to the Trust - The Investment Manager - Infinite India Investment Management Limited - Brief profiles of the Key Personnel of the Investment Manager*” on page 95.

In accordance with the terms of the Share Purchase Agreement - II, and subject to provision of the InvIT Regulations, it is proposed to appoint a new investment manager, being an entity nominated and controlled by the Brookfield Sponsor or any of its affiliates, in place of IIIML. For further details, see “*Parties to the Trust - The Investment Manager - Proposed Investment Manager – WIP (India) Private Limited*” on page 104. Also see “*Related Party Transactions – Shareholder and Option Agreement*” on page 169.

It is proposed that on the consummation of the Share Purchase Agreement - II, the Tower Co. would build a suitable team to run the business of the Tower Co.

## **HEALTH, SAFETY AND ENVIRONMENT**

We believe that we are in compliance, in all material respects, with applicable health, safety and environmental regulations and other requirements in our operations. We have also adopted certain standards for health, safety and environmental and social sustainability and put in place policies and system in order to comply with such standards, including adequate safeguards for operational and personal safety of our employees and contractors, adverse impact on environment and risks to the community that arise due to our operations, responsible and efficient utilization of energy resources to reduce emissions, waste disposal measures and compliance with statutory requirements on health, safety and environment. We are committed to ensuring that our business activities are conducted safely, the health of our employees, contractors and the public are protected and the environmental impact resulting from our operations are within regulatory standards.

In addition, we provide regular health check-up services for our employees and maintain close ties with local hospitals across India to handle any medical emergencies and injuries arising out of our business operations. We also require our contractors to have their own HSEF management system in place as well as necessary licenses, certifications, healthcare policies. We ensure that all contractors wear protective equipment when they work at our tower sites.

We believe that our HSEF management systems are comparable to international standards and enables us to remain in compliance in all material respects with Indian legislation in relation to environment laws and regulations and employee health and safety. See “*Regulations and Policies*” on page 173 for further details.

## **TECHNOLOGY**

We utilize various technology platforms and operating systems of the Operator to coordinate and optimize our operations, including communication and operational processes between our offices in the different cities and towns in India. These systems allow our team to effectively oversee and manage our operations efficiently across India.

## **PROPERTY**

The Investment Manager’s corporate office is located at 7<sup>th</sup> Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai, Maharashtra, India, and it proposes to conduct operations pertaining to the Trust from this office. The Trust’s principal place of business is 9<sup>th</sup> Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021. The registered address of the Tower Co. is at Office - 101, Saffron, Near Centre Point, Panchwati 5 Rasta, Ambawadi, Ahmedabad, Gujarat 380 006.

## **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, we maintain insurance policies such as an electronic equipment insurance policy, burglary insurance policy, cellular network policy and terrorism policy. Further, under the Project Execution Agreement, the Contractor is required to obtain cellular network policies for Passive Infrastructure at its own cost. The Trustee has confirmed that the amount of insurance that we presently maintain represents an adequate and appropriate level of coverage required to insure our business and operations, and is in accordance with industry standards in India. We plan to perform regular assessment on the adequacy of our insurance coverage on a yearly basis. Notwithstanding our insurance policies, we could experience a material loss as a result of unforeseeable events, systemic adverse circumstances or other adverse occurrences not currently foreseeable or which are not commercially insurable.

## **MANAGEMENT**

We will be managed, upon the listing of the Units on the Stock Exchanges, by qualified personnel and the board of directors of the Investment Manager. On the appointment of the new investment manager in accordance with the Share Purchase Agreement - II and the management of the Trust and the Tower Co. would vest with the new investment manager. The Tower Co. is hiring a management team to run the business of the Tower Co.

## **LEGAL PROCEEDINGS**

The Tower Co., the Sponsors, the Investment Manager, the Project Manager and their Associates as well as the Trustee are involved in legal proceedings or claims from time to time. Certain proceedings or claims are currently pending at different levels of adjudication before various courts, tribunals and regulatory authorities.

For a description of the material legal proceedings, regulatory actions and certain claims and penalties that are outstanding, please see the sections titled “*Legal and Other Information*” on page 177.

## SUMMARY OF THE TOWER AGREEMENTS

*The following are summaries of the Tower Agreements. The descriptions and summaries of the Tower Agreements below are indicative, and they are not, nor do they purport to be, full, complete or exhaustive descriptions and summaries. Certain terms used in this section have the meaning assigned to them in the relevant Tower Agreements.*

### **Master Services Agreement**

RJIL, the Contractor and the Tower Co. have entered into the Master Services Agreement dated December 16, 2019. The Master Services Agreement shall come into effect from the SPA Closing Date.

#### *Services:*

Under the Master Services Agreement, the Tower Co. has agreed to provide to RJIL:

- (i) passive telecommunication infrastructure, including towers, rooms and shelters, diesel generator sets and electrical and civil works, direct current power systems and battery banks (such passive telecommunication infrastructure, the “**Passive Infrastructure**”) at the GBT Sites, GBM Sites, RTT Sites, RTP Sites or COW Sites or any other passive telecom tower infrastructure site (together, the “**Sites**”); and
- (ii) operation and maintenance services, including general upkeep of towers and Sites, ensuring power supply to Sites at all times, maintaining earthing systems, conducting periodic stability checks of towers, arranging for the provision of fuel and filling the same in diesel generator sets at Sites, operating a security automation system and monitoring and maintaining monthly uptime and other service levels at contracted levels (together, the “**Services**”).

#### *Charges:*

The Tower Co. has received payment of all charges due and payable to the Tower Co. by RJIL in relation to the completed sites, as defined under the Master Services Agreement, until the SPA Closing Date in terms of the Original Master Services Agreement.

For all other Sites, the Tower Co. shall, in terms of the Master Services Agreement, charge RJIL in respect of (i) the Sites for which service orders have been issued prior to the SPA Closing Date, and (ii) Sites for which service orders have been issued on the SPA Closing Date and at which erection and establishment of passive infrastructure by Tower Co. has commenced as on the SPA Closing Date (together, the “**Initial Tower Sites**”) as well as ROFO Tower Sites (as defined below), the following amounts on a monthly basis: (i) monthly site premium in respect of a Site (“**Monthly Site Premium**”); (ii) monthly site reimbursement (being in the nature of certain pass through expenses for the Site) (“**Monthly Site Reimbursement**”); and (iii) power and fuel consumption costs in respect of a Site (actual costs based on usage and consumption during each month including diesel filling costs) (“**P&F Costs**”).

In the event any additional amounts are payable in respect of a Site on account of a Sharer, then such additional amount shall be borne by the Sharer (“**Site Use Revenue**”) and shall not be payable by RJIL.

The Monthly Site Premium is subject to annual escalation as provided for in the Master Services Agreement. The Monthly Site Premium would also be adjusted for Sharer discounts arising from Tower Co. generating additional revenues (excluding energy revenues) from Sharers in the manner described in the Master Services Agreement.

#### *Right of First Offer:*

If RJIL requires Passive Infrastructure and Services at any Site, other than the Initial Tower Sites, during the term of the Master Services Agreement, Tower Co. shall have the first right to offer such Passive Infrastructure and Services at such Site (“**ROFO**”). The ROFO may be exercised by Tower Co. either by itself or through its affiliates. In the event Tower Co. itself elects to exercise its ROFO, and issues a site offer to RJIL which is accepted by RJIL by issuing a site order (“**ROFO Tower Site**”), then the charges described herein above shall become applicable to such ROFO Tower Site as well.

In the event Tower Co. exercises the ROFO through its affiliates, then such affiliate shall in the site offer to RJIL, specify the commercial terms such as Monthly Site Premium, Monthly Site Reimbursement and expected P&F Costs. In the event RJIL accepts the terms of the site offer made by the affiliate of Tower Co. and issues a site order (“**Affiliate ROFO Tower Site**”), then the charges specified in the site offer shall become applicable to such Affiliate ROFO Tower Site.

In the event Tower Co. does not exercise the ROFO or in the event the site offer made by Tower Co. or its affiliate is not accepted by RJIL, then RJIL may, at its discretion, either: (i) avail Passive Infrastructure and Services from another service provider, subject to the right of the affiliate of Tower Co. to match the terms offered by such other service provider; or (ii) construct its own macro tower at the underlying telecommunication site either by itself or through its affiliates subject to a right offered to Tower Co. to acquire such constructed Site at the Tower Purchase Price (as defined under the Project Execution Agreement). In the event Tower Co. acquires such Site from RJIL, then the charges specified hereinabove shall apply to such acquired Site as well. In the event TowerCo. does not acquire such Site from RJIL, RJIL shall be entitled to use such Site without limitation.

The ROFO and other related actions shall operate within such timelines as specified in the Master Services Agreement.

*Site Access:*

Tower Co. shall provide access to RJIL (and its authorized sub-contractors) to the Sites during reasonable business hours to enable RJIL to exercise its rights under the Master Services Agreement, including for inspection and testing at the site, ascertaining the readiness and state of Passive Infrastructure, installation, operation and maintenance of its equipment and to evaluate the provision of Passive Infrastructure and Services.

*Minimum Guaranteed Tenancies:*

If the Tower Co. receives a third party site request for space at any GBT Site, RTT Site or RTP Site, in each case forming part of an Initial Tower Site, for no more than the Third Party Site Specification (as detailed in the Master Services Agreement) and the Tower Co. is unable to accept such third party site request due to insufficient space at or strength of such Site, then the Tower Co. shall notify RJIL at which stage RJIL may exercise any one of the following options: (i) remove its equipment to the extent required to accommodate the third party to the extent of the Third Party Site Specification; or (ii) incur capital expenditure to accommodate the third party to the extent of the Third Party Site Specification; or (iii) pay the site premium that such third party had offered to the Tower Co. for the Third Party Specification. However the obligation of RJIL, in relation to this clause, is limited to (i) the first Sharer on the first 50% cumulatively of the RTT Site and RTP Sites, and (ii) first Sharer on all GBT Sites. The operation of this clause shall be within the timelines specified in the Master Services Agreement.

*Relocation:*

In the event Tower Co. is required to relocate its operations from any Initial Tower Site to a new Site, pursuant to applicable law or directions of any government authority or due to acts of the site owner which are not attributable to the Contractor and/or RJIL then the Contractor shall within such period of time as specified in the Master Services Agreement provide RJIL with details of an alternate Site ("**Alternate Site**") together with such information as specified in the Master Services Agreement. If such Alternate Site is acceptable to RJIL, then RJIL shall issue an acceptance notice to Tower Co. within such timelines as specified in the Master Services Agreement.

Until the issuance of such acceptance notice by RJIL, RJIL shall continue to pay charges specified hereinabove for the original Site. Further, RJIL shall also bear any expenses or costs towards original Site post receipt of relocation excluding costs attributable to Sharers or other tenants. RJIL will not be liable to make any such payments if relocation is due to the act or omission of any Sharer or Other Tenant (as defined in the Master Services Agreement) or any person placing any advertisement on such Site.

*Substitution:*

If RJIL decides not to use Passive Infrastructure and Services on any Initial Tower Site for its full service term or wishes to terminate or decommission the use thereof without cause, RJIL will issue a notice to Tower Co. and the Contractor requesting for Passive Infrastructure and Services for the remainder of the service term at another Initial Tower Site ("**Substitute Site**").

Upon receipt of such notice from RJIL, the Contractor will offer a Substitute Site to RJIL subject to certain conditions. If such Substitute Site is acceptable to RJIL, RJIL shall issue its acceptance notice to such Substitute Site specifying that at any given point in time the total number of Substitute Sites in a service area is not more than 0.50% of the total number of Sites (including such Substitute Site) in the relevant service area.

*General Obligations and Covenants:*

Tower Co. has agreed to undertake certain obligations, including:

- (i). maintaining registrations, permits and licenses, including its registration with the DoT as an Infrastructure Provider Category I (the "**IP-I**"), as may be required to perform its obligations;



- (ii). providing the Passive Infrastructure and Services in accordance with Good Industry Practices;
- (iii). performing its obligations in compliance with applicable laws;
- (iv). permitting RJIL to install additional equipment at Sites subject to the terms of the Master Services Agreement
- (v). not undertaking any action which adversely affects or prejudices any of the rights of RJIL under the Master Services Agreement or its operations at the relevant Sites;
- (vi). ensuring that no act or omissions of any Sharer or Other Tenant or any person placing any advertisement adversely affects or prejudices any of the rights of RJIL hereunder or its operations at the relevant Sites; and
- (vii). not offering to third parties uptime service levels or access better than those provided to RJIL.

The Contractor has agreed to undertake certain obligations, including:

- (i). ensuring that any work undertaken by it, or any of its third party sub-contractors at any Site, including for installation, maintenance or replacement of any equipment, will not in any manner damage or interfere with the RJIL's equipment installed at the Site or the telecommunication services being provided using such equipment, including by installation of any equipment that is of a type or frequency which may cause interference with or obstruction to any of the equipment at the Site;
- (ii). placing adequate safety and security measures at the Sites in accordance with good industry practices in relation to the RJIL's equipment installed at the Site;
- (iii). confirming that the design and installation, either directly or through third parties, of the Passive Infrastructure at the Sites is in accordance with good industry practices; and
- (iv). providing peaceful enjoyment of the Passive Infrastructure and Services to RJIL, free from interference, objections, eviction and interruption.

RJIL has agreed to undertake certain obligations, including:

- (i). using the Passive Infrastructure in compliance with applicable law and the provisions of the Master Services Agreement;
- (ii). maintaining required licenses and approvals for its operations, including telecommunications licenses, if any, issued by DoT, Standing Advisory Committee for Frequency Allocation or Wireless Planning Commission clearance, and such other permits issued by DoT, TRAI or other applicable regulatory bodies, as may be applicable for the installation of active infrastructure at a site from time to time;
- (iii). not causing damage to, amongst others, the sites or Passive Infrastructure or equipment;
- (iv). maintaining its equipment in a good and safe state of repair and condition and ensure that the radiation levels and frequency levels are in accordance with applicable law; and
- (v). being responsible for all substantial obligations of compliance with environmental and industrial hygiene laws, including any regulations, guidelines, standards or policies of any governmental authorities as may be in effect at any time during the term of the Master Services Agreement that are in any way related to the activities conducted by RJIL at such Sites.

#### *Insurance*

Each party to the Master Services Agreement shall obtain and maintain adequate insurance cover for all its assets to be used under or in connection with the Master Services Agreement and in respect of its liabilities thereunder. Further, the parties to the Master Services Agreement shall cooperate with each other in the process of making and pursuing insurance claims, to the extent such cooperation is necessary under applicable law.

#### *Assignment:*

None of the parties to the Master Services Agreement shall assign the Master Services Agreement, in whole or part, to any person, except in the manner specified therein. Any assignment in breach of the provisions of the Master Services Agreement shall be void ab initio.

Tower Co. may assign the Master Services Agreement by way of security to, and/or appoint as attorney in respect of its rights, any of the senior lenders and to other banks and financial institutions (to the extent agreed by the senior lenders), with prior intimation to RJIL. Such assignment shall be in relation to raising finance for business of providing Passive Infrastructure and Services. The sale or transfer of its business or assets by the Tower Co., in any other manner, shall require prior written consent of RJIL.

#### *Financing Arrangements:*

In terms of the Master Services Agreement, the key terms of the provisions relating to the financing arrangements are provided below:

- (i). the outstanding debt payment trigger events under the Master Services Agreement include events such as (a) non-payment by RJIL of charges in excess of ₹ 500 million within 30 days of the due date, (b) filing of any insolvency application under the Insolvency and Bankruptcy Code, 2016 by RJIL or by the Tower Co., in the manner specified under the Master Services Agreement, (c) cancellation or revocation of RJIL's telecommunication license or Tower Co.'s IP-1 registration or any other material permit which has not been restored within 30 days from its cancellation or revocation.

If any of the outstanding debt payment trigger events occur, RJIL shall pay all outstanding debt within stipulated timelines. If RJIL fails to so make such payment, the existing senior lenders shall have a right to enforce their security interest over the assets of the Tower Co. pursuant to the financing documents. Further, the existing senior lenders of the Tower Co. (excluding the Trust) shall have the right to: (i) step into the Master Services Agreement and appoint a person having IP-1 registration to provide Passive Infrastructure and Services to RJIL, and/or (ii) assign and transfer the Master Services Agreement to a person having IP-1 registration) who shall stand substituted in place of the Tower Co..

- (ii). Tower Co shall obtain the approval of existing senior lenders prior to granting any consent, waiver and/or approval sought by RJIL from Tower Co. under the Master Services Agreement.

#### *Term and Termination:*

The Master Services Agreement will be effective from the SPA Closing Date and remain valid for a period of 30 years thereafter and will not be terminable by either party during such term.

#### *O&M Agreement*

The Project Manager, the Tower Co. and the Operator entered into the O&M Agreement on December 16, 2019, which shall come into effect on the Tower Agreements Closing Date.

*Services:* Pursuant to the O&M Agreement, the Tower Co. has appointed the Operator to provide services in relation to Passive Infrastructure at the Sites (the "**Services**"). The Services include services related to general operations, work control, deployment, operations and maintenance, asset management and engineering, liaison, administration, provision of reasonable assistance in respect of litigation or arbitration proceedings or regulatory processes affecting the Passive Infrastructure and replacement of Passive Infrastructure.

In addition, the Operator has undertaken to provide various services, including the following:

- (i). using commercially reasonable endeavours to renegotiate all such lease or license agreements in relation to the Sites, where such lease, or license agreements are due to expire during the term of the O&M Agreement, to procure no less favourable terms than the existing terms and in case of any increase in the rentals upon renewal of any lease or license agreements, the proportion of the lease rent payable by RJIL in relation to the Sharers shall not be lower than as set out under the original lease/ leave and license agreement;
- (ii). using its reasonable endeavours to ensure that:
  - (a). there are reasonable security systems in place at the Site for safety of the Passive Infrastructure and telecommunications equipment at the Site; and
  - (b). any other person accessing the Site under the Operator's instructions or on its behalf does not cause any damage, theft or other loss or cause physical obstruction to Passive Infrastructure and any telecommunications equipment existing at the Site;
- (iii). ensuring compliance with applicable law during the term of the O&M Agreement that are required to be complied with in relation to the activities conducted by the Operator at, or its obligations related to the Sites and which forms part of the Services;
- (iv). ensuring that for disposal of scrap the Operator will follow good industry practices; and
- (v). undertaking site upgradation/ strengthening, as required by the Sharer for the minimum guaranteed tenancies, as specified under the relevant Tower Agreements.

*Charges:* The expenses of the Operator that are covered from the charges paid by the Tower Co. include the following, incurred in the first instance by the Operator:

- (i). all costs for managing and providing security of the Sites and Passive Infrastructure installed at such Sites;
- (ii). all third party costs for maintenance of Passive Infrastructure, that is, costs under annual maintenance contracts;
- (iii). all manpower costs related to the operation and maintenance of Passive Infrastructure including costs for overseeing the provision of Services (including related overheads and corporate support);
- (iv). all costs in relation to obtaining and maintaining the approvals and consents required for providing the Services;
- (v). all costs related to ensuring the safety of Passive Infrastructure and telecommunications equipment at the relevant Site and employees and contractors;

- (vi). all costs associated with outsourcing any Services or components of Services to third-party vendors (including the cost of supervision and management of those vendors);
- (vii). inspection, routine services, repairs, maintenance and replacement of the Passive Infrastructure at the Sites to the extent not covered by insurance;
- (viii). all costs associated with implementing any necessary changes to ensure adherence to the ABC Policy and the HSE Policy; and
- (ix). any other costs required to be incurred for the provision of Services, unless expressly provided or excluded in the O&M Agreement.

The following are not included as part of such charges and their treatment is provided below:

- (i). *Capital expenditure for Tower upgradation for Sharer*: The fee payable by the Tower Co. to the Operator shall include capital expenditure incurred by the Operator for Tower strengthening and upgradation to provide over and above the minimum guaranteed tenancies, subject the terms specified in the O&M Agreement.
- (ii). *Energy costs*: The costs and expenses incurred by the Operator relating to power and fuel shall be paid on a monthly basis in terms of the O&M Agreement. Further, for the diesel to be consumed for RJIL's use, RJIL may either supply it to the Operator at its own costs and expenses or pay the Operator applicable power and fuel costs for procuring such diesel. Sharers shall pay for the energy costs as per the fixed energy model specified in the O&M Agreement.

The Tower Co. shall not have any obligation to make any payment to the Operator under the O&M Agreement in respect of any Site for any period unless it has actually received the payment from RJIL for the relevant Site and the relevant period under the Master Services Agreement.

*Operating Procedures*: The Operator is required to ensure that the Services are provided:

- (i). in accordance with good industry practice;
- (ii). in compliance with applicable law;
- (iii). in accordance with the terms of the contract relating to the underlying land of the Site; and
- (iv). in accordance with service orders.

Further, the Operator is required to, amongst others:

- (i). establish processes and procedures to monitor its performance against certain operation and maintenance service levels and is required to report such information to the Tower Co. and the Project Manager on a monthly basis in writing;
- (ii). ensure that the installation, maintenance or replacement of any Passive Infrastructure and telecommunications equipment on each Site will be in accordance with applicable law including any regulations, guidelines, standards or policies of any governmental authority;
- (iii). maintain and store an inventory of critical spares relating to the Passive Infrastructure, in accordance with good industry practice, and shall regularly report the same to the Tower Co.;
- (iv). provide generator energy (wherever available), including procurement, storage, transmission, transportation, security, inventory management, administration and allocation services;
- (v). shall not disclose or share such information used or generated to any person other than Tower Co. without obtaining the prior written consent of the Tower Co.;
- (vi). shall maintain the Sharer service level agreements in respect of the Passive Infrastructure and Services provided to any Sharer; and
- (vii). not to discriminate in provision of services to tenants.

*Approvals*:

The Operator shall be responsible for applying, obtaining, maintaining (including making payments of any fees in relation thereto) all necessary and requisite permits as required under applicable law, (a) on behalf of the Tower Co. (where the same is permitted under applicable law and subject to the provisions of the O&M Agreement), including without limitation municipal and local bodies approvals, electricity board approvals and pollution control board approval, as may be required for the continued use of Passive Infrastructure by the Tower Co., and (b) to: (i) enable the Operator to perform the Services in accordance with the terms thereof; and (ii) for the Tower Co. to meet its statutory and legal obligations, in each case to the extent permitted under applicable law.

*Anti-bribery and Corruption*: The Operator shall in relation to the O&M Agreement (i) maintain its books and records in a manner that, in reasonable detail, accurately and fairly reflect its transactions and disposition of its assets; and (ii) maintain a system of internal accounting controls sufficient to provide, amongst others, reasonable assurances that transactions are executed and access to assets is given in accordance with agreed operating procedures and are recorded as necessary to permit preparation of periodic financial statements and to maintain accountability of corporate assets.

The Operator shall confirm, in writing, on a semi-annual basis that it has complied with its undertakings under the O&M Agreement and with the ABC Policy, and provide, on an annual basis, any information reasonably requested by Tower Co. in support of such compliance.

*Health, Safety and Environment:* The Operator shall at all times ensure that it operates in full compliance with the HSE Policy, and all statutory and legislated safety requirements required to be complied with as per applicable law.

*Sub-contracting:* The Operator is permitted to engage sub-contractors in relation to all or part of the Services.

*Responsibilities of Tower Co. and Project Manager:*

- (i). *Information:* Upon written request from the Operator, the Tower Co. and the Project Manager are required to, subject to the availability of such information, in a reasonably timely manner, provide the Operator with relevant and accurate requisite information in order to enable the Operator to provide the Services;
- (ii). *Site access:* The Tower Co. and the Project Manager are required to ensure that the Operator has access to the sites on a '24X7' basis for the purposes of and to enable the Operator perform its Services and provide all necessary support in this regard subject to the terms of the lease arrangements and applicable law.
- (iii). *Cooperation and assistance:* The Tower Co. and the Project Manager are required to cooperate with the Operator and provide all necessary support and assistance as may be reasonably required by the Operator for the provision of Services.
- (iv). *Policies:* The Tower Co. and the Project Manager are required to provide all support and assistance to the Operator in implementing policies under the O&M Agreement.
- (v). *Insurance:* The Tower Co. is required to obtain and maintain adequate insurance cover for the Passive Infrastructure and related assets at the Sites at the cost of the Operator.

*Term and Termination:* The O&M Agreement will be effective from the Tower Agreements Closing Date, and will remain valid for a period of 30 years thereafter.

The O&M Agreement may only be terminated by the Tower Co. for the reasons set out below:

- (i). repudiation of the O&M Agreement by the Operator;
- (ii). any wilful default, gross misconduct, gross negligence or fraud by the Operator in the performance of its obligations under the O&M Agreement taken as a whole and materially and adversely impacts the business of the Tower Co.;
- (iii). occurrence of a major escalation occurrence detailed in the O&M Agreement other than for deficiencies relating to service level agreements if not resolved after due escalation; or
- (iv). commencement of voluntary liquidation of the Operator.

The O&M Agreement may be terminated by the Operator in case of commencement of voluntary liquidation of the Tower Co..

### ***Project Execution Agreement***

Tower Co., the Project Manager, RJIL and the Contractor have entered into the Project Execution Agreement, dated December 16, 2019, which shall come into effect on the Tower Agreements Closing Date.

*Works:* Under the Project Execution Agreement, the Contractor has been appointed to perform work for establishment of Passive Infrastructure and related procurement, erection, installation, establishment, inspection, and testing work (the "**Work**"), at various Sites.

*License:* Tower Co. shall grant the Contractor, a license for access to, and use of, all Sites (other than the completed sites) where the Work is being undertaken in manner specified in the Project Execution Agreement (the "**License**"). Such License will be for the period specified under Project Execution Agreement.

*Fees:*

The Tower Co. is required to pay fees to the Contractor in the manner specified under the Project Execution Agreement.

*Contractor's Responsibilities:* In terms of the Project Execution Agreement, the Contractor has, amongst others, the following responsibilities:

- (i). The Contractor shall execute its responsibilities under the Project Execution Agreement in accordance with good industry practice, applicable laws, the service orders and the Project Execution Agreement, and any instructions of Tower Co. in accordance with the scope of work, in terms of the Project Execution Agreement.
- (ii). The Contractor shall:
  - (a) deploy manpower and staff as may be required for performance of Work and may at its option sub-contract any of the Work to be performed by it. The Contractor shall be responsible for payment of compensation to its sub-contractors and in no event shall the Tower Co. or the Project Manager be construed to have employed any such subcontractors' employees, personnel or contractors or be responsible or liable in this regard. With respect to all matters relating to labour and personnel, the Contractor shall comply with all applicable law, ensure the creation of a safe working environment and endeavor to reduce workplace adverse incidents;
  - (b) warrant that all its employees and sub-contractors will be competent to undertake the tasks required to provide perform the Work and its employees shall be adequately trained including on compliance with health, safety, and environment requirements (including HSE Policy), the ABC Policy and anti-corruption laws;
  - (c) be responsible for security at and for the Sites including any Passive Infrastructure thereat until the handover of the Site to the Operator in terms of the Project Execution Agreement; and
  - (d) be responsible for clearing the sites of any wreckage, debris, surplus material, etc., and shall leave the Site in a clean and safe manner prior to handover of the Site to the Operator.

*Anti-bribery and Corruption:* The Contractor shall in relation to the Project Execution Agreement (i) maintain its books and records in a manner that, in reasonable detail, accurately and fairly reflect its transactions and disposition of its assets; and (ii) maintain a system of internal accounting controls sufficient to provide, amongst others, reasonable assurances that transactions are executed and access to assets is given in accordance with agreed operating procedures and are recorded as necessary to permit preparation of periodic financial statements and to maintain accountability of corporate assets.

The Contractor shall confirm in writing on a semi-annual basis that it has complied with its undertakings under the Project Execution Agreement and with the ABC Policy, and provide, on an annual basis, any information reasonably requested by Tower Co. in support of such compliance.

*Health, Safety and Environment:* The Contractor shall at all times ensure that it operates in full compliance with the HSE Policy, and all statutory and legislated safety requirements required to be complied with as per applicable law.

*Responsibilities of the Project Manager and Tower Co.*

The Project Manager and Tower Co. shall:

- (i). provide to the Contractor, such of its information, documents, data, drawings and clarifications as may be reasonably required or requested for by the Contractor to enable it to perform the Work, provided that Tower Co. and the Project Manager are not prohibited from providing such information, documents, data, drawing and clarifications to the Contractor under applicable law or under of their respective contractual obligations.
- (ii). provide all reasonable support to and co-operate with the Contractor to enable it to perform the Work and other activities, as prescribed under the Project Execution Agreement;
- (iii). in respect of third party contracts entered into by Tower Co. and approvals obtained by Tower Co., keep the Contractor informed of all communications which is relevant for the Contractor to discharge its obligations under the Project Execution Agreement; and
- (iv). if in relation to the Work, a claim is made against the Contractor by any third party, Tower Co. and the Project Manager shall provide the Contractor all reasonable assistance as may be required in this regard.

*Insurance:* Each party will obtain and maintain adequate insurance cover for all its assets to be used under or in connection with the Project Execution Agreement and in respect of its liabilities in connection thereto. The Contractor shall take out adequate insurance, including but not limited to the insurance requirements provided in the Project Execution Agreement, at its cost, including third party insurance, for the Passive Infrastructure which shall be in the name of the Tower Co.

*Term and Termination:* The Project Execution Agreement will come into effect from the Tower Agreements Closing Date and will remain valid until the expiry of 30 years from the Tower Agreements Closing Date (the “**Term**”).

The Project Execution Agreement may be terminated by Tower Co. during the Term for the reasons set out below:

- (i). termination of the O&M Agreement; and
- (ii). commencement of voluntary liquidation of the Contractor.

The Project Execution Agreement may be terminated by the Contractor in the event of the commencement of voluntary liquidation of Tower Co..

## INFORMATION CONCERNING THE UNITS

### Unit holding of the Trust

Particulars	Number of Units*
Units issued and outstanding prior to this Issue	Nil
Units issued and outstanding after this Issue	Up to 2,521,500,000

\*To be updated in the Placement Memorandum prior to filing with SEBI and 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.	[●]	Nil	Nil	Up to [●]	[●]

\*To be updated in the Placement Memorandum prior to filing with SEBI and Stock Exchange.

### Unitholding of the Reliance Sponsor, the Brookfield Sponsor, Investment Manager, Project Manager and Trustee

The Reliance Sponsor will not hold any Units of the Trust pursuant to the Issue.

The Brookfield Sponsor will hold approximately [●] Units of the Trust pursuant to the Issue.

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 Preliminary Placement Memorandum, none of the directors of the Investment Manager hold any Units or propose to hold any Units in the Trust.

### Sponsor lock-in

In terms of the InvIT Regulations, the Brookfield Sponsor shall hold at 15% of Units on a post-Issue basis (378,225,000 Units), which shall be locked-in for a period of three years from the date of listing of the Units. Further, unitholding of the Brookfield 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.

## USE OF PROCEEDS

The proceeds of the Issue will be up to ₹ 252,150 million (the “**Issue Proceeds**”). The Issue Proceeds will be utilised towards the following objects:

- (a) Acquisition by the Trust of the remaining 49% of the outstanding paid-up equity share capital of the Tower Co.;
- (b) Part repayment of the RVL Loan; and
- (c) Providing the Trust Loan to the Tower Co. which shall be utilized towards by the Tower Co. towards repayment or pre-payment, in full or part, of certain of its borrowing (including any accrued interest and any applicable penalties) availed from certain banks and financial institutions.

### Requirements of Funds

The Issue Proceeds are proposed to be utilised in accordance with the details provided in the following table:

<i>(In ₹ million)</i>		
S. No.	Particulars	Amount*
(a)	Acquisition by the Trust of the remaining 49% of the outstanding paid-up equity share capital of the Tower Co.	1,053.50
(b)	Part repayment of RVL Loan	1,096.50
(c)	Providing the Trust Loan to the Tower Co. which shall be utilized towards by the Tower Co. towards repayment or pre-payment, in full or part, of certain of its borrowing (including any accrued interest and any applicable penalties) availed from certain banks and financial institutions and Reliance Industries Limited (“ <b>RIL</b> ”).	250,000.00
<b>Total</b>		<b>252,150</b>

*\*To be updated in the Placement Memorandum prior to filing with SEBI and the Stock Exchange.*

The deployment of Issue Proceeds towards acquisition by the Trust of the remaining 49% of the outstanding paid-up equity share capital of the Tower Co. will result in the Trust holding 100% of the outstanding paid-up equity share capital of the Tower Co. The Investment Manager believes that utilizing the Issue Proceeds towards part repayment of the RVL Loan and providing a loan to the Tower Co. for repayment or pre-payment of its borrowings will (i) help reduce outstanding indebtedness of the Trust, on a consolidated basis; and (ii) assist the Trust in optimally upstreaming the cash flows from the Tower Co. This will also enable the Trust to avail further resources in the future to fund potential business development opportunities, growth and expansion of its business in the future.

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 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:

**(a) Acquisition by the Trust of the remaining 49% of the outstanding paid-up equity share capital of the Tower Co.**

As on the date of this Preliminary Placement Memorandum, the Trust and RIL hold 51% and 49%, respectively, of the outstanding paid-up equity share capital of the Tower Co. The Trust proposes to utilize an aggregate amount of ₹ 1,053.50 million from the Issue Proceeds to acquire the remaining 49% of the outstanding paid-up equity share capital of the Tower Co. from RIL pursuant to the Share Purchase Agreement - II. Consequently, the Trust will hold 100% of the outstanding paid-up equity share capital of the Tower Co. For further details, please see the section entitled “*Formation Transactions in relation to the Trust*” on page 21.

**(b) Part repayment of RVL Loan**

The Trust proposes to utilize an aggregate amount of ₹ 1,096.50 million from the Issue Proceeds towards part repayment of the RVL Loan. The Trust also proposes to repay the remaining outstanding amounts in relation to the RVL Loan from its cash reserves.

For further details, please see the sections entitled “*Formation Transactions in relation to the Trust*” and “*Financial*”

*Indebtedness*” on pages 21 and 147, respectively.

- (c) ***Providing the Trust Loan to the Tower Co. which shall be utilized towards by the Tower Co. towards repayment or pre-payment, in full or part, of certain of its borrowing (including any accrued interest and any applicable penalties) availed from certain banks and financial institutions and RIL***

The Trust proposes to utilize an aggregate amount of ₹ 250,000 million from the Issue Proceeds to provide the Trust Loan to the Tower Co. which shall be utilized towards by the Tower Co. towards repayment or pre-payment, in full or part, of certain of its borrowing (including any accrued interest and any applicable penalties) availed from certain banks and financial institutions, RIL and Jamnagar Utilities & Power Private Limited. The Trust (acting through the Trustee), the Investment Manager and the Tower Co. shall enter into the Trust Loan Agreement setting out the terms and conditions for grant of the Trust Loan. The Trust Loan is proposed to be utilized for payment to creditors for capital expenditure, interest on loans, repayment or pre-payment, in full or in part, of the Tower Co.’s borrowings (including any accrued interest and any applicable charges) availed from certain banks and others as follows:

*(In ₹ million)*

S. No.	Lender	Amount outstanding as of December 31, 2019
1.	State Bank of India	50,000.00
2.	Bank of Baroda	30,000.00
3.	HDFC Bank Limited	13,333.33
4.	IDFC Bank Limited	7,500.00
5.	RIL – ICD and NCD	131,710.00
8.	Jamnagar Utilities & Power Private Limited	1,150.00
9.	Creditors for capital expenditure	16,306.67
<b>Total</b>		<b>250,000</b>

*Note: The individual amounts shown above may vary depending upon interest till the date of repayment, pre-payment of loans and NCDs. Provided, however, the aggregate amount used for the above purpose shall not exceed ₹ 250,000 million*

For further details of the Tower Co.’s indebtedness, please see the section entitled “*Financial Indebtedness*” on page 147.

The pre-payment or repayment of term loans, in full or in part, availed by the Tower Co. as set out above shall be based on various factors, including, (i) any conditions attached to the loans restricting our ability to pre-pay or repay the loans, in full or in part, and the time taken to fulfil any such requirements; (ii) levy of any pre-payment penalties; (iii) provisions of any laws, rules, regulations and contracts governing such borrowings; and (iv) other commercial considerations, including, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan. The aggregate amount to be utilised from the Issue Proceeds towards repayment or pre-payment of loans (including additional loans availed, if any), in part or full, would not exceed ₹ 250,000 million, including such pre-payment penalty, as may be applicable.

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 utilizing the Trust’s internal accruals or availing facilities from lenders. The Investment Manager, in accordance with the Investment Objectives of the Trust, policies of its board of directors and the InvIT Regulations, will have flexibility in utilizing any surplus amounts.

### **Issue Expenses**

The Issue Expenses shall be met from the monies received by the Trust in accordance with the Distribution Policy. The total expenses of this Issue are estimated to be up to ₹ 200 million. The Issue Expenses comprise fee payable to the Lead Manager, fee payable to legal counsel, fee payable to Escrow Collection Bank, fee payable to the Registrar and Unit Transfer Agent and all other incidental and miscellaneous expenses for listing the Units on the Stock Exchange.



## FINANCIAL INDEBTEDNESS

The details of indebtedness of the Trust as at September 30, 2019, together with a brief description of certain material covenants of the relevant financing agreements, are provided below:

*(Amounts in ₹ million)*

Details Trust (Consolidated)	Outstanding as on September 30, 2019 (Pre-Issue)		
	Borrowings	Others	Financial indebtedness as per the balance sheet
Borrowings (non-current, current borrowings including maturity of long term borrowings and non-convertible debentures including interest accrued)	278,319	-	278,319
Creditors for capital expenditure	-	127,854	127,854
Other payables		17,624	17,624
<b>Total</b>	<b>278,319</b>	<b>145,478</b>	<b>423,797</b>

### ***Principal terms of the borrowings availed by, or novated in favour of the Tower Co., pursuant to the Scheme of Arrangement:***

Please see below the principal terms of the loans availed by, or novated in favour of the Tower Co. The borrowings availed by the Tower Co. comprise term loans, working capital loans, letters of credit and back guarantees.

1. ***Security:*** Loans availed by, or transferred to, the Tower Co., are secured by, amongst others, (i) first charge by way of hypothecation over all fixed movable assets (present and future); (ii) first charge by way of hypothecation over all current movable all current assets (present and future) except cash and investments from non-operating activities; (iii) corporate guarantee from RIL; (iv) undertaking from RIL that RIL shall maintain at least 51% of shareholding in RJIL and maintain management control of RJIL during the tenure of the facility; (v) pari passu charge on present and future movable properties (other than telecom licenses, spectrum, brand name, goodwill and intellectual property rights owned by RJIL and any assets which are procured from financing obtained from CISCO); (vi) counter indemnity executed by RJIL in favour of the banks; and (vii) submission of signed applications for letters of credit and other supporting documents, as applicable.
2. ***Pre-payment:*** The Tower Co. may prepay the loan in full or in part without the payment of any prepayment penalty, with prior intimation for such prepayment without prepayment penalty or within two years from the date of disbursement, as provided under the relevant financing documents. Additionally, the Tower Co. may prepay the loan from the monies received from the Trust without the payment of any prepayment penalty. Under certain of our loan agreements, in the event of prepayment from any other source, prepayment penalty of 0.50% of the amount prepaid shall be charged.
3. ***Events of Default:*** The borrowing arrangements entered into by, or transferred to the Tower Co. contain standard events of default affecting the Tower Co., including:
  - (i). default in the payment of the amounts due under the respective facility agreements on the due date;
  - (ii). default in performance of covenants (except payment related) which is not remedied within 30 days of the notice of default or breach of representations or warranties;
  - (iii). failure to provide funds on invocation of the letters of credit or collateral;
  - (iv). devolvement of letters of credit or bank guarantee;
  - (v). Tower Co. ceasing to carry on substantially or all of its operations permanently;
  - (vi). if the security ceases to be valid, binding or enforceable;
  - (vii). facility is not used for the purpose availed;
  - (viii). notice or action for actual dissolution, liquidation, bankruptcy or insolvency (voluntary or involuntary) unless challenged before a court;
  - (ix). any circumstance which has a material adverse effect or providing any misleading information or misrepresentation that leads to the occurrence of a material adverse effect;
  - (x). occurrence of a material adverse effect for a period of 30 days continuously;
  - (xi). credit rating falls two notches below AAA;
  - (xii). the tower use agreement becomes ineffective or infructuous and/or the parties are unable to fulfill their obligations under the tower use agreement; and
  - (xiii). cross-default under the financing documents.

This is an indicative list and there are additional terms that may result in an event of default under the various borrowing arrangements entered into by the Tower Co.

4. *Restrictive Covenants:* The borrowing arrangements entered into by the Tower Co. contain standard restrictive or information covenants in respect of the Tower Co., including:
- (i). requirement to ensure that the long-term debt to equity ratio does not exceed 2:1 and the security cover is not less than 1.25 times the amount of the facility availed;
  - (ii). requirement to submit the audited annual financial statements within six months of the close of the financial year and the unaudited semi-annual profit and loss account and balance sheet within 60 days of close of each semi-annual period;
  - (iii). any amendment or modification to the constitutional documents of the Tower Co.;
  - (iv). any reduction in the shareholding of RIL below 51% shall require prior written consent of the lenders; and
  - (v). any change in the management or control of the Tower Co. shall require the prior written consent of the lenders.

Given the nature of these borrowings and the terms of pre-payment, the aggregate outstanding borrowing amounts may vary from time to time.

***Principal terms of the RVL Loan availed by the Trust***

The Trust availed a rupee term loan aggregating to ₹ 1,100 million from RVL (the “**RVL Loan**”) pursuant to RVL Loan Agreement. The principal terms of the RVL Loan are as follows:

<b>Purpose</b>	Towards acquisition of 51% of the issued and paid-up equity share capital of Tower Co. and for meeting operational expenses of the Trust
<b>Term of this Agreement</b>	The RVL Loan will remain in force until the earlier of (i) all monies payable by the Trust to RVL being paid in full and all obligations of the Trust being discharged to the satisfaction of RVL; or (ii) expiry of 24 months
<b>Interest Rate</b>	9% p.a. computed on simple interest basis
<b>Repayment</b>	Single bullet payment on or prior to expiry of 24 months
<b>Default interest</b>	2% p.a. over and above the interest rate compounded quarterly
<b>Covenants</b>	The Trust shall, among other things: <ol style="list-style-type: none"> <li>(i) comply with all applicable laws;</li> <li>(ii) pay all taxes, assessments, reassessments and government charges imposed upon its property and assets and pay all lawful claims, obligations which, if unpaid, might operate as lien on its material property or assets; and</li> <li>(iii) preserve and maintain its existence, legal structure, legal name, rights and privileges and keep proper books of records and accounts in which full and accurate entries shall be made of all financial transactions and the assets and business of the Trust</li> </ol>
<b>Events of Default</b>	The occurrence of the following events, amongst others, constitutes an Event of Default, if such events are not remedied within 30 days: <ol style="list-style-type: none"> <li>(i) failure to make payment when its due;</li> <li>(ii) any representation or warranty by the Trustee or the Investment Manager (on behalf of the Trust) is proven to be incorrect;</li> <li>(iii) performance of obligations by the Trustee or the Investment Manager (on behalf of the Trust) becomes unlawful; and</li> <li>(iv) failure to remedy any breach of covenants by the Trustee or the Investment Manager (on behalf of the Trust)</li> </ol>
<b>Consequences of Event of Default</b>	All amounts outstanding under the RVL Loan (including accrued interest) will become due and payable by the Trust upon the receipt of a written notice from RVL upon the occurrence of an event of default and such amounts shall be repaid within seven business days from the date of receipt of written notice by the Trustee and the Investment Manager

## Post-Issue Indebtedness of the Trust

The post-Issue indebtedness of the Trust on a consolidated basis is provided below:

(Amounts in ₹ million)

Details	Amount outstanding post – Issue		
	Borrowings	Others	Financial indebtedness
<b>Trust (Consolidated)</b>			
Borrowings (non-current, current borrowings including maturity of long term borrowings and non-convertible debentures including interest accrued)	43,529	-	43,529
Creditors for capital expenditure	-	111,547	111,547
Other payables		17,624	17,624
<b>Total</b>	<b>43,529</b>	<b>129,171</b>	<b>172,700</b>

Note: Any borrowings availed by the Trust shall be in accordance with the InvIT Regulations and the Borrowing Policy adopted by the Investment Manager on behalf of the Trust.

