

**Date:** July 30, 2021

**BSE Limited**

Department of Corporate Services  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai — 400 001,  
Maharashtra, India  
**Scrip Code-** 540565

**National Stock Exchange of India Ltd**

Listing Department  
Exchange Plaza, Plot No. C/1, Block G,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai — 400 051, Maharashtra, India  
**Symbol-** INDIGRID

**Subject: Press Release, Corporate Presentation, Valuation Report and Quarterly Report for Q1 FY22**

Dear Sir/ Madam,

Pursuant to applicable provisions of SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time read with circulars and guidelines issued thereunder (“**InvIT Regulations**”) and further to the intimation dated July 30, 2021 regarding outcome of Board meeting held for Q1 FY22 results, distribution announcement and related matters, we hereby enclose the Press Release, Investor Presentation and the Valuation Report for Q1 FY22.

The aforementioned documents along with the Financial Information and Limited Review Report for the quarter ended June 30, 2021, shall be construed as the Quarterly Report in compliance with Regulation 23(4) of the InvIT Regulations.

You are requested to take the same on record.

Thanking you,

For and on behalf of the **IndiGrid Investment Managers Limited**  
Representing India Grid Trust as its Investment Manager

**Swapnil Patil**

Company Secretary & Compliance Officer  
ACS-24861

Copy to-

**Axis Trustee Services Limited**

The Ruby, 2<sup>nd</sup> Floor, SW,  
29 Senapati Bapat Marg, Dadar  
West, Mumbai- 400 028  
Maharashtra, India

Encl: As above

**IndiGrid Investment Managers Limited**  
**(formerly known as Sterlite Investment Managers Limited)**

**Registered & Corporate Office:** Unit No. 101, First Floor, Windsor, Village Kolkalyan, off CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India **CIN:** U28113MH2010PLC308857  
**Ph:** +91 72084 93885 | **Email:** complianceofficer@indigrid.co.in | www.indigrid.co.in

For Immediate Release

## IndiGrid steps up quarterly distribution by 6% YoY

### Key Highlights

- Q1 FY22 Revenue and EBITDA up 53% YoY on the back of acquisitions and steady operations
- Q1 FY22 Distribution at ~INR 3.19 per unit, up 6% YoY
- Policy initiatives like trading lot reduction by SEBI and enablement of debt subscription by IRDAI, PFRDA to result in increased liquidity and expand sources of capital for InvITs

**Mumbai, Friday, July 30, 2021:** IndiGrid [BSE: 540565 | NSE: INDIGRID], India's first power sector InvIT, announced its results for the quarter ended June 30, 2021. The consolidated revenue grew by 53% YoY in Q1 FY22 at INR 5,542 million supported by acquisitions worth INR 75 billion over the last year. The consolidated EBITDA for the quarter was up 53% YoY at INR 5,039 million, in tandem with revenue growth and steady operational performance. IndiGrid's track record of accretive acquisitions, resilient operations and a strong balance sheet have resulted in a sustainable growth in distributions.

The Board of the Investment Manager also approved a Distribution Per Unit (DPU) of ~INR 3.19 (up 6% YoY) for Q1 FY22 to unitholders. The record date for the distribution is August 5, 2021 and shall be paid as ~INR 3.04 per unit in the form of interest and ~INR 0.15 per unit as dividend. With this, IndiGrid has distributed INR 48.96 per unit to its investors over the last 17 quarters since its listing, a total return of over 83% on the issue price. Total return is sum of all distributions since listing till Q4 FY21 and change in price till June 30, 2021.

IndiGrid continued its track record of successful acquisitions by completing the purchase of its first solar asset (FRV) in July 2021 for INR 6.60 billion. This along with the INR 69 billion worth of acquisitions in FY21, has taken the total AUM to over INR 210 billion. In April 2021, IndiGrid raised ~INR 12.84 billion of capital by way of Rights issue which was subscribed over 1.25 times to create headroom for growth. Separately, in May 2021, IndiGrid also successfully launched the first Public NCD issue by any REIT/InvIT in the country to diversify its sources of debt and increase the debt tenure. The Net Debt/AUM as of June 30, 2021 stood at ~58%, significantly below the 70% cap as per SEBI InvIT regulations thereby providing ample headroom to fund future acquisitions.

Commenting on the financial results, Mr. Harsh Shah, Chief Executive Officer, said: "I am pleased to report that IndiGrid delivered another strong quarter with 53% growth in revenue and EBITDA in Q1 FY22 on the back of successful acquisitions. Our robust operations allowed us to maintain the growth momentum resulting in an increased distribution of ~INR 3.19 per unit in Q1 FY22.

We are also excited by the increased confidence shown by the investors and regulators in the potential of InvITs. The recent move of approving trading lot size reduction to 1 unit is a landmark step by SEBI aimed at improving liquidity and allowing efficient price discovery. Additionally, the move by IRDAI and PFRDA to enable insurance companies and NPS backed pension funds to invest in debt securities of InvITs has opened new avenues for long-term debt capital for InvITs with good quality assets. Our outlook for FY22 continues to be optimistic on the back of our strong investor base, robust pipeline for growth and a conducive regulatory environment. "



**Financial Highlights (in INR million):**

Consolidated Financials			
INR Mn	Q1 FY22	Q1 FY21	% change
Revenue	5,542	3,612	53%
EBITDA	5,039	3,295	53%
DPU (INR per unit)	~3.19	3.00	6%

**About IndiGrid:**

IndiGrid [BSE: 540565 | NSE: INDIGRID] is the first Infrastructure Investment Trust (“InvIT”) in the Indian power sector. It owns 14 operating power projects consisting of 40 transmission lines with more than ~7,570 ckms length, 11 substations with 13,550 MVA transformation capacity and 100 MW of solar generation capacity. IndiGrid has assets under management (AUM) of over ~INR 210 billion (USD 2.83 billion). The investment manager of IndiGrid is majority owned by KKR.

For more details, please visit [www.indigrid.co.in](http://www.indigrid.co.in)

**Contacts:**

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**Investor Relations:** [investor.relations@indigrid.co.in](mailto:investor.relations@indigrid.co.in)



**INVESTOR PRESENTATION  
Q1 FY22 RESULTS**

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This presentation is not a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or an offer document under the Companies Act, 2013, the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, or any other applicable law in India. This presentation does not constitute or form part of and should not be construed as, directly or indirectly, any offer or invitation or inducement to sell or issue or an offer, or any solicitation of any offer, to purchase or sell any securities.

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By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy, future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. No representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts, if any, are correct or that any objectives specified herein will be achieved. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results, performances or events to differ materially from the results contemplated by the relevant forward looking statement. The factors which may affect the results contemplated by the forward-looking statements could include, among others, future changes or developments in (i) the IndiGrid Group’s business, (ii) the IndiGrid Group’s regulatory and competitive environment, (iii) the power transmission sector, and (iv) political, economic, legal and social conditions. Given the risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements.

## OUR VISION

*To become the most admired yield vehicle in Asia*

### Focused Business Model

- Long term contracts
- Low operating risks
- Stable cash flows

### Value Accretive Growth

- DPU accretive acquisitions Y-o-Y
- Creating growth pipeline for future

### Predictable Distribution

- Quarterly distribution
- Minimum 90% of Net cash flow distributed
- Sustainable distributions

### Optimal Capital Structure

- Cap on leverage at 70%
- AAA rating; prudent liability management
- Well capitalized

# INDIGRID AT A GLANCE



# IndiGrid – India’s First Power Transmission Yield Platform

**~INR 210  
Bn\* AUM**

**18 STATES & 1 UT  
ACROSS INDIA**

**40 Lines  
~7,570 ckms**

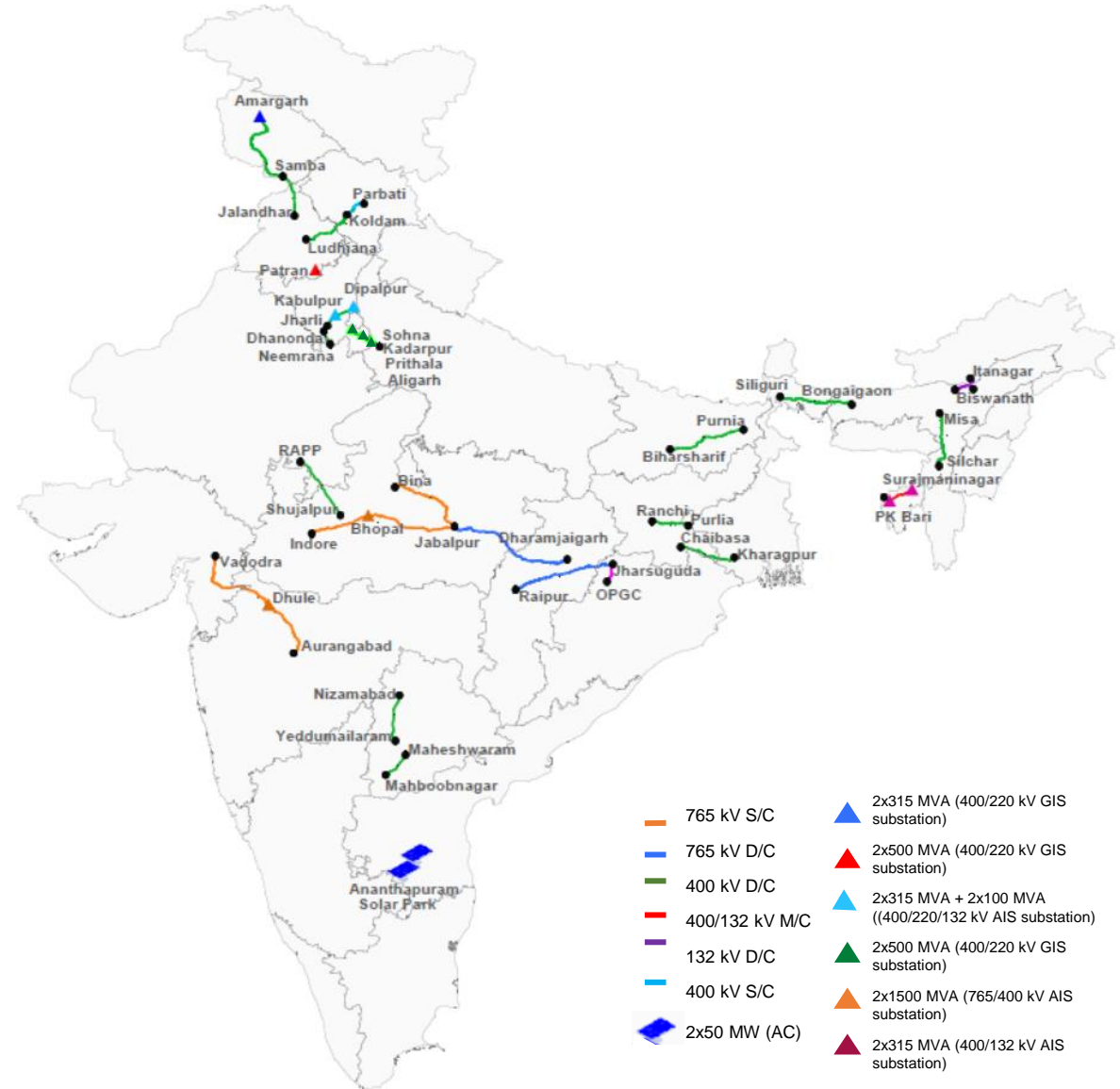
**11 SUBSTATIONS  
~13,550 MVA**

**100 MW(AC)  
SOLAR GENERATION**

**~30 YEARS  
RESIDUAL CONTRACT#**

**~11,550  
Towers**

**>4,35,000 MT  
STEEL AND ALUMINUM**



\*value of 100% stake of all projects as per independent valuation report as of 30<sup>th</sup> June 2021 (includes FRV acquired in July 2021)

# ENICL has a TSA term of 25 years from the Licence Date

# FRV has a PPA term of 25 years from the effective date

Locations Indicative, only a graphical representation of India FRV solar assets acquired in July 2021



**Q1 FY22  
PERFORMANCE  
UPDATE**



# Q1 FY22 Highlights

## Robust Financials

- Q1 FY22 Revenue & EBITDA grew by 53% YoY to INR 5,542 Mn and INR 5,039 Mn respectively
- Q1 FY22 DPU increased by 6% YoY to ~INR 3.19 vs INR 3.00 YoY
- Collections at 69% in Q1 FY22 as compared to 56% in Q1 FY21

## Well-Capitalised Balance Sheet

- Net Debt/AUM at ~58%; AAA rated by CRISIL, India Ratings and ICRA
- Raised INR 12.84 Bn via Rights Issue (125% subscribed) in April'21
- Raised INR 10 Bn via Public NCD Issue (subscribed ~25 times) in May'21
- Completed acquisition of 100 MW(AC) solar assets from FRV for ~INR 6.60 Bn in July'21
- AUM increased to over INR 210 Bn post FRV acquisition

## Resilient Asset Management

- Limited impact of COVID-19 second wave on operations
- Average availability maintained at ~99.7% in Q1 FY22
- Transitioned into in-house Project Management/ Asset Management from July'21

## Regulatory Evolution

- SEBI Board approved reduction of trading lot size to ONE unit for publicly listed InvITs
- IRDAI enabled insurance companies to invest in debt securities of InvITs
- PFRDA enabled NPS backed pension funds to invest in debt securities of InvITs
- PFRDA relaxed sponsor rating requirement for investments by NPS backed pension funds into InvIT units