### **Term Loans proposed to be availed by the Tower Co.**

Sanction letters are in the process of being issued by various banks and financial institutions sanctioning term loans aggregating to ₹ 300,800 million proposed to be availed by the Tower Co. subject to certain terms and conditions.

### **Facility from the Trust**

The Trust proposes to utilise an estimated aggregate amount of ₹ 250,000 million from the Issue Proceeds to provide the Trust Loan to the Tower Co., pursuant to the Trust Loan Agreement, entered into between the Investment Manager, the Trust (acting through the Trustee) and the Tower Co. For details, please see the section entitled “*Formation Transactions in relation to the Trust*” on page 21.

### **Status of lender consents**

Pursuant to the Scheme of Arrangement between RJIL, JDFPL and Tower Co., all of the tower infrastructure undertaking and ancillary and support services together with all business units, undertakings, assets, properties, investments (direct and indirect), and liabilities of RJIL, that were owned by or vested in RJIL, were demerged from RJIL and transferred to, and vested in or be deemed to have been transferred to and vested in Tower Co., with effect from the Appointed Date. For further details, please see the section entitled “*Overview of the Trust*” on page 19. Accordingly, the Tower Co. has received all lender consents in relation to the outstanding borrowings of RJIL that have been novated in favour of the Tower Co.

The Tower Co. has received all lender consents in relation to this Issue.

### **Borrowing Policy**

The Investment Manager shall ensure that all funds borrowed in relation to the 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 Trust. For further details, please see the section entitled “*Corporate Governance – Investment Manager – Policies of the Board of Directors of the Investment Manager in relation to the Trust – Borrowing Policy*” on page 116.

## 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 Trust, the Trustee, the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager, the Lead Manager 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 Preliminary 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 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 page 126. Presently, cash flows receivable by the 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 Trust, or a combination of both.

In terms of the InvIT Regulations, not less than 90% of the net distributable cash flows of the InvIT Assets, shall be distributed to the Trust, subject to applicable provisions in the Companies Act, 2013 and not less than 90% of the net distributable cash flows of the Trust shall be distributed to the Unitholders.

The Trust shall declare and distribute at least 90% of the Distributable Income to the Unitholders. Such distribution shall be declared and made such that the time period between any two declarations of distribution shall not exceed one year. However, if any infrastructure asset is sold by the Trust or the Tower Co., or if the equity shares or interest in the Tower Co. are sold by the Trust and if the 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 Trust or to the Unitholders. Further, if the 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 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 52.

### Distribution Policy

#### *Method of calculation of Distributable Income*

The Distributable Income of the Trust shall be calculated in accordance with the InvIT Regulations, any circular, notification or guidance issued thereunder and the InvIT Documents. Presently, the Trust proposes to calculate distributable income in the manner provided below:

#### (i) *Calculation of net distributable cash flows at the SPV level:*

Description
<b>Profit after tax as per profit and loss account (standalone) (A)</b>
Add: Depreciation and amortisation as per profit and loss account. In case of impairment reversal, same needs to be deducted from profit and loss.
Add: Interest on loan to the SPV from the Trust as per the profit and loss account
Add / less: Loss / gain on sale of infrastructure assets
Add: Net proceeds (after applicable taxes) from sale of infrastructure assets adjusted for the following: <ul style="list-style-type: none"> <li>• related debts settled or due to be settled from sale proceeds;</li> <li>• directly attributable transaction costs;</li> <li>• proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations</li> </ul>
Add: Net proceeds (after applicable taxes) from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account
Less: Capital expenditure, if any
Less: Investments made in accordance with the investment objective, if any
Add / less: Any other item of non-cash expense / non-cash income charged / credited to profit and loss account, including but not limited to <ul style="list-style-type: none"> <li>• 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;</li> <li>• provisions;</li> <li>• deferred taxes;</li> <li>• any other non-cash item, lease rents recognised on a straight-line basis, etc.</li> </ul>

<b>Description</b>
Add / less: Working capital changes
Add / less: Provisions made in earlier period and expensed in the current period
Less: Any cash paid to the lease owners not accounted for in the working capital changes or the profit and loss account
Add: Additional borrowings (including debentures / other securities) (external as well as borrowings from Trust)
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with reserve requirements (including but not limited to DSRA) under loan agreements
Less: Cash reserved to make due payments to secured lenders in subsequent periods
Add / less: Proceeds from any fresh issuance of preference shares / redemption of any preference shares
Add: Proceeds from any fresh issuance of equity shares
Add/ less: Amounts added or retained to make the distributable cash flows in accordance with the Transaction Documents or the loan agreements
<b>Total Adjustments (B)</b>
<b>Net Distributable Cash Flows (C) = (A+B)</b>

(ii) *Calculation of net distributable cash flows at the consolidated Trust level:*

<b>Description</b>
Cash flows received from SPV in the form of interest / accrued interest
Cash flows received from SPV in the form of dividend / buy-back of equity shares / capital reduction of equity shares
Any other income accruing at the Trust level and not captured above, including but not limited to interest / return on surplus cash invested by the Trust
Add: Cash flows/ Proceeds from the SPV towards the repayment of the debt issued to the SPV by the Trust
<b>Total cash flow at the Trust level (A)</b>
Less: issue expenses payable by Trust including as reimbursements towards expenses of Trust met by the Sponsors
Less: annual expenses of the Trust including audit fees, project manager fees, investment management fees, stock exchange fees, other statutory fees, depository fees, legal expenses, credit rating fees and valuer fees
Less: income tax (if applicable) at the standalone Trust level and payment of other statutory dues
Less: Repayment of external debt (including interest) / redeemable preference shares / debentures, etc., if deemed necessary by the Investment Manager
Less: net cash set aside to comply with DSRA requirement under loan agreements, if any
Add: Net proceeds (after applicable taxes) from sale of infrastructure assets adjusted for the following: <ul style="list-style-type: none"> <li>• related debts settled or due to be settled from sale proceeds;</li> <li>• directly attributable transaction costs;</li> <li>• proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations</li> </ul>
Add: Net proceeds (after applicable taxes) from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently
Less: Amount invested in any of the Portfolio Assets for service of debt or interest
Less: Capital expenditure if any (including acquisition of other infrastructure assets / SPVs)
Add: Proceeds from fresh issuance of units
Less: Reserve for debentures / loans / capex expenditure in the intervening period till next proposed distribution if deemed necessary by the Investment Manager invested in permitted investments
<b>Total cash outflows/retention at the Trust level (B)</b>
<b>Net Distributable Cash Flows (C) = (A+B)</b>

In terms of the InvIT Regulations, if the distribution is not made within 15 days from the date of declaration, the Investment Manager shall be liable to pay interest to the Unitholders at the rate of 15% per annum until the distribution is made. Such interest shall not be recovered by the Investment Manager in the form of fee or any other form payable to the Investment Manager by the Trust.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of the Trust's financial condition and results of operations is based upon, and should be read together with the Audited Consolidated Financial Statements included elsewhere in this Preliminary Placement Memorandum.*

*The Audited Consolidated Financial Statements and the notes thereto included elsewhere in this Preliminary Placement Memorandum have been prepared in accordance with Ind AS and the InvIT Regulations, which differs in certain material respects from Indian GAAP and International Financial Reporting Standards. Accordingly, the degree to which our Audited Consolidated Financial Statements will provide meaningful information to a prospective investor in countries other than India is dependent on the reader's level of familiarity with Ind AS.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section titled "Risk Factors" included elsewhere in this Preliminary Placement Memorandum.*

*The Trust's financial year ends on March 31 of each year. Accordingly, references to a particular financial year are to the twelve-month period ended March 31 of that year.*

### OVERVIEW

We are a registered infrastructure investment trust under the InvIT Regulations, set up in order to invest in infrastructure projects in accordance with the InvIT Regulations.

The Trust currently holds 51% of the equity shareholding in Reliance Jio Infratel Private Limited ("**RJIPL**" or the "**Tower Co.**") and has entered into the Share Purchase Agreement - II to acquire the remaining 49% of the equity shareholding in the Tower Co. using a portion of the Issue Proceeds. Accordingly, on the consummation of the Share Purchase Agreement - II, the Trust shall hold 100% of the equity shareholding in the Tower Co. The Tower Co. is in the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services (the "**Tower Infrastructure Business**") to telecommunication service providers ("**TSPs**"). The Tower Co. with a pan-India portfolio of 174,451 telecommunication towers (including 124,091 operational and 50,360 under-construction and under-development towers) as of September 30, 2019 (the "**Initial Tower Sites**") is one of the largest independent tower companies in India. The Tower Infrastructure Business was transferred from Reliance Jio Infocomm Limited ("**RJIL**") to the Tower Co. by way of a slump sale on a going concern basis under a scheme of arrangement ("**Scheme**") with effect from close of business hours on March 31, 2019.

RJIL is one of the fastest growing wireless broadband services providers in India and in less than 3 years from its commercial launch in September 2016 has grown its wireless subscriber base to 355.22 million as of September 30, 2019, the second largest in India, according to TRAI. RJIL is the industry leader in the Indian telecommunications sector with the largest market share of 39.5% and 56.9% based on revenue and total broadband subscribers, respectively, for the six months ended and as of September 30, 2019, according to TRAI.

Our Tower Sites consist of a network of ground-based towers ("**GBT**"), ground-based masts ("**GBM**"), roof-top towers ("**RTT**"), roof-top poles ("**RTP**") and cell-on-wheels ("**COW**"). We offer space on our Macro Towers for TSPs to host the active equipment for providing telecommunications services. On December 16, 2019, the Tower Co. entered into a 30-year master services agreement (the "**Master Services Agreement**"), with RJIL to provide Passive Infrastructure and Services to RJIL. The Master Services Agreement, which would come into effect on the SPA Closing Date would replace the Original MSA between the Tower Co. and RJIL. RJIL currently is our sole tenant has certain preferential rights under the Master Services Agreement and also has preferential rights for taking up additional tenancies on the Initial Tower Sites. The Tower Co. has also executed the O&M Agreement with Jio Infrastructure Management Services Limited ("**JIMSL**" or "**Project Manager**") and Reliance Digital Platform & Project Services Limited ("**RDPPSL**" or "**Operator**") to operate, maintain and manage its Passive Infrastructure and provide Services thereto for a period of 30 years, pursuant to the terms of the O&M Agreement. The O&M Agreement shall come into effect from the Tower Agreements Closing Date. Further, the Tower Co. has executed the Project Execution Agreement with the Project Manager, RJIL and RDPPSL as contractor (the "**Contractor**") to establish the Passive Infrastructure for the Tower Co. The Project Execution Agreement shall come into effect from the Tower Agreements Closing Date and shall continue to remain in force for a period of 30 years therefrom. For more information about the Master Services Agreement, the O&M Agreement and the Project Execution Agreement, see the section titled "*Overview of the Trust*" on page 19.

Our Macro Towers are one of the youngest portfolio of tower assets in the industry. As of September 30, 2019, more than 60% of our towers are fiberized i.e. they use fibre for backhaul and have access to a fibre network, which we believe is critical for TSPs whose revenue growth is increasingly being led by data services and products offering. With an increasing rollout of 4G / LTE networks by TSPs and a trend for rapid technological developments in the market to transition to 5G

and beyond, we believe that our network of macro towers provide us with significant advantage to tap the market and attract new customers.

## **FACTORS AFFECTING RESULTS OF OPERATIONS**

Our business, prospects, results of operations and financial condition are affected by a number of factors, including the following key factors:

### ***Creditworthiness, financial strength and business of our key customer, RJIL***

RJIL currently the sole tenant contributes to all of the Tower Co.'s revenues. We also currently expect RJIL to contribute significantly to the Tower Co.'s revenues for the foreseeable future. RJIL is one of the fastest growing wireless broadband services providers in India and in less than three years from its commercial launch in September 2016 has grown its wireless subscriber base to 355.22 million as of September 30, 2019, the second largest in India, according to TRAI. RJIL is the industry leader in the Indian telecommunications sector with the largest market share of 39.5% and 56.9% based on revenue and total broadband subscribers, respectively, as of September 30, 2019, according to TRAI.

RJIL's business is impacted by the overall economic conditions in India, the telecommunications industry landscape and digital consumer behaviours and factors affecting telecommunications companies in India such as the usage of fiberized towers and fibre backhaul, the length and frequencies of network downtime, the availability of licenses and spectrum in relevant service areas and the appropriate selection of tower sites. If RJIL, due to the factors as mentioned above, decides to re-consider its tower requirements, is unable to meet its obligations under the Master Services Agreement or wants to renegotiate the terms of the Master Services Agreement to reflect prevailing market rates for tower usage, it would negatively affect our revenues and operating results.

For more information, see also "*Risk Factors — Risks related to Our Business and Industry — RJIL currently contributes to all of the Tower Co.'s revenues and is expected to continue to contribute significantly to its revenues going forward. Accordingly, its results of operations and financial condition are linked to those of RJIL. As a result, any and all the factors that may adversely affect the business of RJIL would adversely and materially affect the results of operations and financial condition of the Tower Co.. Further, any delay in payments from RJIL would materially and adversely affect the Tower Co.'s cash flows and distributions to our Unitholders*".

### ***Government Regulations and Policies***

We are subject to Government regulations on the construction and operation of tower sites. A significant proportion of our activities for tower construction involve obtaining community approvals and compliance with Government regulations. We typically obtain community approvals prior to commencing construction of a tower site, consistent with what we believe to be the common practice in India and give the long lead-time generally required for processing applications for approvals and licenses, however, we sometimes proceed with, and in such cases often complete, tower construction and built-to-suit tower installation for the sole tenant before all required approvals and licenses have been formally obtained from relevant authorities. This development model helps enable us to more quickly scale our tower assets portfolio. If such approvals and licenses are not eventually obtained, the local authorities may issue notices for our towers to be dismantled or removed. Increasing Governmental regulation of the tower leasing business could increase time and cost of our build-to-suit tower construction, as well as the overall cost of regulatory compliance for our site portfolio. See the section titled "*Regulations and Policies*" for more information about the regulations of the tower leasing business in India.

Change in laws or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business, could have a significant effect on our revenues, expenditure and growth prospects as they relate to future assets. For example, an October 2019 ruling by the Supreme Court of India regarding the method used to calculate spectrum and license fees has adversely affected many of the country's major telecommunications operators. Because certain of the telecommunications operators most significantly affected by the Supreme Court ruling are customers of our competitors, the recent Supreme Court decision may indirectly affect conditions and competition in the telecommunications tower infrastructure sector. As another example, the results of operations of future assets are likely to be affected by budgetary allocations made by the various central and state government agencies for the tower infrastructure sector as well as funding provided by international and multilateral development finance institutions. See also "*Risk Factors — Risks Related to India — Changing laws, rules and regulations and legal uncertainties may materially and adversely affect our business, financial condition and results of operations*".

Further, trends in particular government's approach to telecommunications tower infrastructure – such as slowdowns in the volume of build-operate-suit tower assets or changes in policies relating to effect of electromagnetic field radiation from base stations, mobile antennae and phones – may be likely to affect our business, financial condition and results of operations because these would require us to incur additional, unanticipated expenses in order to comply with these changed standards. Also, if we fail to meet safety, health, social and environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil and criminal proceedings by

environmental groups and other individuals, which could result in substantial fines and penalties against us. Penalties imposed by regulatory authorities on us or third parties upon whom we depend may also disrupt our business and operations. For further details, please see the sections titled “*Legal and Other Information*”, “*Risk Factors — Risks related to Our Business and Industry — Our costs could increase and the growth of our revenues could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated and regulations requirements become applicable to telecommunication towers and related infrastructure*” and “*Risk Factors — Risks related to Our Business and Industry — Failure to comply with, safety, health and environmental laws and regulations in India applicable to our business or adverse changes in such applicable laws and regulations, may materially and adversely affect our business.*”

### ***Industry competition and consolidation***

The tower infrastructure business in India is highly competitive. We face competition from telecommunications operators that own site portfolio and lease antenna space to third parties, independent tower companies that operate small or large site portfolios and owners of alternative site structures such as building rooftops, outdoor and indoor distributed antenna system networks billboards and electric transmission towers. We believe that the competition for tower leasing varies depending principally on size of site portfolio and pricing, tower location, relationships with telecommunications operators, tower quality and height, operational management and additional services to customers. Some of our competitors may have greater financial resources, economies of scale and operating efficiencies than us. Competitive pressures could have a material adverse effect on our tenancy rates and services income. In respect of new and eligible acquisition opportunities, we also face, and expect to continue to face, competition in identifying and successfully acquiring tower assets, particularly for high quality tower assets and large site portfolios, which could also make our tower acquisitions more costly.

Our competitors may merge, consolidate or enter partnerships or joint ventures with other industry players, and the strength of the business combinations or collaborations could affect our competitive position. Accordingly, our results of operations depend significantly on various factors such as the demand for our tower assets in the telecommunications market we operate in, our ability to manage our growth strategy and expansion plans, including our ability to grow our tower infrastructure portfolio.

### ***General economic conditions in India and demand for telecommunication tower infrastructure in India***

We conduct all our operations in India and our customers’ demand for additional tenancies on our telecommunications sites is necessarily dependent on the overall health of the Indian economy and our results of operations are significantly affected by factors influencing the Indian economy. India’s domestic product, or GDP per capital growth, increased from at an annual rate of 1.588% in 2008 to 5.709% in 2018, according to World Bank. Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could have a material, adverse effect on our business, financial condition, results of operations, cash flows and the price of the Units. See also, “*Risk Factors — Risks related to India — Our business depends on economic growth in India and financial stability in Indian markets, and any slowdown in the Indian economy or in Indian financial markets could have a material, adverse effect on our business*”.

Our business consists of building, acquiring, owning and operating telecommunications towers and providing access to these towers primarily to wireless telecommunications service providers. Therefore, our results of operations and ability to attract potential customers in the market are impacted by factors affecting the demand for telecommunications towers in India. Consumer demand for wireless telecommunications services, the financial conditions of wireless telecommunications service providers, the ability and willingness of wireless telecommunications service providers to maintain or increase capital expenditures, the overall growth rate of wireless telecommunications or of a particular segment of the wireless telecommunications sector, new technologies which enhance the efficient of telecommunications networks could all have a significant impact on the demand for telecommunications towers in India and consequently, on the revenues and growth prospect of our business operations and our ability to attract potential customers in the market. If the demand for telecommunications towers does not grow or grows at a slower pace than we expect, the demand for our towers will be adversely affected, which would have a material adverse effect on our results of operations and our ability to attract potential customers in the market.

## **CRITICAL ACCOUNTING POLICIES**

### ***Revenue recognition***

The Trust earns revenue primarily from rental services by leasing of passive infrastructure. Revenue is recognized when the Trust satisfies the performance obligation by transferring the promised services to the customers. Rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under master service agreement entered with customer. The Trust has ascertained that the lease payment received are straight lined over the period of the contract. Revenue excludes taxes or duties collected on behalf of the government.



- (i) Unbilled revenue represents revenues recognized after the last invoice raised to customer to the period end. These are billed in subsequent periods based on the prices specified in the master service agreement with the customers, whereas invoicing in excess of revenues are classified as unearned revenues. *Interest income*
- (ii) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. *Dividends*

Dividend income is recognised when the Trust's right to receive the payment is established.

### **Provisions**

Provisions are recognised when the Trust 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.

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. *Asset Retirement Obligation:*

Asset Retirement Obligation (“**ARO**”) is provided for where the Trust has an obligation to restore the rented premises at the end of the period in a condition similar to inception of the arrangement.

The obligation arising on account of such costs are provided at present value of future restoration and dismantling costs and are recognised as part of the cost of underlying assets. Any change in the present value of the expenditure, other than unwinding of discount on the provision, is reflected as adjustment to the provision and the corresponding asset. The change in the provision due to the unwinding of discount is recognized in the statement of profit and loss.

### **Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income and equity. *Current tax*

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax assets on carry forward losses is recognised based on convincing evidence where it is reasonably certain that sufficient taxable profits will be available to utilise those losses. Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

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

### **Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *As a lessee*

The Trust recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date.

The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-

of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Trust measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Trust uses incremental borrowing rate. For leases with reasonably similar characteristics, the Trust may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Trust is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Trust recognises the amount of the remeasurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Trust recognizes any remaining amount of the re-measurement in statement of profit and loss.

The Trust may elect not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Trust has opted to recognize the asset retirement obligation liability as part of the cost of an item of property, plant and equipment in accordance with Ind AS 16.

#### *As a lessor*

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Trust to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Trust net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases where the Trust does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

### **Foreign Currencies**

#### *Transactions and Translation*

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings and that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or statement of profit or loss, respectively).

In case of an asset, expense or income where a non-monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, dates of transactions are determined for each payment or receipt of advance consideration.

## CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Trust's Audited Consolidated Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. 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.

### *Depreciation and useful lives of Property, Plant and Equipment*

Plant and Equipment are depreciated over their estimated useful life which is based on technical evaluation, actual usage period and operations and maintenance arrangement with a vendor, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets periodically in order to determine the amount of depreciation to be recorded during any reporting period.

### *Asset Retirement Obligation*

Asset retirement obligation created for leased premises involves judgement around the cost to dismantle equipment and restore sites upon vacation and the timing of the event. The provision represents the Trust's best estimate of the amount that may be required to settle the obligation. Costs are expected to be incurred over a period of up to 20 years and the estimates are discounted using a rate that reflects the passage of time.

### *Recoverability of trade receivable*

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

### *Impairment of Non-Financial Assets*

The Trust assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Trust estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU")'s fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where 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 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.

### *Leases*

#### *As a lessor*

The Trust has assessed that the Master Service Agreement with operators contains lease of its tower sites and plant and equipment and has determined, based on evaluation of the terms and conditions of the arrangements such as various lessees sharing the same tower sites with specific area, the fair value of the asset and all the significant risks and rewards of ownership of these properties retained by the Trust., that such contracts are in the nature of operating lease and has accounted for as such. Lease rentals under operating leases are recognised as income on straight line basis over the lease term.

#### *As a lessee*

The Trust determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Trust is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Trust is reasonably certain not to exercise that option. In assessing whether the Trust is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Trust to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Trust evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Trust uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate calculated as the weighted average rate specific to the portfolio of leases with similar characteristics.

## DESCRIPTION OF PRINCIPAL INCOME STATEMENT LINE ITEMS AND RESULTS OF OPERATIONS

	Six months ended September 30, 2019 (₹ in million)
<b>INCOME</b>	
Revenue from Operations	16,328
Other Income	72
<b>Total Income</b>	<b>16,400</b>
<b>EXPENSES</b>	
Network Operating Expenses	2,968
Finance Costs	15,887
Depreciation and Amortisation Expense	8,695
Other Expenses	84
<b>Total Expenses</b>	<b>27,634</b>
<b>Loss before tax</b>	<b>(11,234)</b>
Tax expenses	Nil
<b>Loss for the period</b>	<b>(11,234)</b>
Other Comprehensive Income	Nil
<b>Total Comprehensive Income for the period</b>	<b>(11,234)</b>

### *Income*

Our income consists of revenue from sale of services and other income.

#### *Revenue from operations*

The Tower Co. entered into a master service agreement dated April 15, 2019 with RJIL (the “**Original MSA**”) pursuant to which the Tower Co. provides to RJIL the Passive Infrastructure and related Services for intellectual property fees with effect from close of business hours March 31, 2019. However from the Closing Date, the Master Services Agreement shall come into effect and the revenue from operations of the Tower Co. has been determined on the basis of the Master Services Agreement. For more information on the Master Services Agreement, please refer to the section titled “*Summary of Tower Agreements*”. For the six months ended September 30, 2019, our revenue from operations was ₹ 16,328 million.

#### *Other income*

Our other income primarily consists of interest income on income tax refund and net gains on sale of investments. For the six months ended September 30, 2019, we recorded interest income on income tax refund of ₹ 6 million and net gains on sale of investments of ₹ 66 million.

### *Expenses*

Our expenses comprise (i) network operating expenses; (ii) finance costs; (iii) depreciation and amortisation expenses; and (iv) other expenses.

#### *Network operating expenses*

Our network operating expenses include power and fuel expenses, rental expenses, repairs and maintenance and other network costs. Pursuant to the Original MSA, the power and fuel expenses and rental expenses are reimbursed by RJIL and accordingly, these expenses are netted off against the reimbursement from RJIL. The Tower Co. incurred repairs and maintenance expenses of ₹ 2,196 million and other network costs of ₹ 772 million for the six months ended September 30, 2019.

For the six months ended September 30, 2019, our total network operating expenses was ₹ 2,968 million.

#### *Finance costs*

Our finance costs primarily consist of interest expenses of ₹ 15,284 million, foreign exchange fluctuation difference of ₹ 529 million and other borrowing costs of ₹ 74 million.

For the six months ended September 30, 2019, our finance costs were ₹ 15,887 million.

### Depreciation and amortisation expense

Our depreciation and amortisation expense consist primarily of depreciation of our plant and equipment, leasehold land, leasehold improvements and buildings - temporary structures.

Depreciation and amortization expense related to plant and equipment was ₹ 8,689 million out of the total depreciation and amortization expense of ₹ 8,695 million for the six months ended September 30, 2019.

### Other expenses

Our other expenses primarily comprise of professional fees of ₹ 34 million, payments to auditors of ₹ 19 million and general expenses of ₹ 31 million.

For the six months ended September 30, 2019, our other expenses were ₹ 84 million.

### Loss before tax

For the reasons as described above, our loss before tax was ₹ 11,234 million for the six months ended September 30, 2019.

### Tax expense

We had nil tax expense for the six months ended September 30, 2019.

### Other comprehensive income

We had nil other comprehensive income for the six months ended September 30, 2019.

### Total comprehensive income

For the reasons as described above, the total comprehensive loss was ₹ 11,234 million for the six months ended September 30, 2019.

## OUR FINANCIAL CONDITION

The Tower Infrastructure Business was transferred by RJIL to the Tower Co. by way of a slump sale on a going concern basis under the Scheme of Arrangement with effect from close of business hours on March 31, 2019. The Trust thereafter acquired 51% of the outstanding equity share capital in the Tower Co. pursuant to the Share Purchase Agreement - I on March 31, 2019. For more information regarding the formation of the Trust, the Scheme and the Trust's initial acquisition of assets and liabilities, see the section titled "*Formation Transactions in relation to the Trust*".

The following table presents our statement of financial position as of March 31, 2019 and as of September 30, 2019:

	As of	
	September 30, 2019	March 31, 2019
	(₹ in million)	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	370,833	248,208
Capital work-in-progress	Nil	80,152
Financial Assets		
- Other Financial Asset	3,004	2,726
Other Non-Current Assets	3,038	2,615
<b>Total Non-Current Assets</b>	<b>376,875</b>	<b>333,701</b>
<b>Current assets</b>		
Financial Assets		
- Investments	Nil	145
- Trade receivables	310	310
- Cash and cash equivalents	41	6
- Other financial assets	22,964	15,000
Other Current Assets	23,954	18,954
<b>Total Current Assets</b>	<b>47,269</b>	<b>34,415</b>

	As of	
	September 30, 2019	March 31, 2019
	(₹ in million)	
<b>Total Assets</b>	<b>424,144</b>	<b>368,116</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Initial contribution	-	-
Non-controlling interest	(4,419)	1,037
Other equity	(5,295)	483
<b>Total Equity</b>	<b>(9,714)</b>	<b>1,520</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities		
- Borrowings	230,943	189,460
Provisions	10,061	7,414
<b>Total Non-Current Liabilities</b>	<b>241,004</b>	<b>196,874</b>
<b>Current Liabilities</b>		
Financial Liabilities		
- Borrowings	30,050	29,650
- Trade Payables due to		
• Micro and small enterprises	-	-
• Other than micro and small enterprises	6,377	3,111
- Other Financial Liabilities	28,396	12,163
Creditors for Capital Expenditure	127,854	124,771
Other Current Liabilities	177	27
<b>Total Current Liabilities</b>	<b>192,854</b>	<b>169,722</b>
<b>Total Liabilities</b>	<b>433,858</b>	<b>366,596</b>
<b>Total Equity and Liabilities</b>	<b>424,144</b>	<b>368,116</b>

### *Total Assets*

As of March 31, 2019 and September 30, 2019, we had total assets of ₹ 368,116 million and ₹ 424,144 million, respectively. Our total assets as of March 31, 2019 primarily comprised the assets pertaining to the Tower Infrastructure Business that was transferred to and vested with the Tower Co. on a going concern basis with effect from close of business hours on March 31, 2019 pursuant to the Scheme. The increase in total assets was primarily attributable to increases in plant and equipment arising from the capitalization of capital work-in-progress and additional capital expenditure from commissioning of additional Tower Sites. The total operational Tower Sites as of September 30, 2019 was 124,091 as compared to 106,000 as of March 31, 2019.

### *Property, Plant and Equipment*

Our property, plant, and equipment primarily comprises our leasehold and freehold land, leasehold improvements, buildings – temporary structure and plant and equipment.

As of March 31, 2019 and September 30, 2019, our property, plant, and equipment was ₹ 248,208 million and ₹ 370,833 million, respectively. The increase was primarily attributed to the capitalization of capital work-in-progress and additional capital expenditure incurred during the six months ended September 30, 2019. As described above, our total operational Tower Sites as of September 30, 2019 was 124,091 as compared to 106,000 as of March 31, 2019.

### *Capital work-in-progress*

The capital work-in-progress as of March 31, 2019 aggregating to ₹ 80,152 million was subsequently capitalized and as of September 30, 2019 there was nil capital work-in-progress.

### *Non-current Financial Assets*

The non-current financial assets as of March 31, 2019 and September 30, 2019 was ₹ 2,726 million and ₹ 3,004 million, respectively. The increase was primarily due to increase in security deposits.

### *Other Non-current Assets*

Our other non-current assets primarily consist of capital advances, advance income tax and tax deducted at source and other amounts paid under protest.

As of March 31, 2019 and September 30, 2019, we had other non-current assets of ₹ 2,615 million and ₹ 3,038 million, respectively. The increase in other non-current assets was primarily attributable to an increase in advance taxes and tax deducted at source.

### *Current Financial Assets*

- *Investments:* On March 31, 2019 we had investments in mutual funds aggregating ₹ 145 million which have since been redeemed and as of September 30, 2019 we had nil investments.
- *Trade Receivables:* Our trade receivables primarily comprise receivables from telecommunications service providers other than RJIL. As of September 30, 2019, our trade receivables were ₹ 310 million. These trade receivables moved into the Tower Co. as part of the Scheme involving the transfer of the Tower Infrastructure Business from RJIL to the Tower Co. as of the close of business hours of March 31, 2019 which continue to remain outstanding as of September 30, 2019.
- *Cash and Cash Equivalents:* Our cash and cash equivalents primarily comprise cash and balances with banks. As of March 31, 2019 and September 30, 2019, we had cash and cash equivalents of ₹ 6 million and ₹ 41 million, respectively.
- *Other financial assets:* Our other financial assets of ₹ 22,964 million as of September 30, 2019 primarily comprised of deposits of ₹ 15,000 million with contractor, other unbilled revenues, which related to power and fuel expenses to be billed and recovered from RJIL aggregating ₹ 5,463 and ₹ 2,501 million related to treasury operations receivables from redemption of mutual funds. Other financial assets as of March 31, 2019 comprised of deposits of ₹ 15,000 million with contractor.

### *Other Current Assets*

As of September 30, 2019, our other current assets were ₹ 23,954 million comprising balance with GST authorities of ₹ 21,285 million and other advances of ₹ 2,669 million. Other current assets as of March 31, 2019 was ₹ 18,954 million. The increase primarily related to an increase in balance with GST authorities amounting to ₹ 3,958 million.

### **Total Liabilities**

As of March 31, 2019 and September 30, 2019, we had total liabilities of ₹ 366,596 million and ₹ 433,858 million, respectively. Our total liabilities as of March 31, 2019 primarily comprised the liabilities pertaining to the Tower Infrastructure Business that was transferred to and vested with the Tower Co. on a going concern basis with effect from close of business hours on March 31, 2019 pursuant to the Scheme. The increase in total liabilities was primarily attributable to increases in non-current borrowings, current borrowings and other financial liabilities.

### *Non-current Borrowings*

As of September 30, 2019, our borrowings was ₹ 230,943 million which primarily comprised term loans from banks (excluding current maturity of long term borrowings of ₹ 10,000 million) of ₹ 111,483 million and the non-convertible debentures (“NCDs”) held by RIL of ₹ 118,360 million and the RVL Loan of ₹ 1,100 million. Non-current borrowings as of March 31, 2019 was ₹ 189,460 million. The increase in non-current borrowings is primarily attributable to an increase in term loans from banks. For more details on the borrowings, see section titled “*Financial Indebtedness*” on page 147.

### *Provisions*

We have created non-current provisions related to asset retirement obligations of ₹ 10,061 million as of September 30, 2019. Provisions as of March 31, 2019 was ₹ 7,414 million.

### *Current Borrowings*

As of September 30, 2019, our current borrowings was ₹ 30,050 million comprising borrowings from RIL of ₹ 5,050 million and borrowings from Jamnagar Utilities & Power Private Limited of ₹ 25,000 million. Current borrowings as of March 31, 2019 comprising non-convertible debentures of ₹ 29,650 million.

### *Trade Payables*

Our trade payables were ₹ 6,377 million as of September 30, 2019 and ₹ 3,111 million as of March 31, 2019.

### Other Financial Liabilities

As of September 30, 2019, our other financial liabilities aggregating ₹ 28,396 million comprised current maturities of long-term borrowings of ₹ 10,000 million, interests accrued but not due on borrowings of ₹ 7,326 million, security deposits amounting to ₹ 10,750 million and other financial liabilities of ₹ 320 million. Other financial liabilities as of March 31, 2019 was ₹ 12,163 million. The increase was primarily due to an increase in the security deposits of ₹ 10,750 million, increase in interest accrued but not due of ₹ 7,135 million and partially off-set by reduction in other financial liabilities.

### Creditors for Capital Expenditure

As of September 30, 2019 and March 31, 2019, creditors for capital expenditure was ₹ 127,854 million and ₹ 124,771 million, respectively.

### Other Current Liabilities

As of September 30, 2019, other current liabilities of ₹ 177 million comprised primarily statutory dues. As of March 31, 2019 our other current liabilities was ₹ 27 million as of March 31, 2019.

### Total Equity

As of September 30, 2019, total equity was ₹ (9,714) million comprising the initial contribution to the Trust from the Reliance Sponsor of ₹ 10,000, non-controlling interest pertaining to the equity shareholding of the Tower Co. held by minority shareholder and the share of the minority shareholder in the accumulated loss of the Tower Co. for the six months ended September 30, 2019 aggregating ₹ (4,419) million and other equity comprising of preference share capital of ₹ 500 million as adjusted for opening reserves and surplus of ₹ (17) million and total comprehensive loss of ₹ (5,778) million for the six months ended September 30, 2019.

The preference share capital as of September 30, 2019 was in the nature of optionally convertible preference share (“OCPS”). Pursuant to the Shareholder and Option Agreement, the terms of the OCPS are to be amended as redeemable, non-participative, non-cumulative and non-convertible preference shares.

Total equity as of March 31, 2019 and September 30, 2019 was ₹ 1,520 million and ₹ (9,714) million, respectively. The reduction in value was attributable to losses during the six months ended September 30, 2019.

## LIQUIDITY AND CAPITAL RESOURCES

The Tower Co. operate in a capital intensive industry and its principal liquidity requirements are related to financing, acquisition of or construction at new Tower Sites and for servicing debt required to fund such acquisition and/or construction. The Tower Co. is in the process of securing ₹ 300,080 million to refinance its existing borrowings and certain liabilities as well as to fund completion all of the Initial Tower Sites. For further information, see “*Financial Indebtedness*” on page 147.

For the six months ended September 30, 2019, we generated operating cash flows of ₹ 16,415 million, incurred ₹ 48,386 million with respect to cash flows used in investment, primarily consisting of capital expenditure of ₹ 46,096 million and cash flows generated from financing of ₹ 32,006 million, primarily related to an increase in net borrowings as adjusted for interest costs.

## TRANSACTIONS WITH RELATED PARTIES

We have in the past engaged, and in the future may engage, in related party transactions.

For information on our related party transactions under the InvIT Regulations, please refer to the section titled “*Related Party Transactions*”. Also please refer to Note 23 to the Audited Consolidated Financial Statements.

## OTHER CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

In addition to payment obligations under borrowings, we have continuing obligations to make certain payments.

As of September 30, 2019, we had the following contractual obligations:

	Maturity profile of loans as of September 30, 2019			
	(₹ in millions)			
	Less than equal to three months	Three to six months	Six to 12 months	One to three years
<b>Non-derivative liabilities</b>				
Non-current	830	830	8,330	41,630



	<b>Maturity profile of loans as of September 30, 2019</b>			
	<b>(₹ in millions)</b>			
	<b>Less than equal to three months</b>	<b>Three to six months</b>	<b>Six to 12 months</b>	<b>One to three years</b>
Current		25,000	5,050	
<b>Total</b>	<b>830</b>	<b>25,830</b>	<b>13,380</b>	<b>41,630</b>
<b>Derivatives liabilities</b>				
Forwards	150	50	(10)	
<b>Total</b>	<b>150</b>	<b>50</b>	<b>(10)</b>	

We are subject to legal proceedings and claims which arise in the ordinary course of business. See “*Our Business — Governmental, Legal and Arbitration Proceedings.*” Although occasional adverse decisions or settlements may occur, the potential loss, if any, cannot be reasonably estimated. However, we believe that the final disposition of current matters will not have a material adverse effect on our financial position, results of operations or cash flow. We believe that we have adequately provided for contingencies which are likely to become payable. For further information on our contingent liabilities, see Note 24 to our Audited Consolidated Financial Statements as of and for the six months ended September 30, 2019 included elsewhere in this Preliminary Placement Memorandum.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

We do not have any off-balance sheet transactions.

#### **SIGNIFICANT DEVELOPMENTS SINCE SEPTEMBER 30, 2019**

To our knowledge, except as disclosed in this Preliminary Placement Memorandum, there is no subsequent development after the date of our financial statements contained in this Preliminary Placement Memorandum 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. The Investment Manager has confirmed that the Trust has the ability to meet its working capital requirements for at least 12 months from the date of listing of the Units.

The following table sets forth the monthly revenues of the Tower Co. since September 30, 2019:

<b>Months ended</b>	<b>₹ millions</b>
October 2019	2,840
November 2019	2,840
December 2019	2,840
<b>Total</b>	<b>8,520</b>

#### **QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

##### ***Credit risk***

Credit risk relates to the risk that a customer or a counterparty to a financial instrument fails to discharge an obligation to us or causes financial loss to us. We are exposed to credit risk in respect of outstanding receivables from customers and our investments.

See also “*Risk Factors — Risks related to Our Business and Industry — RJIL currently contributes to all of the Tower Co.’s revenues and is expected to continue to contribute significantly to its revenues going forward. Accordingly, its results of operations and financial condition are linked to those of RJIL. As a result, any and all the factors that may adversely affect the business of RJIL would adversely and materially affect the results of operations and financial condition of the Tower Co.. Further, any delay in payments from RJIL would materially and adversely affect the Tower Co.’s cash flows and distributions to our Unitholders.*”.

##### ***Liquidity risk***

Liquidity risk relates to the risk that we will not be able to meet our obligations associated with our financial liabilities. We are exposed to liquidity risk in respect of financing arrangements. If we fail to maintain sufficient stock of working capital due to delayed payment from our customers, we may need to incur additional indebtedness to service existing debt obligations.

We believe that we maintain sufficient stock of cash and committed credit facilities. We also access global and local financial market to meet our liquidity requirements. We use a range of products and a mix of currencies to ensure efficient funding from well-diversified markets and investor pools.

The Trust, through the Investment Manager, will regularly monitor liquidity requirements to ensure that it maintains adequate means of obtaining funds necessary in order to meet liquidity requirements in the short and longer term. Further, we aim to minimize the risk by generating sufficient cash flows from our current operations, cash and cash equivalents, liquid investments and by deploying a robust cash management system. However, as a result of the Trust's distribution policy and the requirements therefor in the InvIT Regulations, the Trust will be severely limited in its ability to maintain reserves of cash and cash equivalents, which could enhance liquidity risk. Please see the section entitled "*Distribution*" for more details.

#### ***Interest rate risk***

As the infrastructure development and construction business is capital intensive, we are exposed to interest rate risk. Interest rates for borrowings have been volatile in India in recent periods. Our exposure to risk of changes in market interest rate relates to floating rate debt obligations and derivative products taken to mitigate interest rate risk. Therefore, any increases in interest expense could have an adverse effect on their results of operations and financial condition. Although from time to time we may engage in interest rate hedging transactions 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.

#### ***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Audited Consolidated Financial Statements are presented in Indian rupees. The functional currency applicable to us is also Indian rupees and we generate revenues and incur costs in Indian rupees. We are exposed to foreign exchange risk on account of various assets and liabilities which are denominated in currencies other than Indian rupees. In particular, the exchange rate between the U.S. dollar and India rupees has fluctuated significantly in recent years and may continue to fluctuate in the future. Depreciation of the Indian rupees against the U.S. dollar can adversely affect our results of operations. As we continue to have significant foreign currency denominated liability, we use various tools such as foreign currency forward and option contracts to periodically hedge currency risk in accordance with our foreign exchange risk management policy.

#### ***Inflation***

In past years, India has experienced relatively high rates of inflation. Inflation generally impacts the overall economy and business environment and hence could affect us.

#### ***Seasonality***

Our business is not seasonal.

## 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 Trust; and (ii) promoters, directors, and partners of the Parties to the 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 further details in relation to related party transactions, please see the section entitled “*Audited Consolidated Financial Statements*” on page 210. The Parties to the Trust, may, from time to time, enter into related party transactions, in accordance with applicable law.

### Procedure for dealing with Related Party Transactions

The board of directors of the Investment Manager has adopted the RPT Policy pursuant to its resolution dated January 13, 2020.