**Superior**  
Total Returns

**Sustainable**  
Increase in DPU

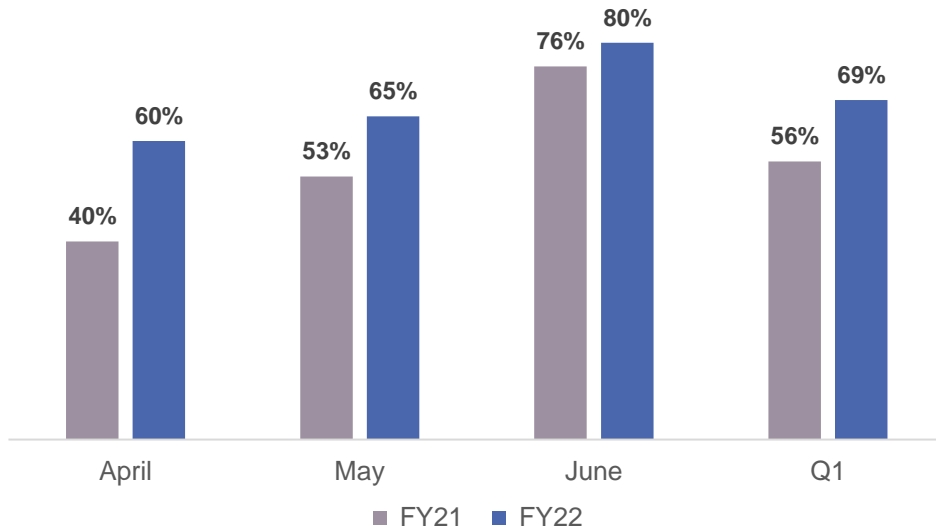
**Steady**  
Operations

# COVID-19 Impact

## Impact on Collections:

- Collections at 69% in Q1 FY22 vs 56% YoY
- Collections impacted temporarily on account of seasonality and second wave of COVID-19
- DSO days at 60 as of June'21 vs 100 days YoY

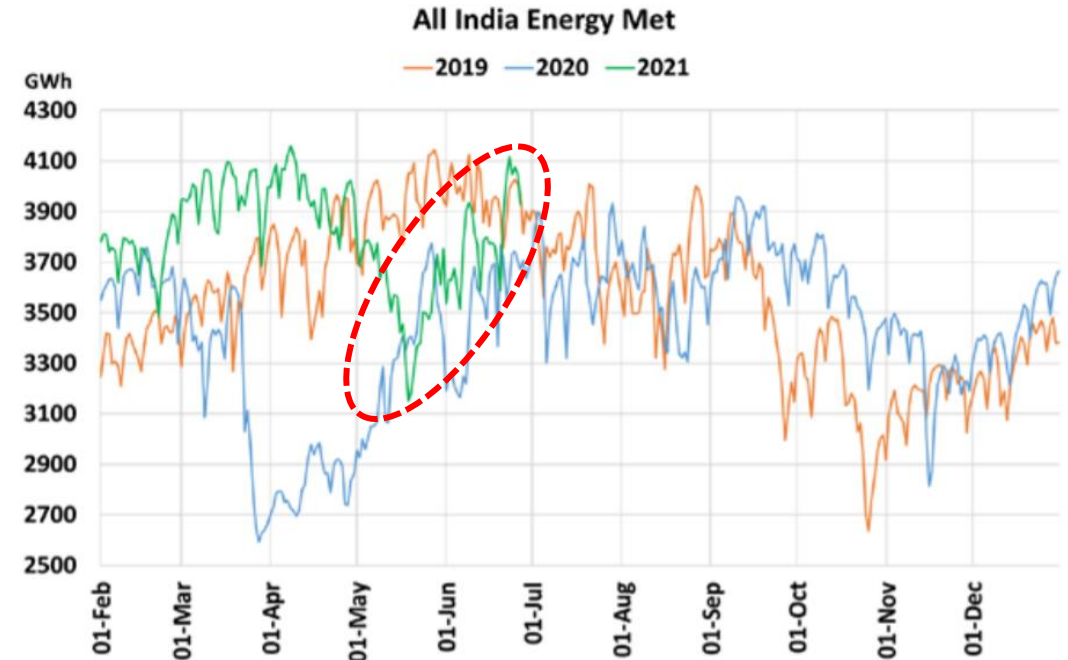
**Collection Efficiency %**



## Impact on Demand:

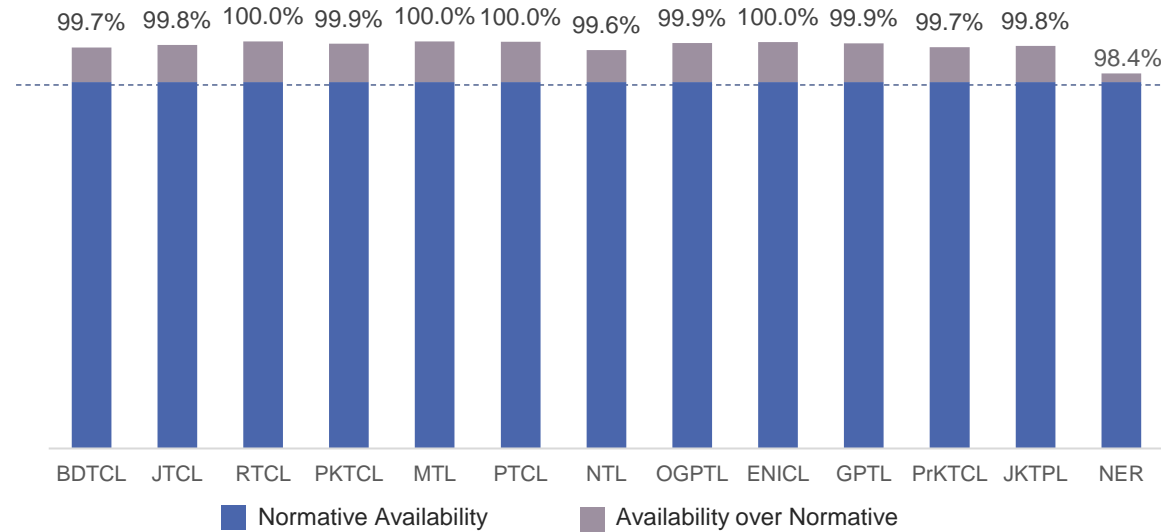
- **Transmission tariffs are based on availability and not linked to power flow**
- Power demand rebounded sharply, post temporary slump in Q1 FY22 due to lockdowns
- Power generation rose 16.6% in Q1 FY22; India's peak electricity demand crossed 200GW in July'21

**Sharp Recovery in Power Demand**



# Operational Performance – Q1 FY22

**Q1 FY22 Availability (%)**



**Notes:**

Final availability certificates awaited

Planned outages and indemnified events impacted availability at NER during the quarter

Key Indicators	Q1 FY22	Q1 FY21
No. of Trips / Line	0.29**	0.56
Safe Man Work Hours	100%	100%
Training Man-Hrs	~9,000	~10,500
Unsafe conditions*	613	382
Loss Time Incident reporting	-	-
Near Miss reporting	3	6
Solar Generation (kWh)	12,074	10,194

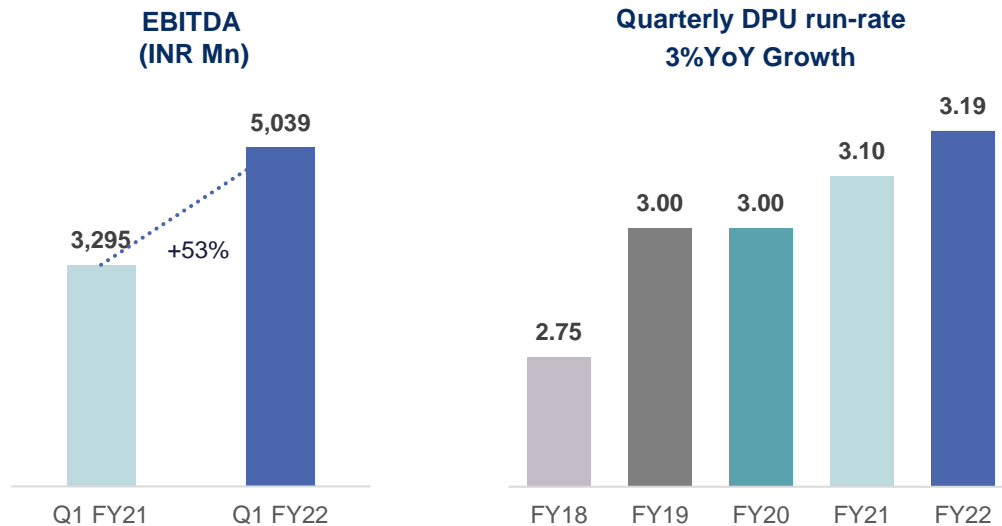
\*Not comparable due to change in methodology

\*\* No. of trips/line including indemnified events at NER stood at 0.42

- Consistent track record of maintaining superior **availability** and maximize incentives; **Q1 FY22 Average availability at ~99.7%**
- **Increased Reliability:** Trips/Line at 0.29 excluding impact of indemnified events at NER
- **Project Manager Transition:** Transitioned into in-house Project Management/ Asset Management from July'21
- **Digital Asset Management:** DigiGrid with IBM-Maximo went “Live” as scheduled in a phased manner; to be implemented fully in FY22
- Increased focus on **HSE:**
  - 100% safe man-hours achieved in Q1 FY22
  - Proactive reporting and closure of unsafe and near miss conditions
- Limited impact of second wave of **COVID-19:**
  - COVID appropriate behaviors & preventive measures continued across sites and offices
  - Vaccination drives conducted for employees, relatives and site persons as per Govt. regulations; over 75% of total manpower (including contractors) vaccinated with first dose
  - All the critical O&M activities continued as usual in Q1 FY22

# Financial Performance – Q1 FY22

Consolidated Financials			
INR Mn	Q1 FY22	Q1 FY21	% change
Revenue	5,542	3,612	53%
EBITDA	5,039	3,295	53%
NDCF Generated	1,684	2,205	-24%
DPU (INR per unit)	~3.19	3.00	6%



Particulars	Q1 FY22	FY21
Distribution per unit (DPU) (INR)	~3.19	12.20
Interest	~3.04	10.61
Dividend	~0.15	0.52
Capital Repayment/Others	-	1.07
Outstanding Units (Mn)	700.2	583.5*
Gross Distribution (INR Mn)	~2,232	~7,480
Record Date	August 5, 2021	
Tentative Distribution Date (on or before)	August 14, 2021	
NAV per Unit (INR)	~129	~146*

➤ **INR 48.96/unit amounting to ~INR 22.82 billion distributed to investors since listing (including Q1 FY22 distribution)**

➤ **QoQ NAV movement on account of expanded capital base and balance payment of NER consideration**

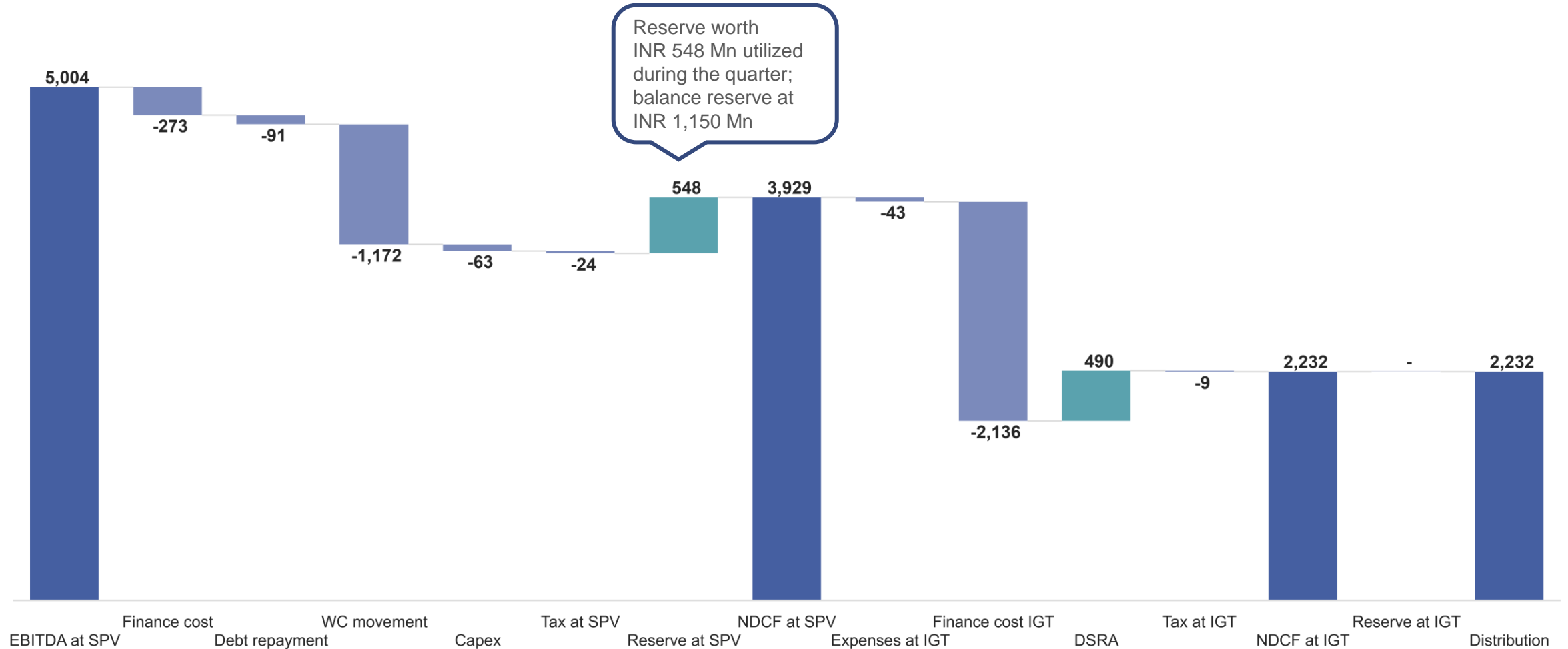
**Delivering on the increased DPU guidance of INR 12.75 for FY22**