The key terms of the RPT Policy are provided below:

- (i). 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 the Trust; and
  - (e). compliant with applicable law.
- (ii). An internal control system will be established so as to ensure that future related party transactions are compliant with the InvIT Regulations and applicable accounting standards. Further, meetings of the Unitholders shall be convened in accordance with Regulation 22 of the InvIT Regulations, and records pertaining to such meetings shall be maintained in the manner prescribed. The Investment Manager shall also ensure compliance with any additional guidelines issued in this regard by SEBI and other relevant regulatory, statutory or governmental authorities from time to time.
- (iii). If the value of funds borrowed from related parties in a financial year exceeds 5% of the total consolidated borrowings of the Trust, any holding company and the SPVs, or any other threshold provided in 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). 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 Trust or any other threshold provided in 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.
- (v). The Investment Manager will maintain a register to record all related party transactions entered into by the Trust and the basis on which they are entered into.
- (vi). The Investment Manager will also incorporate into its internal audit plan a review of all related party transactions entered into by the Trust during each financial year.

### Potential Conflict of Interest

- (i). All resolutions in writing of the board of the Investment Manager in relation to matters concerning related party transactions of the Trust must be approved by a majority of the directors of the Investment Manager.
- (ii). Where matters concerning the Trust relate to transactions entered into or to be entered into by the Investment Manager for and on behalf of 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 provided in the RPT Policy.
- (iii). As part of its review of the internal audit reports at least quarterly in each financial year, the Committee/ Board will review the internal audit reports of the implementation of the agreements to acquire assets from the Sponsors to ensure compliance.

## ***Disclosure and Reporting***

- (i). Quarterly reports on the activities of the 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 shall be submitted to the Trustee.
- (ii). Related party transactions shall be disclosed to the Stock Exchange and the Unitholders periodically, in accordance with the InvIT Regulations and the agreement to be entered into with the Stock Exchange in relation to the listing of the Units. The details of any fees or commissions received or to be received by such related party(ies) shall be adequately disclosed to the Stock Exchange.
- (iii). In terms of the InvIT Regulations, the annual report to be submitted to all Unitholders, electronically or by physical copies, and to the Stock Exchange 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 Trust.

## **Related Party Transactions**

### ***Present and On-going Related Party Transactions***

#### *Related Party Transactions of the Trust in relation to the setting up of the 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 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:

#### **(A) Share Purchase Agreements**

Please see the section entitled "*Related Party Transactions - Acquisition of the Tower Co. by the Trust*" on page 167 for a description of the terms of the Share Purchase Agreements.

#### **(B) Indenture of Trust**

Please see the section entitled "*Parties to the Trust – Key Terms of the Indenture of Trust*" on page 85 for a description of the terms of the Indenture of Trust.

#### **(C) Investment Management Agreement**

Please see the section entitled "*Parties to the Trust – Key Terms of the Investment Management Agreement*" on page 95 for a description of the terms of the Investment Management Agreement.

#### **(D) Project Implementation and Management Agreement**

Please see the section entitled "*Parties to the Trust – Key terms of the Project Implementation and Management Agreement*" on page 105 for a description of the terms of the Project Implementation and Management Agreement.

#### **(E) Trust Loan Agreement**

Please see the section entitled "*Formation Transactions in relation to the Trust - Utilisation of Issue Proceeds*" on page 21 for a description of the terms of the Trust Loan Agreement.

## ***Acquisition of the Tower Co. by the Trust***

### ***Share Purchase Agreement - I***

The Trust (acting through the Trustee) has entered into a share purchase agreement dated March 31, 2019 (the “**Share Purchase Agreement – I**”) with the Reliance Sponsor, the Investment Manager, RJIL, the Tower Co. and DMDT (acting through its trustee) to acquire 51% of the equity share capital of the Tower Co. ( the “**SPA-I Sale Shares**”) from RJIL, the Reliance Sponsor and DMDT, such that as of the March 31, 2019 (the “**SPA-I Closing Date**”), the Trust shall receive full legal and beneficial ownership of the SPA-I Sale Shares free and clear of all encumbrances (the “**SPA-I Transaction**”).

**Consideration:** The Trust has agreed to pay ₹ 1,096.50 million as consideration for the SPA-I Sale Shares (the “**SPA-I Consideration**”).

**Representations and Warranties:** The representations and warranties provided by the Reliance Sponsor, the Trust, the Investment Manager, RJIL, and DMDT under the Share Purchase Agreement - I, included:

- (i). due incorporation and due authorisation for the consummation of the SPA-I Transaction;
- (ii). non-contravention of constitutional documents, applicable law, agreements to which such entity is a party; and
- (iii). representations in relation to solvency.

Further, the Reliance Sponsor, RJIL and DMDT represented and warranted that:

- (i). they are the sole, legal and beneficial owners having good, valid and marketable title of their respective number of SPA-I Sale Shares and their respective SPA-I Sale Shares were fully paid up, free and clear of all encumbrances. There was no arrangement to give or create any encumbrance and that no claim had been made by any person to be entitled to any such encumbrance; and
- (ii). there were no tax proceedings pending against them that would render the SPA-I Transaction void under Section 281 of the Income Tax Act.

**Indemnity:** Pursuant to the Share Purchase Agreement - I, the Reliance Sponsor, RJIL and DMDT have agreed to severally indemnify the Trust (acting through its Trustee) and the Investment Manager and their respective directors and employees from and against any and all losses resulting from any misrepresentation or breach of warranties given by the Reliance Sponsor, RJIL and DMDT. In relation to the indemnities provided:

- (i). the Trust and the Investment Manager shall take reasonable steps to mitigate the loss suffered as a consequence of the breach of the terms of Share Purchase Agreement-I;
- (ii). the Reliance Sponsor, RJIL and DMDT shall not be liable for any punitive, incidental, special or indirect damages;
- (iii). the maximum liability of each of the Reliance Sponsor, RJIL and DMDT will not exceed the amount of the relevant SPA-I Consideration received by them from the SPA-I Transaction; and
- (iv). the Reliance Sponsor, RJIL and DMDT will not be responsible for any losses incurred as a result of an act or omission by them upon receipt of specific instructions of the Trust or the Investment Manager and which was not an action undertaken by the Trust and the Investment Manager in the ordinary course prior to such act or omission leading to the claim.

The indemnification obligations of the Reliance Sponsor, RJIL and DMDT will be the exclusive monetary remedy available to the Trust and the Investment Manager for any loss that they may suffer on account of breach of the Share Purchase Agreement-I.

### ***Share Purchase Agreement - II***

The Trust (acting through the Trustee) has entered into a share purchase agreement dated December 16, 2019 (the “**Share Purchase Agreement - II**”) with the Reliance Sponsor, the Investment Manager, RIL, Tower Co. and the Brookfield Sponsor to acquire remaining 49% of the outstanding equity share capital of Tower Co. (the “**Sale Shares**”) from RIL, such that as of the SPA Closing Date, the Trust shall receive full legal and beneficial ownership of the Sale Shares free and clear of all encumbrances, except one Sale Share that shall be transferred to a nominee shareholder of the Trust (the “**Transaction**”).

**Consideration:** The Trust has agreed to pay ₹ 1,053.50 million as consideration for the Sale Shares.

**Conditions Precedent:** Pursuant to the Share Purchase Agreement - II, the Sale Shares will stand transferred to the Trust subject to the satisfaction of certain conditions precedent by the Sponsors and the Trust, including:

- (i). the relevant parties entering into binding arrangements for debt of ₹ 300,080 million for replacing the current debt and liabilities of Tower Co. and for the purposes of funding further capital expenditure;
- (ii). execution and full force and effect of all relevant transaction documents and no default having occurred under such documents;
- (iii). the Brookfield Sponsor, RIL and the Trust having completed all necessary corporate processes and filings as may be required under the InvIT Regulations;
- (iv). Tower Co. providing to the Trust, valuation certificates certifying that the price per Sale Share payable by the Trust is in compliance with applicable law and is not less than the fair market value of the Sale Shares as contemplated under section 56(2)(x) of the Income-tax Act, 1961 read with the Income-tax Rules, 1962;
- (v). amendment of the constitution documents of the Trust (being, the Indenture of Trust and the Investment Management Agreement);
- (vi). amendment of the terms of preference shares of the Tower Co. held by RIL as on the date of this Share Purchase Agreement - II, to the satisfaction of the Brookfield Sponsor. RIL and the Tower Co. having duly attended to and carried out all corporate procedures required under the applicable laws in connection with the amendment of the terms of such preference shares;
- (vii). the parties to the Share Purchase Agreement - II shall have agreed on the form of the restated articles of association of the Tower Co. incorporating the relevant provisions of the Shareholder and Option Agreement, in a form and manner satisfactory to Brookfield Sponsor; and
- (viii). no material adverse effect having occurred between the date of execution of the Share Purchase Agreement - II and the SPA Closing Date.

In addition, RIL is required to satisfy the following conditions precedent:

- (i). RIL providing a confirmation that the warranties provided by it under the Share Purchase Agreement - II are true and correct in all material respects as on the SPA Closing Date;
- (ii). RIL providing the Brookfield Sponsor with the relevant corporate records and share purchase agreements evidencing title to the Equity Shares held by Trust and RIL on the date of the execution of the Share Purchase Agreement - II; and
- (iii). the Reliance Sponsor and Tower Co. having complied with covenants applicable to them during the period between the execution date and SPA Closing Date under the Share Purchase Agreement - II.

In addition, the Brookfield Sponsor is required to satisfy the following conditions precedent:

- (i). the Brookfield Sponsor having made applications with necessary government entities and having received relevant regulatory approvals, including approval from DoT for the increase in the permissible foreign investment limits to 100% in the Tower Co. and the approval (or deemed approval) of the CCI for the transaction (including, amongst others, the indirect acquisition of control of Tower Co.); and
- (ii). the Brookfield Sponsor having received certain internal approvals.

*Representations and Warranties:* The Sponsors, the Trust, Tower Co. and RIL has provided certain representations and warranties under the Share Purchase Agreement - II, such as:

- (i). due incorporation and due authorisation for the consummation of the Transaction;
- (ii). non-contravention of constitutional documents, applicable law, agreements to which such entity is a party;
- (iii). in case of RIL, that it is sole, legal and beneficial owner of the Sale Shares and has good, valid and marketable title to such Sale Shares; and
- (iv). representations in relation to solvency and brokerage and commissions.

*Indemnity:* Pursuant to the Share Purchase Agreement - II, the Reliance Sponsor has agreed to indemnify the Trust (acting through its Trustee), the Brookfield Sponsor, the Investment Manager and their respective directors and employees from and against any and all direct losses resulting from certain events, including:

- (i). any misrepresentation or breach of warranties given by Tower Co. or RIL;
- (ii). any acts or omissions of Tower Co. or RJIL in relation to the conduct of the business of Tower Co. for the period prior to the SPA Closing Date;
- (iii). any reduction in the value of depreciable assets (on the accounting or tax books) of the business of Tower Co. in respect of the period prior to and including the SPA Closing Date;
- (iv). any liability arising due to breach of RIIHL's obligations under the provisions of the Share Purchase Agreement – II;
- (v). any inaccuracy or misrepresentation in relation to the information provided pursuant to the provisions of the Share Purchase Agreement – II; and
- (vi). any liabilities (including direct and indirect tax liabilities) incurred by Tower Co. or the Trust in relation to (i) the business of Tower Co., pertaining to any period prior to and including the SPA Closing Date; or (ii) transfer of Equity Shares of Tower Co. to the Trust, prior to the SPA Closing Date.

Further, RIL has agreed to indemnify the Trust (acting through its Trustee), the Brookfield Sponsor, the Investment Manager and their respective directors and employees from and against any and all losses directly incurred by such party as a result of a breach of the title related warranties with respect to the Sale Shares given by it under the Share Purchase Agreement - II.

However, the Trust (acting through its Trustee), the Brookfield Sponsor, the Investment Manager, the Tower Co., and their respective directors and employees, among other things in this regard, shall:

- (i). take all reasonable steps to mitigate the loss which it may suffer;
- (ii). not be entitled to make an indemnity claim: (i). to the extent that the cause of action giving rise to it has been remedied, as provided under the Share Purchase Agreement – II, in a reasonably timely manner; or (ii). to the extent the cause of action has not been remedied, party being indemnified has successfully recovered the loss;

agree that the indemnifying party shall not be liable for any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of the Share Purchase Agreement – II or other documents, as provided therein, or diminution of value or any damages based on any type of multiple.

#### *Shareholder and Option Agreement*

The Trust (acting through the Trustee) has entered into a shareholder and option agreement dated December 16, 2019 with the Investment Manager, RIL, the Reliance Sponsor, Tower Co., RJIL and the Brookfield Sponsor (the “**Shareholder and Option Agreement**”). The Shareholder and Option Agreement provides certain inter se rights and obligations in relation to the Tower Co. which will come into effect on the SPA Closing Date, including the right of RIL to purchase the entire shareholding of the Trust in the Tower Co. and the right of the Trust to transfer its entire shareholding in the Tower Co. to the Reliance Sponsor and RJIL (jointly and severally) (the “**Put Parties**”) in accordance with the terms of the Shareholder and Option Agreement.

The Shareholder and Option Agreement has been entered into in accordance with the InvIT Regulations, and the parties to the Shareholder and Option Agreement have acknowledged that the Trust is required to comply with the InvIT Regulations. The Shareholder and Option Agreement shall not prevent the Trust from complying with the provisions of the InvIT Regulations. The Brookfield Sponsor has confirmed and undertaken that it shall, at all times, comply with the lock-in requirements applicable to a sponsor as per the InvIT Regulations. In the event of any inconsistency between the Shareholder and Option Agreement and the InvIT Regulations, the provisions of the InvIT Regulations shall prevail, and the Shareholder and Option Agreement shall be amended in writing to ensure compliance with the InvIT Regulations at all times.

#### *Trigger Events:*

##### (i). **Trust Intermediate Trigger Events**

- (a). Upon occurrence of events, which include (i) non-payment of certain amounts as specified in the Master Services Agreement, (ii) change of control of RJIL, which does not meet the conditions specified in the Shareholder and Option Agreement, or (iii) breach of certain payment obligation of RIL, as set out in the arrangement amongst RIL, RJIL and the Tower Co., and (iv) commencement of voluntary liquidation of RJIL (the “**Trust Intermediate Trigger Event**”), the Trust shall have the right to issue a notice in writing (the “**Trust Intermediate Trigger Notice**”) to the Put Parties requiring the Put Parties to purchase the Trust Shares (as defined under the Shareholder and Option Agreement) from it and pay the Trust enforcement amount, calculated in terms of and in the manner agreed in the Shareholders and Option Agreement.
- (b). If the Trust Intermediate Trigger Notice is not issued within 180 days of the Trust becoming aware of the occurrence of a Trust Intermediate Trigger Event, the Trust will not be entitled to exercise its rights and will be deemed to have waived its rights with respect to such Trust Intermediate Trigger Event.
- (c). The process specified under the Shareholder and Option Agreement shall apply upon the issuance of the Trust Intermediate Trigger Notice.

##### (ii). **Reliance Intermediate Trigger Event**

- (a). Upon occurrence of events, such as (i) if Tower Co. ceases to have an IP-1 registration (other than due action being taken by Tower Co. prior to the SPA Closing Date) and such cessation prevents RJIL from using the passive infrastructure and services of Tower Co., (ii) breach by the Trust or Tower Co. of any of their covenants specified under the Shareholder and Option Agreement and if such breach is not

rectified with 180 days of occurrence of such breach, (iii) any transactions undertaken by the Brookfield Group (as defined under the Shareholder and Option Agreement) or the Trust regarding change of the Investment Manager in breach of provisions of the Shareholder and Option Agreement, or (iv) any change by the unitholders of the Trust of the investment manager of the Trust to an entity which is not a Permitted IM, as defined below and in accordance with the terms of the Shareholder and Option Agreement, or (v) if the cumulative amounts outstanding from the Tower Co. (in one or multiple transactions) towards RJIL Advances including interest to avoid invocation of security by the Tower Co. lenders, becomes equal to or more than ₹ 3,000 million (the “**Reliance Intermediate Trigger Event**”), RIL shall have the right to issue a notice in writing (the “**Reliance Intermediate Trigger Notice**”) to the Trust and Tower Co. requiring the Trust to sell the Trust Shares to it in accordance with the Shareholder and Option Agreement and pay the Reliance enforcement amount, calculated in terms of and in the manner agreed in the Shareholders and Option Agreement.

- (b). If the Reliance Intermediate Trigger Notice is not issued within 180 days of RIL becoming aware of the occurrence of a Reliance Intermediate Trigger Event, RIL will not be entitled to exercise its rights and will be deemed to have waived its rights with respect to such Reliance Intermediate Trigger Event.
- (c). The process specified under the Shareholder and Option Agreement shall apply upon the issuance of the Reliance Intermediate Trigger Notice.

*Enforcement Sale:* If the Put Parties, RIL or Reliance Nominee (as applicable) fail to remit to the Trust, the Trust Enforcement Amount or the Reliance Enforcement Amount on the relevant closing date (“**Enforcement Event**”) then the Trust shall, notwithstanding anything contained in the AoA of the Tower Co., be entitled to sell all (and not less than all) of the Equity Shares, Preference Shares and any other securities of Tower Co. issued in terms of the Shareholder and Option Agreement (the “**Shares**”) of Tower Co. held by the shareholders (including RIL) to a third party purchaser (who has given an undertaking in writing to comply with and be bound by the provisions of the Shareholder and Option Agreement including the Call Option of RIL) (the “**Drag Along Purchaser**”) and also assign the Trust Loan Agreement, in favour of the Drag Along Purchaser to enable recovery of the enforcement sale consideration, as specified in the Shareholder and Option Agreement.

*Options:*

(i). **Put Option for Trust Shares**

- (a). On and from the expiry of 30 years from the SPA Closing Date (the “**Option Trigger Date**”), the Trust shall be entitled to require the Reliance Sponsor or Reliance Nominee, as applicable, to purchase the Trust Shares (as defined under the Shareholder and Option Agreement) held by the Trust and/or its Affiliates in Tower Co. (“**Trust Shares**”) for the Trust Shares Consideration (as defined under the Shareholder and Option Agreement), and Reliance Sponsor (or the Reliance Nominee, as applicable) shall be obligated to purchase the Trust Shares from the Trust, on the terms and conditions specified under the Shareholder and Option Agreement (the “**Put Option**”).
- (b). The Trust may exercise the Put Option at any time after the Option Trigger Date by issuing an irrevocable notice (the “**Put Notice**”), unless RIL has issued a call notice in terms of the Shareholder and Option Agreement.
- (c). Upon the issue of the Put Notice, the Parties shall be obligated to consummate the Put Option in accordance with the terms and conditions as specified in the Shareholder and Option Agreement.

(ii). **Call Option for Trust Shares**

- (a). On and from the Option Trigger Date, RIL shall be entitled (but not obligated) to require the Trust to sell to RIL or the Reliance Nominee, as applicable, the Trust Shares for the Trust Shares consideration, and the Trust shall be obligated to transfer the Trust Shares to RIL or the Reliance Nominee, as applicable, on the terms and conditions specified in the Shareholder and Option Agreement (the “**Call Option**”).
- (b). Unless the Trust has issued a Put Notice, RIL may exercise the Call Option at any time after the Option Trigger Date, by issuing an irrevocable notice in writing (“**Call Notice**”) to the Trust.
- (c). Upon the issue of a Call Notice by RIL, the Parties shall be obligated to consummate the Call Option on the Option Closing Date proposed in the Call Notice, in accordance with the terms and conditions specified in the Shareholder and Option Agreement.



- (d). Following receipt of a Call Notice from RIL, or following issue of a Put Notice, the Trust shall, subject to the other provisions of the Shareholder and Option Agreement, be obligated to ensure that the Trust Shares are free and clear of all encumbrances, as of the Option Closing Date.

*Reliance Nominee:* The Reliance Sponsor, RJIL and RIL, as the case may be, shall be entitled to nominate a Reliance Nominee for the purposes of making remittance and amongst others, acquiring the Trust Shares pursuant to the Shareholder and Option Agreement.

*Other Covenants:*

- (a). The Trust shall not transfer the Trust Shares to any person directly or indirectly, in any manner, or create any encumbrance over the Trust Shares, except to the extent provided under the Shareholder and Option Agreement, in favour of any person, without the prior written consent of RIL.
- (b). The Tower Co. shall not undertake, amongst others, the following actions or enter into any agreement in relation thereto without the prior written consent of RIL:
- amend its MoA or AoA, which adversely affect the enforceability of the terms of the Shareholder and Option Agreement;
  - divest, sell, transfer, lease, licence, or grant an option to acquire or otherwise dispose any of the assets or properties of Tower Co., or create an encumbrance on any part of such assets or properties, other than as specified under the Shareholder and Option Agreement;
  - issue or re-classify any Shares or other securities of Tower Co. or change the shareholding pattern of Tower Co.;
  - assume or incur any indebtedness in Tower Co., other than anything specified the Shareholder and Option Agreement;
  - make any distributions (cash/non-cash, whether as dividends or otherwise) to the shareholders or the Brookfield Group, except as specified under the Shareholder and Option Agreement.
- (c). The Trust shall have the right to create security over the Trust Shares held by it for the purposes of availing financing, as provided for in the Shareholder and Option Agreement.
- (d). Lenders of the Tower Co. shall have the right to invoke security over the Trust Shares, in which event RJIL shall have the right to extend advance payment to such lenders under the Master Services Agreement to avoid such invocation of security.

*Non-compete and Non-solicit:*

- (a). *Non-Compete:* RIL and RJIL agree that with effect from the SPA Closing Date until the earlier of Trust Intermediate Closing Date, Reliance Intermediate Closing Date or the Option Closing Date, they or any affiliate of RIL (RIL, together with each affiliate of RIL shall be the “**Reliance Group**”) shall not engage in establishing, developing or carrying on the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services, except as provided in the Shareholder and Option Agreement.
- (b). *Non-Solicit:* RIL agrees that on and from the SPA Closing Date until the earlier of Trust Intermediate Closing Date, Reliance Intermediate Closing Date or the Option Closing Date, it shall not, and shall procure that the Reliance Group does not, solicit, induce or encourage any employee of the Tower Co. or the Brookfield Sponsor or their respective affiliates to terminate or otherwise cease such employment or engagement, other than as provided in the Shareholder and Option Agreement.

*Preference Shares:*

The share capital of the Tower Co. shall, in addition to the Equity Share capital, comprise of fully paid-up preference share of face value ₹10 each (the “**Preference Shares**”). The Preference Shares shall have the terms provided under the Shareholder and Option Agreement, such as (a) being non-voting and non-transferable, (b) having a dividend of 0% per annum, (c) being mandatorily redeemable at par for an amount equal to the aggregate par value of the Preference Shares, being ₹ 500 million at the end of 20 years from the date of issuance (the “**Redemption Date**”). RIL shall reinvest an amount of ₹ 500 million in the Tower Co. immediately prior to the Redemption Date, for subscribing to a new issue of preference shares (having the same number and same terms as the Preference Shares to be redeemed), and such preference shares shall be valid for another period of 20 years. In the event that the Preference Shares acquire any voting rights in

accordance with applicable law, RIL agrees to assign all such voting rights to the Trust and to execute all documents as may be reasonably necessary to give effect to such assignment.

As of date, there are no special rights available to the holder of Preference Shares.

*Change in Control of the Investment Manager:*

In terms of the Shareholder and Option Agreement, the Brookfield Sponsor has the right to change the Investment Manager, at any time after the SPA Closing Date, and subject to the terms of the InvIT Regulations, has the right to appoint (i) an entity nominated and controlled by the Brookfield Sponsor or any of its affiliates, in terms of the Share Purchase Agreement – II, (ii) any entity which is controlled by any member of the Brookfield Group, or (iii) any investment manager for which prior written consent has been obtained from RIL or such ‘investment manager’ appointed in accordance with the Shareholder and Option Agreement, as the investment manager of the Trust (the “**Permitted IM**”).

*Indemnity:*

The Trust shall indemnify RJIL, RIIHL, RIL or the Reliance Nominee (as the case may be) (“**Indemnified Party**”) from and against losses, incurred or suffered by the Indemnified Party, as specified in the Shareholder and Option Agreement, arising out, resulting out of or relating to any misrepresentation or any breach of the warranties made by the Trust under the Shareholder and Option Agreement.

*Term and Termination:*

The Shareholder and Option Agreement may be terminated in whole:

- (a) by mutual consent of the parties to the Shareholder and Option Agreement in writing;
- (b) automatically and with respect to the Trust and the Brookfield Sponsor, upon the Trust ceasing to hold any Shares in Tower Co. post completion of transfer of the Trust Shares to RJIL, the Reliance Sponsor, RIL or the Reliance Nominee, as the case may be, in accordance with the terms of the Shareholder and Option Agreement; or
- (c) automatically and with respect to the Drag Along Purchaser, upon the Drag Along Purchaser ceasing to hold any Shares in the Tower Co. post completion of transfer of its entire shareholding in Tower Co. to RIL or its affiliates in accordance with the terms of the Shareholder and Option Agreement.

***Borrowings from Related Parties***

Borrowings in the form of inter-corporate deposits, and other short term and sub-ordinated loans were provided by associates of the Reliance Sponsor to the Trust. Part repayment of such borrowings are proposed to be pre-paid or repaid from the Issue Proceeds. For details, please see the section entitled “*Financial Indebtedness*” and “*Use of Proceeds*” on pages 147 and 145, respectively.

**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 “*– Procedure for dealing with Related Party Transactions*” on page 165.

## REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws currently in force in India, which are applicable to the business of the Tower Co. which is in the business of setting up and maintaining passive tower infrastructure. The information detailed in this section has been obtained from publications available in the public domain. The description below may not be exhaustive, and is only intended to provide general information to Bidders, and is neither designed as, nor intended to substitute, professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions. For information regarding regulatory approvals obtained by Tower Co., please see the section entitled “Regulatory Approvals” on page 176.*

Provided below are certain significant legislations, regulations and policies that generally govern the passive tower infrastructure sector in which the Tower Co. operates.

### **Regulatory Framework for the Tower Sector**

#### ***Electricity Act***

The Electricity Act, 2003 vests the right in the owner or occupier of any premise, to request a distribution licensee to supply electricity to such a premise within one month of the receipt of such application and the owner or occupier of such a premise is required to pay the charges for provision of electricity to the distribution licensee. The charges shall be in accordance with such tariffs fixed from time to time and the conditions of the distribution licensee’s license.

#### ***Registration as Infrastructure Provided Category – I***

Telecommunications infrastructure service providers are required to be registered with the DoT as an Infrastructure Provider Category I (the “**IP-I Provider**”) and obtain a certificate in this regard from the DoT (the “**IP-I Registration Certificate**”). An IP – I Provider can provide infrastructure such as dark fibres, right of way, duct space and towers on lease, rent out or sale basis to the licensees of telecommunication services on mutually agreed terms, but in accordance with the terms and conditions set out in IP-I Registration Certificate and the Revised Guidelines for Registration of Infrastructure Providers Category – I dated July 4, 2017 by the DoT (“**IP-Guidelines**”).

On March 9, 2009, the DoT issued an order regarding scope of IP-I providers. Under this order, DoT clarified that the scope of IP-I providers has been enhanced to cover the active infrastructure, if such infrastructure is provided on behalf of the licensees, they can create active infrastructure limited to antenna, feeder cable, Node B, Radio Access Network and transmission system only for and/ or on behalf of unified access service licensees and/ or cellular mobile service providers licensees.

On November 28, 2016, the DoT clarified, in reference to above order, that the IP-I providers are not permitted to own and share active infrastructure. An IP- I provider can only install the active elements (limited to antenna feeder cable, Node B, Radio Access Network and transmission system only) on behalf of Telecom Licensees, that is, these elements should be owned by the companies who have been issued a license under Section 4 of Telegraph Act, 1885.

On August 16, 2019, the TRAI released a consultation paper on ‘*Review of Scope of Infrastructure Providers Category – I (IP-I) Registration*’ where by the TRAI, among other things, sought comments from the relevant stakeholders on whether the scope of IP – I registration should be enhanced to include provisioning of common sharable active infrastructure.

#### ***Infrastructure Sharing Guidelines***

The DoT issued Guidelines for Infrastructure Sharing on April 1, 2008 (the “**Infrastructure Sharing Guidelines**”) applicable to service providers and infrastructure providers. Under the Infrastructure Sharing Guidelines, IP-I Providers are permitted to seek sitting clearance from SACFA for erecting towers irrespective of whether the IP-I Providers have entered into agreements with licenses service providers. For setting up any wireless installations in India, clearance from the SACFA is required in respect of a fixed station and its antenna mast (cell sites).

#### ***Implementation of Green Technologies in Telecom Sector***

On January 4, 2012, DoT issued an order stating, *inter alia*, that: (i) at least 50% of all rural towers and 20% of the urban towers are to be powered by hybrid power by 2015, while 75% of rural towers and 33% of urban towers are to be powered by hybrid power by 2020; (iii) All telecom products, equipments and services in the telecom network should be Energy and performance assessed and certified “Green Passport” utilizing the ECR’s Rating and the Energy ‘passport’ determined by the year 2015.

On October 23, 2017, TRAI released its recommendations on Approach towards Sustainable Telecommunications (“**Sustainable Telecommunications Recommendations**”). The Sustainable Telecommunications Recommendations

provide that the Telecom Service Providers (“TSP”) should voluntarily adopt the Renewable Energy Technologies (“RET”) solutions, energy efficient equipments and high capacity fast charging storage solutions etc. to meet the target for reduction of Carbon Footprint. The electricity generated by the RET solution funded/ maintained by the TSP should be subtracted from overall carbon emission of the TSP irrespective of its use. Telecom Engineering Centre should set up the model lab facility for certification of telecom products, equipments and service on the basis of ECR. Government should make necessary provisions mandating that all telecom products, equipments and services in the telecom network should be Energy and performance assessed and certified “Green Passport” utilising the Energy Consumption Rating and the Energy Passport determined.

On January 2, 2020, TRAI issued a direction withdrawing its previous direction issued on November 18, 2013, which directed, amongst others, telecom licensees to comply with the provisions of DoT’s directions dated January 23, 2012 and prescribed the manner and time period for providing carbon footprint reports to TRAI.

### ***Right of Way Rules***

On November 15, 2016, Ministry of Communications, DoT issued the Indian Telegraph Right of Way Rules, 2016 (the “**Telegraph Rules**”), to regulate underground infrastructure (optical fibre) and overground infrastructure (mobile towers). Under the Telegraph Rules, applications for setting up of telecom towers have to be accepted or rejected within a period of 60 days, failing which the application will be deemed to have been approved. Rule 5 of the Telegraph Rules specifies the application by the licensee for establishment of telegraph infrastructure under immovable property under the control or management of appropriate authority, the authority may or may not grant the permission under Rule 6 of the Telegraph Rules. Similarly, Rule 9 of the Telegraph Rules specifies the procedure for application for establishing overground telegraph infrastructure upon immoveable property.

### ***Installation of Mobile Towers***

The DoT issued a letter dated December 12, 2012, to all telecom service providers requiring all telecom towers erected or used by telecom service providers to conform to the generic requirements of towers issued by Telecommunications Engineering Centre (“TEC”), which became effective from April 1, 2014.

Further, the DoT issued Advisory Guidelines for State Governments for Issue of Clearance for Installation of Mobile Towers. These guidelines became effective as on August 1, 2013. These guidelines provide for, among other things, procedure for obtaining clearance from local bodies or state governments for installation of mobile towers and the power accorded to the state government or the local body in this regard.

### ***National Digital Communications Policy, 2018***

The National Digital Communications Policy, 2018 seeks to facilitate the establishment of mobile tower infrastructure by extending incentives and exemptions for the construction of telecom towers, according accelerated rights of way permissions for telecom towers in government premises and promoting and incentivizing deployment of solar and green energy for telecom towers. Further, the policy seeks to encourage and facilitate sharing of active infrastructure by enhancing the scope of infrastructure providers and promoting and incentivizing deployment of common sharable, passive as well as active, infrastructure. In terms of the policy, the GoI targets to achieve fiberization of at least 60% of telecommunication towers by 2022 to enable accelerated migration to 4G and 5G.

### ***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 towers and other 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 the towers are 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 (effective from August 28, 2017), issued by the Department for Promotion of Industry and Internal Trade (formerly, Departmental of Industrial Policy and Promotion), 100% foreign investment in a company registered as an IP-I Provider is permitted. Of the aforesaid limit, up to 49% foreign investment is permitted under the automatic route and beyond that, under the approval route. Further, a person resident outside India may invest

in the units of an InvIT, being an investment vehicle, in terms of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

## **Environment Laws**

The major statutes in India which seek to regulate and protect the environment against pollution related activities include the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 (the “**Environment Protection Act**”). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (“**PCBs**”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities issue consent to establish and consent to operate which are to be required to be renewed periodically. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect violation of such regulations.

In accordance with the Forest (Conservation) Act, 1980 read with the Forest (Conservation) Rules, 2003, state governments are not permitted to make any order directing the use of forest land for a non-forest purpose, or assignment of any forest land through lease or otherwise to any private person or corporation without the approval of the GoI. The Ministry of Environment and Forests (“**MoEF**”) mandates the Environment Impact Assessment (“**EIA**”) must be conducted for specified projects. In the process, the MoEF receives proposals or the setting up of projects and assesses their impact on the environment before granting clearances to the projects.

The EIA Notification S.O. 1533, issued on September 14, 2006 (the “**EIA Notification**”) under the provisions of the Environment Protection Act, prescribes that physical infrastructure projects require prior environmental clearance from MoEF. The environmental clearance must be obtained from the MoEF according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained.

### ***Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016***

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes, therefore minimising the adverse impact on human health and environment. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

### ***Public Liability Insurance Act, 1991***

The Public Liability Insurance Act, 1991 (the “**Public Liability Act**”), imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of ‘hazardous substances’ covered by the legislation has been enumerated by the GoI by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The insurance policy is required to be for an amount in excess of the paid-up capital subject to a limit of ₹ 500 million. The rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

## **Other Laws and Regulations**

Certain other laws and regulations that may be applicable to the Trust and the Tower Co. include the following:

- a) Code on Wages, 2019
- b) Contract Labour (Regulation and Abolition) Act, 1970;
- c) Employee’s Compensation Act, 1923;
- d) Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- e) Employees’ State Insurance Act, 1948;
- f) Industrial Disputes Act, 1947;
- g) Maternity Benefit Act, 1961;
- h) Payment of Gratuity Act, 1972; and
- i) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## REGULATORY APPROVALS

*Provided below are the material consents, permissions, registrations and approvals from the Government, various governmental agencies and other statutory or regulatory authorities required to be obtained by the Trust or the Tower Co. for carrying out their present businesses. Further, provided below are the approvals in relation to the Issue and in relation to the Trust.*

### (i). Approvals and Applications in relation to the Issue

- In - principle listing approval from BSE dated January 13, 2020;
- Application dated September 10, 2019 and December 18, 2019 to the DoT seeking approval for increase in the foreign investment limits applicable to the Tower Co. from 49% to 100%; and
- Application dated December 9, 2019 to the Competition Commission of India, in relation to the acquisition of indirect control of the Tower Co. by the Brookfield Sponsor.

### (ii). Approvals in relation to the Trust

- Certificate of registration dated on March 19, 2019 bearing registration number IN/InvIT/18-19/0009 issued by SEBI to the Trust under Regulation 3 of the InvIT Regulations, for registration of the Trust as an infrastructure investment trust.
- Letter dated December 17, 2019 from SEBI taking on record the request made by the Reliance Sponsor and Brookfield Sponsor for the addition of the Brookfield Sponsor as one of sponsors of the Trust.

### (iii). Material Business Approvals in relation to the Tower Co.

- The Tower Co. is registered with the Government of India, Ministry of Communications, Department of Telecommunications as an Infrastructure Provider Category I (IP-I) to establish and maintain the assets such as dark fibres, right of way, duct space and tower for the purpose to grant to lease, rent or sale basis to the licensees to telecom services licensed under Section 4 of the Indian Telegraph Act, 1885 on mutually agreed terms and conditions.
- Certain other key permissions and approvals required to be obtained by the Tower Co. for its present business are set out below:
  - Approvals from local authorities, as applicable, such as municipal authorities and gram panchayats for setting up of towers;
  - Consents or intimations from pollution control boards, as applicable, for operation of DG sets; and
  - Permissions from state electricity boards or power distribution companies, as applicable, for electrical connections.

Certain approvals may have expired in their normal course and the Tower Co. has either made an application to the appropriate authorities for renewal of such approvals or is in the process of making such applications. The Tower Co. undertakes to obtain, either through itself or its contractors, all approvals, licences, registrations and permissions required to operate its business.

Pursuant to the Scheme of Arrangement, the Tower Infrastructure Business was transferred and vested in Tower Co. as of, and with effect from the close of business of March 31, 2019. Accordingly, certain approvals and permissions in relation to the business of the Tower Co. are in the name of RJIL and are in the process of being transferred and vested in the name of the Tower Co.. For further details, please see the section entitled, “*Risk Factors*” on page 52.

## LEGAL AND OTHER INFORMATION

*Except as stated in this section, there are no material litigation or actions by regulatory authorities, in each case against the Trust, the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager, the Project Manager, or any of their Associates and the Trustee, that are currently pending.*

*For the purpose of this section, details of all regulatory actions that are currently pending against the Trust, the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager, the Project Manager and their respective Associates, the Tower Co. and the Trustee have been disclosed. Further, any matter that is currently pending involving an amount equivalent to, or more than, the amount as disclosed below, in respect of the Trust, the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager, the Project Manager each of their respective Associates, the Trustee and the Tower Co. has been disclosed.*

*In respect of the Reliance Sponsor, all outstanding cases which involve an amount equivalent to or exceeding ₹ 1,180 million (being 5.0% of the total income of the Reliance Sponsor for Fiscal 2019) have been considered material. All cases where the amount is not ascertainable, but considered material, have also been disclosed.*

*The disclosures with respect to material litigations relating to the Brookfield Sponsor and its Associates have been made on the basis of the public disclosures made by BAM and BIP, the entities under which all other entities, which control, directly or indirectly, the Brookfield Sponsor, get consolidated for financial and regulatory reporting purposes. BAM and BIP are currently listed on the New York Stock Exchange (“NYSE”) and the Toronto Stock Exchange (“TSE”). In accordance with applicable securities law and stock exchange rules, BAM and BIP are required to disclose material litigations through applicable securities filings. The threshold for identifying material litigations in such disclosures is based on periodically reviewed thresholds applied by the independent auditors of BAM and BIP in expressing their opinion on the financial statements and is generally linked to various financial metrics of BAM and BIP, including total equity. Further, all pending regulatory proceedings where all entities, which control, directly or indirectly, the Brookfield Sponsor, are named defendants have been considered for disclosures in this Preliminary Placement Memorandum. Further, there is no outstanding litigation and regulatory action against any of the entities controlled, directly or indirectly, by the Brookfield Sponsor, as on the date of this Preliminary Placement Memorandum.*

*In respect of the Investment Manager, all outstanding cases which involve an amount equivalent to or exceeding ₹ 7.2 million (being 5.0% of the net worth of the Investment Manager for Fiscal 2019) have been considered material. All cases where the amount is not ascertainable, but considered material, have also been disclosed.*

*In respect of the Associates of the Investment Manager, all outstanding cases which involve an amount equivalent to or exceeding ₹ 1,789.32 million (being 5.0% of the consolidated total income of JM Financial Limited for Fiscal 2019) have been considered material. All cases where the amount is not ascertainable, but considered material, have also been disclosed.*

*In respect of the Project Manager, all outstanding cases which involve an amount equivalent to or exceeding ₹ 0.1 million (being the paid-up equity share capital of the Project Manager) have been considered material. All cases where the amount is not ascertainable, but considered material, have also been disclosed.*

*In respect of the Associates of the Reliance Sponsor and the Project Manager, all outstanding cases which involve an amount equivalent to or exceeding 5.0% of the consolidated total income of Reliance Industries Limited for Fiscal 2019 have been considered material. All cases where the amount is not ascertainable, but considered material, have also been disclosed.*

*In relation to the Trustee, all litigation involving an amount equivalent to or exceeding ₹ 9.5 million (being 5% of the profit after tax for Fiscal 2019 based on the audited standalone financial statements of the Trustee for Fiscal 2019. All cases where the amount is not ascertainable, but considered material, have also been disclosed.*

*In relation to the Tower Co., the outstanding cases involving an amount equivalent to or exceeding ₹ 1,640 million (being 5.0% of the annualized total income of the Tower Co. basis the audited total income of the Tower Co. for the six months ended September 30, 2019) have been disclosed. All outstanding cases where the amount is not ascertainable, but considered material, have also been disclosed. Further, except as stated in this section, there is no material litigation involving the Tower Co.*

### (i) **Litigation involving the Trust**

There are no material litigations and regulatory actions pending against the Trust as on the date of this Preliminary Placement Memorandum.

(ii) **Litigation involving the Tower Co.**

- a. The CENVAT credit on the telecommunication tower was disputed by the Service Tax authorities. The Bombay High Court in a different matter had held that telecom tower is immovable in nature and accordingly CENVAT credit on tower is not permitted to be claimed. The decision of the Bombay High Court has been challenged in the Supreme Court. In view of the ongoing litigation and also due to the fact that under GST law also the telecom towers have been expressly been excluded from the definition of plant and machinery, the CENVAT credit claimed on telecom towers was reversed under protest and simultaneously a refund claim was filed by RJIL. The amount paid under protest has been transferred to RJIL under the scheme of demerger. Vide order dated August 30, 2019, the Commissioner of Central Tax, Central Excise and Service Tax (Appeals), Raigarh has rejected the refund claim and an appeal has been filed by RJIL in Mumbai CESTAT against the rejection. In view of the above, the amount of ₹ 2,535 million is presently shown under non-current asset and if the same is decided against RJIL and therefore in effect against RJIL the same would be capitalized.
- b. While these cases are not material, please note that various cases have been filed in different courts and forums against the Tower Co. (including the cases filed against RJIL, which are transferred to the Tower Co., pursuant to the Scheme of Arrangement), which *inter alia* pertain to issues of radiation emitted, causing health hazards to the people in the vicinity of the tower site, title or property issues with respect to premises where the towers have been erected, violations of local body town planning legislations and sanctions and approvals for constructing the tower not taken by the Tower Co.

(iii) **Litigation involving the Reliance Sponsor**

There are no material litigations and regulatory actions pending against the Reliance Sponsor as on the date of this Preliminary Placement Memorandum.

(iv) **Litigation involving the Brookfield Sponsor**

There are no material litigations and regulatory actions pending against the Brookfield Sponsor as on the date of this Preliminary Placement Memorandum.

(v) **Litigation involving the Investment Manager**

There are no material litigations and regulatory actions pending against the Investment Manager as on the date of this Preliminary Placement Memorandum.

(vi) **Litigation involving the Project Manager**

There are no material litigations and regulatory actions pending against the Project Manager as on the date of this Preliminary Placement Memorandum.

(vii) **Litigation involving the Associates of the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager and the Project Manager**

Other than as disclosed below, there are no material litigations and regulatory actions pending against the Associates of the Reliance Sponsor, the Brookfield Sponsor, the Investment Manager and the Project Manager as on the date of this Preliminary Placement Memorandum.