Note: NDCF Generated includes factoring worth ~INR 500 Mn in Q1 FY22 vs ~INR 1,405 Mn in Q1 FY21

\* As on March 31, 2021

# Consolidated EBITDA to NDCF Waterfall – Q1 FY22

(In INR Mn)

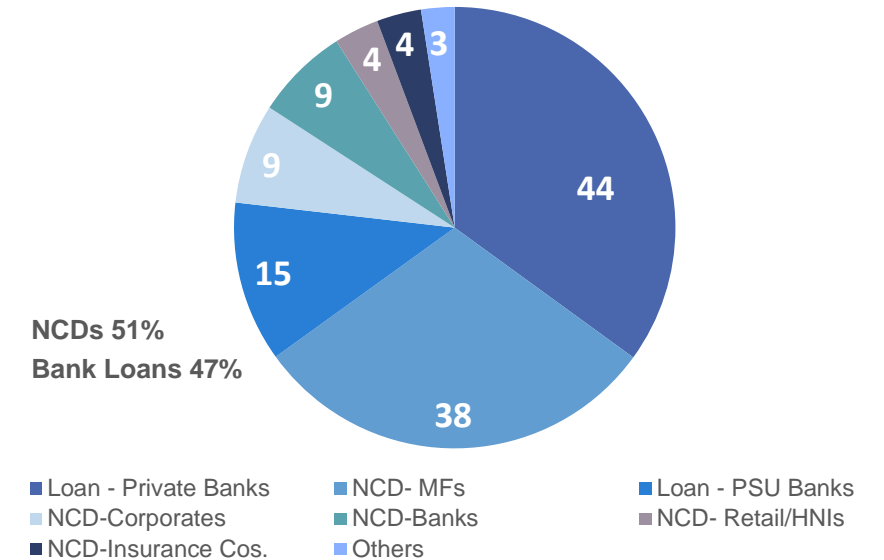
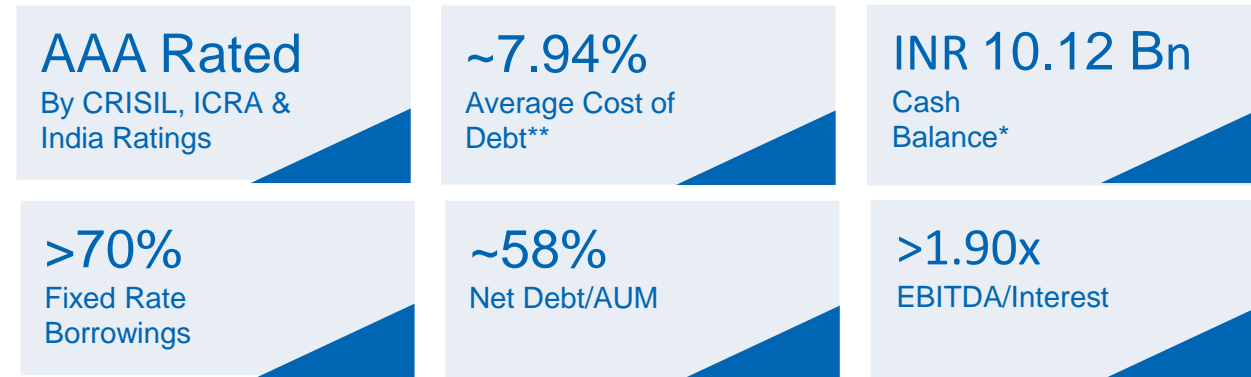


Note: Working Capital includes factoring/discounting of receivables worth INR 500 Mn during the quarter (partly prepaid in July)

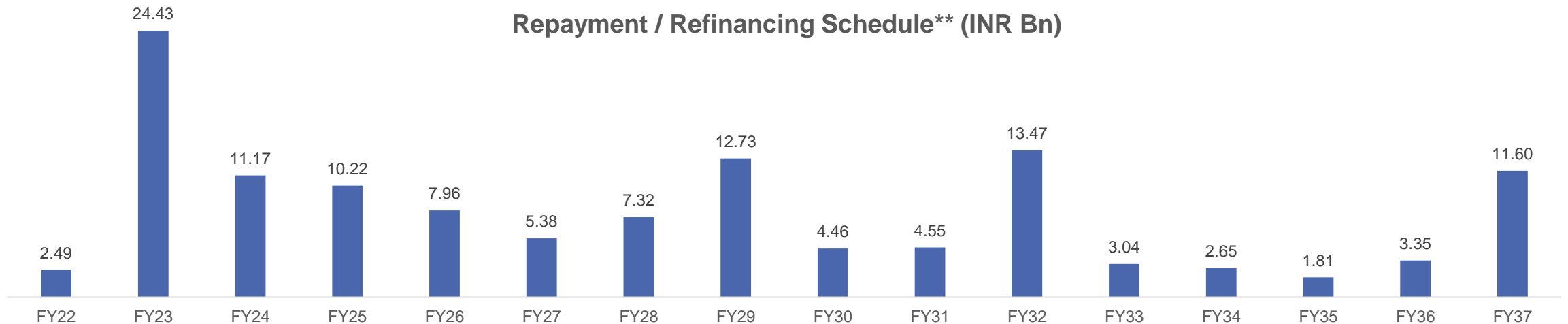
# Robust Balance Sheet

- Debt worth INR 34.1 Bn raised in Q1 FY22 for refinancing and funding acquisitions
- Weighted average cost of borrowing for incremental debt at ~7.57%

Gross Borrowings\*\* (INR 126.63 Bn)  
As on June 30, 2021



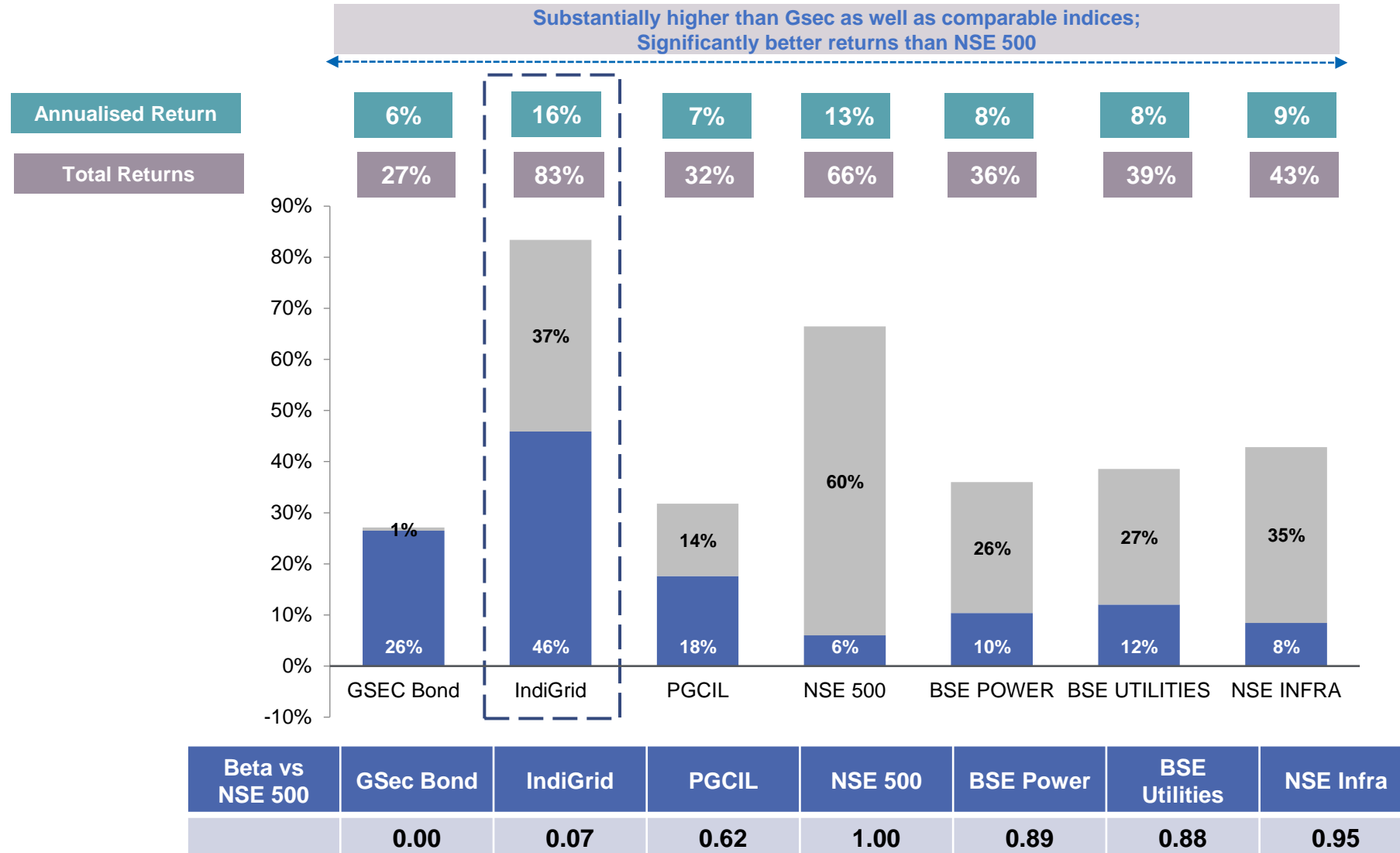
Repayment / Refinancing Schedule\*\* (INR Bn)



\*Includes INR 2.23 Bn held for distribution , INR 3.11 Bn for DSRA; excludes INR 2 Bn for debt repayments in the first week of July

\*\* Excludes INR 2 Bn repaid in the first week of July 2021

# Superior Risk-Adjusted Total Returns for Investors





**LOOKING  
AHEAD...**



# FY22 Business Outlook

## Portfolio Growth

- INR 500 Bn worth inter state (TBCB) and INR 450 Bn intra-state bids (TBCB) are expected to be tendered over next 3-4 years creating a healthy acquisition pipeline
  - Inter-state transmission bids worth INR 150 Bn expected in FY22
  - Additionally, inter-state transmission projects worth 260 Bn identified for 20 GW renewable plants
- Focus on completion of acquisition of framework asset (KTL) and evaluate selective opportunities in solar and transmission sector
- Delivering on increased DPU Guidance of INR 12.75 for FY22

## Improving Balance Sheet Strength

- Aim to further diversify debt sources and elongate tenures in incremental facilities
- Aim to reduce cost of debt through refinancing and diversification
- Focus on maintaining adequate liquidity to mitigate any uncertainties or unpredictable scenario

## Resilient Asset Management

- Focus on maintaining > 99.5% availability across portfolio and maximize incentives
- Self-reliant O&M practices across the portfolio
- Continued investments in industry-leading technology initiatives like digital asset management, predictive analytics and emergency preparedness
- Ensuring world class EHS and ESG practices across the portfolio

## Industry Stewardship

- Implement reduction in trading lot size to ONE unit
- Policy initiatives like streamlining tax anomalies and actioning FPI, ECB lending etc.
- Focus on increasing awareness about IndiGrid and InvITs

**Superior**  
Total Returns

**Sustainable**  
Increase in DPU

**Stable**  
Operations

# ANNEXURES



# Our Portfolio Assets

(In INR Mn)