***Material litigation and regulatory actions pending against the associates of the Reliance Sponsor***

*Reliance Industries Limited (an Associate of the Reliance Sponsor)*

- (a). In December 2010, RIL and BG Exploration and Production India Limited (together the “**Claimants**”) referred a number of disputes, differences and claims arising under two production sharing contracts entered into in 1994 among the Claimants, Oil and Natural Gas Corporation Limited (“**ONGC**”) and the Government (together, the “**PSCs**”) to arbitration. The disputes relate to, among other matters, the limits of cost recovery, profit sharing and audit and accounting provisions of the PSCs. The Arbitration Tribunal by majority issued a final partial award (the “**2016 FPA**”), and separately, two dissenting opinions in the matter on October 12, 2016. The Claimants have challenged certain parts of the 2016 FPA before the English Court. The English Court had remitted Claimants’ (Shell-RIL) case, that there was agreement between the Government of India and the Contractor at the Management Committee level that certain costs will be fully recoverable, to the Tribunal for reconsideration by October 2, 2018. The Tribunal has delivered its Final Partial Award on October 1, 2018 and has provided its unanimous final partial award which is favourable



to the Claimants (the “**2018 FPA**”). During the year 2018-19, Government of India has filed an appeal before the English Courts against the Tribunal’s award and decision of the English Court is awaited. The Tribunal is scheduled to hear Claimants’ application for increase in the PSCs Cost Recovery Limit in March-April 2020 and the matter remains outstanding.

During 2019, the Government of India also approached the Hon’ble Delhi High Court for execution of the 2016 FPA. The Claimants contend that Government of India’s execution petition is premature as the Tribunal has not quantified any sums to be paid by the Claimants to Government of India in 2016 FPA and English Court’s decision on challenge to 2018 FPA is pending. The Tribunal is scheduled to hear Claimants’ application for increase in the PSCs Cost Recovery Limit in March-April 2020 and the matter remains outstanding.

- (b). NTPC had filed a suit for specific performance of a contract for supply of natural gas by RIL before the Hon’ble Bombay High Court. The main issue in dispute is whether a valid, concluded and binding contract exists between the parties for supply of Natural Gas of 132 trillion BTU annually for a period of 17 years. The matter is presently sub-judice and RIL is of the view that NTPC’s claim lacks merit and no binding contract for supply of gas was executed between NTPC and RIL.
- (c). SEBI on August 8, 2014, passed an adjudication order on a show cause notice issued to RIL for alleged non-disclosure of diluted earnings per share in the quarters ended June 2007, September 2007, December 2007, March 2008, June 2008 and September 2008 and imposed a monetary penalty of ₹ 130.00 million. On an appeal by RIL, the Hon’ble Securities Appellate Tribunal set aside the order of SEBI and remanded the matter for fresh consideration by SEBI. SEBI issued a fresh show cause notice dated April 5, 2016 in the matter and RIL filed a reply and attended personal hearing on July 26, 2016. SEBI has since appointed a new adjudicating officer and another hearing was held on November 22, 2018. Further details sought by the adjudicating office have been provided and the order is awaited.
- (d). SEBI passed an order under Section 11B of the SEBI Act on March 24, 2017 on a show cause notice dated December 16, 2010 issued to RIL in the matter concerning trading in the shares of Reliance Petroleum Limited by RIL in the year 2007 directing (i) disgorgement of ₹ 4,470 million along with interest calculated at the rate of 12% p.a from November 29, 2007 till date of payment; and (ii) prohibiting RIL from dealing in equity derivatives in the futures and options segment of the stock exchanges, directly or indirectly for a period of one year from March 24, 2017. RIL filed an appeal against this order with the Hon’ble Securities and Appellate Tribunal that stayed the direction on disgorgement till disposal of matter. In the latest order in this matter dated November 20, 2019 continued with the stay on the SEBI order till the disposal of the appeal. The prohibition from dealing in the equity derivatives in the futures and options segment of the stock exchanges expired on March 23, 2018.
- (e). SEBI has issued a show cause notice dated November 21, 2017 to RIL (“**Notice**”) in the matter concerning trading in the shares of Reliance Petroleum Limited in the year 2007, asking RIL to show cause as to why inquiry should not be held against RIL in terms of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and penalty be not imposed under the provisions of the Securities and Exchange Board of India Act, 1992. RIL made preliminary objections in the matter in a hearing before the adjudication officer on September 11, 2018 and filed written submissions with SEBI on September 12, 2018 in relation to the said preliminary objections. RIL filed its response to the Notice on September 20, 2019 and matter is currently before the adjudication officer.
- (f). RIL had filed settlement/ consent applications during August-October 2011, under the then prevailing settlement scheme of SEBI, for settlement of matters set out in the letters issued by SEBI in April / May 2010 concerning allegations therein *inter alia* of (i) violation by RIL and its directors of Section 77(2) of the Companies Act, 1956; and (ii) consequent violation by RIL and certain other entities and their respective directors during the relevant period 1999-2000 of Regulation 3, 5 and 6 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 and the said settlement/ consent applications are pending before SEBI.

### ***Material litigation and regulatory actions pending against the Associates of the Investment Manager***

#### ***JM Financial Limited (an Associate of the Investment Manager)***

- (a). JMFL filed an appeal before the Commissioner of Income Tax (Appeals) (“**CIT (A)**”) in relation to a demand notice received by it on December 6, 2010 for a sum of ₹ 3,157.41 million for the assessment year 2008-2009. CIT(A) through its order dated July 29, 2011 (“**Order 1**”) held that an amount of `17,713.36

million was to be treated as profit of business which was taxable. The Order 1 held JMFL liable for erroneously claiming excessive losses which amounted to concealment of its income. JMFL thereafter filed an appeal with the Income Tax Appellate Tribunal (“ITAT”), which partly allowed the appeal for statistical purposes and remanded certain matters to the file of the assessing officer. The Deputy Commissioner of Income Tax, through its order dated March 14, 2014 determined the total income for the assessment year to be ₹ 17,751.63 and ordered that penalty proceedings be initiated against JMFL. An appeal against the order dated March 14, 2014 was filed by JMFL before the CIT (A). On April 30, 2015, the CIT (A) held that the consideration of ₹ 17,713.36 million received by JMFL on the sale of equity shares of JM Morgan Stanley Securities Private Limited was to be charged to tax as long-term capital gains and allowed deduction for the indexed cost of acquisition. The CIT (A) however did not allow the claim for set-off of the long-term and short-term capital loss incurred by JMFL. Through a rectification order dated May 25, 2015 (“Order 2”), the CIT(A) partly allowed the appeals. JMFL however filed an appeal before the ITAT against the Order 2. Simultaneously, the Income Tax Department filed an appeal before the ITAT against the Order 2 allowing the gain on sale of equity shares of JM Morgan Stanley Securities Private Limited to be charged to tax as long-term capital gains. The matter is currently outstanding.

*JM Financial Commtrade Limited (an Associate of the Investment Manager)*

- (a). SEBI has issued show cause notices under the applicable SEBI regulations to JM Financial Commtrade Limited in the matter of National Spot Exchange Limited. JM Financial Commtrade Limited has responded to the show cause notices and through its counsels and representatives appeared before the whole time member of the SEBI on December 17, 2019. The Company is required to furnish written submissions to SEBI. The matter is currently pending.

(viii) **Litigation involving the Trustee**

There are no material litigations and regulatory actions pending against the Trustee as on the date of this Preliminary Placement Memorandum.

## 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 Trust or the Lead Manager 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. BSE and 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 SCRA and the 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 institutional 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 1956, 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 NSE and 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). BSE and NSE 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, BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities 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 National Exchange for Automated Trading (“**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 formation and 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 Preliminary 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 Preliminary 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 Preliminary 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.*

### Canada

Prospective Canadian investors are advised that the information contained within this Preliminary Placement Memorandum has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within this Preliminary Placement Memorandum and as to the suitability of an investment in the Units in their particular circumstances.

The Units may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and 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 securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Preliminary 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.

Upon receipt of this Preliminary Placement Memorandum, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque acheteur canadien confirme 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 valeurs mobilières.

### Singapore

The Placement Agent has acknowledged that this Preliminary Placement Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Placement Agent has represented and agreed that it has not offered or sold any Units or caused such Units to be made the subject of an invitation for subscription or purchase and will not offer or sell such Units or cause such Units to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Preliminary Placement Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Units, whether directly or indirectly, to any persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (in the case of an accredited investor) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Units are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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 term as defined in Section 2(1) of the SFA) 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 SFA 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 SFA;
- (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 SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Singapore SFA Product Classification:** The Units are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **United States of America**

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 U.S. state securities laws. The Units are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S, in each case in compliance with the applicable laws of the jurisdictions where those offers and sales occur.

### **All Other Units Offered and Sold in this Offer**

By accepting delivery of this Preliminary Placement Memorandum and the Placement Memorandum, submitting a bid to purchase the Units and accepting delivery of the Units, you will be deemed to have represented and agreed as follows:

- (a) you acknowledge that the Units have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and accordingly 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;
- (b) you and the person, if any, for whose account or benefit you are acquiring the Units, is purchasing the Units in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (c) you and the person, if any, for whose account or benefit you are acquiring the Units, was located outside the United States at the time the Issue was made to it and when the buy order for the Units was originated, and continues to be located outside the United States and has not purchased the Units for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Units or any economic interest therein to any person in the United States;
- (d) you are not an affiliate (as defined in Rule 405 under the Securities Act) of the Trust, or a dealer or an underwriter or a person acting on behalf of such affiliate; and you are not in the business of buying and selling securities as a dealer or an underwriter;
- (e) you are aware of the restrictions on the offer and sale of the Units pursuant to Regulation S described in this Preliminary Placement Memorandum;
- (f) neither you, nor any of your affiliates, nor any person acting on your behalf or any of your affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the Units; and

you acknowledge that the Trust, the Investment Manager and the Lead Manager and their respective affiliates (as defined in Rule 405 under the Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agree that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of your purchase of the Units are no longer accurate, you will promptly notify the Trust and the Investment Manager, and if you are acquiring any of the Units as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such accounts.

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.

**YOU ARE ADVISED TO CONSULT YOUR OWN LEGAL COUNSEL PRIOR TO MAKING ANY OFFER, RE-SALE, PLEDGE OR TRANSFER OF THE UNITS.**

## RIGHTS OF UNITHOLDERS

*The rights and interests of Unitholders are included in this Preliminary Placement Memorandum and the InvIT Regulations. Under the Indenture of Trust 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 Preliminary 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 Trust. A Unitholder has no equitable or proprietary interest in the Portfolio Assets of the Trust and is not entitled to transfer of the Portfolio Assets (or any part thereof) or any interest in the Portfolio Assets (or any part thereof) of the Trust. A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Indenture of Trust and the Investment Management Agreement.

### ***Ranking***

No Unitholder of the Trust shall enjoy superior voting or any other rights over another Unitholder. Further, the Units shall not have multiple classes, except any subordinate Units that may be issued only to the Sponsors and their 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 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 112.

### ***Distribution***

The Unitholders shall have the right to receive distribution in accordance with the InvIT Regulations and in the manner provided in this Preliminary Placement Memorandum. For details, please see the section entitled "*Distribution*" on page 150.

### ***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 days shall be provided to the Unitholders;
  - (iv) voting by any Unitholder (including, the Sponsors in their 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 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 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; and
    - (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, 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% 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 Reliance Sponsor, the Brookfield Sponsor or the Trustee or the Investment Manager, is material and requires approval of the Unitholders, if any; and
  - (vi) any issue for which SEBI or the designated stock exchanges requires approval.
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, provided that in respect of clause (iii) below, if approval is not obtained, the person shall provide an exit option to the Unitholder(s) to the extent and in the manner specified by SEBI:
- (i) any issue, not in the ordinary course of business, which in the opinion of the Reliance Sponsor or the Brookfield Sponsor or Investment Manager or Trustee requires approval of the Unitholders, provided that if such approval is not obtained, an exit option shall be provided to the Unitholders;
  - (ii) any issue for which SEBI or the designated stock exchanges require approval;
  - (iii) any issue taken up on request of the Unitholders including:
    - (a) removal of the Investment Manager and appointment of another investment manager to the Trust;
    - (b) removal of the Auditors and appointment of another auditors to the Trust;
    - (c) removal of the valuer and appointment of another valuer to the Trust;
    - (d) any issue which the Unitholders have sufficient reason to believe that is detrimental to the interest of the Unitholders; and
    - (e) change in the Trustee, if Unitholders have sufficient reason to believe that acts of the Trustee are detrimental to the interest of Unitholders.

With respect to the rights of the Unitholders under clause 4(iii) 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; and
- (iii) with respect to clause 4(iii)(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 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 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 Trust, shall also provide disclosures or reports specific to the sector or sub-sector in which the Trust has invested or proposes to invest, in the manner as may be specified by SEBI.

### ***Buyback and Delisting of Units***

Any buyback or delisting of Units, shall be in accordance with the Indenture of Trust 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 Trust from the total assets of the 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 Trust will issue 2,521,500,000 Units at an Issue Price of ₹ 100 for each Unit. The following provides the per Unit dilution as on September 30, 2019:

Combined NAV per Unit before this Issue	Not applicable
Combined NAV per Unit after this Issue	₹ 104.47
Dilution in NAV per Unit to Unitholders	Nil
Dilution to Unitholders as a percentage of the Issue Price	0.0%

## ISSUE STRUCTURE

Initial offer through a private placement of up to 2,521,500,000 Units for cash at price of ₹100 per Unit, aggregating up to ₹ 252,150 million by the Trust. In accordance with Regulation 14(1A) of the InvIT Regulations, this Issue shall constitute at least 10% of the total outstanding Units on a post-Issue basis.

Particulars	Details
Number of Units available for Allotment/allocation	Up to 2,521,500,000 Units
Basis of Allotment/ allocation	Discretionary
Minimum Bid	Such number of Units that the Bid Amount is not less than ₹ 250 million, and in multiples of 20 million Units thereafter <sup>(1)</sup>
Maximum Bid	Such number of Units (in multiples of [●] Units) not exceeding the size of this Issue, subject to applicable investment limits <sup>(1)</sup>
Mode of Allotment	Compulsorily in dematerialised form
Bid Lot	A minimum of 2,500,000 Units, and in multiples of 200,000 Units thereafter
Allotment Lot	A minimum of 2,500,000 Units, and in multiples of [●] Units thereafter
Trading Lot <sup>(2)</sup>	Upon listing, such number of Units, the value of which is, or exceeds, ₹ 20 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	Entire amount to be paid at the time of submission of the Application Form <sup>(1)</sup>

(1) In case of joint Bids, the Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only the First Bidder would be required in the Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Bidders are advised to consult their own advisors with respect to any restrictions or limitations that may be applicable to them, including any restrictions or limitations in relation to their ability to invest in the Units. By making a Bid (including any revision thereof), the Bidder will be deemed to have represented to the Investment Manager, the Trustee and the Lead Manager that it is eligible to participate in the Offer and be Allotted Units under applicable law.

(2) The trading lot post-listing of the Units may be modified in accordance with the InvIT Regulations and other applicable law.

### Indicative Issue Timeline

Event	Indicative Date
Bid/Issue Opening Date	[●]
Bidders to submit completed Application Forms	Bid/Issue Period
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 excess of the amount which was required to be paid by such Bidder pursuant to the Units Allocated to such Bidder	On or about [●]
Initiation of refunds, if any, in the event of any failure to obtain final listing and trading approvals within seven Working Days from Bid/Offer 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 Trustee or the Lead Manager.

**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 are completed within 30 Working Days from the date of Allotment, 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

*Below is 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 Brookfield Sponsor, the Reliance Sponsor, the Lead Manager 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 Reliance Sponsor, the Brookfield Sponsor and the Lead Manager 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 Trust is making 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 January 13, 2020.

The Trust has received the in-principle approval of BSE for the listing of the Units on BSE pursuant to the letter dated January 13, 2020.

The Investment Manager has filed a copy of this Preliminary Placement Memorandum, and will file a copy of the Placement Memorandum, with SEBI and BSE.

The Brookfield Sponsor made applications dated September 10, 2019 and December 18, 2019 to the DoT seeking approval for the proposed downstream investment for the acquisition of 100% of the Equity Share capital of the Tower Co. by the Trust being consequent to Share Purchase Agreement – II in excess of 49%.

**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 law 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 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 BSE.**

### **Issue Procedure**

1. The Lead Manager, in consultation with the Investment Manager, shall electronically circulate serially numbered copies of this Preliminary 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 Manager.
2. **Unless a serially numbered Preliminary 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 Manager, 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:
  - a representation that it is outside the United States acquiring the Units in an offshore transaction under Regulation S and has agreed to certain other representations set forth in the Application Form;
  - name of the Bidder to whom the Units are to be Allotted;
  - number of Units Bid for;

- details of the Bid Amount deposited by the Bidder into the Cash Escrow Account;
- details of the demat accounts to which the Units should be credited;
- a representation that such person is an “Institutional Investor” or a “Body Corporate” in terms of the InvIT Regulations;
- the details of Bidder’s bank account along with fund transfer details, in case of any refund; and
- any other information which may be relevant to the Bid.

*Note:* The Bids made by asset management companies or custodians of Mutual Funds, if 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.

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 Manager, 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 by 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 this Preliminary 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 Allocated pursuant to the Issue, in consultation with the Lead Manager and the Brookfield Sponsor.
9. Upon determination of the Bidders to whom Allocation shall be made, the Lead Manager, on behalf of the Investment Manager, will send the CANs, along with serially numbered 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, and will be based on the recommendation of the Lead Manager.**
10. Upon the dispatch of CAN to successful Bidders, the Investment Manager shall Allot Units of the 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 approvals 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 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 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 accounts of the 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 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.

**The Trustee, the Valuer and the employees of the Valuer who were involved in the valuation of the 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 VIII of Foreign Exchange Management (Non-debt Instruments) Rules, 2019. 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 verified 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 Manager, 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.

#### ***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 this, any such Bid is liable to be rejected.

#### ***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 this, any such Bid is liable to be rejected.

#### ***Bids by NPS Schemes***

The Pension Fund Regulatory and Development Authority issued circulars dated June 3, 2015 and September 2, 2015, respectively, allowing investments by national pension fund schemes (“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 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. 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 this, any such Bid is liable to be rejected.

#### ***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).

#### ***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 this, any such Bid is liable to be rejected.

The Investment Manager, in consultation with the Lead Manager, 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.**

**The Parties to the Trust and the Lead Manager are not liable for any amendment or modification or change to applicable law or regulations, which may occur after the date of this Preliminary 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 this Preliminary Placement Memorandum.**

*Note: Affiliates or associates of the Lead Manager who are Eligible Investors may participate in the Issue in compliance with applicable law.*

#### ***Maximum and Minimum Bid Size***

- Each Bidder is required to Bid for a Minimum Bid Size of ₹ 250 million and in multiples of [●] Units thereafter.
- 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 this Preliminary 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:

- (a). The Bidder confirms that it is an Institutional Investor or a Body Corporate, and is eligible to participate in the Issue;
- (b). The Bidder has deposited the Bid Amount in the Cash Escrow Account;
- (c). The Bidder has no right to withdraw its Bid once such Bid is submitted to the Lead Manager;
- (d). 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
- (e). The Bidder confirms that it is outside the United States and it is purchasing the Units in an offshore transaction in reliance on Regulation S under the Securities Act.

**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 this Preliminary Placement Memorandum and the Application Form are liable to be rejected. The Bids should adhere to the following:

- (a). Bids must be made only in the prescribed Application Form;
- (b). 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. Incomplete Application Forms are liable to be rejected. 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 Manager, Registrar and the Investment Manager will not be liable for errors in data entry due to incomplete or illegible Application Forms; and
- (c). 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. The Application Form shall be submitted to the Lead Manager through electronic form and followed-up with physical delivery of the Application Form at the following address:

#### **ICICI Securities Limited**

ICICI Centre,  
H T Parekh Marg  
Churchgate  
Mumbai 400 020  
Tel: +91 22 2288 2460  
Fax: +91 22 2282 6580  
E-mail: tower.invit@icicisecurities.com  
Contact Person: Rupesh Khant

The Lead Manager shall not be required to provide any written acknowledgement 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 State Bank of India, acting as the Escrow Collection Bank in terms of the arrangement among the Trust, the Investment Manager, the Lead Manager 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 application monies in case of any failure to allot Units in the Issue. For further details, please see the section entitled “*Issue Information - Refunds*” on page 197.

### ***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 this Preliminary 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 Manager. The Registrar shall provide a schedule of Bids received which shall indicate the Bid Amount received in respect of each Bid (based on a schedule to be provided by the Escrow Collection Bank to the Registrar), to the Lead Manager.

### ***Method of Allocation***

The Investment Manager shall determine the Allocation in consultation with the Lead Manager and the Brookfield Sponsor on a discretionary basis. After finalization of the Allocation, the Investment Manager will update this Preliminary Placement Memorandum with the Issue details and file the Placement Memorandum with SEBI and the Stock Exchange, and dispatch the CAN, together with a serially numbered Placement Memorandum to each successful Bidder.

**THE DECISION OF THE INVESTMENT MANAGER, IN CONSULTATION WITH THE LEAD MANAGER AND THE BROOKFIELD SPONSOR 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 MANAGER AND THE BROOKFIELD SPONSOR, AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS. NEITHER THE INVESTMENT MANAGER NOR THE LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY SUCH NON-ALLOCATION.**

### **Confirmation of Allocation Note or CAN**

Based on the Application Forms and the Bid Amounts received from Bidders, the Investment Manager, in consultation with the Lead Manager and the Brookfield Sponsor, 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 Placement Memorandum either in electronic form or by physical delivery along with the serially numbered CAN. The dispatch of the serially numbered 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 Manager, 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 of Units 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:

1. Agreement dated December 27, 2019 with NSDL; and
2. Agreement dated December 27, 2019 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 approvals from the Stock Exchange. The Investment Manager and the Lead Manager shall endeavour to list the Units on the Stock Exchange within seven Working Days from the Bid/Issue Closing Date.

### ***Refunds***

In the event of non-receipt of listing permission from the Stock Exchange, the Units shall not be eligible for listing and the 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.

### **Other Instructions**

#### ***Right to Reject Applications***

The Investment Manager, in consultation with the Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of the Investment Manager and the Lead Manager in relation to the rejection of Bids shall be final and binding.

#### ***Units in Dematerialised form with NSDL or CDSL***

The Allotment of the Units 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 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 Exchange having electronic connectivity with NSDL and CDSL. BSE has 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. For details in respect of the minimum Trading Lot, please see the section entitled “*Issue Structure*” on page 190.

The Trustee, the Brookfield Sponsor, the Reliance Sponsor, the Investment Manager or the Lead Manager, 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

## STATEMENT OF TAX BENEFITS

Axis Trustee Services Limited (as trustee of Tower Infrastructure Trust (the “Trust”)  
Axis House, 2nd Floor, Wadia International Centre, Panbhurang Budhkar Marg, Worli, Mumbai 400025

and

The Board of Directors

Infinite India Investment Management Limited (the “Investment Manager”) in its capacity as an Investment Manager of the Trust

7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025

Dear Sirs,

Sub: Statement of possible tax benefits available to Tower Infrastructure Trust (the “Trust”) and its unitholders

The enclosed Annexure states the possible tax benefits available to Tower Infrastructure Trust (the “Trust”) and its unitholders under the Income-tax Act, 1961 (the “Act”) presently in force in India. We have stamped and initialled the said Statement for identification only. Several of these benefits are dependent on the Trust or its unitholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Trust or its unitholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, 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 is the responsibility of the Infinite India Investment Management Limited (the “Investment Manager”). We are informed that this statement is only intended to provide general information to the investors and hence 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 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 Issue.

Our confirmation is based on the information, explanations and representations obtained from the Investment Manager and on the basis of our understanding of the business activities and operations of the Trust.

We do not express an opinion or provide any assurance as to whether:

- The Trust or its unitholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits, where applicable have been/would be met with; and
- The revenue authorities/courts will concur with the views expressed herein.

This statement is intended solely for information and for inclusion in the Offer Document in connection with the proposed Issue of the Trust and should not be circulated, copied, used/referred to for any other purpose, without our prior written consent.

Please note that the tax rates provided in this statement are excluding applicable surcharge and education cess.

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

Varsha A. Fadte  
Membership number: 103999  
Partner

UDIN:

Mumbai, January 13, 2020

**ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO TOWER  
INFRASTRUCTURE TRUST AND ITS UNITHOLDERS UNDER THE APPLICABLE LAWS IN INDIA**

• **UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as ‘the Act’)**

○ **TAX BENEFITS AVAILABLE TO TOWER INFRASTRUCTURE TRUST (‘TRUST’) UNDER THE  
ACT**

The following benefits are available to the 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 Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended) (‘SEBI Regulations’).

▪ **Tax benefit in the hands of the Trust in respect of interest and dividend income received from the Special Purpose Vehicle(s) (‘SPVs’):**

Interest received or receivable by the Trust from the Project SPVs should be exempt from tax 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 any specific percentage of shareholding or interest, as may be required by the regulations under which such trust is granted registration.

Dividend received or receivable by the Trust from the Project SPVs/ specified domestic companies [as referred to in section 115-O(7)] shall be exempt from tax under section 10(23FC) of the Act.

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 the Trust, 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’).

Further, as per section 115-O(7) of the Act, no tax on distributed profits shall be chargeable in respect of any amount declared, distributed or paid by the specified domestic company by way of dividends (whether interim or otherwise) to a business trust out of its current income on or after the specified date.

The above benefit shall not apply in respect of any amount declared, distributed or paid, at any time, by the specified domestic company by way of dividends (whether interim or otherwise) out of its accumulated profits and current profits up to the specified date.

“Specified domestic company” means a domestic company in which a business trust has become the holder of whole of the nominal value of equity share capital of the company (excluding the equity share capital required to be held mandatorily by any other person in accordance with any law for the time being in force or any directions of Government or any regulatory authority, or equity share capital held by any Government or Government body).

“Specified date” means the date of acquisition by the business trust of such holding.

▪ **Benefits in the hands of the Trust in respect of income other than the income distributed by the SPVs:**

• **Section 10(34) of the Act: Income by way of dividend referred to under section 115-O of the Act**

Dividend received by the Trust referred to under section 115-O from domestic companies on investments is exempt from tax under section 10(34) of the Act.

However, as per the amendment made by the Finance Act, 2017, such dividend income of the Trust shall be liable to tax @ 10.00% (plus applicable surcharge and cess) under the provisions of section 115BBDA of the Act, where such dividend income of the Trust from domestic companies during the previous year exceeds ₹ 10 lakhs.

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 the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

Section 94(7) of the Act provides that losses arising from the sale/ transfer of securities or units purchased within a period of three months prior to the record date and sold/ transferred within three (for securities)/nine (for units)

months after such date, will be disallowed to the extent dividend income on such securities / units is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / transfers the original units within nine months of the record date, then the loss arising from sale/ transfer of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units held by the investor on the date of such sale / transfer.

- **Section 10(35) of the Act – Income from specified units**

The following incomes are exempt under section 10(35) of the Act, in the hands of the Trust (except income arising on transfer of units mentioned therein):

- I. Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;
- II. Income received in respect of units from the Administrator, as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, of the specified undertaking;
- III. Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

Section 94(7) of the Act provides that losses arising from the sale/ transfer of securities or units purchased within a period of three months prior to the record date and sold/ transferred within three (for securities)/nine (for units) months after such date, will be disallowed to the extent dividend income on such securities / units is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / transfers the original units within nine months of the record date, then the loss arising from sale/ transfers of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units held by the investor on the date of such sale / transfer.

- **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 20.00% (plus applicable surcharge and cess) of the distributed income on buy-back of shares. Distributed income means the consideration paid by the company on buy-back of shares as reduced by the amount which was received by the company for issue of such shares, determined as per Rule 40BB of the Income-tax Rules, 1962.

Further, income arising from buy-back of shares as referred to in Section 115QA shall not be taxable as per section 10(34A) of the Act in the hands of the Trust.

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 the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

- **Section 115UA(2) read with section 111A, section 112 and section 112A of the Act – Taxability of business income, capital gains and income from other sources in the hands of the Trust**

In terms of section 115UA(2) of the Act, the total income of the Trust shall be chargeable to tax at the maximum marginal rates in force except for the income chargeable to tax on transfer of Short Term Capital assets under section 111A and Long Terms Capital assets under section 112 and section 112A of the Act. Section 112A is not explicitly mentioned in section 115UA(2) and hence an ambiguity exist on the tax rate to be applied on the gains earned by the Trust referred to in section 112A of the Act.

If the period of holding of a security (other than a unit) listed on a recognized 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 in India or immovable property, being land, building, or both, 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.

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 a business trust, transacted through a recognized stock exchange and subject to STT, will be taxable at a concessional rate of 15.00% (plus applicable surcharge and cess if any). However, the condition of STT is not required if the transaction is undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency.

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 the Trust at the rate of 20.00% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long term capital gains on transfer of listed securities (other than units) or Zero Coupon Bonds shall be taxable at a rate lower of the following:

- 10.00% (plus applicable surcharge and cess) without indexation benefit; or
- 20.00% (plus applicable surcharge and cess) with indexation benefit

Further, as per section 112A, with effect from FY 2018-19, gains exceeding one lakh rupees arising on the transfer of long term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, transacted through a recognized stock exchange and subject to STT, shall be chargeable to tax in the hands of the Trust at the rate of 10.00% (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, listed equity shares in a company or units of equity oriented funds or units of a business trust referred to in section 112A of the Act.

In accordance with, and subject to the conditions, including the limit of investment of ₹ 50 lakhs, capital gains arising on transfer of a long term capital asset, being land or building or both, shall be exempt from capital gains under section 54EC if the gains are invested within 6 months from the date of transfer in purchase of specified bonds (redeemable after five years and issued on or after 1 April 2018) issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL) or any other bond notified by the Central Government, if permitted to be invested by a Trust as per the extant governing regulations. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

In accordance with, and subject to the conditions, including the limit of investment of ₹ 50 lakhs, capital gains arising on transfer of a long term capital asset shall be exempt from capital gains tax under section 54EE if the gains are invested within 6 months from the date of transfer in the purchase of long- term specified assets (i.e., units, issued before 1<sup>st</sup> April 2019, of such fund as may be notified by the Central Government in this behalf) if permitted to be invested by a Trust as per the extant governing regulations. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

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.

## **TAX BENEFITS AVAILABLE TO UNIT-HOLDERS OF THE TRUST**

### ▪ **Special Benefits available to the Unit-Holders of the Trust:**

Following tax benefit is specifically available to the unitholders of the Trust subject to the fulfilment of the conditions specified in the Act and SEBI Regulations:

#### • **Section 10(23FD) of the Act - Tax exemption in respect of income distributed by the Trust (except interest received from SPV by the Trust):**

As per the provisions of section 115UA(1) of the Act, the income distributed by the Trust 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 the Trust.

As per the provisions of section 10(23FD), any income referred to in section 115UA(1) of the Act and distributed by the Trust (except for that proportion of interest income referred in section 10(23FC) of the Act and taxable under section 115UA(3) of the Act) shall not be included in the total income of the unit-holders.

The Trust shall not be subject to levy of dividend distribution tax on the amount of income distributed to its unit holders.

Section 115BBDA provides that where the total income of a specified assessee (as defined under section 115BBDA), resident in India, includes any dividend income exceeding ₹ 10 lakhs from domestic companies during the previous year, such assessee shall be liable to additional tax @ 10.00% (plus applicable surcharge and cess if any) on such dividend. Currently, the law is not clear and there is ambiguity on whether the resident investors receiving income representing dividend from the Trust is likely to be considered as 'dividend declared, distributed or paid by a domestic company' referred to in section 115BBDA. The ambiguity exists even though the Act confers a pass through status in favour of investor.

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 the Trust, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

### ▪ **General Benefits available to all Unit-Holders of the Trust:**

#### **For resident Unit-holder:**

- Long Term Capital Gains (exceeding one lakh rupees) arising on transfer of units of the Trust through a recognized stock exchange, on which STT is paid, shall be chargeable to tax in the hands of the unit holders at a rate of 10.00% without indexation benefit (plus applicable surcharge and education cess) under section 112A of the Act if the said units are long-term capital assets. The determinative period of holding for such units to qualify as long term capital asset is more than 36 months. Income arising on transfer of units of the Trust that are long term capital assets, which is not through a recognized stock exchange and not subject to STT, shall be chargeable to tax at 20.00%, with indexation benefit (plus applicable surcharge and education cess) under section 112 of the Act.
- Short-term capital gains arising on transfer of the units of the Trust will be chargeable to tax at the rate of 15.00% (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 Unit-holder 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 gains on transfer of units of the Trust, not transacted through a recognized stock exchange and not subject to STT shall be taxable at the maximum marginal rate of tax for respective unit holders.
- In case of determining the period of holding for units allotted pursuant to exchange of shares of special purpose vehicle, as per clause (hc) of explanation 1 to section 2(42A), the period of holding for the units shall include the period for which the shares were held by the promoter in the SPV.
- As per clause (iie)/(fc) to explanation 1 to section 115JB, the following shall not be considered while computing book profits for levy of Minimum Alternate Tax:



- notional gain/loss on transfer of shares of SPV in exchange of units allotted by the trust referred to in clause (xvii) of section 47; or
  - notional gain/loss resulting from any change in carrying amount of said units; or
  - gain/loss on transfer of units allotted by the trust referred to in clause (xvii) of section 47.
- As per clause (k)/(iif) of explanation 1 to section 115JB, any gain/loss on transfer of units referred to in clause (xvii) of section 47 shall be considered while computing the book profit for levy of Minimum Alternate Tax by taking into account the cost of the shares exchanged with units referred to in the said clause or the carrying amount of the shares at the time of exchange where such shares are carried at a value other than the cost through statement of profit and loss, as the case may be.
  - 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 the Trust 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 characterization of gains/ losses, arising from sale / transfer of units, as capital gains or business income would depend on the nature of holding in the hands of the unit holder and various other factors.

#### **For non-resident Unit-Holder**

- Long Term Capital Gains (exceeding one lakh rupees) arising on transfer of units of the Trust, shall be chargeable to tax in the hands of the unit holders at a rate of 10.00% without indexation benefit (plus applicable surcharge and education cess) under section 112A of the Act if the said units are long-term capital assets and transfer is through a recognized stock exchange and subject to STT. These assets turn long term if they are held for more than 36 months. Income arising on transfer of units of the Trust that are long term capital assets, which is not through a recognized stock exchange and not subject to STT, shall be chargeable to tax at 20.00%, with any applicable indexation benefit (plus applicable surcharge and education cess), under section 112 of the Act.
- Short-term capital gains arising on transfer of the units of the Trust will be chargeable to tax at the rate of 15.00% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT. Short term capital gains on transfer of units of the Trust, not transacted through a recognized stock exchange and not subject to STT shall be taxable at the applicable rates for respective unit holders.
- 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 units of the Trust 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.
- Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) 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 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 DTAA with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident

of a country which does not have a DTAA 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.

#### **For unit-holders who are Foreign Portfolio Investors ('FPIs')/ Foreign Institutional Investors ('FIIs'):**

- Where the gains arising on the transfer of units of the Trust 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.
- As per section 2(14) of the Act, any securities held by a Foreign Institutional Investor being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be regarded as Capital Asset.
- Long Term Capital Gains (exceeding one lakh rupees) arising on transfer of units of the Trust, shall be chargeable to tax in the hands of the unit holders at a rate of 10.00% without indexation benefit (plus applicable surcharge and education cess) if the said units are long-term capital assets and transfer is through a recognized stock exchange and subject to STT. These assets turn long term if they are held for more than 36 months. Income arising on transfer of units of the Trust that are long term capital assets, which is not through a recognized stock exchange and not subject to STT, shall be chargeable to tax at 20.00%, with any applicable indexation benefit (plus applicable surcharge and education cess) under section 112 of the Act.
- Short-term capital gains arising on transfer of the units of the Trust will be chargeable to tax at the rate of 15.00% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT. Short term capital gains on transfer of units of the Trust, not transacted through a recognized stock exchange and not subject to STT shall be taxable at 30.00% (plus applicable surcharge and cess).
- 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.
- As per section 196D, no tax is to be deducted from any income, by way of capital gains to Foreign Institutional Investor arising from the transfer of units. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, 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 DTAA 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.

#### **For unit-holders who are Mutual Funds:**

- 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 authorized 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.
- As per section 196 of the Act, the Trust is not required to withhold tax on interest payment to Mutual Fund set up under section 10(23D) of the Act.

#### **For Venture Capital Companies/ Funds:**

##### **For VCF/VCC registered prior to 21 May 2012**

- Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a subcategory I Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

- As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

#### **For VCF/VCC registered post 21 May 2012**

- VCF/VCC registered post 21 May 2012 shall be classified as a Category 1 Alternate Investment Fund which shall be governed by the SEBI (AIF) Regulations 2012. 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.

#### **UNDER THE WEALTH TAX ACT, 1957**

The Wealth Tax Act, 1957 has now been abolished from FY 2015-16 and is not applicable from AY 2016-17 onwards.

#### **TAX DEDUCTION AT SOURCE**

##### **Section 194LBA – Certain income from units of the Trust:**

Where any distributed income referred in section 115UA, is in the nature referred to in sub clause (a) of clause (23FC) of section 10 i.e. interest payable by the Trust to its unit holder being a resident, shall at the time of credit of such payment deduct tax at the rate of 10.00%. No tax is required to be deducted on dividend income distributed by the Trust to the unit holders.

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 5.00% (plus applicable surcharge and education cess). Additionally, in view 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 assessee.

##### **Applicability of other provisions**

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder 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 Double Tax Avoidance Agreement (DTAA), 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 his 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 DTAA 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.

#### **Notes:**

- Business trust is compulsorily required to file Income-tax return as per section 139(4E) of the Act
- 
- The income-tax rates specified in this note are as applicable for the financial year 2019-20, 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):**

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) – 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

**For individuals**

Surcharge on dividend distribution tax shall be at the rate of 12.00%.

	<b>Taxable Income</b>	<b>Surcharge (%)</b>
<b>1</b>	If total income (including capital gains on specified securities) is above Rs 50 Lakhs & upto Rs 1 Cr	<b>10%</b>
<b>2</b>	If total income (including capital gains on specified securities) is above Rs 1 Cr. & upto Rs 2 Crs.	<b>15%</b>
<b>3</b>	If total income (excluding capital gains on specified securities) is above Rs 2 Crs. & upto Rs 5 Crs.	<b>25%</b>
<b>4</b>	If total income (excluding capital gains on specified securities) is above Rs 5 Crs.	<b>37%</b>
<b>5</b>	If total income is above 2 Crs. (including capital gains on specified securities) but is not covered under 3 and 4 above. Provided surcharge not to exceed 15 per cent in case of capital gains on specified securities included in such total income	<b>15%</b>

Specified security mean equity shares, units of equity oriented mutual funds, units of business Trust taxed under section 111A or section 112A of the Act

**For FPIs (AOP and BOI)**

	<b>Taxable Income</b>	<b>Surcharge (%)</b>
<b>1</b>	If total income (including capital gains on all securities) is above Rs 50 Lakhs & upto Rs 1 Cr	<b>10%</b>
<b>2</b>	If total income (including capital gains on all securities) is above Rs 1 Cr. & upto Rs 2 Crs.	<b>15%</b>
<b>3</b>	If total income (excluding capital gains on all securities) is above Rs 2 Crs. & upto Rs 5 Crs.	<b>25%</b>
<b>4</b>	If total income (excluding capital gains on all securities) is above Rs 5 Crs.	<b>37%</b>
<b>5</b>	If total income is above 2 Crs. (including capital gains on all securities) but is not covered under 3 and 4 above. Provided surcharge not to exceed 15 per cent in case of capital gains on specified securities included in such total income	<b>15%</b>

**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.

Notes:

- 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 and units.
- The stated benefits will be available only to the sole/ first named holder in case the units are held by joint holders.
- 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 DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- 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.
- 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 shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
- This statement of possible direct tax benefits enumerated above is as per the Act as amended by the Taxation Laws (Amendment) Act, 2019. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the Trust and its unit holders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
- The information provided above sets out the possible tax benefits available to the unit holders 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 equity shares and units, 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 equity shares and 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.

## **LEGAL MATTERS**

Each of Cyril Amarchand Mangaldas, Khaitan & Co, AZB & Partners, and Latham & Watkins LLP, do not make, or purport to make, any statement in this Preliminary Placement Memorandum and is not aware of any statement in this Preliminary Placement Memorandum which purports to be based on a statement made by any 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 Preliminary Placement Memorandum.

## **INDEPENDENT ACCOUNTANTS**

The Audited Consolidated Financial Statements have been prepared in accordance with the requirements of the InvIT Regulations and the accounting principles generally accepted in India, including Ind AS. The Audited Consolidated Financial Statements included in this Preliminary Placement Memorandum have been audited by Deloitte Haskins & Sells LLP , Chartered Accountants, the statutory auditors of the Trust, as stated in their audit report dated January 13, 2020, included in this Preliminary Placement Memorandum.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

*[This page has been left intentionally blank]*



## **INDEPENDENT AUDITOR'S REPORT**

**Tower Infrastructure Trust (the "Trust")  
acting through Axis Trustee Services Limited, as the trustee (the "Trustee")  
Axis House, 2nd Floor, Wadia International Centre, Panbhurang Budhkar Marg,  
Worli, Mumbai 400025**

**To the Board of Directors  
Infinite India Investment Management Limited (the "Investment Manager") in  
its capacity as an Investment Manager of Tower Infrastructure Trust (the  
"Trust")**

**Report on the Audit of the Special Purpose Consolidated Ind AS Financial  
Statements**

### **Opinion**

We have audited the accompanying special purpose consolidated Ind AS financial statements of Tower Infrastructure Trust (the "Trust") and its subsidiary (collectively, the "Trust Group"), which comprise the consolidated Balance Sheet as at September 30, 2019 and as at March 31, 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the six month period ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019, and notes to the special purpose consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (Collectively, the "Special Purpose Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Consolidated Ind AS financial statements give a true and fair view in accordance with the basis set out in note B.1 to the Special Purpose Consolidated Ind AS Financial Statements of the state of affairs of the Trust Group as at September 30, 2019 and as at March 31, 2019, and its loss (including other comprehensive income), changes in equity and its cash flows for the six month period ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019.

### **Basis for Opinion**

We conducted our audit of the Special Purpose Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) and other pronouncements issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Ind AS Financial Statements section of our report. We are independent of the Trust Group in accordance with the Code of Ethics issued by the ICAI together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made thereunder, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is

sufficient and appropriate to provide a reasonable basis for our opinion on the Special Purpose Consolidated Ind AS Financial Statements.

### **Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use**

We draw attention to note B.1 to the Special Purpose Consolidated Ind AS Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Consolidated Ind AS Financial Statements have been prepared by the Trust Group to meet the requirements of SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the Circulars issued thereunder (the "InvIT Regulations") and for inclusion in the preliminary placement memorandum and the placement memorandum (collectively, the "Placement Documents") prepared by the Investment Manager in connection with the proposed private placement of units of the Trust. As a result, the Special Purpose Consolidated Ind AS Financial Statements may not be suitable for any another purpose. The Special Purpose Consolidated Ind AS Financial Statements cannot be referred to or distributed or included in any offering document or used for any other purpose except with our prior consent in writing.

Our opinion is not modified in respect of this matter.

### **Management's Responsibility for the Special Purpose Consolidated Ind AS Financial Statements**

The Board of Directors of the Investment Manager are responsible for the preparation and presentation of these special purpose consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Trust Group in accordance with the basis stated in Note B.1 to the special purpose consolidated Ind AS financial statements for the purpose set out in "Emphasis of Matter- Basis of Accounting and Restriction on Distribution and Use" paragraph above.

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

In preparing the Special Purpose Consolidated Ind AS Financial Statements, management is responsible for assessing the Trust Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Investment Manager are also responsible for overseeing the Trust Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Consolidated Ind AS 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 and other pronouncements issued by ICAI 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 special purpose consolidated Ind AS financial statements.

As part of an audit in accordance with SAs and other pronouncements issued by ICAI, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Consolidated Ind AS Financial Statements, including the disclosures, and whether the Special Purpose Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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.

## Report on Other Legal and Regulatory Requirements

As required by the InvIT Regulations, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) The special purpose Ind AS consolidated Balance Sheet, consolidated Statement of Profit and Loss (including Other Comprehensive Loss), consolidated Cash Flow Statement and consolidated 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 Special Purpose Consolidated Ind AS Financial Statements;
- c) In our opinion, the aforesaid Special Purpose Consolidated Ind AS Financial Statements comply with the basis of preparation as stated in note B.1 to the Special Purpose Consolidated Ind AS Financial Statements; and
- d) In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Consolidated Ind AS Financial Statements give the disclosures, in accordance with the InvIT Regulations, in respect of the net assets at fair value as at September 30, 2019 and the total returns at fair value for the six month period ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Reg. No. 117366W/W-100018)

Varsha A. Fadte

Partner

(Membership No. 103999)

(UDIN: )

Mumbai, January 13, 2020

**Tower Infrastructure Trust**

**SPECIAL PURPOSE CONSOLIDATED  
FINANCIAL STATEMENTS FOR PERIOD ENDED SEPTEMBER 30,  
2019**

**Tower Infrastructure Trust**

**Special Purpose Consolidated Ind AS Balance Sheet as at September 30, 2019**

(Rs.in Million)

Particulars	Notes	As at September 30, 2019	As at March 31, 2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1	370,833	248,208
Capital work-in-progress	1	-	80,152
Financial assets			
Other financial assets	2	3,004	2,726
Other non-current assets	3	3,038	2,615
<b>Total Non-Current Assets</b>		<b>376,875</b>	<b>333,701</b>
<b>CURRENT ASSETS</b>			
Financial Assets			
Investments	4	-	145
Trade receivables	5	310	310
Cash and cash equivalents	6	41	6
Other financial assets	7	22,964	15,000
Other current assets	8	23,954	18,954
<b>Total Current Assets</b>		<b>47,269</b>	<b>34,415</b>
<b>Total Assets</b>		<b>424,144</b>	<b>368,116</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Initial contribution (Rs. 10,000)	9	-	-
Other equity	10	(5,295)	483
Non-controlling interest		(4,419)	1,037
<b>Total Equity</b>		<b>(9,714)</b>	<b>1,520</b>
<b>LIABILITIES</b>			
<b>Non - Current Liabilities</b>			
Financial liabilities			
Borrowings	11	230,943	189,460
Provisions	12	10,061	7,414
<b>Total Non-Current Liabilities</b>		<b>241,004</b>	<b>196,874</b>
<b>Current Liabilities</b>			
Financial liabilities			
Borrowings	13	30,050	29,650
Trade payables due to	14		
Micro and small Enterprises		-	-
Other than micro and small enterprises		6,377	3,111
Other financial liabilities	15	28,396	12,163
Creditors for capital expenditure		127,854	124,771
Other current liabilities	16	177	27
<b>Total Current Liabilities</b>		<b>192,854</b>	<b>169,722</b>
<b>Total Liabilities</b>		<b>433,858</b>	<b>366,596</b>
<b>Total Equity and Liabilities</b>		<b>424,144</b>	<b>368,116</b>

See accompanying Notes to the special purpose Financial Statements

As per our Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board of Investment Manager**

Varsha A. Fadte  
Partner

Dipti Neelakantan  
DIN: 00505452

Rajendra Dwarkadas Hingwala  
DIN: 00160602

Place: Mumbai  
Date: January 13, 2020

## Tower Infrastructure Trust

### Special Purpose Consolidated Ind AS Statement of Profit and Loss for half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019

	Notes	April 1, 2019 to September 30, 2019	(Rs. in Million) January 31, 2019 to March 31, 2019
<b>INCOME</b>			
Revenue from Operations	17	16,328	-
Other Income	18	72	5
<b>Total Income</b>		<b>16,400</b>	<b>5</b>
<b>EXPENSES</b>			
Network operating expenses	19	2,968	-
Finance costs	20	15,887	-
Depreciation and amortisation expense	1	8,695	-
Other expenses	21	84	39
<b>Total Expenses</b>		<b>27,634</b>	<b>39</b>
<b>Loss before tax</b>		<b>(11,234)</b>	<b>(34)</b>
Tax expenses		-	-
<b>Loss for the period</b>		<b>(11,234)</b>	<b>(34)</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>		<b>(11,234)</b>	<b>(34)</b>
<b>Attributable to owners of the Trust</b>		<b>(5,778)</b>	<b>(17)</b>
<b>Attributable to Non Controlling Interest</b>		<b>(5,456)</b>	<b>(17)</b>

See accompanying Notes to the special purpose Financial Statements



As per our Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board of Investment Manager**

Varsha A. Fadte  
Partner

Dipti Neelakantan  
DIN: 00505452

Rajendra Dwarkadas Hingwala  
DIN: 00160602

Place: Mumbai  
Date: January 13, 2020

## Tower Infrastructure Trust

### Special Purpose Consolidated Ind AS Statement of Changes In Equity for half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019

	(Rs.in Million)	
(A) Initial Contribution	April 1, 2019 to September 30, 2019	January 31, 2019 to March 31, 2019
<b>Balance at the beginning of the reporting period April 1, 2019 (Rs.10,000)</b>	-	-
Contribution during the period (from January 31, 2019 to March 31, 2019 - Rs. 10,000)	-	-
<b>Balance at the end of the reporting period</b>	<b>-</b>	<b>-</b>

<b>(B) Non Controlling Interest</b>		
Opening balance as at begning of the reporting period	1,037	-
1,05,00,000 Equity shares of Re. 1 each fully paid up in Reliance Jio Infratel Private Limited	-	1,054
Loss for the period	(5,456)	(17)
<b>Balance at the end of the reporting period</b>	<b>(4,419)</b>	<b>1,037</b>

### (C) Other Equity

	(Rs.in Million)		
Particulars	Preference Shares	Retained Earnings	Total
<b>As on September 30,2019</b>			
Balance at the beginning of the reporting period i.e. April 1, 2019	500	(17)	483
Total Comprehensive Income for the period	-	(5,778)	(5,778)
<b>Balance at the end of the reporting period i.e. September 30, 2019</b>	<b>500</b>	<b>(5,795)</b>	<b>(5,295)</b>

	Preference Shares	Retained Earnings	Total
<b>As on March 31, 2019</b>			
Balance at the beginning of the reporting period i.e. January 31, 2019	-	-	-
Total Comprehensive Income for the period		(17)	(17)
Preference shares issued	500	-	500
<b>Balance at the end of the reporting period i.e March 31, 2019</b>	<b>500</b>	<b>(17)</b>	<b>483</b>

As per our Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board of Investment Manager**

Varsha A. Fadte  
Partner

Dipti Neelakantan  
DIN: 00505452

Rajendra Dwarkadas Hingwala  
DIN: 00160602

Place: Mumbai  
Date: January 13, 2020

## Special Purpose Consolidated Ind AS Cash Flow Statement for the half year ended September 30, 2019 and from January 31, 2019 to March 31, 2019

	April 1, 2019 to September 30, 2019	(Rs. in Million) January 31, 2019 to March 31, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Loss before tax as per Profit and Loss Statement	(11,234)	(34)
<u>Adjusted for:</u>		
Depreciation	8,695	-
Profit on sale of current investments	(66)	-
Finance costs	15,887	-
<b>Operating Profit before working capital changes</b>	<b>13,282</b>	<b>(34)</b>
<u>Adjusted for :</u>		
Trade and Other Receivables	(10,718)	-
Trade and Other Payables	14,274	34
	<b>3,556</b>	<b>34</b>
<b>Cash generated from operations</b>	<b>16,838</b>	<b>-</b>
Taxes paid	(423)	-
<b>Net Cash generated from operating activities (A)</b>	<b>16,415</b>	<b>-</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Acquisition of subsidiary		(1,097)
Purchase of Property, Plant and Equipment	(46,096)	-
Purchase of investments	(130,817)	-
Sale of investments	128,527	-
<b>Net cash flow (used in) investing activities (B)</b>	<b>(48,386)</b>	<b>(1,097)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Borrowings - Non current	50,000	1,100
Repayment of Borrowings - Non current	(8,333)	-
Proceeds from Borrowings - Current	30,050	-
Repayment of Borrowings - Current	(29,650)	-
Interest and Finance Charges	(10,061)	-
<b>Net cash flow generated from financing activities (C)</b>	<b>32,006</b>	<b>1,100</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>35</b>	<b>3</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>6</b>	<b>-</b>
<b>Add: acquired on business combination</b>		<b>3</b>
<b>Closing Balance of Cash and Cash Equivalents (Refer Note 4)</b>	<b>41</b>	<b>6</b>

## Changes in liabilities arising from financing activities

	As at April 1, 2019	Cash Flow	Non Cash Unamortised prepaid finance charges	As at September 30, 2019
Borrowings (Refer Note - 11)	199,460	41,667	(184)	240,943
Borrowings - Current (Refer Note - 13)	29,650	400	-	30,050
<b>Total</b>	<b>229,110</b>	<b>42,067</b>	<b>(184)</b>	<b>270,993</b>

As per our Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**For and on behalf of the Board of Investment Manager**

Varsha A. Fadte  
Partner

Dipti Neelakantan  
DIN: 00505452

Rajendra Dwarkadas Hingwala  
DIN: 00160602

Place: Mumbai  
Date: January 13, 2020

## **Tower Infrastructure Trust**

### **Notes forming part of Special Purpose Consolidated Ind AA Financial Statements for the half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019**

#### **A CORPORATE INFORMATION**

The Special Purpose Consolidated Ind AS Financial Statements comprise financial statements of "Tower Infrastructure Trust" ("the Parent" / "the Trust") and its subsidiary (collectively referred to as "the Trust Group") for the half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019. Tower Infrastructure Trust a contributory irrevocable infrastructure investment trust has been registered under the provision of Trust Act under the Registration Act, 1908. The Trust is also Registered with SEBI as an Infrastructure Investment Trust (InvIT) under the SEBI (Infrastructure Investment Trusts) Regulations, 2014 as amended. The objective of the Trust shall be to carry on the activity of Investment in Infrastructure Projects i.e. business of providing Tower Infrastructure and related operations and maintenance services. The registered office address is 9th Floor, Maker Chambers IV, 222, Nariman Point, Mumbai-400021

#### **B ACCOUNTING POLICIES**

##### **B.1 PURPOSE AND BASIS OF ACCOUNTING AND PREPARATION OF SPECIAL PURPOSE IND AS FINANCIAL STATEMENTS**

The special purpose consolidated Ind AS financial statements have been prepared by the Trust Group for inclusion in the Preliminary Placement Memorandum (PPM) and Placement Memorandum (PM) prepared by the Investment Manager of the Trust in connection with the proposed private placement of units of the Trust to be listed on the BSE Limited in accordance with the requirements of the Securities and Exchange Board of India ("SEBI") (Infrastructure Investment Trusts) Regulations, 2014 as amended read together with circulars and guidelines issued thereunder ("InvIT regulations") and the Companies Act, 2013.

As a result, the special purpose consolidated Ind AS financial statements may not be suitable for any other purpose and the information presented may not be representative of the position which may prevail after the transaction.

These special purpose consolidated Ind AS financial statements were approved by the Investment Manager of the Trust Group in their meeting held on January 13, 2019.

The special purpose consolidated Ind AS financial statements have been prepared on the historical cost basis except for certain Financial Assets and Financial Liabilities (including derivative instruments) that are measured at fair values.

The special purpose consolidated Ind AS financial statements are presented in Indian Rupees, which is also its functional currency and all values are rounded to the nearest Million (INR 0,00,000), except when otherwise indicated.

##### **B2 BASIS OF CONSOLIDATION**

The Special purpose consolidated Ind AS financial statements incorporate the financial statements of the Trust Group and entities controlled by the Trust Group and its subsidiaries. Control is achieved when the Trust Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

Consolidation of a subsidiary begins when the Trust Group obtains control over the subsidiary and ceases when the Trust Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated Statement of Profit and Loss from the date the Trust Group gains control until the date when the Trust Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Trust Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Trust Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Trust Group's accounting policies.

All intra Trust Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Trust Group are eliminated in full on consolidation.

Changes in the Trust Group's ownership interests in existing subsidiaries that do not result in the Trust Group losing the control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Trust Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Trust Group.

## Tower Infrastructure Trust

### Notes forming part of Special Purpose Consolidated Ind AA Financial Statements for the half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019

When the Trust Group loses control of a subsidiary, a gain or loss is recognised in Statement of Profit and Loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Trust Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified /permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost established at the date of acquisition of the business less accumulated impairment loss if any. For the purpose of impairment testing, goodwill is allocated to each of the Trust Group's cash generating units (CGU) that is expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired, if the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the units pro-rata based on the carrying amount of each asset in the unit, any impairment loss or goodwill is not reversed in subsequent period. On disposal of relevant CGU the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## B3 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Trust Group, liabilities incurred by the Trust Group to the former owners of the acquiree and the equity interests issued by the Trust Group in exchange of control of the acquiree. Acquisition related costs are generally recognised in Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with Ind AS 12 Income taxes and Ind AS 19 Employee benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Trust Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

## B.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Current and Non-Current Classification:

The Trust Group presents assets and liabilities in the Balance Sheet based on Current/ Non-Current classification as per Schedule III Division II of Companies Act, 2013.

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 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;
- Held primarily for 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 Trust Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Trust Group has considered 12 months as its normal operating cycle.

## Tower Infrastructure Trust

### Notes forming part of Special Purpose Consolidated Ind AA Financial Statements for the half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019

#### (b) Property, Plant and Equipment:

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes purchase price, borrowing costs and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation on Plant and Equipment and Building is provided using straight-line method based on estimated useful life of 20 years. The estimated useful life is different from the useful life as prescribed under Schedule II to the Companies Act, 2013 and in the opinion of the Trust Group this represents the best estimate thereof on the basis of technical evaluation, actual usage period and operations and maintenance arrangement with a vendor. Leasehold land and leasehold improvements are amortised over the period of lease or useful life whichever is less.

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.

Gains or losses arising from derecognition of a Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### (c) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### As a Lessee

The lease asset classes of the Trust Group primarily consist of leases for land and buildings. The Trust Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Trust Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Trust Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Trust Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Trust Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For short-term and low value leases, the Trust Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Trust Group agreements with the landowners for taking land on lease for construction of Towers thereon, read with the stipulations of the Master Service Agreements with its customers have been concluded to be short term lease.

Right of use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of disposal and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Trust Group changes its assessment if whether it will exercise an extension or a termination option.

#### (d) Finance costs

Finance costs comprises interest expenses and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to Statement of Profit and Loss in the period in which they are incurred.



**(e) Provisions**

Provisions are recognised when the Trust 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.

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.

Asset Retirement Obligation:

Asset Retirement Obligation (ARO) is provided for where the Trust Group has an obligation to restore the rented premises at the end of the period in a condition similar to inception of the arrangement.

The obligation arising on account of such costs are provided at present value of future restoration and dismantling costs and are recognised as part of the cost of underlying assets. Any change in the present value of the expenditure, other than unwinding of discount on the provision, is reflected as adjustment to the provision and the corresponding asset. The change in the provision due to the unwinding of discount is recognized in the Statement of Profit and Loss.

**(f) Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income and equity.

**Current tax**

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

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the special purpose Ind AS financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax assets on carry forward losses is recognised based on convincing evidence where it is reasonably certain that sufficient taxable profits will be available to utilise those losses. Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

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

**(g) Cash and cash equivalents**

Cash and cash equivalents includes cash at banks, cash on hand and short term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Trust Group's cash management.

**(h) Impairment of Non-Financial Assets - Property, Plant and Equipment**

The Trust Group assesses at each reporting date as to whether there is any indication that any item of Property, Plant and Equipment or Trust Group of assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Trust Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(i) Foreign Currencies**

**Transactions and Translations**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings and that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of those assets. 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or profit or loss are also recognised in OCI or Statement of profit or loss, respectively).

In case of an asset, expense or income where a non-monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, dates of transactions are determined for each payment or receipt of advance consideration.

**(j) Revenue recognition**

The Trust Group earns revenue i.e. infrastructure provisioning fees (IP Fees) primarily from providing passive infrastructure and related services. Revenue is recognized when the Trust Group satisfies the performance obligation by transferring the promised services to the customers. IP Fees are recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under Master Services Agreement entered with customer. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Trust Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenues from fixed price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, are recognised to the extent the Trust Group has rendered the services, as per the contractual arrangements. Revenue is measured at the fair value of the consideration received or receivable in exchange for transferring the promised services, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Deferred revenue represents revenues recognized after the last invoice raised to customer to the period end. These are billed in subsequent periods based on the prices specified in the master service agreement with the customers, whereas invoicing in excess of revenues are classified as unearned revenues.

**Interest income**

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

**Dividends**

Revenue is recognised when the Trust Group's right to receive the payment is established.

**(k) Financial Instruments**

**i) Financial assets**

**A. Initial recognition and measurement:**

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

**B. Subsequent measurement**

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

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

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

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

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

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

**ii) Financial liabilities**

**A. Initial recognition and measurement:**

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

**B. Subsequent measurement:**

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

**iii) Derivative Financial Instruments and Hedge Accounting**

The Trust Group uses various derivative financial instruments such as forwards to mitigate the risk of changes in interest rates and exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. Derivatives are carried as Financial Assets when the fair value is positive and as Financial Liabilities when the fair value is negative.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

**Fair Value Hedge**

The Trust Group designates derivative contracts or non derivative Financial Assets / Liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates and foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

**(l) Earnings per Share**

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

**(m) Cash Flow Statement**

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Trust Group are segregated.

**(n) Contingent Liabilities**

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

**C Critical accounting judgements and key sources of estimation uncertainty:**

The preparation of the Trust Group's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accounting disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**(a) Depreciation and useful lives of Property, Plant and Equipment**

Plant and Equipment are depreciated over their estimated useful life which is based on technical evaluation, actual usage period and operations and maintenance arrangement with a vendor, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets periodically in order to determine the amount of depreciation to be recorded during any reporting period.

**(b) Asset Retirement Obligation**

Asset Retirement Obligation created for the cost to dismantle equipment and restore sites at the rented premises upon vacation thereof, which is estimated based on actual quotes, which are reasonable and appropriate under these circumstances.

**(c) Revenue from operations**

The Trust Group constructs towers on parcels of land taken on lease to provide Tower Infrastructure and related operations and maintenance services to multiple parties inter-alia engaged in rendering telecommunication services. Accordingly the Trust Group's business is predominantly of rendering of services and not providing a right of use of part or whole of the asset to its customers.

**(d) Recoverability of trade receivable**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**(e) Impairment of Non-Financial Assets**

The Trust Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Trust Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a Trust Groups of assets. Where 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 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.

**Tower Infrastructure Trust**

**Notes forming part of Special Purpose Consolidated Ind AS Financial Statements as at September 30, 2019 and March 31, 2019**

(Rs. in Million)

**NOTE 1. Property, Plant and Equipment**

Description	Gross Block		Depreciation and Amortisation		Net Block	
	As at	Additions	Deduction	As at	For the	As at
	1-Apr-19			30-Sep-19	period	30-Sep-19
<b>Tangible Assets :</b>	-	-	-	-	-	-
Leasehold Land	123	-	-	123	6	117
Freehold Land	96	-	-	96	-	96
Leasehold Improvements	110	-	-	110	-	110
Buildings	17	-	-	17	-	17
Plant and Equipments	247,862	131,320	-	379,182	8,689	370,493
<b>Total (A)</b>	<b>248,208</b>	<b>131,320</b>	<b>-</b>	<b>379,528</b>	<b>8,695</b>	<b>370,833</b>
<b>Previous Year Figures</b>		248,208		248,208	-	248,208
<b>Capital Work-in-Progress</b>	-	-	-	-	-	-
						<b>80,152</b>

**Note:**

1.1 Gross block of property, plant and equipment (PPE) as at April 1, 2019 and addition to PPE during the current period include Rs.80,152 million (held as Capital work in progress as at March 31, 2019) acquired consequent to the composite scheme of arrangement (Refer Note-29). The title deeds/lease deeds of the immovable properties are in process of being transferred in the name of the Company.

## Tower Infrastructure Trust

Notes forming part of Special Purpose Consolidated Ind AS Financial Statements as at September 30, 2019 and March 31, 2019

	As at September 30, 2019	(Rs. in Million) As at March 31, 2019
<b>2 Other Financial Assets - Non Current</b> (Unsecured and Considered Good)		
Security deposits	3,004	2,726
<b>Total</b>	<u><u>3,004</u></u>	<u><u>2,726</u></u>
		(Rs. in Million)
	As at September 30, 2019	As at March 31, 2019
<b>3 Other Non-Current Assets</b> (Unsecured and Considered Good)		
Capital advances	80	80
Advance income tax and TDS *	423	-
Others - Amount paid under protest	2,535	2,535
<b>Total</b>	<u><u>3,038</u></u>	<u><u>2,615</u></u>
<b>*Advance Income Tax:</b>		
At beginning of period	-	-
Change for the period - Current Tax	-	-
Tax Deducted at Source/Tax paid during the period	423	-
At end of period	<u><u>423</u></u>	<u><u>-</u></u>

### 3.1 The income tax expenses for the period can be reconciled to the accounting profit as follows:

	Half year ended September 30, 2019	(Rs. In Million) Period from January 31, 2019 to March 31, 2019
Loss before tax	(11,234)	(34)
Applicable tax rate	25.17%	33%
Computed tax expense	(2,827)	(11)
Tax effect of:		
Unused tax losses for which no Deferred Tax Asset has been recognised*	(2,827)	(11)
Effective tax rate	25.17%	33%

\* As at 30th September 30, 2019 Rs. 2,838 million with no expiry period

**Tower Infrastructure Trust**

**Notes forming part of Special Purpose Consolidated Ind AS Financial Statements as at September 30, 2019 and March 31, 2019**

	As at September 30, 2019	(Rs. In Million) As at March 31, 2019
<b>4 Current Investments</b>		
<u>Investments measured at Fair Value Through Profit &amp; Loss (FVTPL)</u> <u>In Mutual Funds - Unquoted</u>		
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan, 483,280.007 Units (Face value of Rs. 100 each)	-	145
<b>Total</b>	<b>-</b>	<b>145</b>

	As at September 30, 2019	(Rs. In Million) As at March 31, 2019
<b>5 Trade Receivables</b> (Unsecured and considered good)		
Trade receivables	310	310
<b>Total</b>	<b>310</b>	<b>310</b>

	As at September 30, 2019	(Rs. in Million) As at March 31, 2019
<b>6 Cash and Cash Equivalents</b>		
Balances with banks in current account	41	6
<b>Total</b>	<b>41</b>	<b>6</b>

	As at September 30, 2019	(Rs. in Million) As at March 31, 2019
<b>7 Other Financial Assets - Current</b>		
Deposits	15,000	15,000
Other receivables *	7,964	-
<b>Total</b>	<b>22,964</b>	<b>15,000</b>

\*Include contractually reimbursable / receivable amount, etc.

	As at September 30, 2019	(Rs. in Million) As at March 31, 2019
<b>8 Other Current Assets</b> (Unsecured and considered good)		
Balance with GST authorities*	21,285	17,327
Other Advances**	2,669	1,627
<b>Total</b>	<b>23,954</b>	<b>18,954</b>

\*Include Input tax credit pending for availment of Rs. 5,110 million (Previous period Nil)

\*\* Include Vendor advances and prepaid expenses.

**Tower Infrastructure Trust**

**Notes forming part of Special Purpose Consolidated Ind AS Financial Statements as at September 30, 2019 and March 31, 2019**

	(Rs. in Million)	
	As at September 30, 2019	As at March 31, 2019
<b>9 Initial Contribution</b>		
By Settlor (Rs.10,000)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

	(Rs. in Million)	
	As at September 30, 2019	As at March 31, 2019
<b>10 Other Equity</b>		
<b>Instruments classified as equity</b>		
10% Cumulative Optionally Convertible Preference Share of Rs. 10 each, fully paid up	<b>500</b>	500
<b>Retained earnings</b>		
As per last Balance Sheet	<b>(17)</b>	-
Loss for the period	<b>(5,778)</b>	(17)
<b>Balance at end of the period</b>	<b>(5,795)</b>	(17)
<b>TOTAL</b>	<b>(5,295)</b>	483

**10.1 Terms / rights attached to Preference Shares:**

5,00,00,000 10% Cumulative, Participating and Optionally Convertible Preference Shares are convertible into 10 (Ten) Equity Shares of Re.1 each for every 1 (One) Preference Share of Rs. 10 each at any time at the option of the Company but in any case not later than March 31, 2039 and in the event the shares are not converted, these will be redeemed at any time at the option of the Company at Rs. 10 each but not in any case later than March 31, 2039. The Preference Shares shall be entitled to the Surplus Assets either on winding up or liquidation or otherwise.



## Notes forming part of Special Purpose Consolidated Ind AS Financial Statements as at September 30, 2019 and March 31, 2019

(Rs. in Million)

11 Borrowings At amortised cost	As at September 30, 2019		As at March 31, 2019	
	Non-Current	Current	Non-Current	Current
<b>(I) Term Loan</b>				
(a) Secured				
(i) From banks	54,816	3,333	6,667	3,333
(b) Unsecured				
(i) From banks	56,667	6,667	63,333	6,667
(ii) From others	1,100	-	1,100	-
<b>(II) Non Convertible Debentures</b>	<b>118,360</b>	<b>-</b>	<b>118,360</b>	<b>-</b>
<b>Total</b>	<b>230,943</b>	<b>10,000</b>	<b>189,460</b>	<b>10,000</b>

## (i) Secured loans from Banks consist of:

Rs.8,333 million (Previous period 10,000 million) of loan transferred from Reliance Jio Infocomm Limited, pursuant to Composite Scheme of Arrangement approved by NCLT with effect from March 31, 2019. As detailed in Note 30 to the financial statements, the Company has initiated steps to transfer the assets and liabilities in its name. Accordingly, the registration of charges in respect of the said loan in the name of the Company will be carried out thereafter.

Loan of Rs.30,000 million (including Rs. 35 million as prepaid finance charges) carrying interest rate of 8.65% p.a. repayable after 2 years, secured by First Pari Passu Charge by way of hypothecation on all moveable fixed assets and current assets (present and future) of the Company excluding Cash and Investments from non-operating activities. Further, Reliance Industries Limited ("RIL") as provided an undertaking for the loan.

Loan of Rs.20,000 million (including Rs.149 million as prepaid Finance charges) carrying interest rate of 8.75% p.a. repayable over a period of 12 years including moratorium of 2 years, secured by First Pari Passu charge by way of hypothecation on all moveable fixed assets and current assets (present and future) of the Company. Further, Reliance Industries Limited ("RIL") as provided an undertaking for the loan.

## (ii) Unsecured loans from banks consist of:

Loan of Rs. 13,333 million (Previous period 20,000 million) carrying interest rate of 8.75% repayable in 3 equated yearly installments.

Loan of Rs. 50,000 million ( Previous period Rs. 50,000 million) carrying interest rate of 8.50% repayable in 5 years with an option to pay after 2 years.

## (iii) Payment obligation under unsecured loan referred to in (ii) above to the extent of Rs.50,000 Million is guaranteed by Reliance Industries Limited.

## (iv) Non-Convertible Debentures consist of:

118,360 9.00% Non-Convertible Redeemable Debentures – Series II (NCD – Series II) of face value of Rs. 1,000,000 each, aggregating to Rs. 118,360 million redeemable at par on or before March 31, 2029.

## (v) In absence of profit as per Section 71(4) of Companies Act, 2013, the Subsidiary Company has not created the Debenture Redemption Reserve for cumulative amount of Rs.592 Million . The Company shall create the Debenture Redemption Reserve out of Profits, if any in the future years.

## (vi) Loan of Rs.1,100 million ( Previous period Rs. 1,100 million) carrying interest rate of 9% repayable in 5 years with an option to pay after 2 years.

12 Provisions - Non Current	As at	
	September 30, 2019	March 31, 2019
Asset Retirement Obligation	10,061	7,414
<b>Total</b>	<b>10,061</b>	<b>7,414</b>

**Tower Infrastructure Trust**

**Notes forming part of Special Purpose Consolidated Ind AS Financial Statements as at September 30, 2019 and March 31, 2019**

	As at September 30, 2019	(Rs.in Million) As at March 31, 2019
<b>13 Borrowings - Current</b>		
<b>Unsecured - At amortised Cost</b>		
(a) Non Convertible Debentures	-	29,650
(b) Term loans : from other	30,050	-
<b>Total</b>	<b><u>30,050</u></b>	<b><u>29,650</u></b>

(i) Loan of Rs. 5,050 Million from Reliance Industries Limited and Rs. 25,000 Million from Jamnagar Utilities and Power Private Limited carrying interest rate of 9.25%.

	As at September 30, 2019	(Rs.in Million) As at March 31, 2019
<b>14 Trade Payables due to</b>		
Micro and small enterprises	-	-
Other than Micro and Small enterprises	6,377	3,111
<b>Total</b>	<b><u>6,377</u></b>	<b><u>3,111</u></b>

14.1 There are no overdue amounts to Micro, Small and Medium Enterprises as at September 30, 2019 and as at March 31, 2019 (except to the extent of amounts not due for pending compliance with contract terms) for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

	As at September 30, 2019	(Rs.in Million) As at March 31, 2019
<b>15 Other Current Financial Liabilities</b>		
Current maturities of long term debt	3,333	3,333
Current maturities of long term debt	6,667	6,667
Interest accrued but not due	7,326	191
Security deposit	10,750	-
Others*	320	1,972
<b>Total</b>	<b><u>28,396</u></b>	<b><u>12,163</u></b>

\* Includes derivative liabilities at fair value.

	As at September 30, 2019	(Rs.in Million) As at March 31, 2019
<b>16 Other Current Liabilities</b>		
Statutory dues	177	27
<b>Total</b>	<b><u>177</u></b>	<b><u>27</u></b>

**Tower Infrastructure Trust**

**Notes forming part of Special Purpose Consolidated Ind AS Financial Statements for the half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019**

	Half year ended September 30, 2019	(Rs. in Million) Period from January 31, 2019 to March 31, 2019
<b>17 Revenue from Operations</b>		-
Sale of Services	16,328	-
<b>Total</b>	<u>16,328</u>	<u>-</u>
<b>18 Other Income</b>		
Interest on Income tax refund	6	5
Net Gain on Sale of Investments	66	0
<b>Total</b>	<u>72</u>	<u>5</u>
<b>19 Network operating expenses</b>		
Power and Fuel (Net of Recovery Rs. 13,138 million)	-	-
Rent (Net of Recovery Rs. 5,810 million)	-	-
Repairs and maintenance	2,196	-
Other network cost	772	-
<b>Total</b>	<u>2,968</u>	<u>-</u>
<b>20 Finance Costs</b>		
Interest expenses	15,284	-
Exchnage loss (attributable to finance costs)	529	-
Others	74	-
<b>Total</b>	<u>15,887</u>	<u>-</u>
<b>21 Other Expenses</b>		
Rates and taxes	-	32
Professional fees	34	5
Payment to aditors	19	1
General expenses	31	1
<b>Total</b>	<u>84</u>	<u>39</u>

**22 Assets Retirement Obligation (ARO)**

Asset Retirement Obligations created for the cost to dismantle equipment and restore sites at the rented premises upon vacation thereof. The provision represents the Trust Group's best estimate of the amount that may be required to settle the obligation.

	(Rs.in Million)	
	Half year ended September 30, 2019	Period from January 31, 2019 to March 31, 2019
<b>Movement in ARO</b>		
At beginning of the period	7,414	-
Provided during the period	2,647	7,414
At end of the period	10,061	7,414

**23 RELATED PARTY DISCLOSURES**

As per Ind AS 24 & SEBI InvIT Regulations, the disclosures of transactions with the related parties

**(i) List of related parties, with whom transactions have taken place and relationships, as per the SEBI InvIT regulations:**

Sr No	Name of the Related Party	Relationship
1	Axis Trustee Service Limited	Trustee
2	Infinite India Investment Manager Limited	Investment Manager
3	Reliance Industrial Investments and Holding Limited	Sponsor
4	Reliance Industries Limited	Promoter of Sponsor and Project Manager
5	Axis Bank Limited	Promoter of Trustee

**(ii) Transactions during the period with related parties**

(Rs.in Million)

Particulars	Half year ended September 30, 2019	Period from January 31, 2019 to March 31, 2019
<b>Professional Fees</b>		
Axis Trustee Service Limited	1	-
Infinite India Investment Manager Limited	10	-
<b>Reliance Industries Limited</b>		
Loans taken / repaid	5,050	-
Repayment of Non Convertible Debentures	29,650	-
Issuance of Non Convertible Debentures	-	118,360
<b>Initial Contribution</b>		
Reliance Industrial Investments and Holdings Limited Rs. Nil (Previous period Rs.10,000)	-	-

**(iii) Closing Balance:**

(Rs in Million)

Particulars	As at September 30, 2019	As at March 31, 2019
Axis Trustee Service Limited	1	-
Infinite India Investment Manager Limited	10	-
Reliance Industrial Investments and Holdings Limited (Rs. 10,000)	-	-
<b>Reliance Industries Limited</b>		
Equity Share subscribed	1,056	1,056
10% Cumulative Optionally Convertible Preference Shares	500	500
Borrowings - Non Convertible Debentures (unsecured)	118,360	29,650
Borrowings - Term Loan (Current)	5,050	-
Axis Bank - Bank Balance ( As at September 30, 2019 Rs. 13,454)	-	-

**24 CONTINGENT LIABILITIES AND COMITMENTS**

	As at September 30, 2019	As at March 31, 2019
--	-----------------------------	-------------------------

**(i) Commitments**

Estimated amount of contracts remaining to be executed on other commitments not provided for	36,322	-
--	--------	---

**25** Arrears of fixed cumulative dividend on Optionally Convertible Preference Shares classified as 'Other Equity' aggregating Rs. 250 Million.

**26 Capital Management**

The Group adheres to a disciplined Capital Management framework, the pillars of which are as follows:

- Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- Maintain AAA rating by ensuring that the financial strength of the Balance Sheet is preserved.
- Manage financial market risks arising from foreign exchange and interest rates, and minimise the impact of market volatility on earnings.

## (d) Gearing Ratio

(Rs in Million)

The net gearing ratio at the end of the reporting period was as follows:

	As at September 30 2019	As at March 31, 2019
Gross Debt	270,993	229,110
Cash and bank balance (including liquid investment)	41	6
<b>Net debt (A)</b>	<b>270,952</b>	<b>229,104</b>
<b>Total Equity (B)</b>	<b>(9,714)</b>	<b>1,520</b>
<b>Net debt to equity ratio (A/B)</b>	<b>#</b>	<b>151</b>

# Net debt to equity ratio is not calculated for current period as the total equity value is negative.

## 27 FINANCIAL INSTRUMENTS

## A. FAIR VALUE MEASUREMENT HIERARCHY:

(Rs in Million)

Particulars	As at September 30, 2019			As at March 31, 2019		
	Carrying Amount	Level of input used in		Carrying Amount	Level of input used in	
		Level 1	Level 2		Level 1	Level 2
<b>Financial Assets</b>						
<b>At Amortized Cost</b>						
Trade Receivables	310	-	-	310	-	-
Cash and Bank Balances	41	-	-	6	-	-
Other Financial Assets	25,968	-	-	17,726	-	-
<b>At FVTPL</b>						
Investments	-	-	-	145		145
<b>Financial Liabilities</b>						
<b>At Amortized Cost</b>						
Borrowings	270,993	-	-	229,110	-	-
Trade Payables	6,377	-	-	3,111	-	-
Other Financial Liabilities	28,210	-	-	12,163	-	-
<b>At FVTPL</b>						
Other Financial Liabilities	186	-	186	-	-	-

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

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

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

**Valuation methodology:**

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

- The fair value of investment in Mutual Funds is measured at NAV.
- The fair value of Forward Foreign Exchange contracts is determined using observable forward exchange rates at the balance sheet date.
- The Trust Group considers that the carrying amount recognised in the financial statements for financial assets and financial liabilities measured at amortised cost approximates their fair value

**B. Financial Risk Management**

The different types of risks the Trust Group is exposed to include market risk, credit risk and liquidity risk. The Trust Group takes measures to judiciously mitigate the above mentioned risks.

**i) Market Risk****a) Foreign Currency Risk**

Foreign currency risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

The Trust Group uses derivative financial instruments such as forward contracts to minimise any adverse effect on its financial performance. All such activities are undertaken within an approved Risk Management Policy framework.

The following table shows foreign currency exposures in USD on financial instruments at the end of the reporting period.

(Rs. In Million)

Particulars	Foreign Currency Exposure	
	As at September 30,	As at March 31, 2019
Other Financial Liability	27,180	27,301
<b>Derivatives</b>		
Forward	27,180	23,464
Net Exposure	-	3,837

Note: Pursuant to the scheme of arrangement referred to in Note 30, tower business undertaking of Reliance Jio Infocom Limited (RJIL) was transferred to the subsidiary w.e.f. March 31, 2019. Consequently, part of the exposures covered by the derivative contracts entered into by RJIL prior to March 31, 2019, have been transferred to the subsidiary. The Company has entered into a mutual agreement with RJIL for reimbursing derivative losses/ gains relating to the exposures.

**b) Interest Rate Risk**

The Trust Group consolidated exposure to the risk of changes in market interest rate relates to the floating rate debt obligations.

The exposure of the Trust Group's borrowings at the end of the reporting period are as follows:

(Rs. In Million)

Particulars	Interest Rate Exposure	
	As at September 30, 2019	As at March 31, 2019
<b>Borrowings</b>		
Non-Current - Floating (Includes Current Maturities)*	121,483	80,000
Non-Current - Fixed (Includes Current Maturities)*	119,460	119,460
Current - Fixed	30,050	29,650
Total	270,993	229,110

\*Includes Current period Rs.184 million towards Prepaid Finance Charges.

Fair value sensitivity analysis for fixed-rate borrowings:

The Trust Group does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis of 1% (floating rate borrowings) change in Interest rate:

Particulars	Interest Rate Sensitivity			
	As at September 30, 2019		As At March 31, 2019	
	Up Move	Down Move	Up Move	Down Move
<b>Total Impact</b>	(1,215)	1,215	(800)	800
Impact on Equity				
Impact on P&L	(1,215)	1,215	(800)	800

**ii) Credit risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the Trust. Credit risk arises from Trust activities in investments and outstanding receivables from customers.

The Group has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Credit risk is actively managed through advance payments.

## iii) Liquidity Risk

Liquidity risk arises from the Group inability to meet its cash flow commitments on the due date. The Group accesses global and local financial markets to meet its liquidity requirements. It uses a range of products and a mix of currencies to ensure efficient funding from across well-diversified markets and investor pools. Treasury monitors rolling forecasts of the Group cash flow position and ensures that the Group is able to meet its financial obligation at all times including contingencies.

(Rs. In Million)

Maturity Profile of Loans as at September 30, 2019					
Particulars	0 to 1 year	1-3 Years	3-5 Years	Above 5 years	Total
Trade Payable Refer Note 14	6,377				6,377
Creditors for Capital Expenses	127,854				127,854
Other Current Financial Liabilities (Refer Note 15)	18,346				18,346
Borrowings* (Refer Note 11 and 13)	40,053	43,620	54,000	132,230	269,903
<b>Total</b>	<b>58,399</b>	<b>43,620</b>	<b>54,000</b>	<b>132,230</b>	<b>294,626</b>
Derivatives	201	15	-	-	216
<b>Total</b>	<b>201</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>216</b>

Maturity Profile of Loans as at March 31, 2019					
Particulars	0 to 1 year	1-3 Years	3-5 Years	Above 5 years	Total
Trade Payable (Refer Note 14)	3,111				3,111
Creditors for Capital Expenses	30,532	94,239			124,771
Other Current Financial Liabilities (Refer Note 15)	12,158				12,158
Borrowings* (Refer Note 11 and 13)	39,650	20,000	50,000	118,360	228,010
<b>Total</b>	<b>85,451</b>	<b>114,239</b>	<b>50,000</b>	<b>118,360</b>	<b>368,050</b>
<b>Derivative Liabilities</b>					
Forwards	1,141		-	-	1,141
<b>Total</b>	<b>1,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,141</b>

## 28 SEGMENT REPORTING

The Trust Group is engaged in setting up, operating and managing of Tower Infrastructure. All activities of the Trust Group revolve around this main business. Accordingly the Trust Group has single segment as per the requirements of Ind AS 108 - Operating Segment and entire revenue of Rs.1,6328 million is derived from a single customer.

## 29 PAYMENT TO AUDITORS

(Rs. in Million)

	Current Period	Previous Year
i Audit Fees	19	1
<b>Total</b>	<b>19</b>	<b>1</b>

## 30 Composite scheme of arrangement

The Board of Directors of the Reliance Jio Infratel Limited at their meeting held on January 2, 2019 approved a composite scheme of arrangement (herein after referred to as "the scheme") between Reliance Jio Infocom Limited (RJIL) and Jio Digital Fibre Private Limited (JDFPL) and Reliance Jio Infratel Private Limited (RJPL) and their respective shareholders and creditors, inter-alia for:

Purchase of the Tower Infrastructure undertaking (Transferred undertaking) of RJIL for a lumpsum consideration, with effect from the Appointed date March 30, 2019.

The scheme has been approved by Ahmedabad bench of Hon'ble National Company Law Tribunal (NCLT) vide its order dated 20th March 2019 and the certified copy of the order approving the scheme has been filed with the Registrar of Companies on March 31, 2019. The scheme has appointed date of March 31, 2019

The effect of the scheme has been given in the standalone financial statement for the year ended March 31, 2019.

Pursuant to the scheme

(i) All assets and liabilities of the transferred undertaking of RJIL, stand transferred to and vested with RJPL, at their fair value, on a going concern basis with effect from March 31, 2019

(ii) As prescribed in the Scheme, the subsidiary has accounted for the identified assets and liabilities acquired using the acquisition method at the acquisition date fair values in compliance with Accounting Standard 103 – Business Combinations, as follows:

	(Rs. in Million)
<b>Assets</b>	
PPE - Plant and Equipment's and CWIP*	328,014
PPE - Others	346
Other Non-Current Assets	5,340
Current Assets	34,260
<b>Total Assets (A)</b>	<b>367,960</b>
<b>Liabilities</b>	
Non - Current Liabilities	225,430
Current Liabilities	140,030
<b>Total Liabilities (B)</b>	<b>365,460</b>
Excess of Assets over Liabilities (A-B)	2,500

\* Based on the valuation report of an independent external valuer

(iii) RJPL has discharged the lumpsum consideration to RJIL by issuance of :

(a) 200,00,00,000 class A equity shares of Re 1 each fully paid up.