11 Inter State TBCB  
Transmission Projects

1 Intra State TBCB  
Transmission Project

1 Regulated Tariff  
Transmission Project

1 Solar Generation Asset

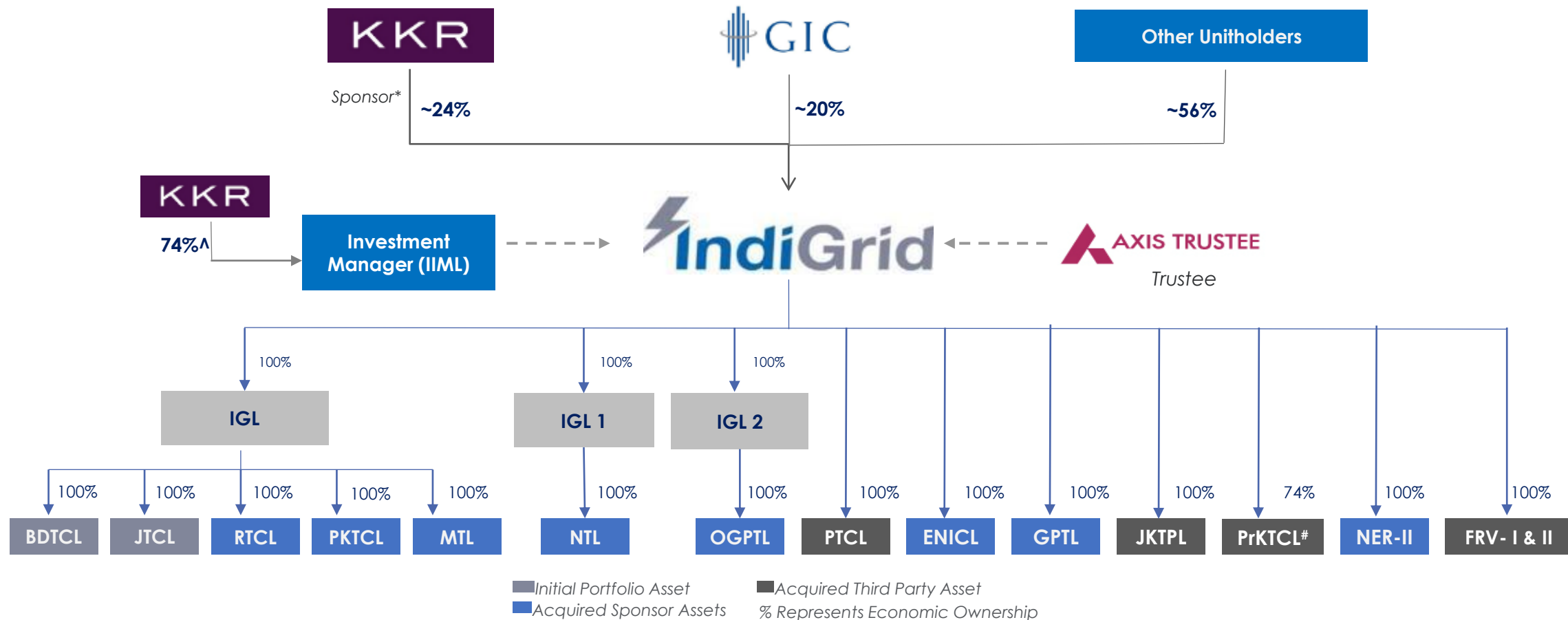
Asset	States	Elements	Contract	COD	Availability*	AUM	FY22 Tariff Contribution^	Metal ('000 Metric Ton)
BDTCL	Madhya Pradesh, Maharashtra, Gujarat	6 Lines – 945 ckms 2 Substations – 6,000 MVA	Fixed Tariff/ Centre	Jun-2015	99.61%	20,276	2,686	Steel – 48.9; Al – 22.3
JTCL	Madhya Pradesh, Chhattisgarh	2 Lines – 995 ckms	Fixed Tariff/ Centre	Sep-2015	99.56%	16,026	1,512	Steel – 62.8, Al – 21.8
RTCL	Madhya Pradesh, Rajasthan	1 Line – 405 ckms	Fixed Tariff/ Centre	Mar-2016	99.79%	4,176	455	Steel – 6.7, Al – 3.5
PKTCL	West Bengal, Jharkhand	2 Lines – 545 ckms	Fixed Tariff/ Centre	Jan-2017	99.91%	6,815	748	Steel – 10.4, Al – 4.8
MTL	Telangana	2 Lines – 475 ckms	Fixed Tariff/ Centre	Dec-2017	99.86%	5,897	578	Steel – 9.3; Al – 4.2
PTCL	Punjab	1 Substation – 1000 MVA	Fixed Tariff/ Centre	Nov-2016	99.87%	2,363	317	NA
NRSS	Punjab, Jammu & Kashmir	3 Lines – 830 ckms 1 Substation – 630 MVA	Fixed Tariff/ Centre	Sep-2018	99.63%	46,193	5,174	Steel – 27.8; Al – 7.3
OGPTL	Odisha, Chhattisgarh	2 Lines – 710 ckms	Fixed Tariff/ Centre	Apr-2019	99.83%	14,789	1,625	Steel – 43.7; Al – 14.3
ENICL	Assam, Bihar, West Bengal	2 Lines – 895 ckms	Fixed Tariff/ Centre	Nov-2014	99.46%	11,908	1,478	Steel – 37.7; Al – 15.6
GPTL	Haryana, Rajasthan, Uttar Pradesh	5 Lines – 275 ckms 3 Substations -3000 MVA	Fixed Tariff/ Centre	Apr-2020	99.10%	12,152	1,484	Steel – 8.4 , Al -3.0
JKTPL	Haryana	3 Lines – 205 ckms 2 Substations – 1660 MVA	Fixed Tariff /State	Mar -2012	99.08%	3,030	483	Steel – 8.7 , Al -3.6
PrKTCL	Himachal Pradesh, Punjab	6 Lines – 458 ckms	Regulated / Centre	Jun-2015	99.87%	8,391	1,377	Steel- 22.1 , Al – 6.7
NER-II	Tripura, Assam, Arunachal Pradesh	6 Lines- 832 ckms 2 Substations- 630 MVA	Fixed Tariff/ Centre	Mar-2021	99.59%	52,473	4,227	Steel- 27.8 , Al- 8.5
FRV	Andhra Pradesh	100 MW (AC)	Fixed Tariff PPA (INR 4.43/kWh)	Jul'18/Jan'19	N.A.	6,600 <sup>#</sup>	N.A.	Steel- 4.14 , Al- 1.04
<b>14 Projects</b>	<b>18 States, 1 UT</b>	<b>~7,570 ckms, 13,550 MVA and 100 MW</b>	<b>52 revenue generating elements</b>		<b>&gt;99.63%</b>	<b>&gt;210 Bn</b>	<b>22,144</b>	<b>Steel 318,483 MT Aluminium 116,718 MT</b>

\*From COD to Mar-21

<sup>#</sup> Enterprise value at acquisition

<sup>^</sup>As per independent valuation report for March 31, 2021 17

# Our Corporate Structure



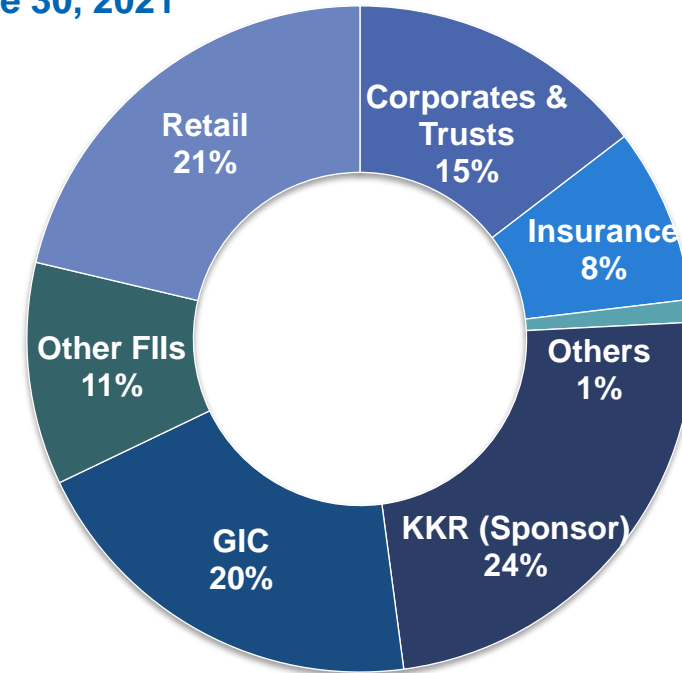
IGL= IndiGrid Limited,, IGL 1 = IndiGrid 1 Limited , IGL2 = IndiGrid 2 Limited, BDTCL = Bhopal Dhule Transmission Company Limited, JTCL = Jabalpur Transmission Company Limited, RTCL = RAPP Transmission Company Limited, PKTCL = Purulia & Kharagpur Transmission Company Limited, MTL = Maheshwaram Transmission Limited, PTCL = Patran Transmission Company Limited, NTL = NRSS XXIX Transmission Limited, OGPTL = Odisha Generation Phase II Transmission Limited, ENICL = East-North Interconnection Company Limited , GPTL = Gurgaon Palwal Transmission Limited, JKTPL = Jhajjar KT Transco Private Limited, PrKTCL = Parbati Koldam Transmission Company Limited, NER-II = NER II Transmission Limited, FRV = FRV Solar Assets (two SPVs)

\*Sterlite Power continues to be a sponsor with ~0.3% equity stake  
<sup>^</sup>Sterlite Power holds 26% stake in IIML  
<sup>#</sup>PrKTCL held in a Joint Venture with Power Grid holding 26% stake

# Diversified Investor Base

- Supported by marquee long term investor base
- ~25% owned by DIIs including insurance companies, mutual funds, pension fund and corporates
- Retail Holding inched up to ~21.3% ; quadrupled in value since IPO
- 9 Insurance companies hold ~8.5% stake
- FII holding (incl. KKR and GIC) at ~55%

As on June 30, 2021



# An Experienced Board



**Tarun Kataria**  
Independent Director

- Over 30 years of rich experience, currently he serves as an independent non-executive director of Mapletree Logistics Trust Ltd. He is an independent director of Westlife Development Limited, Jubilant Pharma Limited and Global Moats Fund (Mauritius)
- Previously, served as CEO of Religare Capital Markets Limited, Managing Director and Head of Global banking and markets at HSBC India and Vice Chairman of HSBC Securities and Capital Markets Private Limited
- MBA in Finance from the Wharton School of the University of Pennsylvania and is a Chartered Accountant



**Rahul Asthana**  
Independent Director

- Over 40 years of experience, currently he serves as the non-executive director on the board of Aegis Logistics Limited, and NBS International. He is also a director on the board of directors of Mahindra Waste to Energy Solutions Limited and Mahindra Integrated Business Solutions Private Limited
- Ex Chairman of Mumbai Trust and Maharashtra State Electricity Board, ex-Metropolitan Commissioner of Mumbai, Metropolitan Region Development Authority
- Bachelor's degree from IIT Kanpur and MBA from ICPE University of Ljubljana, Slovenia



**Ashok Sethi**  
Independent Director

- Over 3 decades of experience in power sector with significant knowledge in project execution, operations, commercial, regulatory, advocacy & policymaking
- Currently serves as Non-Executive Chairman of Tata Consulting Engineers Limited. Previously, served as the Chief Operating Officer and Executive Director of Tata Power
- B.Tech from IIT Kharagpur and Advance Management at Ashridge, UK



**Sanjay Nayar**  
Non-Executive Director

- Over 30 years of experience, currently serves as the Chairman of KKR India. . He is also on the board of Max Healthcare Institute Limited, Aventus Capital Private Limited and JB Chemicals & Pharmaceuticals Limited
- Prior to joining KKR, he was CEO of Citigroup's Indian and South Asian operations and a member of Citigroup's Management Committee and Asia Executive Operating Committee.
- Bachelor's degree in Mechanical Engineering from Delhi University and is an MBA in Finance from the IIM Ahmedabad.



**Pratik Agarwal**  
Non-Executive Director

- Managing Director, Sterlite Power
- Extensive experience in building core infrastructure businesses in ports, power transmission and broadband
- Bachelor's degree from the Wharton Business School and MBA from the London Business School



**Harsh Shah**  
CEO and Executive Director

- Extensive experience in Private Equity financing. M&A, infrastructure financing, regulatory and macro economic policy
- Worked with L&T, L&T Infrastructure Finance, P&G
- MBA from the National University of Singapore

AUM	Assets Under Management
Availability	Percentage amount of time for which the asset is available for power flow
BDTCL	Bhopal Dhule Transmission Company Limited
CERC	Central Energy Regulatory Commission
DPU	Cash paid to the Unitholders in the form of interest/ capital repayment / dividend
DSRA	Debt Service Reserve Account
ENICL	East North Interconnection Limited
FRV Solar Assets	FRV Andhra Pradesh Solar Farm-I Private Limited & FRV India Solar Park-II Private Limited
GPTL	Gurgaon – Palwal Transmission Limited
GTTPL	Goa Tamnar Transmission Project Limited
IPA	BDTCL and JTCL which were acquired by IndiGrid at the time of IPO
IIML	IndiGrid Investment Managers Limited
ISRA	Interest Service Reserve Account
ISTS	Inter State Transmission System
KTL	Khargone Transmission Limited
KKR	KKR & Co. Inc. (including its affiliates and subsidiaries)
JTCL	Jabalpur Transmission Company Limited
JKTPL	Jhajjar KT Transco Private Limited
MTL	Maheshwaram Transmission Limited
MVA	Mega Volt Ampere
NDCF	Net cash flow at trust's disposal for distribution to IndiGrid in a particular year in accordance with the formula defined in Offer Document
NER II	NER II Transmission Limited
NTL	NRSS XXIX Transmission Limited
OFTO	Offshore Transmission
OGPTL	Odisha Generation Phase Transmission Limited
O&M	Operations and Maintenance cost
RE	Renewable Energy
ROFO	Right Of First Offer
PrKTCL	Parbati Koldam Transmission Company Limited
PKTCL	Purulia Kharagpur Transmission Company Limited
PTCL	Patran Transmission Company Limited
RTCL	RAPP Transmission Company Limited
SECI	Solar Energy Corporation of India
Tariff	Composed of Non-Escalable, Escalable and Incentive component. The incentive component is based on the availability of the asset = $2 * (\text{Annual Availability} - 98%) * (\text{Escalable} + \text{Non-escalable})$ ; incentive is maximum 3.5% of (Escalable+Non-escalable tariff)
TBCB	Tariff Based Competitive Bidding
TSA	Transmission Service Agreement





 **IndiGrid**

THANK YOU

# **Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014 as amended**

**Fair Enterprise Valuation:**

**Valuation Date: 30<sup>th</sup> June 2021**

**Mr. S Sundararaman,**  
**Registered Valuer,**  
IBBI Registration No - IBBI/RV/06/2018/10238

**Strictly Private and Confidential**

RV/SSR/R/2022/05

Date: 30<sup>th</sup> July 2021

**The Board of Directors  
IndiGrid Investment Managers Limited  
(Formerly known as Sterlite Investment Managers Ltd.)  
(Investment Manager of India Grid Trust)**

Unit No. 101, 1<sup>st</sup> Floor,  
Windsor Village, Kole Kalyan Off CST Road,  
Vidyanagari Marg, Santacruz (E),  
Mumbai - 400 098,  
Maharashtra, India.

**The Axis Trustee Services Limited  
(Trustee of India Grid Trust)**

The Ruby, 2<sup>nd</sup> Floor, SW, 29,  
Senapati Bapat Marg,  
Dadar (W), Mumbai - 400 028,  
Maharashtra, India.

**Sub: Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended  
("the SEBI InvIT Regulations")**

Dear Sirs/Madams,

I, Mr. S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 7<sup>th</sup> June 2021 as an independent valuer, as defined under the SEBI InvIT Regulations, by **IndiGrid Investment Managers Limited** (formerly known as Sterlite Investment Managers Limited) ("**the Investment Manager**" or "**IIML**"), acting as the investment manager for **India Grid Trust** ("**the Trust**") and **Axis Trustee Services Limited** ("**the Trustee**") acting as the trustee for the Trust, for the purpose of the financial valuation of the Special Purpose Vehicles (defined hereinafter below) as per the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**the SEBI InvIT Regulations**").