(b) 5,00,00,000, 10% Cumulative Optionally Convertible Preference Share of Rs. 10 each, fully paid up.

(iv) Consequent to the scheme, the Trust Group is in the process of transferring the assets and liabilities in its name.

**Tower Infrastructure Trust**

Notes forming part of Special Purpose Consolidated Ind AS Financial Statements for the half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019

**31 Disclosures as required by SEBI Circular No.CIR/IMD/DF/114/2016 dated October 20, 2016**

The Trust consists of only one project.

**(A) Project wise operating cash flows**

	(Rs. In Million)	
	As at	
	September 30, 2019	March 31, 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss Before Tax as per Statement of Profit and Loss	(11,234)	(34)
Adjusted for:		
Depreciation and Amortisation Expense	8,695	0
Net Gain on sale of investments	(66)	0
Finance Costs	15,887	0
<b>Operating profit before working capital changes</b>	<b>13,282</b>	<b>(34)</b>
Trade and Other Receivables	(10,718)	0
Trade and Other Payables	14,274	34
<b>Cash Generated from Operations</b>	<b>16,838</b>	<b>0</b>
Tax Paid	(423)	0
<b>Net Cash generated from operating activities</b>	<b>16,415</b>	<b>0</b>

**(B) Debt Payment History**

	(Rs. In Million)	
	As at	
	September 30, 2019	March 31, 2019
<b>(i) Term Loan from Banks</b>		
Carrying amount of debt at the beginning of the period i.e. April 1, 2019	80,000	-
Additional borrowing during the period	50,000	80,000
Repayments during the period	(8,333)	-
Other adjustments*	(184)	-
Carrying amount of debt at the end of the period i.e. September 30, 2019	<b>121,483</b>	<b>80,000</b>
*Unamortised Prepaid Finance Charges		
# Assumed pursuant to Scheme of Arrangement aggregating Rs. 80,000 million as at March 31, 2019. Refer note 30		
<b>(ii) Non Convertible Debenture (NCD)</b>		
Carrying amount of NCD at the beginning of the period i.e. April 1, 2019	148,010	-
NCD issued during the period	-	148,010
Repayments during the period	(29,650)	-
Carrying amount of NCD at the end of the period i.e. September 30, 2019	<b>118,360</b>	<b>148,010</b>



## Tower Infrastructure Trust

Notes forming part of Special Purpose Consolidated Ind AS Financial Statements for the half year ended September 30, 2019 and for the period from January 31, 2019 to March 31, 2019

### (iii) Loan from Others

Carrying amount of debt at the beginning of the period i.e. April 1, 2019	1,100	-
Additional borrowing during the period	30,050	1,100
Carrying amount of debt at the end of the period i.e. September 30, 2019	<b>31,150</b>	<b>1,100</b>

### (iv) Total ((i) to (iii))

Carrying amount of debt at the beginning of the period i.e. April 1, 2019	229,110	-
Additional borrowing during the period	80,050	229,110
Repayments during the period	(37,983)	-
Other adjustments	(184)	-
Carrying amount of debt at the end of the period i.e. September 30, 2019	<b>270,993</b>	<b>229,110</b>

### (C) Statement of Net Assets at Fair Value

(Rs. In Million)

Particulars	As At September 30, 2019		As At March 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
A. Assets	424,144	424,144	368116	368116
B. Liabilities	433,858	433,858	366596	366596
<b>C. Net Assets (A-B)</b>	<b>(9,714)</b>	<b>(9,714)</b>	<b>1,520</b>	<b>1,520</b>

Fair value of Property, Plant and Equipment as at September 30, 2019 included above are based on the fair valuation done for the purpose of transfer of Tower Business undertaking pursuant to the Scheme of Arrangement as explained in Note 30 and is adjusted for depreciation and amortisation for the period April 1, 2019 to September 30, 2019.

### (D) Statement of Total Return at Fair Value

(Rs. In Million)

Particulars	As At September 30, 2019	As At March 31, 2019
	Total comprehensive Income (As per Statement of Profit and Loss)	(11,234)
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	-	-
<b>Total Return</b>	<b>(11,234)</b>	<b>(34)</b>

### 31 Details of Subsidiary

Name of the Group	Place of Incorporation	Principal activities	% holding as on 30 September, 2019	% holding as on 31 March, 2019
Reliance Jio Infratel Private Limited	India	Providing Tower Infrastructure and related operations and maintenance services.	51%	51.00%

### 32 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors of Investment Manager on January 13, 2020

---

**For and on behalf of the Board of Investment Manager**

Dipti Neelakantan  
DIN: 00505452

Rajendra Dwarkadas Hingwala  
DIN: 00160602

Place: Mumbai  
Date: January 13, 2020

## CAPITALISATION STATEMENT

*For the Trust on a consolidated basis:*

Particulars	Pre-Issue as of September 30, 2019 (in ₹ million)	Post-issue as of September 30, 2019 (in ₹ million)
Borrowings (non-current, current including current maturity of long term borrowings and accrued interest)	278,319	43,529
Creditors for capital expenditure	127,854	111,547
<b>Total Borrowings including creditors for capital expenditure</b>	<b>406,173</b>	<b>155,076</b>
Initial contribution to the Trust	0.01	0.01
Unit Capital	Nil	252,150
Equity Capital	Nil	Nil
Other Equity (retained earnings and total comprehensive income for the six months ended September 30, 2019) <sup>(1)</sup>	(5,795)	(10,214)
Preference share capital <sup>(1)</sup>	500	500
Non-controlling interest	(4,419)	Nil
<b>Shareholders / Unitholders funds</b>	<b>(9,714)</b>	<b>242,436</b>

*(1) In terms of the Shareholder and Option Agreement, the optionally convertible preference shares are to be converted into redeemable preference shares – accordingly the ₹ 500 million of Preference Share capital considered as other equity in the September Audited Consolidated Financials has been re-categorized from other equity to preference share capital.*

**PROJECTIONS OF REVENUE AND OPERATING CASH FLOW**

*[This page has been left intentionally blank]*

## **AUDITORS' REPORT ON PROJECTIONS OF REVENUE FROM OPERATIONS AND CASH FLOW FROM OPERATING ACTIVITIES**

The Board of Directors

Infinite India Investment Management Limited (the "Investment Manager") in its capacity as an Investment Manager of the Trust

7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025

1. We have examined the accompanying Statement of projections of revenue from operations and cash flows from operating activities and the underlying assumptions of the Tower Infrastructure Trust (the 'Trust') and its subsidiary (the "Project SPV") (collectively, the "Trust Group") as described in note 1 of the prospective consolidated financial information for the years ending March 31, 2021, 2022 and 2023 (collectively, hereinafter referred to as the "Projection Information"), in accordance with Standard on Assurance Engagement 3400, "The Examination of Prospective Financial Information", issued by the Institute of Chartered Accountants of India. The preparation and presentation of the projections including the underlying assumptions and the basis of consolidated, set out in Note 1 to the Projection Information, is the responsibility of the Investment Manager and has been approved by the Board of Directors of the Investment Manager. 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 projections. Therefore, we do not vouch for the accuracy of the same.
2. These projections have been prepared for the proposed private placement of units of the Trust in accordance with the Securities Exchange Board of India (SEBI) under the SEBI (Infrastructure Investment Trust) Regulations, 2014, as amended ("InvIT Regulations"). The projections have been prepared using a set of assumptions that include hypothetical assumptions about future events and the Investment Manager's actions that are not necessarily expected to occur, as set out in Note 3 to the Projection Information and has been approved by the Board of Directors of the Investment Manager. Consequently, users are cautioned that this projection may not be appropriate for purposes other than that described above.
3. We have carried out our examination of the Projection Information on a test basis. 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 considering the formation of the Trust as on January 31, 2019 and the acquisition of the Tower Business by the Project SPV with effect from

March 31, 2019 and assuming the acquisition of the further equity interest of the Project SPV by March 31, 2020.

4. 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 1 to the Projection Information and on a consistent basis with the accounting policies used for preparation of the Special Purpose Ind AS Financial Statements for the half year ended September 30, 2019 and included in the preliminary placement memorandum and the placement memorandum (collectively, the "Placement Documents"). Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material.
5. This report is addressed to and is provided to enable the Investment Manager to include this report in the Placement Documents in connection with the proposed private placement of units of the Trust and that the Projection Information may not be meaningful for any other purpose.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Reg. No. 117366W/W-100018)

Varsha A. Fadte

Partner

(Membership No. 103999)

(UDIN: )

Mumbai

January 13, 2020

**Tower Infrastructure Trust**

**Statement of projections of revenue and operating cash flows**

(₹ in million)

S No	Particulars	For the financial year ending		
		31.03.2021	31.03.2022	31.03.2023
A.	<b><u>Tower Infrastructure Trust</u></b> <b><u>(consolidated)</u></b>			
	Revenue	61,152	72,429	76,862
	Operating cash flows	31,509	51,477	53,203
B.	<b><u>Tower Co.</u></b>			
	Revenue	61,152	72,429	76,862
	Operating cash flows	31,560	51,530	53,259

The accompanying notes form an integral part of the above Statement

**For and on behalf of the Board of Directors of  
Infinite India Investment Management Limited  
(as Investment Manager of Tower Infrastructure Trust)**

**Rajendra Dwarkadas Hingwala**  
**DIN : 00160602**

**Dipti Neelkantan**  
**DIN : 00505452**

Place: Mumbai  
Date: January 13, 2020

## Tower Infrastructure Trust

### Notes to the Statement of projections of revenue from operations and cash flow from operating activities

#### 1. General information

Tower Infrastructure Trust (the "**Trust**") was set up as a contributory irrevocable trust under the provisions of the Indian Trusts Act, 1882 vide indenture of trust dated January 31, 2019 between Reliance Industrial Investments and Holdings Limited ("**RIIHL**" / "**Reliance Sponsor**") as the settlor and sponsor of the Trust and Axis Trustee Services Limited ("**Trustee**"). The Trust was registered as an infrastructure investment trust under the Securities Exchange Board of India (SEBI) under the SEBI (Infrastructure Investment Trust) Regulations, 2014, as amended, including any circulars and guidelines issued thereunder ("**SEBI InvIT Regulations**") on March 19, 2019 having registration number IN/InvIT/18-19/0009.

The investment manager for the Trust is Infinite India Investment Management Limited (the "**Investment Manager**"). The objective of the Trust is to carry on the activities of an infrastructure investment trust, as permissible under the InvIT Regulations, to raise resources and to make Investments in accordance with the InvIT Documents and to carry on the activities of all incidental and ancillary matters thereto.

The Trust acquired 51.0% of the outstanding equity share capital of Reliance Jio Infratel Private Limited ("**Tower Co.**") on March 31, 2019 for a consideration of ₹ 1,096.50 million and proposes to acquire the remaining 49.0% of the outstanding equity share capital of the Tower Co. for consideration of ₹ 1,053.50 million. The Tower Co. is the '**SPV**' for the purpose of the SEBI InvIT Regulations. The Trust proposes to undertake an initial offer of its units to raise up to ₹ 252,150.00 million which is proposed to be deployed (net of issue expenses) as under:

- (a) Pre-payment in part of loan availed by the Trust to acquire 51.0% of the outstanding equity share capital of the Tower Co. aggregating ₹ 1,096.50 million;
- (b) Acquisition of remaining 49.0% of the outstanding equity share capital of the Tower Co. aggregating ₹ 1,053.50 million; and
- (c) Extending loans to the SPV aggregating ₹ 250,000.00 million which would in turn be utilized by the Tower Co. to pre-pay / repay in part or in full certain borrowings and interest obligations of the Tower Co.

The Tower Co. has executed the following agreements that would come into effect on or about the Closing Date (being the closing date as defined in the share purchase agreement for the acquisition of 49.0% of the outstanding equity share capital of the Tower Co. by the Trust):

- (a) Amended and restated master service agreement ("**Amended and Restated MSA**");
- (b) Amended and restated operations and maintenance agreement ("**Amended and Restated O&M Agreement**") ; and
- (c) Amended and restated project execution agreement ("**Amended and Restated Project Execution Agreement**")

together the "**Project Agreements**"

Very briefly,

- (a) The Amended and Restated MSA provides for the terms and conditions under which the Tower Co. shall offer passive infrastructure and services to Reliance Jio Infocomm Limited ("**RJIL**") ;



- (b) The Amended and Restated O&M Agreement provides for the terms and conditions under which Reliance Digital Platform & Project Services Limited (“**RDPPSL**”) shall provide operations and maintenance services to the Tower Co.; and
- (c) The Amended and Restated Project Execution Agreement provides for the terms and conditions under which RDPPSL shall establish passive infrastructure for the Tower Co.

The Tower Co. as of September 30, 2019 had 124,091 operational tower sites and proposes to increase the total operational tower sites to 174,451 towers sites in accordance with the provisions of the Project Agreement (“**Initial Tower Sites**”).

## **2. Purpose and basis of preparation of projections**

The consolidated projections of revenue and operating cash flows of the Trust and the projections of revenue and operating cash flows of the Tower Co. for the years ending March 31, 2021, 2022 and 2023 (the "**Projections**") have been compiled solely for being included in the preliminary placement memorandum and the placement memorandum (collectively, the "**Placement Documents**") in connection with the private placement of the units of the Trust. Therefore, the use of the Projections for any other purpose is not appropriate and should not be used or relied upon for any purpose other than described above.

The Projections are prepared based on the same accounting policies used for preparation of the Special Purpose Consolidated Financial Statements as required by the SEBI InvIT Regulations, which are prepared in accordance with Indian Accounting Standards (“**Ind AS**”) as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013.

Operating cash flow on a consolidated basis of the Trust and the operating cash flows of the Tower Co. have been prepared using the indirect method under Ind AS 7 - Statement of Cash Flows. The Projections contain hypothetical assumptions 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. For sake of abundant clarity, the term ‘Operating cash flows’ refer to cash flows before any payment of interest to lenders including on any loans extended to the Tower Co. by the Trust.

The accounting year end of the Trust and the Tower Co. is March 31 of each year. Accordingly, the Projections are prepared for the years ending March 31, 2021, 2022 and 2023. The Projections for FY2021, FY 2022 and FY2023 are derived assuming post private placement capital structure and corporate structure as if it will be in existence starting on April 1, 2020.

The Projections and assumptions are based on estimates deemed appropriate and reasonable by the Investment Manager as at the date of the Projections i.e., January 13, 2019. The Projections were certified by the Investment Manager on January 13, 2019. 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 any future results or performance expressed or implied. Investors should therefore be aware that future events cannot be predicted with any certainty and there may be deviations from the figures projected in the Projections.

## **3. Significant assumptions:**

The Projections have been prepared based on the significant assumptions summarized below. These have been prepared by the Investment Manager after considering the Project Agreements and are the Investment Manager’s best estimate assumptions and hypothetical assumptions (about future events

and actions) and have been prepared by the Investment Manager solely for inclusion in the Placement Documents in connection with the proposed private placement of Units of the InvIT in accordance with the requirements of the SEBI 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 the Trust Group.

The consolidated projections have been prepared by combining the projections of revenue and operating cash flows of the Trust and the Tower Co., eliminating transactions between the Trust and the Tower Co. and after considering the following assumptions:

### **Tower Co. Assumptions**

#### **a) Income from operations:**

The Tower Co.'s income mainly consists of revenue from operations. Revenue from operations primarily consists of Monthly Site Premium (as defined in the Amended and Restated MSA) charged to RJIL. RJIL as of date is the sole tenant on the tower sites of the Tower Co. and the Projections have been determined on a single tenancy basis for the Initial Tower Sites. Key considerations are as under:

#### **i. Initial Tower Sites**

As of September 30, 2019, the Tower Co. had 124,091 operational tower sites. The following table provides for the estimated operational tower sites over the next three years

<b>Particulars</b>	<b>As of March 31, 2020</b>	<b>As of March 31, 2021</b>	<b>As of March 31, 2022</b>	<b>As of March 31, 2023</b>
Operational tower sites	147,071	174,451	174,451	174,451

Estimated split of the tower sites

<b>Operational tower sites</b>	<b>As of March 31, 2020</b>	<b>As of March 31, 2021</b>	<b>As of March 31, 2022</b>	<b>As of March 31, 2023</b>
Ground based towers (“GBT”)	84,227	98,089	98,089	98,089
Ground based masts (“GBM”)	18,130	20,572	20,572	20,572
Roof-top towers / poles (“RTT/RTP”)	43,617	54,705	54,705	54,705
Cell on wheels (“COW”)	1,047	1,085	1,085	1,085
<b>Total</b>	<b>147,071</b>	<b>174,451</b>	<b>174,451</b>	<b>174,451</b>

For purpose of determination of the revenue for the Tower Co. we have assumed that an average number of tower sites would be available for the entire year. For instance for the year ended March 31, 2021, we have considered the average of tower sites as of March 31, 2020 and tower sites as of March 31, 2021 being available for the entire fiscal.

#### **ii. Monthly Site Premium**

We have considered the Monthly Site Premium as provided for in the Amended and Restated MSA together with the applicable escalations to determine the revenues for the Tower Co.

The Amended and Restated MSA also provides for Monthly Site Reimbursement which is in nature of pass through for expenses, such as license fee, lease or rentals paid by Tower Co. for a tower site as well as reimbursement of power and fuel consumption costs actually incurred by the Tower Co. These are in nature of reimbursements and accordingly netted off against the respective expenses and are not

considered as revenues consistent with the accounting adopted for the Special Purpose Consolidated Financial Statements.

**b) Operating and maintenance cost**

O&M expenses considered in the Projections are based on the Amended and Restated O&M Agreement including the escalations provided thereunder.

Operating expenses are in the nature of

- i. costs for managing and providing security of the tower sites and passive infrastructure installed at such tower sites;
- ii. all third party costs for maintenance of passive infrastructure under any annual maintenance contracts;
- iii. all manpower costs related to the operation and maintenance of passive infrastructure including costs for overseeing the provision of services (including related overheads and corporate support);
- iv. all costs in relation to obtaining and maintaining the approvals and consents required for providing the O&M services;
- v. all costs related to ensuring the safety of passive infrastructure and telecommunications equipment at the relevant tower site;
- vi. all costs associated with outsourcing any services or components of services to third-party vendors (including the cost of supervision and management of those vendors);
- vii. inspection, routine services, repairs, maintenance and replacement of the passive infrastructure at the tower sites to the extent not covered by insurance;
- viii. all costs associated with implementing any necessary changes to ensure adherence to the anti-bribery and corruption policy and the health, safety and environmental policy; and
- ix. any other costs required to be incurred for the provision of services, unless expressly provided or excluded in the Amended and Restated O&M Agreement.

Further in terms of the Amended and Restated O&M Agreement, in the event the actual costs and expenses incurred by RDPPSL exceeds the operating budget forming part of the Amended and Restated O&M Agreement for reasons not attributable to the Tower Co. or Jio Infrastructure Management Services Limited (“JIMSL” / “Project Manager”) then such excess costs and expenses would be borne by RJIL.

**c) Capital expenditure**

The Amended and Restated Project Execution Agreement provides for the capital expenditure to be incurred for the construction of the remaining tower sites (i.e. the Initial Tower Sites less the operational tower sites as of September 30, 2019). The capital expenditure is proposed to be met through additional borrowings by the Tower Co.

#### **d) Income Taxes**

##### For the Tower Co.

In accordance with the provisions of Section 115BAA, the income tax rate has been assumed at rate of twenty two per cent plus applicable surcharge and cess.

Interest paid on loan from Trust is considered tax deductible. The loan of ₹ 250,000.00 million has been assumed at 15.0% payable quarterly.

Depreciation for income tax purpose has been considered as per the applicable provisions of the Income Tax Act for FY 2019-20 which are expected to apply for the period of the Projections. Since the entity has no tax profits for each of the projected years no income tax liability is expected.

##### For Trust

The Trust on a standalone basis will receive interest income from the Tower Co. which is considered exempt under Income Tax Act, 1961. No income other than the above has been assumed in the Tower Co. Hence no income tax expense/cash flow is assumed for the Tower Co. over the period of Projections. This transaction of receipt of interest income will be eliminated and not have any effect on the consolidated operating cash flows of the Trust.

#### **e) Changes in working capital**

For the computation of changes in working capital, the receivables period from RJIL as the Monthly Site Premiums are paid in advance in terms of the Amended and Restated MSA. Further, 20 days payable period has been assumed for all operating expenses including O&M expenses, administration expenses, manpower costs and rental expenses.

#### **f) Other Trust expenses**

The Trust expenses are mainly projected based on the terms and conditions of the relevant agreements and the estimate of the annual expenses disclosed in the Placement Documents. The nature for the Trust expenses are briefly described below. The total expenses at the Trust are estimated to be ₹ 50.85 million excluding taxes for the first year of the Projections:

##### **i. Investment Manager fee**

The Investment Manager is entitled to Investment Manager fee of ₹ 20.00 million per annum, exclusive of applicable taxes and cost reimbursements subject to agreed escalations. For the purpose of the Projections, the base fee of ₹ 20.00 million per annum, exclusive of applicable taxes and cost reimbursements has been considered and is subject to escalation of 5% p.a.

##### **ii. Project Manager fee**

The Project Manager is entitled to a Project Manager fee to be calculated ₹ 20.00 million per annum and is subject to escalation of 5% p.a.

##### **iii. Other Trust expenses**

The other expenses include audit, valuer fees, trustee fees, compliance and statutory fees, fees for credit rating and legal fees at the Trust level. These expenses (excluding certain fees such as certain statutory and compliance fees) have been assumed to increase at an escalation of 2.5% p.a.

## 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 by Eligible Investors who have received this Preliminary Placement Memorandum 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 this Preliminary Placement Memorandum until the date of listing of the Units pursuant to this Issue. Any of the contracts or documents mentioned in this Preliminary Placement Memorandum may be amended or modified at any time if so required in the interest of the Trust or if required by the other parties, without reference to the Unitholder, subject to compliance with applicable law and InvIT Documents.

- (a). The Indenture of Trust entered into between the Reliance Sponsor and the Trustee dated January 31, 2019 and the Deed of Accession dated [●], 2020 to be entered into by the Reliance Sponsor.
- (b). The SEBI registration certificate for the Trust bearing number IN/InvIT/18-19/0009 dated March 19, 2019 as an infrastructure investment trust.
- (c). The composite Scheme of Arrangement entered into between RJIL, JDFPL and Tower Co. and their respective shareholders and creditors under Sections 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013.
- (d). The Investment Management Agreement entered into between the Trust (acting through the Trustee) and the Investment Manager dated January 31, 2019.
- (e). The Project Implementation and Management Agreement entered into between the Trustee (acting on behalf of the Trust), the Project Manager, the Investment Manager, and the Tower Co. dated January 13, 2020.
- (f). The Share Purchase Agreement - II entered into between the Trust, the (acting through the Trustee), Investment Manager, RIL, the Tower Co., Reliance Sponsor and the Brookfield Sponsor dated December 16, 2019 and the extension agreement dated December 31, 2019.
- (g). The Share Purchase Agreement - I entered into between RJIL, the Trust (acting through the Trustee), the Reliance Sponsor, DMDT (acting through its trustee), Reliance Media Transmission Private Limited and the Investment Manager dated March 31, 2019.
- (h). The Placement Agreement entered into between the Trust (acting through the Trustee), the Investment Manager, the Reliance Sponsor, the Brookfield Sponsor, the Project Manager and the Lead Manager, dated January 13, 2020.
- (i). The Cash Escrow Agreement entered into between the Trust (acting through the Trustee), the Investment Manager, the Brookfield Sponsor, the Lead Manager and the Escrow Collection Bank, dated [●], 2020.
- (j). The Shareholder and Option Agreement dated December 16, 2019 entered into between the Trust (acting through the Trustee), the Investment Manager, RIL, Reliance Sponsor, the Tower Co., RJIL and Brookfield Sponsor.
- (k). The Trust Loan Agreement dated [●], 2020 entered into between the Trust (acting through the Trustee), the Investment Manager and the Tower Co.
- (l). The facility agreement dated March 27, 2019 entered into between the Trust (acting through the Trustee), the Investment Manager and RVL.
- (m). The tri-partite agreement dated December 27, 2019, between NSDL, the Trust and the Registrar
- (n). Tri-partite agreement dated December 27, 2019, between CDSL, the Trust and the Registrar.
- (o). The certified copies of the updated Memorandum and Articles of Association of the Investment Manager.
- (p). The Board resolution of the Investment Manager dated January 13, 2020, authorizing this Issue.
- (q). The Board resolution of the Reliance Sponsor dated January 13, 2020, authorizing this Issue.
- (r). The Board resolution of the Brookfield Sponsor dated [●], 2020, authorizing this Issue.

- (s). The consents from the (i) Lead Manager; (ii) Legal counsel to the Trust and to the Reliance Sponsor as to Indian law; (iii) Legal counsel to the Brookfield Sponsor as to Indian law; (iv) Legal counsel to the Lead Manager as to Indian Law; (v) International legal counsel to the Lead Manager; (vi) Trustee, the Reliance Sponsor, the Brookfield Sponsor and the Investment Manager; (vii) Valuer; (viii) Registrar; (ix) Escrow Collection Bank; (x) Compliance Officer of the Trust; and (xi) Statutory Auditors.
- (t). The Audited Consolidated Financial Statements and the report thereon.
- (u). The financial statements of the Reliance Sponsor for financial period or years ended March 31, 2019, March 31, 2018 and March 31, 2017 along with the report thereto.
- (v). The financial statements of the Investment Manager for financial period or years ended March 31, 2019, March 31, 2018 and March 31, 2017 along with the report thereto.
- (w). The Projections of Revenue and Operating Cash Flow and the report thereon.
- (x). The statement of tax benefits dated January 13, 2020 from the Auditors.
- (y). In-principle listing approval dated January 13, 2020 issued by BSE.
- (z). Corporate governance policies of the Investment Manager.

## DECLARATION

The Investment Manager 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 Preliminary 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 Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Infinite India Investment Management Limited

**Shailesh Shankarlal Vaidya**  
Independent Director

Date: January 13, 2020  
Place: Mumbai

## DECLARATION

The Investment Manager 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 Preliminary 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 Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Infinite India Investment Management Limited

**Vishal Nimesh Kampani**

Non-Executive Non-Independent Director

Date: January 13, 2020

Place: Mumbai



## DECLARATION

The Investment Manager 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 Preliminary 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 Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Infinite India Investment Management Limited

**Rajendra Dwarkadas Hingwala**  
Independent Director

Date: January 13, 2020  
Place: Mumbai

## DECLARATION

The Investment Manager 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 Preliminary 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 Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Infinite India Investment Management Limited

**Dipti Neelakantan**

Non-Executive Non-Independent Director

Date: January 13, 2020

Place: Mumbai

## **DECLARATION**

The Reliance Sponsor 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 Preliminary 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 Reliance Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Reliance Industrial Investments and Holdings Limited

**Hital Rasiklal Meswani**  
Chairman

Date: January 13, 2020  
Place: Mumbai

## DECLARATION

The Reliance Sponsor 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 Preliminary 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 Reliance Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Reliance Industrial Investments and Holdings Limited

**Vinod Mansukhlal Ambani**

Director

Date: January 13, 2020

Place: Mumbai

## DECLARATION

The Reliance Sponsor 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 Preliminary 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 Reliance Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Reliance Industrial Investments and Holdings Limited

**Mahendra Nath Bajpai**  
Director

Date: January 13, 2020  
Place: Mumbai

## **DECLARATION**

The Reliance Sponsor 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 Preliminary 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 Reliance Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Reliance Industrial Investments and Holdings Limited

**Dhiren Vrajlal Dalal**  
Director

Date: January 13, 2020  
Place: Mumbai

## DECLARATION

The Reliance Sponsor 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 Preliminary 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 Reliance Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Reliance Industrial Investments and Holdings Limited

**Balasubramanian Chandrasekaran**  
Director

Date: January 13, 2020  
Place: Mumbai

## DECLARATION

The Reliance Sponsor 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 Preliminary 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 Reliance Sponsor further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For Reliance Industrial Investments and Holdings Limited

**Savithri Parekh**  
Director

Date: January 13, 2020  
Place: Mumbai



## SPONSOR DECLARATION\*

BIF IV Jarvis India Pte. Ltd. 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 Preliminary 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). BIF IV Jarvis India Pte. Ltd. further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For BIF IV Jarvis India Pte. Ltd.

**Ho Yeh Hwa**  
Director

Date: January 13, 2020  
Place: Singapore

*\*SEBI has taken on record the request for addition of BIF IV Jarvis India Pte. Ltd. as one of the Sponsor of the Trust. The Deed of Accession will be signed by BIF IV Jarvis India Pte. Ltd. after receipt of approval from DoT and prior to the Bid/Issue Opening Date.*

## SPONSOR DECLARATION\*

BIF IV Jarvis India Pte. Ltd. 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 Preliminary 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). BIF IV Jarvis India Pte. Ltd. further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For BIF IV Jarvis India Pte. Ltd.

**Aanandjit Sunderaj**  
Director

Date: January 13, 2020  
Place: Singapore

*\*SEBI has taken on record the request for addition of BIF IV Jarvis India Pte. Ltd. as one of the Sponsor of the Trust. The Deed of Accession will be signed by BIF IV Jarvis India Pte. Ltd. after receipt of approval from DoT and prior to the Bid/Issue Opening Date.*

## SPONSOR DECLARATION\*

BIF IV Jarvis India Pte. Ltd. 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 Preliminary 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). BIF IV Jarvis India Pte. Ltd. further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For BIF IV Jarvis India Pte. Ltd.

**Liew Yee Foong**  
Director

Date: January 13, 2020  
Place: Singapore

*\*SEBI has taken on record the request for addition of BIF IV Jarvis India Pte. Ltd. as one of the Sponsor of the Trust. The Deed of Accession will be signed by BIF IV Jarvis India Pte. Ltd. after receipt of approval from DoT and prior to the Bid/Issue Opening Date.*

## SPONSOR DECLARATION\*

BIF IV Jarvis India Pte. Ltd. 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 Preliminary 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). BIF IV Jarvis India Pte. Ltd. further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For BIF IV Jarvis India Pte. Ltd.

**Zhang Shen**  
Director

Date: January 13, 2020  
Place: Singapore

*\*SEBI has taken on record the request for addition of BIF IV Jarvis India Pte. Ltd. as one of the Sponsor of the Trust. The Deed of Accession will be signed by BIF IV Jarvis India Pte. Ltd. after receipt of approval from DoT and prior to the Bid/Issue Opening Date.*

## SPONSOR DECLARATION\*

BIF IV Jarvis India Pte. Ltd. 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 Preliminary 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). BIF IV Jarvis India Pte. Ltd. further certifies that all the statements and disclosures in this Preliminary Placement Memorandum are material, true, correct, not misleading and adequate in order to enable the Bidders to make an informed decision.

For BIF IV Jarvis India Pte. Ltd.

**Taswinder Kaur Gill**  
Director

Date: January 13, 2020  
Place: Singapore

*\*SEBI has taken on record the request for addition of BIF IV Jarvis India Pte. Ltd. as one of the Sponsor of the Trust. The Deed of Accession will be signed by BIF IV Jarvis India Pte. Ltd. after receipt of approval from DoT and prior to the Bid/Issue Opening Date.*

**ANNEXURE I**

**VALUATION REPORT**

*[Intentionally left blank]*

**January 2020**

**Valuation Report**

**Tower Infrastructure Trust (“Trust”)  
(Acting through the Trustee Axis Trustee Services Limited)**

**And**

**Infinite India Investment Management Limited  
(In its capacity as Investment Manager of the Trust)**

**And**

**Reliance Industrial Investments and Holdings Limited  
(Reliance Sponsor)**

**And**

**BIF IV Jarvis Pte. Ltd.  
(Brookfield Sponsor)**

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

Sunil Kumar Saini  
Registered Valuer  
Reg. No. IBBI/RV/06/2018/10385

Address: 102, Mohyal Colony,  
Unitech Cyber Park Sector 40 Gurugram  
Haryana -122001, India  
Tel. No. 99997 30536  
Email ID: [ssainisunil@gmail.com](mailto:ssainisunil@gmail.com)

---

**UDIN: 20503604AAAAAB5827**

Date: January 13, 2020

To

**Tower Infrastructure Trust (the "Trust")**  
Acting through its Trustee - Axis Trustee Services Limited  
9th Floor, Maker Chamber IV  
222 Nariman Point, Mumbai - 400 021, India

---

To

**Infinite India Investment Management Limited**  
(In its capacity as the "Investment Manager" of the Trust)  
7<sup>th</sup> Floor, Cnergy, Appasaheb Marathe  
Marg, Prabhadevi  
Mumbai - 400025, India

To

**Reliance Industrial Investments and Holdings Limited**  
9<sup>th</sup> Floor, Maker Chamber IV  
222 Nariman Point, Mumbai - 400 021, India

To

**BIF IV Jarvis India Pte. Limited**  
16, Collyer Quay, #24-01  
Income at Raffles, Singapore - 049318

Dear Sir(s)/Madam(s),

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

---

I refer to engagement letter dated November 27, 2019, appointing me, Sunil Kumar Saini registered with IBBI as Registered Valuer via Registration Number IBBI/RV/06/2018/10385 (hereinafter referred to as "Valuer", "I," "my," or "me"), to provide professional services to Infinite India Investment Management Limited ("Investment Manager") acting in the capacity of investment manager of the Tower Infrastructure Trust ("Trust") with respect to determination of value of Reliance Jio Infratel Private Limited ("Tower Co." or "InvIT Asset") as per the requirements of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder ("SEBI InvIT Regulations") in connection with listing of units of the Trust by way of a private placement (the "Issue"). Reliance Industrial Investments and Holdings Limited ("RIIHL"/"Reliance Sponsor") is the sponsor of the Trust. BIF IV Jarvis India Pte. Limited ("Jarvis"/"Brookfield Sponsor") would be designated as a sponsor of the Trust on the execution of the 'deed of accession' to the trust deed by the Brookfield Sponsor. The Reliance Sponsor and the Brookfield Sponsor are together being referred to as the "Sponsors".





The Trust currently holds 51% of the outstanding equity share capital in Tower Co. and shall hold 100% of the outstanding equity share capital in Tower Co. on the consummation of the Share Purchase Agreement - II (defined in Section 1 of this Report). The Trust and/or Tower Co. along with other parties have entered into various agreements collectively referred as the Transaction Documents (defined in Section 1 of this Report) which *inter alia* govern the rights and interest of Trust in Tower Co. and the commercial agreements in relation to the Tower Infrastructure Business (defined in Section 1 of this Report) of Tower Co. The InvIT Asset has been valued after considering the Transaction Documents and the proposed post listing structure of the Trust.

I thereby, enclose my independent valuation report dated January 13, 2020 (“the Report” or “this Report”) providing my opinion on the fair enterprise value of the InvIT Asset on a going concern basis under the SEBI InvIT regulations considering the data as stated in “Sources of Information” of the Report as well as discussions with the relevant personnel of RIHL, Tower Co. and the Investment Manager (“Management”). I have considered the cut-off date for the current valuation exercise to be September 30, 2019 (“Valuation Date”) and market factors, have been considered up to December 31, 2019. Further, the valuation of the InvIT Asset has been undertaken assuming all the requisite approvals shall be obtained for the Tower Infrastructure Business in addition to the CCI and DoT approval required.

This valuation report has been prepared solely for the purpose of inclusion as a part of the Preliminary Placement Memorandum (“PPM”) and Placement Memorandum (“PM”) and such other documents as well as for submission to Securities and Exchange Board of India (“SEBI”), the BSE Limited or any other regulatory or statutory authority as may be required for the Issue and in accordance with the SEBI InvIT Regulations guidelines requiring an independent valuation. This Report should not be used or relied upon for any other purpose.

In terms of the SEBI InvIT Regulations, I hereby confirm and declare that:

- I am competent to undertake the valuation;
- I am independent and have prepared this Report on a fair and unbiased basis;
- This Report is prepared in compliance with regulation 13(1) and regulation 21 of the SEBI InvIT Regulations; and
- I comply with the responsibilities as stated in regulation 13(1) and regulation 21 of the SEBI InvIT Regulations.

I further confirm that the valuation of InvIT Asset is carried out as per internationally accepted valuation methodologies and in cognizance of international valuation standards and Valuation Standards 2018 issued by ICAI Registered Valuers Organisation.

I have no present or planned future interest in Tower Co., the Sponsors or the Investment Manager or the Trustee, except to the extent of my appointment as an independent valuer for this Report.



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

This valuation report is based on the information provided to me by the Management. The projections provided by the Management are only the best estimates of growth and sustainability of revenue and cash flows. I have reviewed the financial forecast for consistency and reasonableness, however I have not independently verified the data provided.

Regards,  
Sunil Kumar Saini



Registered Valuer  
Reg. No. - IBBI/RV/06/2018/10385



*Encl: As above*

## Table of Contents

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1	Definitions, Abbreviations & Glossary of Terms	6
2	Executive Summary	9
3	Introduction	11
4	Exclusions & Limitations	13
5	Assignment Approach	16
6	Overview of Tower Infrastructure Business	17
7	Industry Overview	22
8	Valuation Approach	28
9	Valuation of InvIT Asset	31
10	Valuation Summary	35
11	Annexures	36

# 1 Definitions, Abbreviations & Glossary of Terms

<b>Amended and Restated MSA</b>	The amended and restated master services agreement executed between Tower Co., RJIL and Reliance Digital Platform & Project Services Limited (“RDPPSL”), setting out the terms of provision of Passive Infrastructure and Services by Tower Co. to RJIL
<b>Amended and Restated O&amp;M Agreement</b>	Amended and Restated O&M Agreement executed by Tower Co., Jio Infrastructure Management Services Limited (“JIMSL” or the “Project Manager”) and RDPPSL (the “Operator”), the scope of which includes the operations, maintenance and management of the Passive Infrastructure of and provision of Services to Tower Co.
<b>Amended and Restated Project Execution Agreement</b>	Amended and Restated Project Execution Agreement executed by Tower Co., the Project Manager, RDPPSL (the “Contractor”) and RJIL the scope of which includes establishment of Passive Infrastructure for Tower Co.
<b>Valuer</b>	Sunil Kumar Saini
<b>Brookfield Sponsor / Jarvis</b>	BIF IV Jarvis Pte. Ltd
<b>BSE</b>	BSE Limited
<b>BV</b>	Breakup Value
<b>CAGR</b>	Compounded Annual Growth Rate
<b>Closing</b>	Listing of the units and the consummation of Share Purchase Agreement - II
<b>Contractor / Operator / RDPPSL</b>	Reliance Digital Platform & Project Services Limited
<b>COW Site</b>	Means a ‘cell on wheels’ portable or movable site at which Passive Infrastructure is located
<b>Cr</b>	Crore
<b>CTM</b>	Comparable Transaction Multiple
<b>DCF</b>	Discounted Cash Flow
<b>DE</b>	Debt-Equity
<b>FCFE</b>	Free Cash Flow to Equity
<b>FCFF</b>	Free Cash Flow to Firm
<b>Framework Agreement</b>	The Framework agreement dated July 19, 2019, entered amongst RIIHL, Jarvis, Trust and Tower Co. as amended vide agreement dated November 4, 2019
<b>FY</b>	Financial Year
<b>GBM Site</b>	Means a ground-based mast or pole at which Passive Infrastructure is located on land
<b>GBT Site</b>	Means a ground-based tower at which Passive Infrastructure is located on land
<b>ICAI</b>	Institute of Chartered Accountants of India
<b>Investment Amount</b>	INR 25215,00,00,000 (INR twenty five thousand two hundred and fifteen crores only) (excluding expenses of the Trust)
<b>Investment Manager</b>	Infinite India Investment Management Limited
<b>Initial Tower Sites</b>	1,74,451 Macro Towers of Tower Co. including 50,360 Macro Towers that are under-construction and under-development as of September 30, 2019 proposed to be constructed within a period of 2 years from the Closing
<b>Issue</b>	The initial offer of units by the Trust by way of private placement in accordance with the SEBI InvIT Regulations.

<b>InvIT Asset</b>	Tower Co.
<b>Macro Towers</b>	Means ground-based towers, ground-based mast or pole or roof-top towers, roof-top poles, cell on wheels
<b>Monthly Site Premium</b>	The monthly site premium payable by RJIL to Tower Co. in terms of the Amended and Restated MSA
<b>Monthly Site Reimbursement</b>	The monthly site reimbursement payable by RJIL to Tower Co. in terms of the Amended and Restated MSA
<b>Mn</b>	Million
<b>NAV</b>	Net Asset Value
<b>NCLT</b>	National Company Law Tribunal
<b>Passive Infrastructure</b>	Means at any Site, the passive telecommunication infrastructure located at such Site, including the tower, room/shelter, diesel generator sets and electrical and civil works, DC power system and battery bank and any other passive telecom infrastructure (viz. air conditioners) installed at the Site
<b>PM</b>	Placement Memorandum
<b>PPM</b>	Preliminary Placement Memorandum
<b>Proposed Transaction</b>	Private placement of units by the InvIT, the proceeds of which would be used for (i) acquisition of remaining 49% of the outstanding equity share capital of Tower Co. (INR 105.35 crore); (ii) repayment of loans taken by the Trust to fund acquisition of 51% of the outstanding equity share capital of Tower Co. (INR 109.65 crore); and (iii) extending loans to Tower Co. to enable Tower Co. to repay / pre-pay in part or in full certain of its existing borrowings and interest obligations (INR 25,000 crore)
<b>Project Agreement</b>	Together the Amended and Restated MSA, the Amended and Restated O&M Agreement and the Amended and Restated Project Execution Agreement
<b>Project Manager or JIMSL</b>	Jio Infrastructure Management Services Limited
<b>Reliance Sponsor/RIIHL</b>	Reliance Industrial Investments and Holdings Limited
<b>RJIL</b>	Reliance Jio Infocomm Limited
<b>RIL</b>	Reliance Industries Limited
<b>RTP Site</b>	Means a roof-top pole site at which Passive Infrastructure is located on a building or a structure
<b>RTT Site</b>	Means a roof-top tower site at which Passive Infrastructure is located on a building or a structure
<b>Shareholder and Option Agreement</b>	Shareholder and Option Agreement entered into between the Trust, the Investment Manager, Reliance Industries Limited (“RIL”), RIIHL, Tower Co., RJIL and Jarvis
<b>SEBI InvIT Regulations</b>	Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder
<b>Services</b>	Means the operations and maintenance services set out in the Amended and Restated O&M Agreement
<b>Sites or Tower Sites</b>	Site means a GBT Site, GBM Site, RTT Site, RTP Site or COW Site or any other passive telecom tower infrastructure site
<b>Share Purchase Agreement - II or SPA - II</b>	The share purchase agreement between the Trust, the Investment Manager, RIIHL, Tower Co., Jarvis and RIL, setting out the terms and conditions on which the Trust will acquire and RIL will sell its entire equity shareholding in the Tower Co. to the Trust
<b>Sponsors</b>	Together the Reliance Sponsor and the Brookfield Sponsor

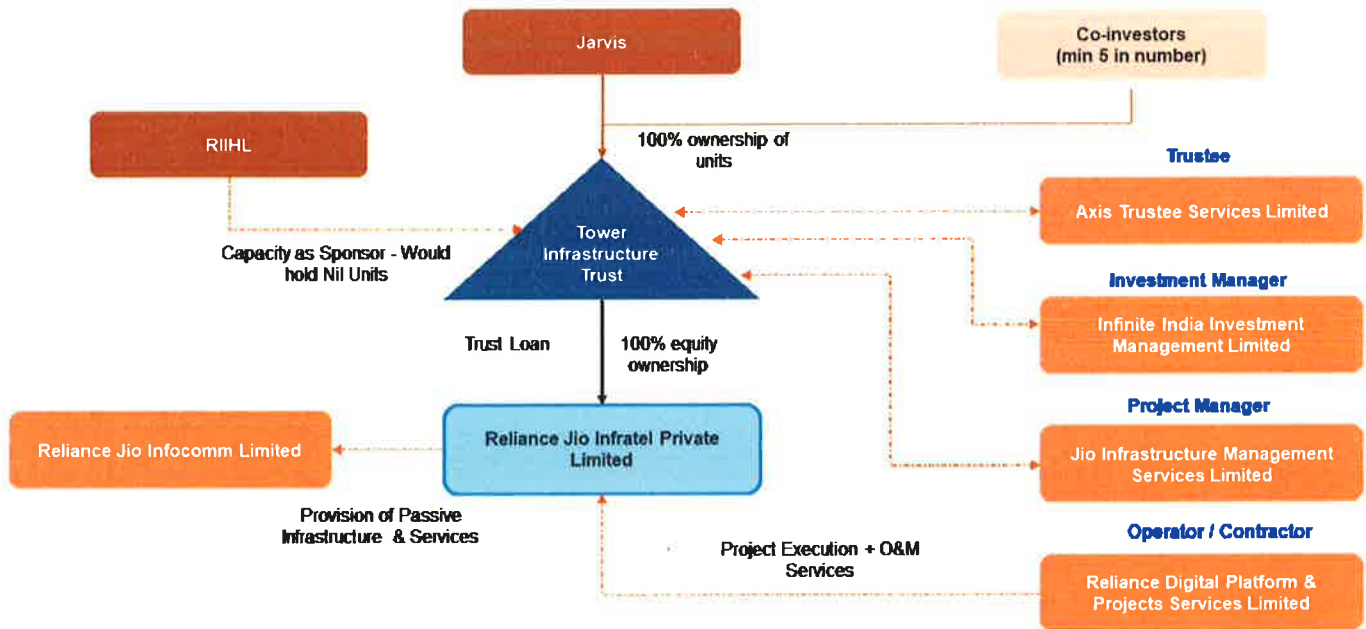
<b>Tower Company</b>	<b>Co./RJIPL/the</b>	Reliance Jio Infratel Private Limited
<b>Tower Business</b>	<b>Infrastructure</b>	The business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services.
<b>Transaction Documents</b>		Transaction Documents” means and includes: <ul style="list-style-type: none"> <li>i. Share Purchase Agreement - II;</li> <li>ii. Amended and Restated MSA;</li> <li>iii. Amended and Restated Project Execution Agreement;</li> <li>iv. Amended and Restated O&amp;M Agreement;</li> <li>v. Shareholders and Option Agreement</li> <li>vi. Trust Loan agreement for loan to be provided by the Trust to the Tower Co.;</li> <li>vii. Loan Agreements / sanction letters for debt to be raised at the Tower Co. level;</li> <li>viii. Placement memorandum/ offer document, investment management agreement, project management agreement, and other documents as may be required under the SEBI InvIT Regulations; and</li> <li>ix. such other documents as may be entered into between the Parties for the purposes of the Transactions.</li> </ul>
<b>Trust</b>		Tower Infrastructure Trust
<b>Trust Deed</b>		Indenture of Trust dated January 31, 2019 executed between RIIHL as the settlor and sponsor of the Trust and Axis Trustee Services Limited as the Trustee
<b>Trust Loan</b>		Loan to extended by the Trust to Tower Co. aggregating Rs.25,000 crore pursuant to a ‘Trust Loan Agreement’
<b>Trustee</b>		Axis Trustee Services Limited
<b>Valuation Date</b>		September 30, 2019
<b>WACC</b>		Weighted Average Cost of Capital

## 2 Executive Summary

### 2.1 Brief Background and Purpose

- 2.1.1 The Tower Infrastructure Trust (“Trust”) was settled vide Trust Deed dated January 31, 2019 with Reliance Industrial Investments and Holdings Limited (“RIIHL”) as the sponsor and Axis Trustee Services Limited as the Trustee. The Trust was subsequently registered as an infrastructure investment trust under the SEBI InvIT Regulations vide registration dated March 19, 2019.
- 2.1.2 The main object of the Trust is to carry on the activity of an infrastructure investment trust, as permissible under the SEBI InvIT Regulations, namely to raise resources and to make investments in accordance with the SEBI InvIT Regulations and such other incidental and ancillary matters thereto.
- 2.1.3 The Trust currently holds 51% of the equity shareholding in Reliance Jio Infratel Private Limited (“Tower Co.”) which is in the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services to telecommunication service providers (“Tower Infrastructure Business”).
- 2.1.4 Infinite India Investment Management Limited (“Investment Manager”) is the Investment Manager of the Trust. The Investment Manager is a 100.0% subsidiary of JM Financial Limited.
- 2.1.5 SEBI has vide its letter dated December 17, 2019 took on record the request of RIIHL and Jarvis to execute a ‘Deed of Accession’ to the Trust Deed and be designated as a sponsor of the Trust in addition to RIIHL. Jarvis shall execute the ‘Deed of Accession’ and be designated as a ‘sponsor’ of the Trust on completion of conditions precedent under the relevant Transaction Documents.
- 2.1.6 Reliance Industrial Investments and Holdings Limited (“RIIHL” or “Reliance Sponsor”) is a wholly owned subsidiary of Reliance Industries Limited (“RIL”) which is engaged in the business of petroleum refining and marketing, petrochemicals, textiles, exploration and production of oil and gas, retail, media and entertainment, financial services and telecommunication and digital services.
- 2.1.7 BIF IV Jarvis India Pte. Ltd (“Jarvis” or “Brookfield Sponsor”) is an entity forming part of the Brookfield Group (i.e. the entities which are directly or indirectly controlled by Brookfield Asset Management, Inc.). Brookfield Asset Management Inc. is a global alternative asset manager, currently listed on the New York Stock Exchange, Toronto Stock Exchange and the Euronext Stock Exchange.
- 2.1.8 Jio Infrastructure Management Services Limited (“JIMSL” or “Project Manager”), a subsidiary of RIIHL is the Project Manager and has entered into a Project Implementation and Management Agreement with Tower Co. and the Trustee in accordance with the SEBI InvIT Regulations.
- 2.1.9 Reliance Digital Platform & Project Services Limited (“RDPPSL” or “Contractor” or “Operator”), a company wholly owned by RIL has been appointed as the “Contractor” in terms of the Amended and Restated Project Execution Agreement and as the “Operator” in terms of the Amended and Restated O&M Agreement.
- 2.1.10 The following structure illustrates the relationship amongst the Parties to the Trust (being the Trust, Trustee, the Sponsors, the Investment Manager and the Project Manager), the Contractor / Operator, RJIL and the Unitholders as of the Listing Date.





2.1.11 The units of the Trust are proposed to be listed on the BSE Limited (“BSE”). From the proceeds of the issuance of units, the Trust shall (i) acquire the remaining 49.0% of the outstanding equity shares of Tower Co. held by RIL (INR 105.35 crore); (ii) repay the existing debt taken by the Trust to fund the acquisition of 51.0% of the outstanding equity shares of Tower Co. (INR 109.65 crore); and (iii) extend loans to Tower Co. to enable Tower Co. to repay/pre-pay in part or in full certain of its existing borrowings and interest obligations (INR 25,000 crore).

2.1.12 The Investment Manager has appointed Valuer to undertake the valuation of the InvIT Asset in compliance of the SEBI InvIT Regulations and for inclusion of Report in the Preliminary Placement Memorandum (“PPM”), Placement Memorandum (“PM”) and other documents relating to the Issue as well as for submission to SEBI, BSE Limited or any other regulatory/statutory authority as may be required under the applicable laws for the Issue (“Purpose”).

## 2.2 Valuation Methodology Adopted

2.2.1 Considering the nature of business, facts of the assignment, the terms of the Transaction Documents and the capital structure, InvIT Asset has been valued using Discounted Cash Flow (“DCF”) Method under Income Approach. Free Cash Flow to Firm (“FCFF”) model under the DCF Method has been used to arrive at the enterprise value of InvIT Asset.

## 2.3 Valuation Conclusion

2.3.1 The enterprise value of InvIT Asset is arrived at INR 4,18,502.5 Mn.





## 3 Introduction

### 3.1 Terms of Engagement

- 3.1.1 I, Sunil Kumar Saini Registered Valuer via Registration Number IBBI/RV/06/2018/10385, have been appointed by Infinite India Investment Management Limited, in the capacity of Investment Manager to the Trust, to determine the enterprise value of InvIT Asset on a going concern basis as per SEBI InvIT Regulations.
- 3.1.2 This Report has been prepared by I pursuant to terms of engagement letter dated November 27, 2019 between me and the Investment Manager including the terms and conditions set out therein.
- 3.1.3 Unless otherwise stated, words and expressions defined in the PPM and PM in connection with the Issue have the same meaning in this Report.

### 3.2 Background and Purpose of Valuation

- 3.2.1 Tower Co., RIIHL, Trustee on behalf of the Trust and Jarvis entered into a framework agreement dated July 19, 2019, which recorded the understanding amongst the parties for. Summary gist as below:
- issuance of units on a private placement by the Trust;
  - investment of the Investment Amount by Jarvis together with other co-investors (not being Associates of Jarvis) in the Trust by way of subscription to the units to be issued by the Trust;
  - acquisition of the 49.0% equity shareholding in Tower Co. currently being held by RIL by the Trust for consideration of INR 105.35 crore;
  - repayment of existing loans of the Trust taken by the Trust for the purpose of acquisition of 51% equity shareholding in Tower Co. aggregating INR 109.65 crore;
  - extension of loans to Tower Co. by the Trust aggregating INR 25,000 crore; and
  - other commercial arrangements related to the Tower Infrastructure Business.
- 3.2.2 In order to give effect to the transactions under the Framework Agreement, the parties have entered into the following agreements:
- The SPA - II for the acquisition of 49.0% of the equity shareholding of Tower Co. held by RIL by the Trust for a purchase consideration of INR 105.35 Cr;
  - Tower Co., RJIL and RDPPSL have entered into the Amended and Restated MSA in terms of which Tower Co. shall provide Passive Infrastructure and Services to RJIL for a period of 30 years from the Closing ("Term"). In terms of the Amended and Restated MSA, RJIL shall be granted one tenancy on each of the Initial Tower Sites for the Term at mutually agreed fees and other commercial terms. RJIL shall enjoy certain rights such as discounts on Monthly Site Premium payable by RJIL to Tower Co., linked to third party tenancies on the Initial Tower Sites;
  - Tower Co., RJIL, JIMSL and RDPPSL have entered into the Amended and Restated Project Execution Agreement in terms of which, RDPPSL shall establish the Passive Infrastructure for Tower Co.; and



- d) Tower Co., JIMSL and RDPPSL have entered into the Amended and Restated O&M Agreement in terms of which, RDPPSL shall operate, maintain and manage the Passive Infrastructure and provide Services to Tower Co.

The Trust and the Tower Co. shall enter into the 'Trust Loan Agreement' for the loan aggregating INR 25,000 crore to be provided by the Trust to Tower Co. on the Closing;

Arrangement of Debt: The Tower Co. to enter into arrangements with lenders for debt of ~ INR 30,008 Cr to be raised by Tower Co. to replace the current borrowings and liabilities and for the purposes of funding further capital expenditure. The terms of such arrangements will provide Tower Co. the ability to distribute excess cash to the Trust in accordance with applicable laws after satisfying interests and repayment obligations and other lender covenants.

3.2.3 The Investment Manager has appointed Valuer to undertake the valuation of InvIT Asset in compliance of the SEBI InvIT Regulations for determination of the enterprise value of Tower Co. and the inclusion of the Report in the PPM, PM and such other documents as well as for submission to SEBI, BSE Limited or any other regulatory/ statutory authority as may be required under the applicable laws for the Issue ("Purpose").

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

### 3.3 Source of Information

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

- i. Background of the Tower Infrastructure Business;
- ii. Background of the Telecom industry;
- iii. Audited Financial Statements of Tower Co. for the six months ended as on September 30, 2019 and as on March 31, 2019;
- iv. Projections of Tower Co. from October 1, 2019 to March 31, 2050 with the underlying assumptions;
- v. Transaction Documents made available to me for review at client location and relevant extracts of the documents provided to me as requested;
- vi. Scheme of Arrangement *inter alia* between RJIL, Jio Digital Fiber Private Limited, Tower Co. and their respective shareholders and creditors;
- vii. Other relevant data and information provided to me by the Management whether in oral or physical form or in soft copy, and discussions with them; and
- viii. Information available in public domain and provided by leading database sources.



## 4 Exclusions and Limitations

### 4.1 Restricted Audience

- 4.1.1 This Report and the information contained herein are absolutely confidential and are intended for the use of the Investment Manager, Sponsors and the Trust for inclusion in PPM and the PM and in connection with the Purpose set out in the Report.
- 4.1.2 It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without my written consent. It can however be relied upon and disclosed in connection with any statutory and regulatory filing with SEBI, BSE Limited or any other regulatory/statutory authority for the Proposed Transaction or Issue as per the SEBI InvIT Regulations without any consent. This Report and the extracts of this Report included herein can be reproduced and included in the PPM and PM proposed to be filed in connection with the Issue and may be made available for inspection in the manner specified there in and may be relied upon by the lead manager and legal counsels to the Issue in connection with the Issue. In the event the Investment Manager, Sponsors or the Trust extend the use of the Report beyond the purpose mentioned earlier in the Report, with or without my consent, I will not accept any responsibility to any other party (including but not limited to the investors, if any) to whom this Report may be shown or who may acquire a copy of the Report.
- 4.1.3 It is clarified that this Report is not a fairness opinion under any of the stock exchange/listing regulations. In case of any third party having access to this Report, please note that this Report is not a substitute for the third party's own due diligence/appraisal/enquiries/independent advice that the third party should undertake for its purpose.

### 4.2 Limitation Clause

- 4.2.1 The Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 4.2.2 The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered.
- 4.2.3 During the course of work, Valuer have relied upon assumptions and projections as provided by Management. These assumptions require exercise of judgment and are subject to uncertainties.
- 4.2.4 Further, this Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to me or used by me up to, the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of InvIT Asset. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, review or reaffirm this Report if the information provided to me changes. The information presented in this valuation Report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation Report materially.



- 4.2.5 Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment as the valuation analysis is governed by the concept of materiality. There is therefore no indisputable single value. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on the businesses.
- 4.2.6 Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 4.2.7 The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. My work did not constitute a validation of the financial projections of the Company under consideration and accordingly, I do not express any opinion on the same. Although, I have reviewed the financial projections provided by Management for consistency and reasonableness my reliance on the financial projections for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.
- 4.2.8 This Report is based on information received from sources mentioned herein and discussions with the Management. I have assumed that the parties involved have furnished to me all information, which they are aware of concerning the financial statements and respective liabilities, which may have an impact on Report. I have ignored some data provided to me which I believe may not be material for the purpose of assignment.
- 4.2.9 I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Trust or Tower Co. or any of other entity mentioned in this Report and have considered them at the value as disclosed by the Trust in their regulatory filings or in submissions, oral or written, made to me. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.
- 4.2.10 The Valuer have not made any independent verification with respect to the Tower Co.'s claim to title of assets or property for the purpose of this valuation. With respect to claim to title of assets or property the Valuer have solely relied on representations, whether verbal or otherwise, made by the Management to me for the purpose of this Report.
- 4.2.11 Except to the extent required under the SEBI InvIT Regulations, I am not responsible for matters of legal nature including issues of legal title and compliance with local laws in respect of Tower Co. and also no consideration has been given to litigation and other contingent liabilities that are not recorded in the financial of Tower Co. or disclosed otherwise in the PPM.
- 4.2.12 The fee for the Report is not contingent upon the outcome of the Report.
- 4.2.13 It may be noted that a draft of this Report (without valuation numbers) was provided to the Management to review the factual information in the Report as part of my standard practice to make sure that factual inaccuracies/omissions are avoided in my final Report.



- 4.2.14 This Report does not look into the business/commercial reasons behind the Proposed Transaction or the Issue nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits of the Trust are sole responsibility of the investors of the Trust and I do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or Tower Co.
- 4.2.15 In rendering this Report, I have not provided any legal, regulatory, tax, accounting, actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.
- 4.2.16 For the present valuation exercise, I have also relied upon information available in the public domain, however, the accuracy and timeliness of the same has not been independently verified by me.
- 4.2.17 In the particular circumstances of this case, I shall be liable only to the Investment Manager, Sponsors and the Trust. I shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused, as laid out in the engagement letter, for such valuation work.
- 4.2.18 Whilst, all reasonable care has been taken to ensure that facts stated in the Report are accurate and opinions given are fair and reasonable, neither me, nor any of professional associates who worked as team member shall in any way be responsible for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.

(This Space has been intentionally left blank)





## 5 Assignment Approach

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

- i. Submission of detailed information checklist for valuation of InvIT Asset.
- ii. Review of information provided as per the checklist for initial understanding of the business followed by a preliminary discussion with the Management to gain insight on the business operations and brief background of the Tower Infrastructure Business.
- iii. The site visit of the 5 SPVs was conducted as below:

Sr. No.	Location	Zone	Date of Visit
1	Mumbai - Towers	West	
2	Navi Mumbai - Control Room	West	
3	Bangalore - Towers	South	December 04, 2019
4	Delhi & Gurgaon - Towers	North	
5	Kolkata - Tower	East	

- iv. Analysis of additional information received post preliminary discussion and site visit. Valuer and its team members had various meetings with the Management to discuss business model, assumptions considered and future business outlook. Valuer has also reviewed the Transaction Documents.
- v. Obtained various disclosures from the Management pertaining to approvals and litigations of the InvIT Asset as required under the SEBI InvIT Regulations.
- vi. Carried out the valuation based on internationally accepted valuation methodologies and in cognizance of international valuation standards and Valuation Standards 2018 issued by ICAI Registered Valuers Organisation.

(This Space has been intentionally left blank)



## 6 Overview of Tower Infrastructure Business

### 6.1 Tower Infrastructure Business

- 6.1.1 The Tower Infrastructure Business was transferred pursuant to the Scheme of Arrangement under a slump sale on a going concern basis to Tower Co. from RJIL. The Scheme of Arrangement was approved by the National Company Law Tribunal, Ahmedabad with effect from the close of business on March 31, 2019.
- 6.1.2 The Tower Infrastructure Business, prior to the Scheme coming into effect, was carried on by RJIL, primarily as captive consumption for its telecommunication service operations.
- 6.1.3 The Tower Infrastructure Business includes network of ground based towers (“GBT”), ground based masts (“GBM”), roof-top towers (“RTT”), roof-top poles (“RTP”) and cell-on-wheels (“COW”).
- 6.1.4 Tower Co. has entered into the Amended and Restated MSA with RJIL to provide Passive Infrastructure and Services to RJIL which would come into effect from Closing.
- 6.1.5 As of September 30, 2019, the Initial Tower Sites consisted of 174,451 telecommunications towers across India, out of which 124,091 towers are currently operational and 50,360 towers are under-construction / under-development. More than 75% of Tower Co.’s Tower Sites are ground-based. All Tower Sites are proposed to be connected to the electricity board with lithium-ion battery back-up.
- 6.1.6 As of September 30, 2019, more than 60% of Tower Co.’s Tower Sites are fiberized i.e. they use fiber for backhaul and have access to a fiber network, which is critical for telecom service providers whose revenue growth is increasingly being led by data services and products offering.

(This Space has been intentionally left blank)



## 6.2 Location of the Towers



Source: As provided by the Management

6.2.1 The table below sets forth operational Tower Sites by type as of September 30, 2019:

State Name	Tower Type				Total
	GBM	GBT	RTP / RTT	COW	
Andhra Pradesh	323	3,306	1,224	29	4,882
Arunachal Pradesh	-	152	18	-	170
Assam	1	2,209	376	2	2,588
Bihar	92	4,712	783	4	5,591
Chhattisgarh	217	2,921	163	7	3,308
Delhi	730	168	3,270	242	4,410
Goa	118	28	64	2	212
Gujarat	4,212	4,303	1,134	15	9,664
Haryana	96	1,919	413	60	2,488
Himachal Pradesh	21	1,424	79	4	1,528
Jammu	34	683	130	15	862
Jharkhand	211	3,146	512	18	3,887
Karnataka	325	3,794	1,742	15	5,876
Kashmir	40	1,260	85	31	1,416
Kerala	32	903	520	54	1,509





State Name	Tower Type				Total
	GBM	GBT	RTP / RTT	COW	
Kolkata	118	793	2,115	6	3,032
Madhya Pradesh	1,372	7,156	564	13	9,105
Maharashtra	618	5,627	2,032	21	8,298
Manipur	-	294	38	-	332
Meghalaya	-	564	6	-	570
Mizoram	-	161	17	1	179
Mumbai	606	291	2,201	31	3,129
Nagaland	-	242	22	1	265
Odisha	130	3,753	378	37	4,298
Punjab	846	1,427	1,317	69	3,659
Rajasthan	1,838	5,409	657	65	7,969
Tamil Nadu	982	4,372	2,698	16	8,068
Telangana	474	2,523	1,701	83	4,781
Tripura	-	441	27	-	468
Uttar Pradesh (East)	1,295	5,171	1,101	18	7,585
Uttar Pradesh (West)	376	4,539	1,103	5	6,023
Uttarakhand	63	1,473	368	23	1,927
West Bengal	62	5,443	478	29	6,012
<b>Grand Total</b>	<b>15,232</b>	<b>80,607</b>	<b>27,336</b>	<b>916</b>	<b>124,091</b>

6.2.2 As per discussions with the management, there is currently NIL Capital Work-in-Progress as per the books, as on the Valuation Date and RDPPSL shall construct and deliver additional towers on a turn-key basis to the Tower Co. from time to time to take the total number of operational towers to 174,451 in accordance with the terms of the relevant Transaction Documents.

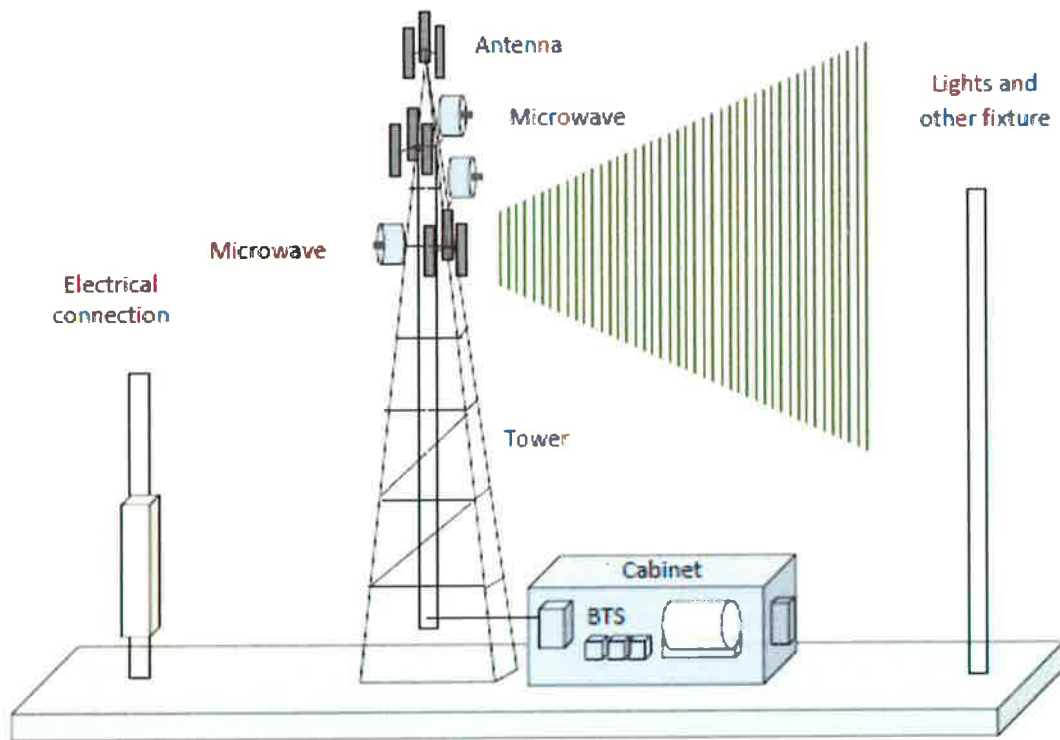


(This Space has been intentionally left blank)

## 6.3 Tower Infrastructure

6.3.1 As of September 30, 2019, Tower Co.'s Initial Tower Sites consisted of 174,451 Macro Towers across India, out of which 124,091 towers are currently operational and 50,360 towers are under-construction / under-development.

6.3.2 The following diagram illustrates the standard facilities located on Sites:



The tower sites comprise of various different types of structure, deployed based on the network requirement to provide a required coverage to enhance customer experience.

- Ground-based towers (“GBT”): GBTs are erected on the ground with a height of 30 meters to 60 meters. As per discussions with the management, GBTs have been designed in a manner that allows for utilities to be placed inside the towers, leading to the reduction of additional costs for foundational work relating to DGs and/or cabinets, the elimination of fencing work around the plot and the enhancement of security of DGs and cabinets within our tower sites.
- Ground-based mast (“GBM”): GBMs address difficulties of erecting GBTs in urban areas arising from space requirements. GBMs require less space for tower sites compared to GBTs. GBMs require very low rents, use natural cooling mechanism with no air-conditioning or fans and therefore, result in lower capital expenditures.
- Rooftop structures: Rooftop structures are placed on the terrace of high-rise buildings and have varying heights of 3, 6, 9, 12, 15 and 18 meters. There are two types of rooftop structures, rooftop poles (“RTP”) and rooftop towers (“RTT”).
- Cell On Wheel (“COW”): Cell On Wheel sites provide a coverage for places where permanent sites are not allowed, or for network restoration in case of natural disasters or temporary electricity outages.



The following table sets forth design and execution requirements of towers by tower type as of September 30, 2019:

Type	Height	Space required	Access to site location	Factors/ requirements for civil foundation	Antenna loading required	Electrical utilities	Vertical clearance	High - tension electrical lines
GBT	Up to 60m	10m x 10m	24x7	Soil-bearing capacity, wind Speed	Yes	Standardized AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
GBM	20m, 25m, 30m	3m x 3m	24x7	Standard penetration test, wind speed	Yes	Standardized AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
RTP	3m, 6m, 9m, 12m, 15m, 18m	< 420 sq. ft	24x7	Structural stability report of buildings by certified structural consultants, wind speed	Yes	Standardized AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
RTT	Up to 12m/more than 12m	< 420 sq. ft	24x7	Structural stability report of buildings by certified structural consultants, wind speed	Yes	Standardized AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
COW	Up to 30m	N/A	Not required	No civil foundation	Yes	Direct DG set	No vertical obstacle	Not required

#### 6.4 Site Visit Details

6.4.1 My team has visited the tower control room located at Reliance Corporate Park in Navi Mumbai, Maharashtra and Macro Towers located near Mumbai, Navi Mumbai, Delhi, Kolkata and Bangalore on December 04, 2019 for undertaking physical inspection of the towers as required under the SEBI InvIT Regulations.

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

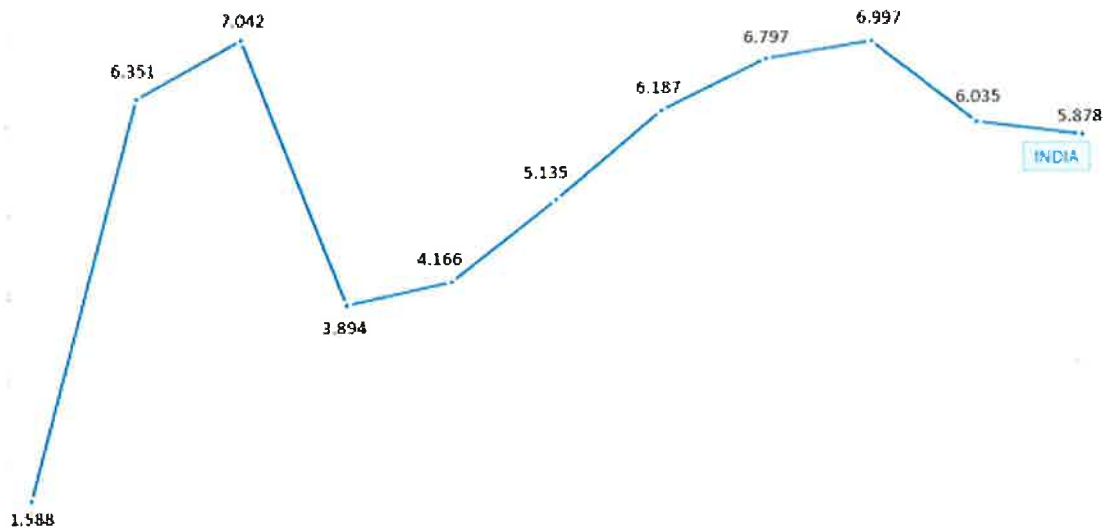


# 7 Industry Overview

## 7.1 The Indian Economy

7.1.1 India is the fastest growing economy in the world and the fourth largest economy when its gross domestic product (“GDP”) is compared in terms of purchasing power parity (PPP). India’s total GDP size was U.S.\$2.7 trillion in 2018 according to the World Bank. India’s GDP per capita has consistently grown between 5% and 6% according to the World Bank.

The following diagram sets forth India’s GDP per capita growth for the periods indicated:



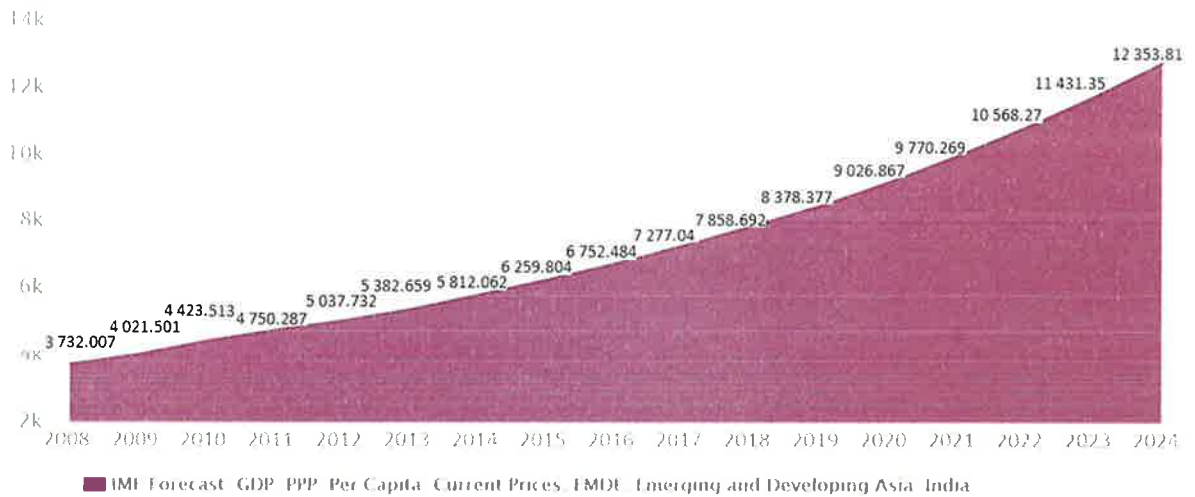
(Source: World Bank, accessed on January 7, 2020)

7.1.2 India’s per capita income has also risen in recent years. According to the International Monetary Fund (the “IMF”), India’s GDP per capita at current prices in 2019 was estimated to be USD 2.17 thousand. (Source: International Monetary Fund, available at: <http://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/IND>).

7.1.3 India is becoming increasingly urbanized. In 2018, India’s urban population increased to approximately 460.3 million representing 34% of India’s population. (Source: World Bank, accessed on January 7, 2020 at <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?view=map>).

7.1.4 The IMF expects that India’s economy will continue to grow rapidly. India’s GDP per capita on PPP basis is forecasted to be USD 12,756.79 in 2024. This records an increase from the last reported number of USD 8,378.38 in March 2019.





(Source: CEIC Data, accessed January 7, 2020)

7.1.5 Further, India has recorded a significant improvement in ease of doing business. In the World Bank's latest Doing Business Report ("DB 2020"), India has moved up 14 positions against its rank of 77 in 2018 to be placed now at 63 among 190 countries assessed by the World Bank. (Source: World Bank, accessed January 7, 2020, <https://www.worldbank.org/en/news/feature/2019/10/24/doing-business-2020-sustaining-the-pace-of-reforms>, Ministry of Commerce & Industry, India, accessed January 7, 2020 at <https://www.phdcci.in/wp-content/uploads/2019/10/India-jumps-14-spots-in-Ease-of-Doing-Business-rankings-2020-ranks-63rd-out-of-190-countries.pdf>).

7.1.6 The Doing Business assessment provides objective measures of business regulations and their enforcement on ten parameters affecting a business through its life cycle. In DB 2020, India was classified as one of the ten economies that improved the most in their ease of doing business scores in 2018-19. The other nine economies were Bahrain, China, Jordan, Kuwait, Nigeria, Pakistan, Saudi Arabia, Tajikistan and Togo. (Source: World Bank, accessed January 7, 2020 at <https://www.worldbank.org/en/news/feature/2019/10/24/doing-business-2020-sustaining-the-pace-of-reforms>).

TABLE O.2 The 10 economies improving the most across three or more areas measured by *Doing Business* in 2018-19

Economy	Ease of doing business rank	Change in ease of doing business score	Reforms making it easier to do business									
			Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Saudi Arabia	62	7.7	✓	✓	✓		✓	✓		✓	✓	✓
Jordan	75	7.6					✓		✓			✓
Togo	97	7.0	✓	✓	✓	✓	✓					
Bahrain	43	5.9		✓	✓	✓	✓	✓	✓	✓	✓	✓
Tajikistan	106	5.7	✓				✓			✓		
Pakistan	108	5.6	✓	✓	✓	✓			✓	✓		
Kuwait	83	4.7	✓	✓	✓	✓	✓	✓		✓		
China	31	4.0	✓	✓	✓			✓	✓	✓	✓	✓
India	63	3.5	✓	✓						✓		✓
Nigeria	131	3.4	✓	✓	✓	✓				✓	✓	





## 7.2 Indian Telecommunication Industry

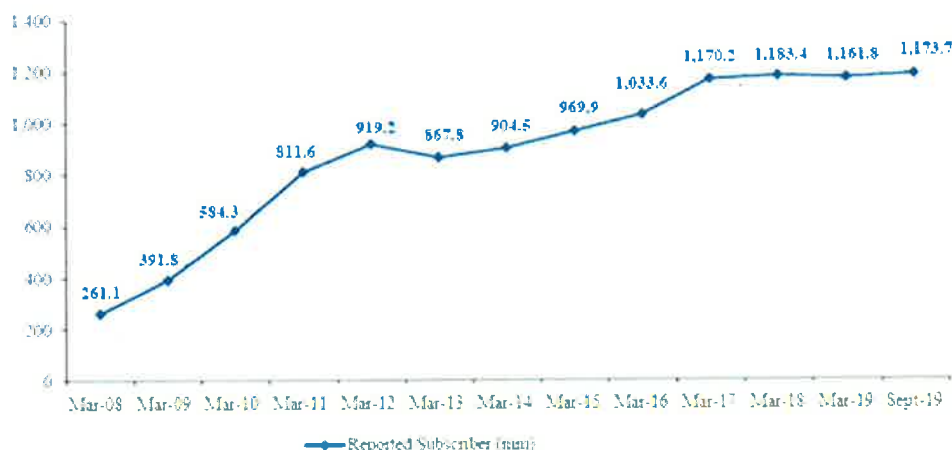
Indian mobile telecommunications services sector

- 7.2.1 The mobile telecommunications industry is an integral part of the Indian economy. The industry has contributed to the economic growth and the GDP of the country by generating revenue for the Government and creating new jobs, directly and indirectly.
- 7.2.2 India is currently the world's second-largest telecommunications market by subscribers and strong customer demand has led to a rapid growth in this sector. As of September 30, 2019, India had a total reported telephone subscriber base of 1,195.24 Mn according to TRAI.
- 7.2.3 Mobile telecommunications operators offer two basic subscription methods, pre-paid and post-paid. The pre-paid subscription model is currently the most widely used subscription method in the mobile telecommunications industry in India.

Subscribers as of September 30, 2019	Wireless	Wireline	Total
Total Telephone Subscribers (in millions)	1,173.8	21.5	1,195.2
Net Addition in September, 2019 (in millions)	2.8	0.7	3.4
Monthly Growth Rate (%)	0.2%	3.2%	0.3%
Urban Telephone Subscribers (in millions)	659.2	18.8	678.0
Net Addition in September 2019 (in millions)	-3.6	0.7	-2.9
Monthly Growth Rate (%)	-0.5%	4.0%	-0.4%
Rural Telephone Subscribers (in millions)	514.6	2.7	517.3
Net Addition in September, 2019 (in millions)	6.3	-0.0	6.3
Monthly Growth Rate (%)	1.2%	-1.5%	1.2%
Overall Tele-density (%)	88.9	1.6	90.5
Urban Tele-density (%)	156.2	4.5	160.6
Rural Tele-density (%)	57.3	0.3	57.6
Share of Urban Subscribers (%)	56.2%	87.3%	56.7%
Share of Rural Subscribers (%)	43.8%	12.7%	43.3%
Broadband Subscribers (in millions) as of September 30, 2019	606.4	19.0	625.4

(Source: Telecom Regulatory Authority of India (TRAI))

The chart below illustrates the annual subscriber base from March 31, 2008 to March 31, 2019 and the total wireless subscriber as of September 30, 2019:



(Source: TRAI)



7.2.4 The mobile telecommunications industry in India is divided into 22 service areas - three metro service areas (Delhi, Mumbai, and Kolkata) and 19 other service areas. These other service areas are categorized as Circle 'A', Circle 'B' and Circle 'C', in descending order on the basis of the degree of affluence, infrastructure development and revenue potential across each service area. The licensed service areas of the various cellular service providers as of September 30, 2019 are provided below:

Service Provider	Licensed Service Area
Bharat Sanchar Nigam Ltd	All India (except Delhi & Mumbai)
Bharti Airtel Ltd	All India
Mahanagar Telephone Nigam Ltd	Delhi & Mumbai
Reliance Jio Infocom Ltd	All India
Reliance Telecom Ltd	Kolkata, Madhya Pradesh, West Bengal, Himachal Pradesh, Bihar, Odisha, Assam & North East
Vodafone Idea Ltd	All India

(Source: TRAI)

7.2.5 The following table sets forth the wireless subscriber base for the key access service providers for each service area:

Subscribers as of September 30, 2019	Bharti Airtel	Vodafone Idea	Reliance Jio
Circle	(In millions)		
Andhra Pradesh	28.6	20.8	28.2
Assam	8.3	5.6	7.5
Bihar	35.8	18.0	26.4
Delhi	15.2	19.0	17.3
Gujarat	10.9	29.6	22.2
Haryana	4.3	10.1	8.8
Himachal Pradesh	3.4	1.2	3.3
Jammu & Kashmir	5.4	1.1	3.6
Karnataka	28.3	14.0	19.4
Kerala	5.5	20.1	8.4
Kolkata	6.4	8.5	9.7
Madhya Pradesh	14.9	27.4	26.8
Maharashtra	15.5	43.3	27.9
Mumbai	9.6	14.7	13.3
North East	5.2	2.3	3.3
Orissa	12.0	4.1	11.1
Punjab	10.2	11.3	13.0
Rajasthan	21.2	15.5	22.8
Tamil Nadu (incl. Chennai)	25.3	23.2	21.9
Uttar Pradesh (East)	30.4	32.7	25.6
Uttar Pradesh (West)	13.2	27.7	18.3
West Bengal	16.0	22.3	16.4
<b>Total</b>	<b>325.6</b>	<b>372.5</b>	<b>355.2</b>

(Source: TRAI)

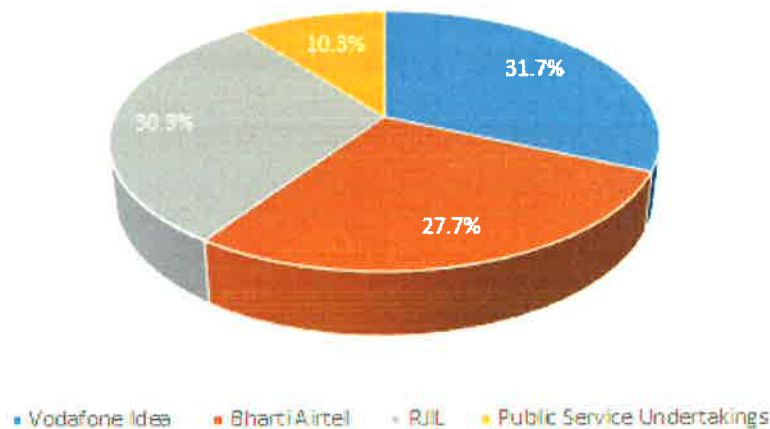


7.2.6 The wireless telecommunication industry in India has undergone a massive transformation in the last two years with the launch of services by Reliance Jio Infocomm Limited (“RJIL”). RJIL saw a net addition in wireless subscribers of access service providers of almost 6.9 million subscribers in the month of September 2019. RJIL brought about a change in the fundamental tenet of the industry with entire growth being driven by affordable data services. As of September 30, 2019, RJIL had 355.2 million wireless subscribers on its network according to TRAI.

7.2.7 As of September 30, 2019, private access service providers held 89.74% market share of the wireless subscribers whereas BSNL and MTNL, the two public service Undertaking access service providers, held a market share of 10.26%. Among the private access service providers, notable companies include Vodafone Idea (with a market share of 31.73%), Bharti Airtel (with a market share of 27.74%) and RJIL (with a market share of 30.26%).

The following diagrams show the graphical representation of access service provider-wise market share based on wireless subscribers as of September 30, 2019:

Market Share as on September 30, 2019



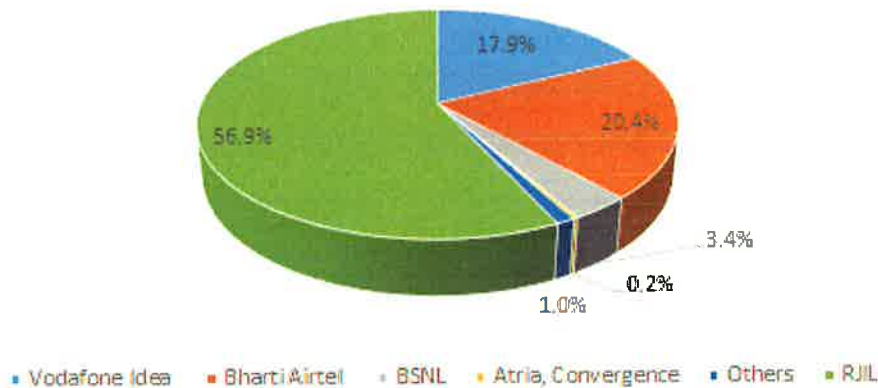
(Source: TRAI)

On the other hand, within the subset of broadband service providers, RJIL holds the largest market share with 56.91% as of September 30, 2019 based on the number of subscribers. This is closely followed by Bharti Airtel with 20.44% and Vodafone Idea with 17.94% of market share. The top five providers form 98.96% of the total internet subscriber base, as of September 30, 2019 according to TRAI.