The Trust operates and maintains the following special purpose vehicles:

Sr. No.	Name of the SPVs
1	Bhopal Dhule Transmission Company Limited ("BDTCL")
2	Jabalpur Transmission Company Limited ("JTCL")
3	Maheshwaram Transmission Limited ("MTL")
4	RAPP Transmission Company Limited ("RTCL")
5	Purulia & Kharagpur Transmission Company Limited ("PKTCL")
6	Patran Transmission Company Limited ("PTCL")
7	NRSS XXIX Transmission Limited ("NRSS")
8	Odisha Generation Phase - II Transmission Limited ("OGPTL")
9	East-North Interconnection Company Limited ("ENICL")
10	Gurgaon Palwal Transmission Limited ("GPTL")
11	Jhajjar KT Transco Private Limited ("JKTPL")
12	Parbati Koldam Transmission Company Limited ("PrKTCL")
13	NER II Transmission Limited ("NERTL")

(Together referred to as "the SPVs")

## Strictly Private and Confidential

The SPVs were acquired by the Trust and are to be valued as per Regulation 21(4) contained in the Chapter V of the SEBI InvIT Regulations.

As per Regulation 21(5) of Chapter V of the SEBI InvIT Regulations:

*"A half yearly valuation of the assets of the InvIT shall be conducted by the valuer for the half-year ending September 30<sup>th</sup> for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within one month from the date of end of such half year.*

*Provided that in case the consolidated borrowings and deferred payments of an InvIT, in terms of Regulation 20, is above forty nine per cent, the valuation of the assets of such InvIT shall be conducted by the valuer for quarter ending June, September and December, for incorporating any key changes in the previous quarter and such quarterly report shall be prepared within one month from the date of the end of such quarter."*

In this regard, the Investment Manager and the Trustee intends to undertake the fair enterprise valuation of the SPVs as on 30<sup>th</sup> June 2021 for incorporating any key changes from the period ended 31<sup>st</sup> March 2021 till 30<sup>th</sup> June 2021. Accordingly, this report should be read in continuation to my report dated 27<sup>th</sup> May 2021 in relation to the valuation of all the SPVs as at 31<sup>st</sup> March 2021.

I have relied on explanations and information provided by the Investment Manager. Although, I have reviewed such data for consistency, those are not independently investigated or otherwise verified. My team and I have no present or planned future interest in the Trust, the SPVs or the Investment Manager except to the extent of this appointment as an independent valuer and the fee for this **Valuation Report ("Report")** which is not contingent upon the values reported herein. The valuation analysis should not be construed as investment advice, specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

I am enclosing the Report providing opinion on the fair enterprise value of the SPVs on a going concern basis as at **30<sup>th</sup> June 2021 ("Valuation Date")**. **Enterprise Value ("EV")** is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash and cash equivalents to meet those liabilities. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.

The analysis must be considered as a whole. Selecting portions of any analysis or the factors that are considered in this Report, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information have been prepared by the Investment Manager. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPVs.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiry to satisfy myself that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the period of cash flow forecast.

## Strictly Private and Confidential

Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts/ projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

The valuation provided by RV and the valuation conclusions are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the **Securities and Exchange Board of India ("SEBI")** thereunder.

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 10 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public as a material document and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

RV draws your attention to the limitation of liability clauses in Section 7 of the Report including the clause on "Limitation on account of COVID-19 and Uncertainty in Valuation".

This letter should be read in conjunction with the attached Report.

Yours faithfully,

Swaminathan  
Sundarama  
n

Digitally signed by Swaminathan  
Sundaraman  
DN: c=IN, o=Personal, postalCode=600033,  
st=Tamil Nadu,  
serialNumber=9ad9f524fd0bab460f964da  
3048e36dd5e6d51dc1fa95ee04e7a738651  
db2f2c, cn=Swaminathan Sundaraman  
Date: 2021.07.30 16:27:54 +05'30'

**S. Sundaraman**

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10238

Place: Chennai

UDIN: 21028423AAAALO3562

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Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BDTCL	Bhopal Dhule Transmission Company Limited
BOO	Build-Own-Operate
BOOM	Build-Own-Operate-Maintain
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CERC	Central Electricity Regulatory Commission
CERC Tariff Regulations, 2019	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019
Ckms	Circuit Kilometres
COD	Commercial Operation Date
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ENICL	East-North Interconnection Company Limited
Esoteric	Esoteric II Pte. Ltd. (an affiliate of KKR & Co. Inc.)
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FY	Financial Year Ended 31 <sup>st</sup> March
GPTL	Gurgaon Palwal Transmission Limited
INR	Indian Rupee
IVS	ICAI Valuation Standards, 2018
JKTPL	Jhajjar KT Transco Private Limited
JTCL	Jabalpur Transmission Company Limited
kV	Kilo Volts
Mn	Million
MTL	Maheshwaram Transmission Limited
NAV	Net Asset Value
NRSS	NRSS XXIX Transmission Limited
NERTL	NER II Transmission Limited
OGPTL	Odisha Generation Phase - II Transmission Limited
PGCIL	Power Grid Corporation of India Limited
PKTCL	Purulia & Kharagpur Transmission Company Limited
PrKTCL	Parbati Koldam Transmission Company Limited
PTCL	Patran Transmission Company Limited
RTCL	RAPP Transmission Company Limited
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SPV	Special Purpose Vehicle
SPGVL	Sterlite Power Grid Ventures Limited (now merged with SPTL)
SPTL	Sterlite Power Transmission Limited
IIML or Investment Manager	IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited)
TAO	Tariff Adoption Order
the Trust or InvIT	India Grid Trust
the Trustee	Axis Trustee Services Limited
TSA	Transmission Service Agreement
TV	Terminal Period Value
WACC	Weighted Average Cost of Capital

## 1. Executive Summary

### 1.1. Background

#### The Trust

- 1.1.1. India Grid Trust (“the **Trust**”) was established on 21<sup>st</sup> October 2016 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is sponsored by Esoteric II Pte. Ltd., an affiliate of KKR & Co. Inc (“**Esoteric**”) and Sterlite Power Transmission Limited<sup>1</sup> (“**SPTL**”). The Trust is registered with the Securities and Exchange Board of India (“**SEBI**”) as an InvIT on November 28, 2016, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time (“the **SEBI InvIT Regulations**”).
- 1.1.2. It is established to own and operate power transmission assets in India. Pursuant to approval of unitholders obtained on May 9, 2020 and subsequent amendment to Trust Deed, the Investment Strategy of the Trust is to own and operate power transmission and renewable power generation assets in India.
- 1.1.3. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6<sup>th</sup> June 2017. The unitholders of the Trust approved the induction of Esoteric as a Sponsor (as defined under the InvIT Regulations) in the Annual General Meeting of the Trust held on 28<sup>th</sup> September 2020. SPTL and Esoteric are hereinafter together referred to as “the **Sponsors**”.
- 1.1.4. Unit holding pattern of the Trust as on 30<sup>th</sup> June 2021 is as under:

Sr. No.	Particulars	No. of Units	%
1	Sponsors	16,79,42,389	23.99%
2	Insurance Companies	5,92,69,644	8.46%
3	Mutual Fund	26,68,869	0.38%
4	Provident or pension funds	36,75,861	0.52%
5	Foreign Portfolio Investors	21,58,12,674	30.82%
6	Non-institutional investors	25,08,09,048	35.82%
	<b>Total</b>	<b>70,01,78,485</b>	<b>100.00%</b>

Source: BSE

#### The Sponsors

- 1.1.5. Esoteric is an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, “KKR”). Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with approximately US\$ 252 billion of assets under management as of 31<sup>st</sup> December 2020. KKR sponsors investment funds that invest in multiple alternative asset classes, including private equity, credit and real assets, with strategic partners that manage hedge funds.
- 1.1.6. SPTL is mainly engaged into the business of installation and operation of electricity transmission projects in India and Brazil. SPTL also serves as the Project Manager for all the SPVs (other than JKTPL and PrKTCL) with the responsibility of operating and managing all the SPVs power transmission assets and has experience in bidding, designing, financing, constructing and maintaining power transmission projects across India and Brazil.
- 1.1.7. Shareholding of the Sponsors:

**Esoteric** (as on 30<sup>th</sup> June 2021)

Sr. No.	Name of Shareholder	%
1	Esoteric I Pte. Limited	20.4%
2	KKR Ingrid Co-invest L.P.	76.7%
3	KKR PIP Investments L.P.	2.9%
	<b>Total</b>	<b>100.0%</b>

Source: Investment Manager

<sup>1</sup>The National Company Law Tribunal at Mumbai, by its order dated May 22, 2020, approved the scheme of amalgamation between SPGVL, SPTL and their respective shareholders and the effective date of such scheme is November 15, 2020.



SPTL (as on 19<sup>th</sup> March 2021)

Sr No.	Particulars	No of shares	%
1	<b>Total Promoter and Promoter Group</b>	<b>4,66,30,601</b>	<b>76.22%</b>
2	<b>Total Public Shareholders</b>	<b>1,45,51,301</b>	<b>23.78%</b>
	Institutional Investors	51,296	0.08%
	Non-institutional Investors	1,45,00,005	23.70%
	<b>Total</b>	<b>6,11,81,902</b>	<b>100.00%</b>

Source: Investment Manager

### Investment Manager

- 1.1.8. IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited) (“the **Investment Manager**” or “**IIML**”) has been appointed as the investment manager to the Trust by Axis Trustee Services Limited (“the **Trustee**”) and is responsible to carry out the duties of such a person as mentioned under SEBI InvIT Regulations.
- 1.1.9. Shareholding of the Investment Manager as on 30<sup>th</sup> June 2021 is as under:

Sr. No.	Name of Shareholder	%
1	Electron IM Pte. Ltd. (KKR affiliate entity)	60%
2	Sterlite Power Transmission Limited	40%
	<b>Total</b>	<b>100%</b>

Source: Investment Manager

### Assets to be Valued:

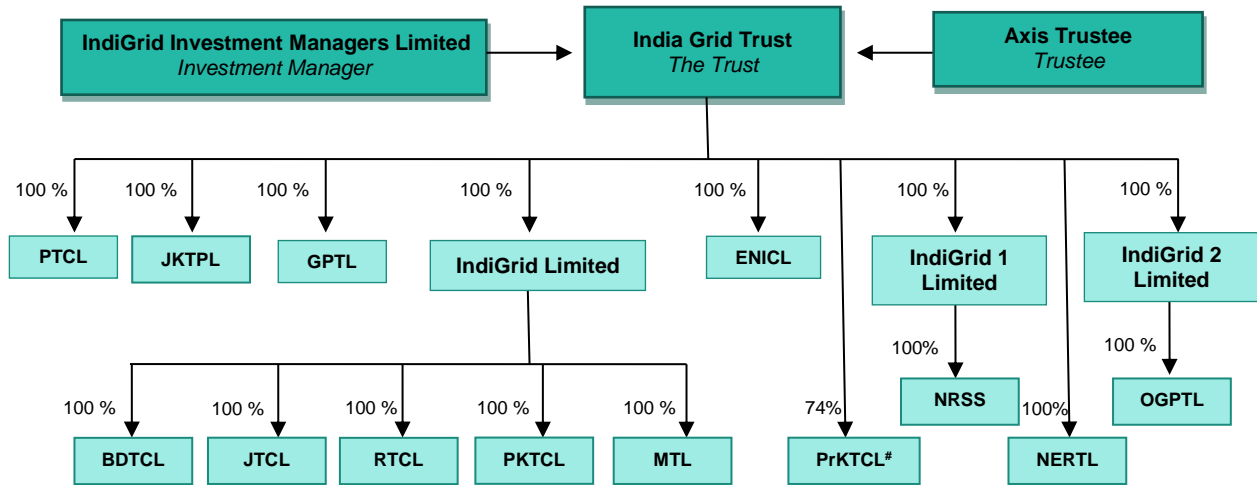
Enterprise Value (“**EV**”) is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash and cash equivalents to meet those liabilities. The below mentioned financial assets are valued at Enterprise Value.

Sr. No.	Name of the SPV
1	Bhopal Dhule Transmission Company Limited (“BDTCL”)
2	Jabalpur Transmission Company Limited (“JTCL”)
3	Maheshwaram Transmission Limited (“MTL”)
4	RAPP Transmission Company Limited (“RTCL”)
5	Purulia & Kharagpur Transmission Company Limited (“PKTCL”)
6	Patran Transmission Company Limited (“PTCL”)
7	NRSS XXIX Transmission Limited (“NRSS”)
8	Odisha Generation Phase - II Transmission Limited (“OGPTL”)
9	East-North Interconnection Company Limited (“ENICL”)
10	Gurgaon Palwal Transmission Limited (“GPTL”)
11	Jhajjar KT Transco Private Limited (“JKTPL”)
12	Parbati Koldam Transmission Company Limited (“PrKTCL”)
13	NER II Transmission Limited (“NERTL”)

(Together referred to as “the SPVs”)

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**Group Structure of the Trust as at 30<sup>th</sup> June 2021**



% Represents Economic Ownership  
 # PrKTCL- 26% stake held by PowerGrid (PGCIL)

Source: Investment Manager

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## 1.2. Purpose and Scope of Valuation

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### Purpose of Valuation

#### 1.2.1. As per Regulation 21(5) of Chapter V of the SEBI InvIT Regulations:

*"A half yearly valuation of the assets of the InvIT shall be conducted by the valuer for the half-year ending September 30<sup>th</sup> for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within one month from the date of end of such half year.*

*Provided that in case the consolidated borrowings and deferred payments of an InvIT, in terms of Regulation 20, is above forty nine per cent, the valuation of the assets of such InvIT shall be conducted by the valuer for quarter ending June, September and December, for incorporating any key changes in the previous quarter and such quarterly report shall be prepared within one month from the date of the end of such quarter."*

In this regard, the Investment Manager and the Trustee intends to undertake the fair enterprise valuation of the SPVs as on 30<sup>th</sup> June 2021 for incorporating any key changes from the period ended 31<sup>st</sup> March 2021 till 30<sup>th</sup> June 2021. Accordingly, this report should be read in continuation to my report dated 27<sup>th</sup> May 2021 in relation to the valuation of all the SPVs as at 31<sup>st</sup> March 2021.