Access Service Provider-wise Market Share in term of  
Wireless Subscribers as on September 30, 2019



(Source: TRAI)

**Recent updates on Telecom Industry:**

- 7.2.8 Aircel Group's admission to National Company Law Tribunal (NCLT) under Insolvency & Bankruptcy Code (IBC);
- 7.2.9 Reliance Communications Limited (RCom) decision to shut down wireless business and subsequent filing of insolvency petition with NCLT under IBC;
- 7.2.10 Sale of Sistema Shyam Teleservices Limited (SSTL) to RCom and consequent merger of both;
- 7.2.11 Tata Group's decision to exit telecom business and consequent merger with Bharti Airtel Limited (Bharti Airtel) and Tata Teleservices Limited (TTSL);
- 7.2.12 Vodafone India Limited (Vodafone) and Idea Cellular Limited (Idea) merger and Bharti Airtel and Telenor (India) Communication Private Limited (Telenor) merger causing closing down of many sites.
- 7.2.13 The Hon'ble Supreme Court ruled that definition of adjusted gross revenue ("AGR") for telecom companies should include all revenue accrued to carriers, including that from noncore activities. The ruling has caused severe losses to H1FY20 results of major telecom companies in the Industry. The management of the telecom companies have hinted that their going concern will be in question post AGR ruling unless relief is provided by the Government.



(This Space has been intentionally left blank)

## 8 Valuation Approach

The present valuation exercise is being undertaken to arrive at enterprise value of InvIT Asset for the Purpose. Considering internationally accepted valuation methodologies and in cognizance of international valuation standards and Valuation Standards 2018 issued by ICAI Registered Valuers Organisation, there are three generally accepted approaches to valuation:

- i. “Cost” Approach
- ii. “Income” Approach
- iii. “Market” Approach

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

### 8.1 Cost Approach

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

#### i. Net Asset Value Method

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

#### ii. Break Up Value Method

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



## 8.2 Income Approach

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

### i. Discounted Cash Flow Method

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

## 8.3 Market Approach

### i. Market Price Method

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

(This Space has been intentionally left blank)



ii. **Comparable Companies Multiple Method**

- Under the Comparable Companies Multiple (“CCM”) method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. **Comparable Transactions Multiple Method**

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

#### 8.4 Conclusion on Valuation Approach

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

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



## 9 Valuation of InvIT Asset

### 9.1 DCF Method:

- 9.1.1 The value of the InvIT Asset is based on the FCFF of Tower Co.
- 9.1.2 The audited balance sheet position of Tower Co. as on September 30, 2019 has been considered as the opening balance sheet of Tower Co. for the purpose of valuation.
- 9.1.3 Tower Co. and RJIL have entered into the Amended and Restated MSA in terms of which Tower Co. shall provide Passive Infrastructure and Services to RJIL for a period of 30 years from the Closing. Hence, the financial projections as provided by the Management are for a period of 30.5 years starting from October 01, 2019 till March 31, 2050 has been considered for valuation. The financial forecast provided by the Management were reviewed by me for consistency and reasonableness, however I have not independently verified the data provided.
- 9.1.4 Following are the key assumptions considered as per the Transaction Documents in the financial projections while determining the operating cash flows of Tower Co.:

#### i. Volumes:

Year	No of Towers
As of March 31, 2019	106,000
As of September 30, 2019	124,091
As of March 31, 2020	147,071
FY21 to FY50	174,451

- The number of Tower Sites are expected to increase from 124,091 as of September 30, 2019 to 174,451 during FY21. Currently, RJIL is the sole tenant of the Tower Sites. For the purpose of the current valuation exercise and given that RJIL is also currently the sole tenant current on the operational towers we have for the purpose of the current exercise not considered a scenario of additional tenants being added to the towers. However in the event of additional tenancies being added to the Tower Sites, the valuation of the InvIT Asset would undergo change.

#### ii. Monthly Site Premium:

I have considered the Monthly Site Premium (being the site premium payable by RJIL to Tower Co.) for the provision of Passive Infrastructure and Services as specified in the Amendment and Restated MSA together with applicable escalations specified therein to forecast the revenues of Tower Co.

Monthly Site Reimbursement and the Power & Fuel ("P&F") costs as stated in the Amendment and Restated MSA are considered. The Monthly Site Reimbursement with respect to a Site, refers to the payment to be made by Tower Co. under relevant landlord contracts for use of such Site such as license fee / lease or rental amount. P&F costs refers to the power and fuel costs to be charged based on actuals by Tower Co. to RJIL.



iii. **O&M Contract Price**

The fees to be paid by Tower Co. to the Operator including the escalations thereon in terms of the Restated and Amended Operations and Maintenance Agreement to determine the forecasted O&M expenses are considered for O&M Contract Price.

iv. **Capital Expenditure**

- Tower Co. projects a total capex of ~ INR 1,24,158.1 Mn from Valuation Date till FY21. The capex is majorly towards construction of additional Tower Sites and is in accordance with the terms of the Restated Project Execution Agreement.

v. **Discounted Cash Flow**

- The explicit period has been considered from October 01, 2019 to March 31, 2050.
- Working capital requirement and expected capital expenditure are considered as provided by the Management during forecast period.
- FCFF method under DCF is used to calculate enterprise value of Tower Co.
- In FCFF, the free cash flows available to the company are discounted by WACC to derive the net present value. WACC of 8.95% is considered.
- The projected net cash flows are discounted back to their present value using mid-year discounting convention. The use of mid-year discounting factors better reflects the assumption that net cash flows will be generated throughout the year, rather than at the beginning or at the end of the year.
- Given the fixed term of the Project Agreements, terminal cash flow discounting is not considered. Recoupment of all working capital at the end of the forecast period is considered.
- Tax rate of 25.17% being the tax rate prevailing in India.
- The enterprise value (“Enterprise Value”) of Tower Co. is arrived at INR 4,18,502.5 Mn, determined as an aggregate of the present value of forecast period.

(This Space has been intentionally left blank)





vi. **Discounting Factor**

- Free Cash Flows to Firm (“FCFF”) model under DCF method is used to estimate the Enterprise Value of Tower Co. In FCFF, the free cash flows available are discounted by Weighted Average Cost of Capital (“WACC”) to arrive the net present value.
- The WACC is arrived at after considering the cost of equity and the post-tax cost of debt and the post-tax cost of the Trust Loan and their respective weights in the capital structure of Tower Co.
- The break-up of the debt (excluding any interest due thereon) as of September 30, 2019 is provided below

Particulars	As of September 30, 2019 in INR Crore	As of September 30, 2019 adjusted for the Trust Loan in INR Crore
Long term loans (including current maturity of long term borrowings) - External	23,984	4,565
Short term loans - External	3,005	
Trust Loan	Nil	25,000
<b>Total</b>	<b>26,989</b>	<b>29,565</b>

- From the proceeds of the loan from the Trust, the Tower Co. proposes to repay borrowings aggregating INR 22,424 crore. The balance INR 2,576 crore is proposed to be utilized towards repayment of certain suppliers credit aggregating ~ INR 1,631 crore and interest costs on loans taken by the Tower Co. aggregating ~ INR 750 crore. As described earlier, the Tower Co. is in the process of arranging debt aggregating ~ INR 30,008 crore which is proposed to be utilized towards repayment of existing suppliers credit and capital creditors at Closing and for future capex needs. The debt proposed to be drawn down at Closing has also been considered for the purpose of determination of WACC.
- While the Trust Loan is in the nature of debt at the level of Tower Co., at the consolidated Trust level, the same would be considered as equity. For the purpose of this valuation exercise, we have considered the following to determine the WACC

$$\text{WACC} = (\text{Cost of External Debt} * (1 - \text{tax rate}) * \text{External Debt as of September 30, 2019 (adjusted for the Trust Loan and including refinancing debt)} + \text{Cost of Trust Loan} * (1 - \text{tax rate}) * \text{Trust Loan} + \text{Cost of Equity} * \text{Equity infused into Tower Co. (Rs.215 crore as of September 30, 2019)}) / (\text{External Debt as of September 30, 2019 (adjusted for the Trust Loan)} + \text{Trust Loan} + \text{Infused Equity as of September 30, 2019})$$

- The cost of equity (“CoE”) has been calculated as per the Capital Asset Pricing Model based on the following parameters:
- Cost of equity = Risk Free Rate + [Beta X Equity Risk Premium]



- Risk free rate of return of 6.86% is based on yields of 10 year zero coupon bond yield as on December 31, 2019 having and as listed on [www.ccilindia.com](http://www.ccilindia.com).
- Expected market premium of 8.14% has been calculated on the expected market return of 15.0% as prevalent in India based on historical market returns and my analysis.
- Beta is a measure of systematic risk of the company's stock as compared to the market risk. Since there are no listed companies directly comparable to the business of the InvIT Asset considering the distinct nature of asset and capital structure, I have considered a market beta of 1.0 for determination of CoE.
- Based on above, the base cost of equity is arrived at 15.00%.
- Further, I have considered post tax cost of external debt of 6.73% and post tax cost of trust loan of 8.98% to arrive at WACC of 7.95%.
- Additional risk premium of 1% is considered to adjust for the amongst others (i) 30 year forecast period as against the yield of 10 year ZCYC considered for determining cost of equity; (ii) availability of refinancing for debt; (iii) stabilization of operations; and (iv) delays in completion of under-construction and under-development Tower Sites and their impacts on cash flows.
- I have hence considered a WACC of 8.95% for the valuation.

(This Space has been intentionally left blank)





## 10 Valuation Summary

- 10.1. The current valuation has been carried out based on the valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations, were given due consideration.
- 10.2. I would like to highlight that in the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of an entity or business.
- 10.3. The enterprise value of InvIT Asset is arrived at INR 4,18,502.5 Mn, corresponding to an asset base of 124,091 towers. As per the business plan, the Tower Co is estimated to add another 22,980 towers by March 2020 incurring capex of INR 4,560 Cr. The enterprise value of the InvIT assets is estimated to increase by the same value as the capex incurred by the TowerCo.

(This Space has been intentionally left blank)



# 11 Annexures

## 11.1 Annexure I

### A. Valuation of InvIT Asset as per DCF Method

Valuation as per Discounted Cash Flow Method as on 30-Sep-19 (INR Mn)

WACC 9.0%

Year Ending	H2 FY20*	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Net Sales	23,599.3	61,152.3	72,429.2	76,862.3	78,783.6	80,753.6	82,773.5	84,844.7	86,968.4	89,145.9	91,378.8
Growth Rate		53.2%	18.4%	6.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBITDA	7,533.8	36,328.5	43,294.0	44,815.4	45,970.0	47,151.3	48,359.8	49,596.1	50,860.7	52,154.2	53,477.2
EBITDA Margins	31.9%	59.4%	59.8%	58.3%	58.3%	58.4%	58.4%	58.5%	58.5%	58.5%	58.5%
Less : Outflows											
Capital Expenditure	(38,640.6)	(66,578.2)	-	-	-	-	-	-	-	-	-
GST Block	(10,387.3)	(5,248.2)	7,999.5	8,283.7	8,502.4	8,726.4	3,408.6	-	-	-	-
Incremental Working Capital	16,058.5	479.9	236.2	159.5	42.0	43.2	44.5	45.7	47.1	48.4	49.9
Taxation	-	-	-	-	-	-	-	-	(4,997.2)	(8,694.6)	(9,692.3)
Free Cash Flows (FCF)	(25,435.7)	(35,017.9)	51,529.8	53,258.7	54,514.5	55,921.0	51,812.8	49,641.8	45,910.6	43,508.1	43,834.8
Present Value Factor	0.98	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value of Cash Flows	(24,896.4)	(32,141.3)	43,411.4	41,182.1	38,690.4	36,428.3	30,979.5	27,243.1	23,125.7	20,115.2	18,601.4
NPV of Explicit Period	418,774.5										
Working Capital release in last year	(272.0)										
Enterprise Value (EV)	418,502.5										

\*For 6 months ending March 31, 2020

Valuation as per Discounted Cash Flow Method as on 30-Sep-19 (INR Mn)

Year Ending	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40
Net Sales	91,378.8	93,668.3	96,016.0	98,423.3	100,891.9	103,423.2	106,018.9	108,680.7	111,410.2	114,209.3	117,079.7
Growth Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBITDA	53,477.2	54,830.4	56,214.3	57,629.5	59,076.6	60,556.4	62,069.4	63,616.2	65,197.6	66,814.2	68,466.7
EBITDA Margins	58.5%	58.5%	58.5%	58.6%	58.6%	58.6%	58.5%	58.5%	58.5%	58.5%	58.5%
Less : Outflows											
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
GST Block	-	-	-	-	-	-	-	-	-	-	-
Incremental Working Capital	49.9	51.3	52.8	54.4	56.0	57.6	59.3	61.1	62.9	64.8	66.7
Taxation	(9,692.3)	(10,597.9)	(11,426.4)	(12,190.9)	(12,902.1)	(13,569.5)	(14,200.9)	(14,803.4)	(15,382.5)	(15,943.3)	(16,490.1)
Free Cash Flows (FCF)	43,834.8	44,283.8	44,840.6	45,493.0	46,230.5	47,044.6	47,927.7	48,873.9	49,878.0	50,935.7	52,043.3
Present Value Factor	0.42	0.39	0.36	0.33	0.30	0.28	0.25	0.23	0.21	0.20	0.18
Present Value of Cash Flows	18,601.4	17,248.3	16,030.4	14,927.6	13,923.5	13,004.7	12,160.5	11,381.9	10,661.5	9,993.2	9,371.7

Valuation as per Discounted Cash Flow Method as on 30-Sep-19 (INR Mn)

Year Ending	FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48	FY49	FY50
Net Sales	120,023.2	123,041.8	126,137.4	129,311.9	132,567.5	135,906.3	139,330.3	142,841.8	146,443.1	150,136.5
Growth Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBITDA	70,155.7	71,881.9	73,646.2	75,449.0	77,291.2	79,173.5	81,096.6	83,061.2	85,068.0	87,117.9
EBITDA Margins	58.5%	58.4%	58.4%	58.3%	58.3%	58.3%	58.2%	58.1%	58.1%	58.0%
Less : Outflows										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
GST Block	-	-	-	-	-	-	-	-	-	-
Incremental Working Capital	68.7	70.8	73.0	75.2	77.4	79.8	82.2	84.8	87.4	90.1
Taxation	(17,026.4)	(17,555.4)	(18,079.8)	(18,601.9)	(19,123.6)	(19,646.7)	(20,172.6)	(20,702.8)	(21,238.2)	(21,779.8)
Free Cash Flows (FCF)	53,198.0	54,397.3	55,639.3	56,922.3	58,245.1	59,606.6	61,006.2	62,443.2	63,917.2	65,428.1
Present Value Factor	0.17	0.15	0.14	0.13	0.12	0.11	0.10	0.09	0.08	0.08
Present Value of Cash Flows	8,792.7	8,252.4	7,747.4	7,274.9	6,832.5	6,417.8	6,028.9	5,664.0	5,321.4	4,999.7



## 11.2 Annexure II - Details of all Permissions

- Tower Co. is registered with the Government of India, Ministry of Communications, Department of Telecommunications as an Infrastructure Provider Category I (IP-I) to establish and maintain the assets such as dark fibres, right of way, duct space and tower for the purpose to grant to lease, rent or sale basis to the licensees to telecom services licensed under Section 4 of the Indian Telegraph Act, 1885 on mutually agreed terms and conditions.
- Certain other key permissions and approvals required to be obtained by the Tower Co. for its present business are set out below:
  - Approvals from local authorities, as applicable, such as municipal authorities and gram panchayats for setting up of towers;
  - Consents or intimations from pollution control boards, as applicable, for operation of DG sets; and
  - Permissions from state electricity boards or power distribution companies, as applicable, for electrical connections.
- Certain approvals may have expired in their normal course and the Tower Co. has either made an application to the appropriate authorities for renewal of such approvals or is in the process of making such applications. Tower Co. undertakes to obtain, either through itself or its contractors, all approvals, licenses, registrations and permissions required to operate its business. Certain approvals and permissions in relation to the business of the Tower Co. are in the name of RJIL. Pursuant to the Scheme of Arrangement, the tower infrastructure undertaking of RJIL, comprising the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services was transferred and vested in Tower Co. as of, and with effect from the close of business of March 31, 2019. The Scheme of Arrangement was approved by the National Company Law Board, Ahmedabad (“NCLT”), through its order dated March 20, 2019. The Scheme of Arrangement became effective from the close of business on March 31, 2019.

## 11.3 Annexure III - Litigations Details

- 1) The CENVAT credit on the telecommunication tower was disputed by the Service Tax authorities. The Bombay High Court in a different matter had held that telecom tower is immovable in nature and accordingly CENVAT credit on tower is not permitted to be claimed. The decision of the Bombay High Court has been challenged in the Supreme Court.

In view of the ongoing litigation and also due to the fact that under GST law also the telecom towers have been expressly been excluded from the definition of plant and machinery, the CENVAT credit claimed on telecom towers was reversed under protest and simultaneously a refund claim was filed by Reliance Jio Infocomm Limited (“RJIL”). The amount paid under protest has been transferred to the Tower Co. under the scheme of demerger.

Vide order dated August 30, 2019, the appellate tribunal has rejected the refund claim and an appeal has been filed by RJIL in Mumbai CESTAT against the rejection.

In view of the above the amount of ₹ 2,53.53 crore is presently shown under non-current asset and if the same is decided against RJIL and therefore in effect against the Tower Co. the same would be capitalized.



As confirmed by the management, other than the above, there are no material litigations involving the Tower Co. or regulatory actions pending against the Tower Company requiring a disclosure under this section.

#### **11.4 Annexure IV - Other Disclosures as required under SEBI InvIT Regulations**

##### **Statement of Assets**

The InvIT currently holds 51% of the outstanding equity share capital in Tower Co. and proposes to acquire the remaining 49% of the outstanding equity share capital in Tower Co. pursuant to the private placement of the units. Tower Co. is in the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services in India to telecommunication service providers. The Tower Infrastructure Business was transferred by way of a slump sale on a going concern basis by RJIL to Tower Co. under a scheme of arrangement that was approved by the National Company Law Tribunal, Ahmedabad with effect from close of business hours March 31, 2019. As per the audited financial statements of Tower Co. as of September 30, 2019, Tower Co. has a gross fixed assets consisting of assets related to Tower Infrastructure Business aggregating INR 37,953 crore.

##### **Details of Major Repairs - Past and Proposed**

- As per discussions with Management and given the relatively newer portfolio of assets, I understand that no major repairs have been done in the past to the operational Tower Assets
- Going forward, the maintenance (including any major maintenance) costs are to be borne by RDPPSL in terms of the Amended and Restated O&M Agreement and accordingly I understand that there is no major repair costs that Tower Co. would need to incur.

##### **Revenue pendency including local authority taxes associated with the InvIT Asset and compounding charges**

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

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

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





## 11.5 Site Visit Photographs



Mumbai - Cell on Wheels  
Bandra Kurla Complex



Mumbai - Ground Based Mast  
Anik Depot, Wadala



Mumbai - Roof Top Pole  
Reliance Jio SRM Office, Worli



Mumbai - Roof Top Pole  
Zinc Plaza, Dadar West





**Kolkata - Ground Based Mast  
Newtown Bus Stand**



**Kolkata - Ground Based Mast  
Rajarhat**



**Bangalore - Roof Top Tower  
Rajaji Nagar**



**Bangalore - Roof Top Tower  
Tippenhalli**







**Delhi - Roof Top Tower**  
Ajisar Management Pvt Ltd, Okhla Phase II



**Delhi - Roof Top Tower**  
G Healthcare, Okhla Phase II



**Network Operations Centre - Reliance Corporate Park, Ghansoli**



**ANNEXURE II**

**TECHNICAL REPORT**

*[Intentionally left blank]*



# CAPITEL

---

## **Commercial Due Diligence of RJIPL Towers**

10 January 2020

# Introduction

- This Report on Commercial Due Diligence of Reliance Jio Infratel Private Limited (Tower Co.) was commissioned by Brookfield Asset Management Inc. and has been prepared by Capitel Pte Ltd, Singapore
- Brookfield may share the Report with, and the Report may be relied upon by:
  - BidCo (as defined below), Brookfield Infrastructure Group Bermuda Limited, Brookfield Asset Management Inc. (together with its affiliates, “Brookfield”);
  - Any Brookfield-sponsored fund or vehicle (including BidCo);
  - The fund vehicle controlled or exclusively managed by Brookfield (or any of its other wholly owned subsidiaries) who participates in the proposed transaction, including without limitation Brookfield Infrastructure L.P. (and its wholly owned subsidiaries) and Brookfield Infrastructure Fund III-A, L.P. (and its subsidiaries and parallel and alternative investment vehicles) (these entities, the “Covered Entities”);
  - Any provider of debt or equity financing to a Covered Entity;
  - Each and any entity or person who becomes a substitute, transferee, successor or assignee of any of the entities or persons named in (a) and (b) above;
  - Any special purpose or other investment vehicle through which any person named in (a) and (b) above participates in the Transaction including, without limitation, any entity formed for the purposes of completing the Transaction (“BidCo”); and
  - The directors from time to time of any of the persons named in (a) and (b) above.
- This Commercial Due Diligence Report has been prepared for the purpose of inclusion in the Private Placement Memorandum in relation to the initial offer of units by the Tower Infrastructure Trust
- In addition, Capitel Pte Ltd will permit the assignment of all rights and entitlements under the engagement and all work product relating thereto, in whole or in part, to any corporation or other entity that completes the Transaction

## Summary. Approach

*This commercial due diligence report has been prepared based on the inputs from the following sources:*

- In-person meetings and discussions with the management team of Reliance Jio Infratel Private Limited (Tower Co.)
- In-person interviews and calls with CxO and operational teams at all major towercos in India and major operator teams
- Data request shared with the management team, and analysis of commercial data, contracts, MSAs, business plan, cell site-wise data with details on location, tenancy, cities and structure among other parameters
- Our proprietary tenancy forecast model that estimates tenancies, loading, new tower build and other metrics based on a circle-wise, operator-wise spectrum plan, coverage roadmap, techno-commercial plan and technology throughputs. This model has earlier been used to support multiple public and private equity transactions by investors based in India, China, Africa, South Asia and the US. The model has also been used to inform operational planning for major towercos in India such as American Towers
- Our proprietary GIS mapping and proximity analysis software that estimates a) the attractiveness of each cell site location using Google Earth Pro mapping plots, and b) the proximity of a specific site with N sites of other towercos using the Latitude-Longitude data for the cell sites. This GIS-proximity analysis is used for developing an understanding of the tower portfolio distribution by geography, competitive intensity at a per site level, and the potential for market share gain
- In addition to the above, we leverage our understanding of the India and global towers market, prior experience in advising global investors on multiple USD 1bn+ tower transactions, advising on DRHPs for tower company IPOs, and advising multi-national tower companies on their long term strategy roadmaps

# Summary. Commercial Due Diligence: Tower Co. tenancy forecast

## 1. India wireless market is structurally consolidating into two national operators and one regionally focused operator

- a. RJio is expanding coverage on 2300MHz to rural markets to offer 15GB+ data, and will also launch 5G in urban areas
- b. We expect VIL to be limited in its ability to make additional investments in near term

## 2. We estimate incremental tenancy demand of 448k by FY24 and 714k by FY29, with 424k 5G tenancies by FY29

- a. We expect RJio to deploy 119k incremental 4G tenancies from FY20-FY24 mainly for Tier 3 towns and village clusters
- b. We expect Airtel to continue to match RJio partially in Tier 2 /3 markets using 2300MHz band
- c. VIL deployments on 2600MHz are limited to urban areas, with 1800MHz rural densification in select markets

## 3. We expect Tower Co. to gain tenancy share in Tier 2/ Tier 3<sup>1</sup> markets, with urban market share limited by shareable slots

- a. Tower Co. portfolio of 124k towers has the following distribution based on Telecom Service Areas<sup>2</sup> classification: 8% towers in Metro markets, 33% towers in Cat A markets, 40% towers in Cat B markets and 18% towers in Cat C markets<sup>4</sup>
- b. Topological classification of the Tower Co. portfolio based on Lat Long<sup>4</sup> plots show that 22% towers are in Metro + Tier 1 markets, 19% in Tier 2 markets and 59% towers are in Tier 3 + Rural markets
- c. 62% of Tower Co. towers do not have any competing towerco in proximity as the grid was built as complementary to Indus/ATC grids
- d. 60%<sup>4</sup> of the Tower Co. portfolio is fiberized and the portfolio is well positioned for 2300MHz 4G deployment in rural markets

## 4. We estimate Tower Co. tenancy ratio of 1.28 by FY24 and 1.41 by FY29 for the base of 174,451 towers

- a. For Tower Co. 174,451 towers, we estimate a demand of ~71,303<sup>3</sup> tenancies, assuming ~45,300 available slots on the urban portfolio
- b. We estimate that rural portfolio of ~106,623 towers gets incremental tenancy of ~32,045 led by select coverage matching of Airtel with RJio

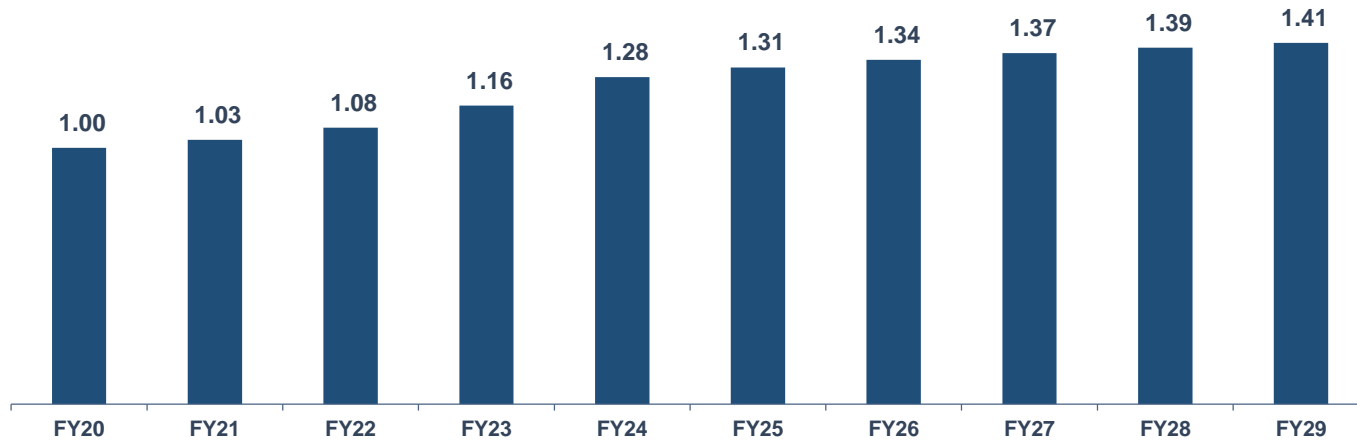
## 5. We estimate Tower Co. tenancy ratio of 1.28 by FY24 and 1.42 by FY29 for the base of 206,289 towers, including 31,838 new builds

- a. We expect Tower Co. to deploy additional towers to gain share from 3400MHz 5G deployment in urban markets
- b. New towers for 5G in urban and dense urban areas with a higher expected tenancy ratio of 1.5+

Note. 1. Population range: Metros: Top 7 cities, Tier 1 cities: 1mn+ pop, other than metros, Tier 2 cities: 100k to 1 mn, Tier 3 towns <100k; Large villages > 2K to 10K, Medium villages 1K to 2K, small villages < 1K 2. As defined by DoT (Department of Telecommunications) India 3. Other than 27,000 tenancies on new towers from Rjio 4. Circle, Lat long and fiberization details are based on database provided by the management

# Summary. Tower Co. tenancy forecast. We estimate a tenancy ratio of 1.28 in FY24 and 1.41 in FY29 for the tower base of 174,451 towers

*Tenancy ratio for Tower Co., 175K towers  
FY20-FY29*



<i>Tower Co.</i>											<i>FY20-24</i>	<i>FY20-29</i>
<i>Incremental tenancies</i>	-	32,246 <sup>1</sup>	8,418	14,921	19,555	6,530	5,206	4,441	3,759	3,227	75,139	98,303
<i>Cumulative Tower Base</i>	147,695	174,451	174,451	174,451	174,451	174,451	174,451	174,451	174,451	174,451	174,451	174,451
<i>Cumulative Tenancies</i>	147,695	179,697	188,115	203,036	222,590	229,120	234,326	238,768	242,527	245,754	222,590	245,754

5 Note: 1. Including 27,000 tenancies on new build towers for RJio  
Source: Capitel tenancy forecast model

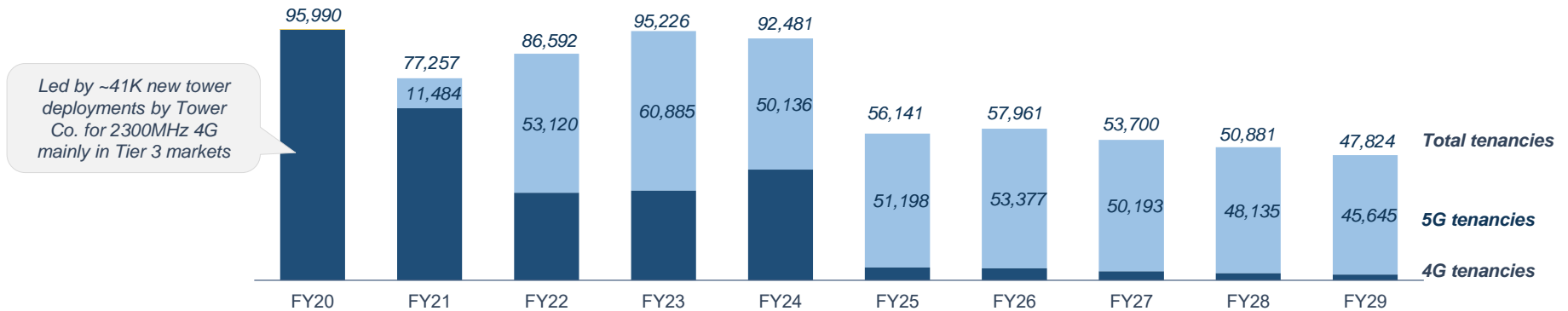
## Market Context FY16-19. RJio disrupted the market with 10GB+ 4G data packs, fractional prices, subsidized handsets and rural 4G broadband

	<b>Pre-2016, Incumbents</b>	<b>RJio, 2016 onwards</b>	<b>Incumbents, 2017 onwards</b>
<b>Market context</b>	<i>Expensive mobile data and handsets, limited data buckets, poor usage and adoption</i>	<i>Subsidized handsets, affordable data, big data buckets, good network coverage</i>	<i>Improved coverage and capacity, matched data prices, no handset bundling</i>
<b>Data Spectrum</b>	<p><i>Limited coverage and capacity on 3G with high frequency band and 5MHz spectrum</i></p> <ul style="list-style-type: none"> <li>• 2100MHz, 5MHz deployed for 3G</li> </ul>	<p><i>High coverage and capacity using all-LTE network with 40MHz+ spectrum</i></p> <ul style="list-style-type: none"> <li>• 2300MHz (30MHz-40MHz) for LTE</li> <li>• 1800MHz (5MHz) for LTE</li> <li>• 850MHz (5MHz to 10MHz) for LTE / VoLTE</li> </ul>	<p><i>High coverage and capacity using all-LTE network with large quantum of spectrum</i></p> <ul style="list-style-type: none"> <li>• 2300MHz, 1800MHz for LTE</li> <li>• 2100MHz 3G, re-farmed to LTE from 2019</li> <li>• 900MHz selectively re-farmed for 3G/LTE</li> </ul>
<b>Number of cell sites</b>	<p><b>No standalone 3G site</b></p> <p><i>All 3G sites loaded on existing 2G footprint of 900MHz or 1800MHz, limited new sites and densification for 3G on 2100MHz</i></p> <p><i>Resulted in coverage gaps as 2100MHz band had a lower radius than 900MHz grids</i></p>	<p><b>250,000+ LTE sites</b></p> <ul style="list-style-type: none"> <li>• 850MHz grid on Reliance Infratel sites</li> <li>• 2300MHz grid on ~100,000 sites leased from Indus, ATC and others in urban / semi-urban</li> <li>• 2300MHz own towers for coverage gaps</li> </ul>	<p><b>100,000+ LTE sites per operator</b></p> <ul style="list-style-type: none"> <li>• 2300MHz densification esp. by Airtel in urban and parts of semi-urban markets</li> <li>• Capacity sites on 2300MHz for data usage</li> <li>• Vodafone-Idea densification under progress</li> </ul>
<b>Data buckets and pricing</b>	<p><b>INR 20p per MB for 3G data, less than 500MHz monthly allowance</b></p> <p><i>Data priced at a premium with controlled usage to optimize network Capex</i></p>	<p><b>Less than INR 2p per MB for LTE, 1GB+ daily allowance</b></p> <p><i>Monthly usage at a blended 10GB+</i></p>	<p><b>Matching offers to RJio esp. in affected segments, 3G+LTE mix, 1GB+ daily allowance</b></p> <p><i>Monthly usage at a blended 10GB+</i></p>
<b>Data penetration</b>	<p><b>No handset bundling or subsidy</b></p> <p><i>Dependence on open market for organic upgrade to 3G smartphones, focus on high ARPU user segment</i></p>	<p><b>Subsidized handsets</b></p> <p><i>100% data sub base, subsidized handsets esp. for conversion of voice users to data</i></p>	<p><b>No handset bundling or subsidy</b></p> <p><i>Data penetration constrained with dependence on open market for upgrade of user to smartphones; lost share in rural areas as well as low-mid end segments in urban areas</i></p>

# Tenancy forecast FY20-29. We forecast incremental tenancy demand of 448k by FY24 and 714k by FY29

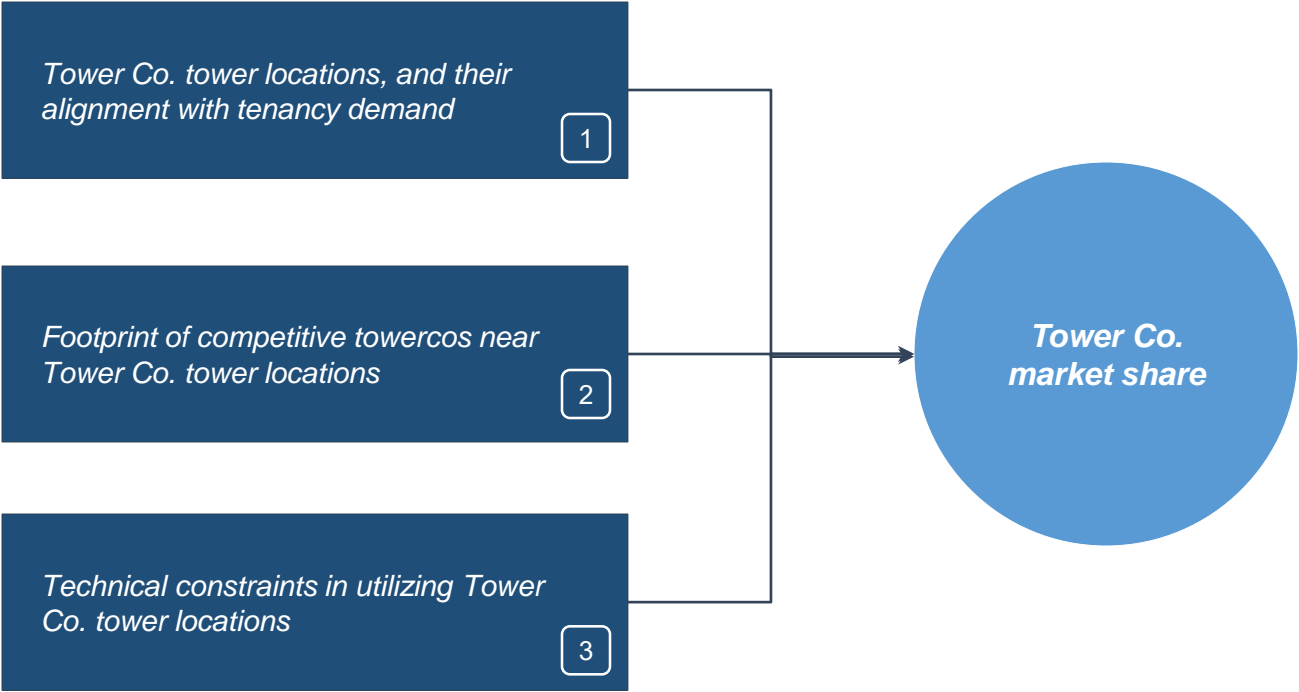
## Tenancy Demand Forecast

FY20-FY29, nos.



	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY20-24	FY20-29
<b>Total tenancies</b>	<b>95,990</b>	<b>77,257</b>	<b>86,592</b>	<b>95,226</b>	<b>92,481</b>	<b>56,141</b>	<b>57,961</b>	<b>53,700</b>	<b>50,881</b>	<b>47,824</b>	<b>447,546</b>	<b>714,053</b>
Shared	39,571	35,714	59,318	63,661	62,073	30,690	32,015	30,223	27,679	25,415	260,337	406,359
New build	56,419	41,543	27,274	31,565	30,408	25,451	25,946	23,477	23,202	22,409	187,209	307,694

**Tower Co. market share context.** The market share of Tower Co. is informed by location of towers, proximity / utilization of competitor towers and technical constraints in sharing





# Tower Co. Proximity. The 2300MHz led deployment of Tower Co. towers in data markets is reflected in proximity analysis results with limited competitive overlap esp. in T3/R

**Proximity analysis, Tower Co. with all towercos<sup>1</sup>**  
 124,091 sites

<b>DU/U</b>	<b>16,218 (13%)</b>	<b>6,658 (5%)</b>	<b>2,777 (2%)</b>	<b>1,118 (1%)</b>	<b>706 (1%)</b>
<b>SU</b>	<b>11,400 (9%)</b>	<b>6,001 (5%)</b>	<b>3,184 (3%)</b>	<b>1,586 (1%)</b>	<b>1,494 (1%)</b>
<b>R</b>	<b>49,255 (40%)</b>	<b>11,643 (9%)</b>	<b>3,929 (3%)</b>	<b>2,081 (2%)</b>	<b>6,041 (5%)</b>
	<b>No Competitor</b>	<b>One Competitor</b>	<b>Two Competitors</b>	<b>Three Competitors</b>	<b>More than Three Competitors</b>

**62% of Tower Co. towers do not have any competitor in the vicinity**

Note. 1. Includes GBM, COW and NBT structures 2. Radius for DU/U: 150 m, SU: 300 m, R: 1,000 m

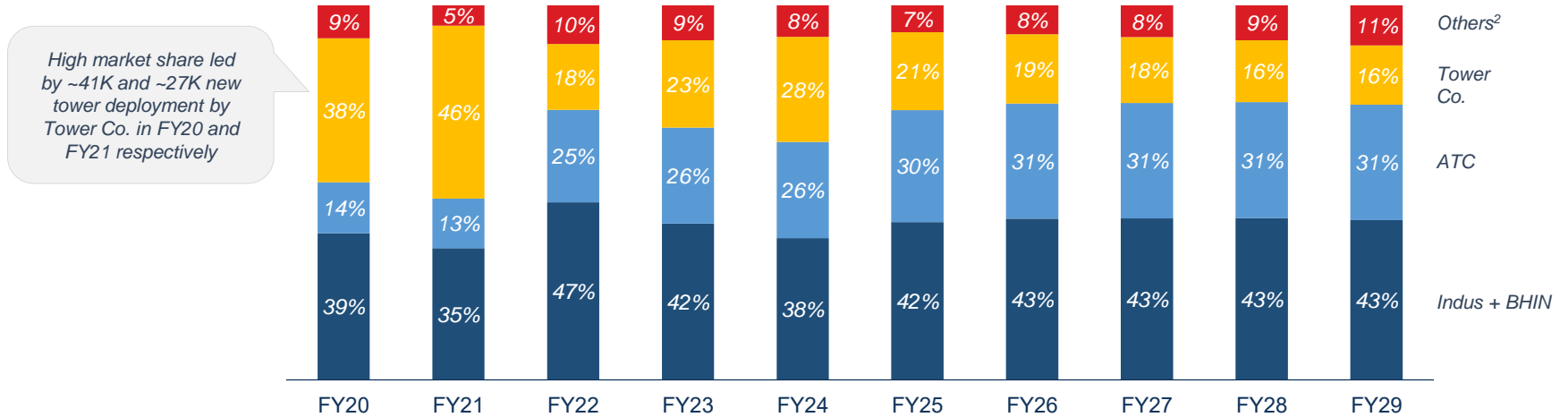
9 Legend: **XX**: Number of sites within the quadrant, [x%]: Percentage of total portfolio within the quadrant

Source: Capitel analysis, Tower Co. Lat-Long database

CAPITEL. Confidential

# Tower Co. market share. We expect Tower Co. to gain a higher market share<sup>1</sup> in T2/T3 led 4G deployments initially, with ~15%+ share of 5G in the later years

**Tenancy market share by towerco**  
FY20-FY29



**Tenancy ratio**

Indus + BHIN	1.9	2.0	2.1	2.2	2.2	2.3	2.3	2.3	2.4	2.4
ATC	1.4	1.5	1.7	1.9	2.0	2.1	2.1	2.2	2.2	2.3
Tower Co.	1.0	1.0	1.1	1.2	1.3	1.3	1.4	1.4	1.4	1.4

**New York**

375 Park Avenue  
New York, United States 10152  
+1.917.818.7976

**Singapore**

Marina Bay Financial Centre Tower Two  
10 Marina Boulevard, Singapore 018983  
+65.8617.3262

**New Delhi**

One Horizon Centre  
Golf Course Road, Gurgaon, India 122002  
+91.995.890.1085

**London**

One Mayfair Place  
London, W1J 8AJ UK  
+44.739.216.7184



**Transaction advisors in Technology, Media and Telecom**  
**Powering alpha.**

Copyright Capitel Inc © 2019 The information contained herein is the property of Capitel Inc and is provided on condition that it will not be reproduced, copied, lent or disclosed, directly or indirectly, nor used for any purpose other than that for which it was specifically furnished. Capitel Inc has exercised due care and caution in preparing this paper. Information stated or used in this paper has been obtained by Capitel Inc from sources that it considers reliable. However Capitel Inc does not guarantee the accuracy or completeness of any information and would not be responsible for any errors or omissions or for the results obtained from the use of such information. Capitel Inc would not be liable for investment decisions that may be based on the views expressed in its document.