#### 1.2.2. In this regard, the Investment Manager and the Trustee have appointed Mr. S. Sundararaman ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at the enterprise level of the SPVs as per the SEBI InvIT Regulations as at 30<sup>th</sup> June 2021. Enterprise Value ("EV") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash and cash equivalents to meet those liabilities.

#### 1.2.3. Registered Valuer declares that:

- i. The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- ii. The RV is independent and has prepared the Valuation Report ("the Report") on a fair and unbiased basis.

#### 1.2.4. This Report covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPVs is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

### Scope of Valuation

#### 1.2.5. Nature of the Asset to be Valued

The RV has been mandated by the Investment Manager to arrive at the Enterprise Value of the SPVs. Enterprise Value is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash and cash equivalents to meet those liabilities.

#### 1.2.6. Valuation Base

Valuation Base means the indication of the type of value being used in an engagement. In the present case, RV has determined the fair value of the SPVs at the enterprise level. Fair Value Bases defined as under:

##### **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

1.2.7. **Valuation Date**

Valuation date is the specific date at which the value of the assets to be valued gets estimated or measured. Valuation is time specific and can change with the passage of time due to changes in the condition of the asset to be valued. Accordingly, valuation of an asset as at a particular date can be different from other date(s).

The valuation date considered for the fair enterprise valuation of the SPVs is 30<sup>th</sup> June 2021 (“**Valuation Date**”). The attached Report is drawn up by reference to accounting and financial information as on 30<sup>th</sup> June 2021. The RV is not aware of any other events having occurred since 30<sup>th</sup> June 2021 till date of this Report which he deems to be significant for his valuation analysis.

1.2.8. **Premise of Value**

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, RV has determined the fair enterprise value of the SPVs on a Going Concern Value defined as under:

**Going Concern Value**

Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place etc.

1.2.9. For the amount pertaining to the operating working capital, the Investment Manager has acknowledged to consider the provisional financial statements as on 30<sup>th</sup> June 2021 to carry out the valuation of the SPVs.

1.3. **Summary of Valuation**

I have assessed the fair enterprise value of each of the SPVs on a stand-alone basis by using the discounted cash flow method under the income approach. Following table summarizes my explanation on the usage or non-usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost approach	Net Asset Value	No	NAV does not capture the future earning potential of the business.
Income approach	Discounted Cash Flow	Yes	The revenues of the projects are defined for a certain period of years under TSA, known as “Concession Period”. All the SPVs except ENICL have Concession Period of 35 years and in case of ENICL, the Concession Period is 25 years. Hence, the growth potential of the SPVs and the true worth of its business would be reflected in its future earnings potential and therefore, DCF method under the income approach has been considered as an appropriate method for the present valuation exercise.
Market approach	Market Price	No	The equity shares of SPVs are not listed on any recognized stock exchange in India. Hence, I was unable to apply market price method.
	Comparable Companies Multiples (“ <b>CCM</b> ”)	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPVs, I have not considered CCM method in the present case.
	Comparable Transactions Multiples (“ <b>CTM</b> ”)	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

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Under the DCF method, the Free Cash Flow to Firm (“**FCFF**”) has been used for the purpose of valuation of each of the SPVs. In order to arrive at the fair EV of the individual SPVs under the DCF method, I have relied on unaudited financial statements as at 30<sup>th</sup> June 2021 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the respective SPVs prepared by the Investment Manager as at the Valuation Date based on their best judgment. The discount rate considered for the respective SPVs for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital (“**WACC**”) for each of the SPVs. As all the SPVs under consideration have executed projects either under the Build-Own-Operate and Maintain (“**BOOM**”) or Build-Own-Operate (“**BOO**”) model except JKTPL which has executed project under Design-Build-Finance-Operate-Transfer (“**DBFOT**”) basis and, the ownership of the underlying assets shall remain with the SPVs even after the expiry of the concession period. Accordingly, terminal period value i.e. value on account of cash flows to be generated even after the expiry of concession period has been considered in the current valuation exercise.

Based on the methodology and assumptions discussed further, RV has arrived at the fair Enterprise Value of the SPVs as on the Valuation Date:

Sr. No.	SPVs	Projection Period (Balance TSA Period)	WACC	Fair EV (INR Mn)
1	BDTCL	~ 27 Years and 9 Months	7.98%	20,276
2	JTCL	~ 27 Years and 8 Months	8.22%	16,026
3	MTL	~ 31 Years and 6 Months	7.76%	5,897
4	RTCL	~ 29 Years and 8 Months	7.73%	4,176
5	PKTCL	~ 29 Years and 9 Months	7.67%	6,815
6	PTCL	~ 30 Years and 5 Months	7.72%	2,363
7	NRSS	~ 32 Years and 2 Months	7.60%	46,193
8	OGPTL	~ 32 Years and 9 Months	7.75%	14,789
9	ENICL*	~ 14 Years and 4 Months	8.14% to 11.32%	11,908
10	GPTL	~ 33 Years and 9 Months	7.70%	12,152
11	JKTPL	~ 24 Years and 4 Months	7.64%	3,030
12	PrKTCL**	~ 28 Years and 3 Months	8.24%	8,391
13	NERTL	~ 34 Years and 9 Months	7.65%	52,473
<b>Total</b>				<b>2,04,491</b>

\*Only in case of ENICL, I have considered separate WACC for explicit period and terminal period.

\*\*PrKTCL operates under Cost Plus Mechanism where the period of services is not mentioned in TSA. I have considered a total period of 35 years of useful life based on CERC Tariff Regulations, 2019 and based on discussions with the Investment Manager.

Further to above considering that present valuation exercise is based on the future financial performance and based on opinions on the future credit risk, cost of debt assumptions, etc., which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the WACC by increasing/ decreasing it by 1.00%.

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Fair Enterprise Valuation Range based on WACC parameter (1.00%)

Sr No.	SPVs	Base WACC	EV	WACC +1.00%	EV	WACC -1.00%	INR Mn
							EV
1	BDTCL	7.98%	20,276	8.98%	18,500	6.98%	22,522
2	JTCL	8.22%	16,026	9.22%	14,554	7.22%	17,871
3	MTL	7.76%	5,897	8.76%	5,324	6.76%	6,630
4	RTCL	7.73%	4,176	8.73%	3,825	6.73%	4,610
5	PKTCL	7.67%	6,815	8.67%	6,235	6.67%	7,542
6	PTCL	7.72%	2,363	8.72%	2,170	6.72%	2,604
7	NRSS	7.60%	46,193	8.60%	42,083	6.60%	51,396
8	OGPTL	7.75%	14,789	8.75%	13,445	6.75%	16,500
9	ENICL	8.14% to 11.32%	11,908	9.14% to 12.32%	11,167	7.14% to 10.32%	12,760
10	GPTL	7.70%	12,152	8.70%	11,135	6.70%	13,425
11	JKTPL	7.64%	3,030	8.64%	2,858	6.64%	3,224
12	PrKTCL	8.24%	8,391	9.24%	7,751	7.24%	9,184
13	NERTL	7.65%	52,473	8.65%	46,757	6.65%	59,874
<b>Total of all SPVs</b>			<b>2,04,491</b>		<b>1,85,802</b>		<b>2,28,141</b>

The above represents reasonable range of fair enterprise valuation of the SPVs.

**2. Procedures adopted for current valuation exercise**

- 2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 (“**IVS**”) issued by the Institute of Chartered Accountants of India.
- 2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:
  - 2.2.1. Requested and received financial and qualitative information relating to the SPVs;
  - 2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;
  - 2.2.3. Discussions with the Investment Manager on:
    - Understanding of the businesses of the SPVs – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;
  - 2.2.4. Undertook industry analysis:
    - Research publicly available market data including economic factors and industry trends that may impact the valuation
    - Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by us.
  - 2.2.5. Analysis of other publicly available information
  - 2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by us.
  - 2.2.7. Determination of fair EV of the SPVs.

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**3. Overview of the InvIT and the SPVs**

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**The Trust**

- 3.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21<sup>st</sup> October 2016 by SPGVL (now merged with SPTL) as the Sponsor. The investment strategy of the Trust is to own and operate power transmission and renewable power generation assets in India. The unitholders of the Trust approved the induction of “Esoteric” as a Sponsor in the Annual General Meeting of the Trust for FY 2019-20 held on 28<sup>th</sup> September 2020. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6th June 2017.
- 3.2. The Trust, pursuant to the ‘Framework Agreement’ entered with the Sponsor SPGVL (now merged with SPTL) in 2019 has a right to acquire three projects of the Sponsor SPGVL (now merged with SPTL), out of which two projects have been acquired by the Trust and one can still be acquired pursuant to the Framework Agreement.

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3.3. The Trust has acquired from the Sponsor SPGVL/ SPTL (or their subsidiaries) certain SPVs, viz. BDTCL, JTCL, MTL, RTCL, PKTCL, NRSS, OGPTL, ENICL, GPTL and NERTL; PTCL from Techno Electric & Engineering Company Limited (“TEECL”); JKTPL from Kalpataru Power Transmission Ltd & TEECL and PrKTCL from Reliance Infrastructure Limited. Following is the summary of the past EVs and the date of acquisition of the SPVs:

EV (INR Mn)	BDTCL	JTCL	MTL	RTCL	PKTCL	PTCL	NRSS	OGPTL	ENICL	GPTL	JKTPL	PrKTCL	NERTL
Acquisition Date	30 May 2017	30 May 2017	14 Feb 2018	14 Feb 2018	14 Feb 2018	31 Aug 2018	3 Jun 2019	27 Jun 2019	24 Mar 2020	28 Aug 2020	28 Sep 2020	8 Jan 2021	26 Mar 2021
Acquisition Value	37,020		4,697	3,542	5,861	2,320	40,465	11,980	10,200	10,850	2,911	8,150	51,175
31 Mar 2015	20,113	14,295	-	-	-	-	-	-	-	-	-	-	-
31 Mar 2016	21,182	19,407	-	-	-	-	-	-	-	-	-	-	-
31 Mar 2017	21,541	16,125	-	-	-	-	-	-	-	-	-	-	-
31 Sep 2017	21,431	15,988	5,218	3,935	6,512	-	-	-	-	-	-	-	-
31 Mar 2018	20,319	15,431	5,564	4,054	6,618	-	-	-	-	-	-	-	-
30 Sep 2018	19,694	14,937	5,423	4,084	6,481	2,401	-	-	-	-	-	-	-
31 Mar 2019	19,470	14,608	5,268	4,035	6,390	2,423	-	-	-	-	-	-	-
30 Sep 2019	19,091	14,774	5,383	4,173	6,477	2,442	44,349	13,878	-	-	-	-	-
31 Mar 2020	18,565	14,426	5,437	4,008	6,439	2,370	43,911	14,105	10,949	-	-	-	-
30 Jun 2020	19,013	14,526	5,595	4,082	6,595	2,417	43,857	14,375	11,244	-	-	-	-
30 Sep 2020	19,124	15,063	5,760	4,157	6,701	2,461	45,362	14,644	11,439	11,413	2,884	-	-
31 Dec 2020	20,200	15,439	5,810	4,208	6,731	2,453	46,109	14,785	11,482	11,807	3,020	-	-
31 Mar 2021	20,396	16,022	5,902	4,202	6,826	2,374	46,808	14,791	11,962	12,223	3,032	8,561	52,361





3.4. **Bhopal Dhule Transmission Company Limited (BDTCL)**

3.4.1. Summary of details of BDTCL are as follows:

Parameters	Details
Project Cost	INR 21,634 Mn
Total Length	944 ckms
Scheduled COD	31 <sup>st</sup> March 2014
Concession period	35 years from SCOD
Trust's stake	100% economic ownership

Source: Investment Manager

3.4.2. The BDTCL project was awarded to IndiGrid Limited (formerly known as Sterlite Grid 1 Limited) by the Ministry of Power on 31<sup>st</sup> January 2011 for a 35 year period from the scheduled commercial operation date on a BOOM basis. The expiry date of TSA shall be the date which is 35 years from the Scheduled Commercial Operation Date (“SCOD”) of the project.

3.4.3. BDTCL operates six extra high voltage overhead transmission lines of 944 Ckms comprising four 765 kV single circuit lines of 891 Ckms and two 400 kV dual circuit lines of 53 Ckms. The single circuit lines comprise a 260 ckms line from Jabalpur to Bhopal in Madhya Pradesh, a 176 Ckms line from Bhopal to Indore in Madhya Pradesh, a 192 Ckms line from Aurangabad to Dhule in Maharashtra and a 263 Ckms line from Dhule (Maharashtra) to Vadodara (Gujarat). The double circuit lines consist of a 36 Ckms line within Dhule and a 17 Ckms line within Bhopal. In addition, the project includes two 3,000 MVA sub-stations, one each in Bhopal and Dhule.

3.4.4. BDTCL facilitates the transfer of electricity from coal-fired power generation sources from the states of Odisha and Chhattisgarh to power load centres in India’s western and northern regions.

3.4.5. BDTCL consists of the following transmission lines and implemented on contract basis:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Actual COD	Contribution to total Revenue
Jabalpur – Bhopal	Madhya Pradesh	260	765 kV S/C	9 <sup>th</sup> June 2015	22%
Bhopal – Indore	Madhya Pradesh	176	765 kV S/C	19 <sup>th</sup> November 2014	12%
Bhopal - Bhopal (MPPTCL)	Madhya Pradesh	17	400 kV D/C	12 <sup>th</sup> August 2014	2%
Aurangabad - Dhule (IPTC)	Maharashtra	192	765 kV S/C	5 <sup>th</sup> December 2014	10%
Dhule (IPTC) – Vadodara	Maharashtra, Gujarat	263	765 kV S/C	13 <sup>th</sup> June 2015	16%
Dhule (IPTC) - Dhule (MSETCL)	Maharashtra	36	400 kV D/C	6 <sup>th</sup> December 2014	4%
Bhopal Sub-station	Madhya Pradesh	-	2 x 1,500 MVA 765/400 kV	30 <sup>th</sup> September 2014	17%
Dhule Sub-station	Maharashtra	-	2 x 1,500 MVA 765/400 kV	6 <sup>th</sup> December 2014	17%

Source: Investment Manager

3.4.6. Due to various Force Majeure and Change in Law events during the construction period which adversely affected and delayed the commissioning, BDTCL has been granted an increase in Non Escalable Transmission charges by Appellate Tribunal for Electricity through order dated 20<sup>th</sup> October 2020 at the rate of 2.987%.

3.5. **Jabalpur Transmission Company Limited (JTCL)**

3.5.1. Summary of details of JTCL are as follows:

Parameters	Details
Project Cost	INR 19,183 Mn
Total Length	992 ckms
Scheduled COD	1 <sup>st</sup> March, 2014
Concession period	35 years from SCOD
Trust's stake	100% economic ownership

Source: Investment Manager

3.5.2. The JTCL project was awarded to IndiGrid Limited (formerly known as Sterlite Grid 1 Limited) by the Ministry of Power on 19<sup>th</sup> January 2011 for a 35 year period from the scheduled commercial operation date on a BOOM basis. The expiry date of TSA shall be the date which is 35 years from the scheduled COD of the project.

3.5.3. JTCL operates two extra high voltage overhead transmission lines of 992 Ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV dual circuit line of 757 Ckms from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV single circuit Line of 235 Ckms from Jabalpur to Bina in Madhya Pradesh.

3.5.4. JTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the east of India.

3.5.5. JTCL consists of the following transmission lines and is being implemented on contract basis:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Actual COD	Contribution to total tariff
Jabalpur-Dharamjaygarh	Chhattisgarh, Madhya Pradesh	757	765 kV D/C	14 <sup>th</sup> September 2015	72%
Jabalpur-Bina	Madhya Pradesh	235	765 kV S/C	1 <sup>st</sup> July 2015	28%

Source: Investment Manager

3.6. **Maheshwaram Transmission Limited (MTL)**

3.6.1. Summary of details of MTL are as follows:

Parameters	Details
Project Cost	INR 3,841 Mn
Total Length	477 ckms
Scheduled COD	1 <sup>st</sup> June, 2018
Concession period	35 years from SCOD
Trust's stake	100% economic ownership

Source: Investment Manager

3.6.2. The MTL project was awarded to IndiGrid 2 Limited (formerly known as Sterlite Grid 3 Limited) by the Ministry of Power on 10th June 2015 for a 35 year period from the scheduled commercial operation date on BOOM basis. The expiry date of TSA shall be the date which is 35 years from the SCOD of the project.

3.6.3. MTL will create a key component to enable Southern region to draw more power from North-East-West Grid and address the issue of power stability in Telangana region. The improved grid connectivity shall facilitate power procurement from the ISTS network to the beneficiary states Telangana, Tamil Nadu, Seemandhra and Karnataka to meet their electricity demands. The project is envisaged to provide grid connectivity for Maheshwaram 765/400 kV Pooling Substation and Nizamabad 765/400 kV Substation.

3.6.4. MTL project consists of the following transmission lines and is being implemented on contract basis:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Actual COD	Contribution to total tariff
Maheshwaram (PG) – Mehboob Nagar	Telangana	197	400 kV D/C	14 <sup>th</sup> Dec 2017	35%
2 Nos. of 400 kV line bays at Mehboob Nagar S/S of TSTRANCO	Telangana	-		14 <sup>th</sup> Dec 2017	0%
Nizamabad – Yeddumailaram	Telangana	279	400 kV D/C	14 <sup>th</sup> Oct 2017	65%
2 Nos. of 400 kV line bays at Yeddumailaram (Shankarapali) S/S of TSTRANCO	Telangana	-	400 kV D/C	14 <sup>th</sup> Oct 2017	0%

Source: Investment Manager

3.7. **RAPP Transmission Company Limited (RTCL)**

3.7.1. Summary of details of RTCL are as follows:

Parameters	Details
Project Cost	INR 2,601 Mn
Total Length	403 ckms
Scheduled COD	1 <sup>st</sup> March, 2016
Concession period	35 years from SCOD
Trust's stake	100% economic ownership

Source: Investment Manager

3.7.2. The RTCL project was awarded to IndiGrid 1 Limited (formerly known as Sterlite Grid 2 Limited) by the Ministry of Power on 24<sup>th</sup> July 2013 for a 35 year period from the scheduled commercial operation date on a BOOM basis. The expiry date of TSA shall be the date which is 35 years from the scheduled COD of the project.

3.7.3. The RTCL project transfers power from the atomic power plant near Kota in Rajasthan to Shujalpur in Madhya Pradesh to provide the path for the evacuation of electricity generated at RAPP-7 and 8. Its route length is 201 Kms. The network will act as an interregional link between the Northern and the Western region.

3.7.4. RTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the west of India.

3.7.5. RTCL consists of the following transmission lines and is being implemented on contract basis:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Actual COD	Contribution to total tariff
RAPP-Shujalpur	Rajasthan and Madhya Pradesh	403	400 kV D/C	1 <sup>st</sup> March 2016	100%

Source: Investment Manager

3.8. **Purulia & Kharagpur Transmission Company Limited (PKTCL)**

3.8.1. Summary of details of PKTCL are as follows:

Parameters	Details
Project Cost	INR 4,405 Mn
Total Length	545 ckms
Scheduled COD	11 <sup>th</sup> March 2016
Concession period	35 years from SCOD
Trust's stake	100% economic ownership

Source: Investment Manager

3.8.2. The PKTCL project was awarded to IndiGrid 1 Limited (formerly known as Sterlite Grid 2 Limited) by the Ministry of Power on 6<sup>th</sup> August 2013 for a 35 year period from the scheduled commercial operation date on BOOM basis. The expiry date of TSA shall be the date which is 35 years from the scheduled COD of the project.

3.8.3. PKTCL project has been brought into existence, keeping in view the growing generation capacity in the eastern region. It was much needed to strengthen the interconnection of the state grids with regional grids to facilitate exchange of additional power between them. Its route length is 545 Ckms.

3.8.4. PKTCL consists of the following transmission lines and is being implemented on contract basis:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Actual COD	Contribution to total tariff
Kharagpur – Chaibasa	West Bengal, Jharkhand	322	400 kV D/C	18 <sup>th</sup> June 2016	54%
Purulia – Ranchi	West Bengal, Jharkhand	223	400 kV D/C	7 <sup>th</sup> January 2017	46%

Source: Investment Manager

3.9. **Patran Transmission Company Limited (PTCL)**

3.9.1. Summary of details of the PTCL are as follows:

Parameters	Details
Project Cost	INR 2,250 Mn
Total Length	10 ckms
Scheduled COD	11 <sup>th</sup> November, 2016
Concession period	35 years from SCOD
Trust's stake	100% economic ownership

Source: Investment Manager

3.9.2. The PTCL project located in Patran Village Nihal, Punjab was awarded to Techno Electric & Engineering Co. Ltd. by the Ministry of Power for a 35 year period from the scheduled commercial operation date on BOOM basis. The expiry date of TSA shall be the date which is 35 years from the scheduled COD of the project.

3.9.3. The PTCL project's need arose because of the partial grid disturbance in the Patial – Sangrur district of Punjab in July 2011. There were 5 substations of 220 kV in the vicinity and a need for 400 / 220 kV substation was felt to avoid the unbalanced loading. The 400/220 kV S/s at Patran would be connected to the grid by LILO of Patial-Kaithal 400 kV D/C.

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3.9.4. The project consists of the following transmission lines and is being implemented on contract basis:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Actual COD	Contribution to total tariff
Patiala-Kaithal	Patran, Punjab	10	400 kV D/C	12 <sup>th</sup> November 2016	100%
Patran substation	Patran, Punjab		2*500MVA, 400/220kV Substation	12 <sup>th</sup> November 2016	

Source: Investment Manager

3.10. **NRSS XXIX Transmission Limited (NRSS)**

3.10.1. Summary of details of NRSS are as follows:

Parameters	Details
Project Cost	INR 28,082 Mn
Total Length	830 ckms/ 415 kms
Scheduled COD	5 <sup>th</sup> August 2018
Concession period	35 years from SCOD
Trust's stake	100% economic ownership

Source: Investment Manager

3.10.2. The NRSS project was awarded by the Ministry of Power on 2<sup>nd</sup> January 2014 for a 35 years period from the commercial operation date on a BOOM basis.

3.10.3. The NRSS XXIX Transmission Limited project is expected to deliver over 2,000 MW of electricity from Punjab to the Kashmir Valley by strengthening the transmission system in these two states. The Jalandar-Samba 400 kV D/C transmission line was commissioned in June 2016. NRSS XXIX Transmission Limited commissioned the other two 400 kV double circuit transmission lines and one 400/220 kV GIS sub-station in September 2018. The SPV would operate and maintain these for a minimum tenure of 35 years.

3.10.4. NRSS consists of the following transmission lines and line bays and is being implemented on contract basis:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Actual COD	Contribution to total tariff
Jalandar - Samba	Punjab, J&K	270	400 kV D/C line	24 <sup>th</sup> June 2016	22%
Samba-Amargarh	J&K	560	Two 400 kV D/C, One 400/220 kV GIS sub-station	2 <sup>nd</sup> September 2018	78%

Source: Investment Manager

3.11. **Odisha Generation Phase - II Transmission Limited (OGPTL)**

3.11.1. Summary of details of OGPTL are as follows:

Parameters	Details
Project Cost	INR 12,200 Mn
Total Length	710 ckms/ 355 kms
Scheduled COD	08 <sup>th</sup> August 2019
Concession period	35 years from SCOD
Trust's stake	100% economic ownership

Source: Investment Manager

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- 3.11.2. The OGPTL project was awarded to IndiGrid 2 Limited (formerly known as Sterlite Grid 3 Limited) by the Ministry of Power on 19<sup>th</sup> January 2011 for a 35 years period from the SCOD date on a BOOM basis.
- 3.11.3. The OGPTL project is a part of Common Transmission System for Phase – II Generation Projects and Immediate Evacuation System for OPGC Projects in Odisha. The transmission lines will be part of the interstate transmission network providing additional evacuation up to 5,000 MW of electricity from Odisha-based plants that are seeking better access to power-consuming centers. The OPGC – Jharsuguda 400 kV D/C transmission line was commissioned in August 2017 and Jharsuguda – Raipur 765 kV D/C transmission line in April 2019. The SPV would operate and maintain these for a minimum tenure of 35 years.
- 3.11.4. OGPTL consists of the following transmission lines and line bays and is being implemented on contract basis:

Transmission Line / Sub-Station	Location	Route Length (ckms)	Specifications	Actual COD	Contribution to Total Tariff
Jharsuguda - Raipur	Odisha	608	765 kV D/C	6 <sup>th</sup> April 2019	94%
OPGC – Raipur	Odisha	102	400 kV D/C	30 <sup>th</sup> August 2017	6%

Source: Investment Manager

3.12. **East-North Interconnection Company Limited (ENICL)**

- 3.12.1. Summary of details of ENICL are as follows:

Parameters	Details
Project Cost	INR 12,519 Mn
Total Length	909 ckms/ 452 kms
Issue of Transmission License	28 <sup>th</sup> October 2010
Scheduled COD	07 <sup>th</sup> January 2013
Concession Period	25 years from issue of Transmission License
Trust's stake	100% economic ownership

Source: Investment Manager

- 3.12.2. The ENICL project was awarded to Sterlite Technologies Limited, by the Ministry of Power on 7<sup>th</sup> January 2010 for a period of 25 years from the date of issue of Transmission Licence by Central Electricity Regulatory Commission (“CERC”) on a BOOM basis.
- 3.12.3. ENICL is engaged in the establishment of two 400 KV Double Circuit transmission lines (with a total line length of 452 Km) that passes through the Indian states at Assam, West Bengal, and Bihar. Bongaigaon Silliguri Line, having the length of 220 kms passing through the states of Assam and West Bengal. Purnea Biharsharif Line with the length of 232 kms passes through the state of Bihar. As per the terms of TSA, ENICL would construct, operate and maintain these for a minimum tenure of 25 years.
- 3.12.4. ENICL consists of the following transmission lines and is being implemented on contract basis:

Transmission Line / Sub-Station	Location	Route Length (ckms)	Specifications	Actual COD	Contribution to Total Tariff
Bongaigaon Silliguri Line	Assam, West Bengal	443	400 kV D/C	11 <sup>th</sup> November 2014	52%
Purnea Biharsharif Line	Bihar	466	400 kV D/C	13 <sup>th</sup> September 2013	48%

Source: Investment Manager

3.13. **Gurgaon Palwal Transmission Limited (GPTL)**

3.13.1. Summary of details of GPTL are as follows:

Parameters	Details
Project Cost	INR 10,520 Mn
Total Length	270 ckms
TSA Signing Date	4 <sup>th</sup> March 2016
Scheduled COD	13 <sup>th</sup> September 2019
COD of last element of the SPV	13 <sup>th</sup> April 2020
Concession period	35 years from SCOD

Source: Investment Manager

- 3.13.2. GPTL project was awarded to Sterlite Grid 4 Limited, a wholly owned subsidiary of SPGVL (now merged with SPTL), by the Ministry of Power for a period of 35 years from the Scheduled COD on a BOOM basis. GPTL was granted Transmission Licence by CERC on 29<sup>th</sup> September 2016.
- 3.13.3. GPTL consists of three GIS substations, five transmission lines and two bays to meet the rising power demand in Gurgaon and Palwal.
- 3.13.4. GPTL Project will span over ~ 270 ckms while delivering over 3000MVA to enhance power transmission in the region.
- 3.13.5. Due to change in law during the construction period, GPTL has been claiming increase in Non Escalable Transmission charges at the rate of 1.52% from its Long Term Transmission Customers. I have considered such increase in Non Escalable Transmission charges based on representation by the Investment Manager.

3.14. **Jhajjar KT Transco Private Limited (JKTPL)**

3.14.1. Summary of details of JKTPL are as follows:

Parameters	Details
Total Length	204 ckms
TSA Signing Date	28 <sup>th</sup> May 2010
TL Signing Date	26 <sup>th</sup> October 2010
Scheduled COD	12 <sup>th</sup> March 2012
Expiry Date	25 years from the issue of Transmission License, extendable for 10 years

Source: Investment Manager

- 3.14.2. The JKTPL project was awarded on 28<sup>th</sup> May 2010 to a joint venture between Kalpataru Power Transmission Ltd (“KPTL”) and Techno Electric & Engineering Co. Ltd. (“TEECL”), by the Haryana Vidyut Prasaran Nigam Limited (“HVPNL”) for a period of 25 years effective from the appointed date on a DBFOT basis. JKTPL was granted Transmission Licence by CERC on 26<sup>th</sup> October 2010. As per the terms of TSA, the SCOD of the SPV was 12<sup>th</sup> March 2012.
- 3.14.3. The project consists of the following transmission lines and substations and they are being implemented on contract basis:

Particulars	Ckms	Location
400 kV Transmission System Double Circuit	70	Jharli (Jhajjar) to Kabulpur (Rohtak)
400 kV Transmission System Double Circuit	134	Kabulpur (Rohtak) to Dipalpur (Sonapat)
Single Circuit (S/C) Loop-In-Loop-Out (LILO)	1	Loop-in-Loop-out of one circuit of Abdullapur - Bawana 400 kV D/C Line at Dipalpur (Sonapat)



2X315 MVA, 400kV / 220kV + 2X100 MVA 220kV / 132kV Air Insulated Substations (AIS)	Substation Kabulpur (Rohtak)
2X315 MVA, 400kV / 220kV + 2X100 MVA 220kV / 132kV Air Insulated Substations (AIS)	Substation Dipalpur (Sonepat)

Source: Investment Manager

- 3.14.4. JKTPL is promoted to undertake the construction and operation of transmission line and two substations in Haryana on Design-Build-Finance-Operate-Transfer (“DBFOT”) basis.
- 3.14.5. JKTPL consists of ~100 kms 400 KV Jhajjar – Kabalpur - Dipalpur transmission line and two substations in the state of Haryana, India.
- 3.14.6. JKTPL Project span over 204 ckms while delivering over 1,320 MW to enhance power transmission in the region.
- 3.14.7. It consists of three 400 KV transmission lines spread across 103 kms in Haryana with 2 substations with a transformation capacity of 830 MVA.

3.15. **Parbati Koldam Transmission Company Limited (PrKTCL)**

- 3.15.1. PrKTCL owns and operate 280 Km (458 circuit kms) of 400 kV transmission lines across Himachal Pradesh and Punjab.
- 3.15.2. PrKTCL evacuate power from power plants situated in Himachal Pradesh, viz. 800MW Parbati –II and 520MW Parbati – III Hydro Electric Plant (HEP) of NHPC, 800 MW Koldham HEP project of NTPC and 100 MW Sainj HEP of HPPCL.
- 3.15.3. PrKTCL was incorporated on 2<sup>nd</sup> September 2002 and promoted to undertake the construction and operation of transmission line in area of Punjab and Haryana on BOO basis.
- 3.15.4. PrKTCL has been granted transmission license under section 14 of the Act. PrKTCL operate 458 ckm of 400 kV lines in the area of Punjab and Himachal Pradesh. The tariff of PrKTCL is determined under section 62 of the Act read with Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019. The transmission assets have been developed under a cost-plus tariff model which includes construction, maintenance and operation of transmission lines and evacuating power from power plants situated in Himachal Pradesh and Punjab, with total line length of ~458 Ckms
- 3.15.5. Summary of details of the project are as follows:

Parameters	Details
Total Length	458 Ckms
Location of Assets	Himachal Pradesh and Punjab
TSA signing Date	28 <sup>th</sup> May 2010
TL issuance Date	15 <sup>th</sup> September 2008
Expiry Date of License	25 years from the issue of Transmission License
Trust's stake	74% economic ownership (Balance 26% stake held by PGCIL)
COD of last element of the SPV	30 <sup>th</sup> June 2015

Source: Investment Manager

3.15.6. The project consists of the following transmission lines and substations:

Asset Name	COD as considered by CERC	Ckms	Capital Cost provisionally approved by CERC (INR Mn)	Petition No.
Asset 1 – Koldam Ludhiana CKT I	7 <sup>th</sup> August 2014	150.64	2,335	312/TT/2014 dated 19 Dec 2016 and review petition No. 8/RP/2017 and 9/RP/2017 dated 24 Jul 2019
Asset 2 – Koldam Ludhiana CKT II	14 <sup>th</sup> August 2014	150.64	2,339	
Asset 3 – Banala Koldam CKT I	10 <sup>th</sup> October 2014	66.38	1,947	384/TT/2014 dated 16 Jan 2017 and review petition no. 10/RP/2017 and 16/RP/2017 dated 19 Aug 2019
Asset 4 – Banala Koldam CKT II	4 <sup>th</sup> October 2014	62.63	1,837	
Asset 5 – Parbati-II HEP to LILO point of Banala Pooling Station (CKT-I)	3 <sup>rd</sup> November 2015	12.83	465	156/TT/2015 dated 29 Dec 2016
Asset 6 – Parbati II HEP to LILO point of Banala Pooling Station (CKT II)	3 <sup>rd</sup> November 2015	11.27	408	
Asset 7 – LILO point of Parbati III HEP to LILO point of Parbati Pooling Station	1 <sup>st</sup> August 2013	3.51	142	TT/297/2013 dated 15 Jan 2016, TT/71/2016 dated 23 Dec 2016
<b>Total</b>		<b>457.93</b>	<b>9,473</b>	

Source: Investment Manager

3.16. **NER-II Transmission Limited (NERTL)**

- 3.16.1. NERTL consists of two substations, five transmission lines and four bays to meet the rising power demand in North Eastern Region of India.
- 3.16.2. NERTL Project will span ~ 832 ckms while delivering 1260 MVA to enhance power transmission in the region.
- 3.16.3. Summary of details of the Project are as follows:

Parameters	Details
Project Cost	INR 30,649 Mn
Total Length	449 kms / 832 Ckms
Total Capacity (MVA)	1,260
TSA Signing Date	27 <sup>th</sup> December 2016
SCOD as per TSA	31 <sup>st</sup> March 2020 to 30 <sup>th</sup> November 2020
Expiry Date of License	25 years from issue of Transmission License
Concession period	35 years from SCOD
COD of last element of the SPV	5 <sup>th</sup> April 2021
Trust's stake	100% economic ownership

Source: Investment Manager

- 3.16.4. The NERTL project was awarded to SGL 4, wholly owned subsidiary of SPGVL (now merged with SPTL), by the Ministry of Power for a period of 35 years from SCOD of NERTL on a BOOM basis. NERTL was granted Transmission Licence by CERC on 23<sup>rd</sup> May 2017. The project consists of the following transmission lines and substations, implemented on contract basis.
- 3.16.5. As per the terms of TSA, the SCOD for various elements of the SPV is between 36 months to 44 months from effective date. As per the letter from Ministry of Power letter dated 27<sup>th</sup> July 2020, the

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project had received an extension of 5 months and accordingly the revised SCOD was between 31<sup>st</sup> August 2020 and 30<sup>th</sup> April 2021. The element wise SCOD and Actual COD is given below:

Sr No	Element	Location	Line (kVDC)	Length (kms)	Actual COD
1	Biswanath Chariyalli – Itanagar	Assam, Arunachal Pradesh	132kV D/C	68	05-Apr-21
2	LILO of Biswanath Chariali (PG) – Itanagar	Arunachal Pradesh	132kV DC	9	05-Apr-21
3	2 Nos of 132 kV line bays at Itanagar substation	Arunachal Pradesh	132kV		05-Apr-21
4	Silchar – Misa	Assam	400kV D/C	193	01-Mar-21
5	2*315 MVA substation at Surajmaninagar	Tripura	400/132 kV, 2x315 MVA		27-Jan-21
6	2 Nos of 132 kV line bays at PK Bari substation	Tripura	400/132 kV, 2x315 MVA		27-Jan-21
7	Surajmaninagar – P. K. Bari	Tripura	400kV D/C	96	27-Jan-21
8	2 Nos of 400 kV line bays at Palatana GBPP switchyard	Tripura	400 kV		27-Jan-21
9	AGTPP (NEEPCO) – P.K. Bari	Tripura	132kV D/C	83	23-Feb-21
10	2 Nos of 132 kV line bays at NEEPCO substation	Tripura	132kV		23-Feb-21
11	2*315 MVA substation at P.K. Bari	Tripura	132kV		23-Feb-21

Source: Investment Manager

- 3.16.6. Due to change in law during the construction period, NERTL has been claiming increase in Non Escalable Transmission charges at the rate of 3.93% from its Long Term Transmission Customers. I have considered such increase in Non Escalable Transmission charges based on representation by the Investment Manager.

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#### 4. **Valuation Methodology and Approach**

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- 4.1. The present valuation exercise is being undertaken in order to derive the fair EV of the SPVs.
- 4.2. The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the valuers, based on the facts and circumstances as applicable to the business of the company to be valued.
- 4.3. There are three generally accepted approaches to valuation:
- (a) "Cost" approach
  - (b) "Market" approach
  - (c) "Income" approach

#### 4.4. **Cost approach**

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

##### Net Asset Value ("NAV")

The NAV method under Cost approach considers the assets and liabilities, including intangible assets and contingent liabilities. The Net Assets, after reducing the dues to the preference shareholders, if any, represent the value of a company.

The NAV method is appropriate in a case where the main strength of the business is its asset backing rather than its capacity or potential to earn profits. This valuation approach is also used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria.

As an indicator of the total value of the entity, the NAV method has the disadvantage of only considering the status of the business at one point in time.

Additionally, NAV does not properly take into account the earning capacity of the business or any intangible assets that have no historical cost. In many aspects, net asset value represents the minimum benchmark value of an operating business.

#### 4.5. **Market approach**

Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

##### Comparable Companies Multiple ("CCM") method

The value is determined on the basis of multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

##### Comparable Transactions Multiple ("CTM") method

Under the CTM method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Few of such multiples are EV/Earnings before Interest, Taxes, Depreciation & Amortization ("EBITDA") multiple and EV/Revenue multiple.

Market Price method

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

**4.6. Income approach**

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow ("DCF") method

Under DCF method value of a company can be assessed using the FCFF or Free Cash Flow to Equity ("FCFE"). Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by WACC. The WACC, based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of the future cash flows as it considers equity–debt risk by incorporating debt–equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth for perpetuity in 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' future operations. The EV (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further reduced by the value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of the business.

**Conclusion on Valuation Approach**

- 4.7. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing my analysis, I have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPVs. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPVs, and other factors which generally influence the valuation of companies and their assets.
- 4.8. The goal in selection of valuation approaches and methods for any financial instrument is to find out the most appropriate method under particular circumstances on the basis of available information. No one method is suitable in every possible situation. Before selecting the appropriate valuation approach and method, I have considered various factors, inter-alia, the basis and premise of current valuation exercise, purpose of valuation exercise, respective strengths and weaknesses of the possible valuation approach and methods, availability of adequate inputs or information and its reliability and valuation approach and methods considered by the market participants.

**Cost approach**

The existing book value of EV of the SPVs comprising of the value of its net fixed assets and working capital based on the provisional unaudited financial statements as at 30<sup>th</sup> June 2021 and based on audited financial statements as at 31<sup>st</sup> March 2021 and of the respective SPVs prepared as per the Indian Accounting Standards (Ind AS) are as under:

Sr No.	SPVs	INR Mn	
		Book EV	
		Unaudited 30 <sup>th</sup> Jun 21	Audited 31 <sup>st</sup> Mar 21
1	BDTCL	17,547	17,582
2	JTCL	15,981	16,038
3	MTL	3,572	3,571
4	RTCL	2,261	2,257
5	PKTCL	3,911	3,903
6	PTCL	1,461	1,481
7	NRSS	26,352	26,763
8	OGPTL	11,884	11,818
9	ENICL	9,069	9,150
10	GPTL	10,417	10,432
11	JKTPL	2,561	2,588
12	PrKTCL	6,889	6,948
13	NERTL	31,271	30,436
	<b>Total</b>	<b>1,43,178</b>	<b>1,42,968</b>

In the present case, since the SPVs have entered into TSA, the revenue of SPVs are pre-determined for the life of the projects. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, since the NAV does not capture the future earning potential of the businesses, I have not considered the Cost approach for the current valuation exercise.

**Market approach**

The present valuation exercise is to undertake fair EV of the SPVs engaged in the power transmission business for a specific tenure. Further, the tariff revenue expenses are very specific to the SPVs depending on the nature of their geographical location, stage of project, terms of profitability. In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPVs, I have not considered CCM method in the present case. In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method. Currently, the equity shares of SPVs are not listed on any recognized stock exchange of India. Hence, I was unable to apply market price method.

**Income approach**

The SPVs are operating either as BOOM or BOO model-based projects except JKTPL which operates under DBFOT basis. The revenues of the projects are defined for 35 years under the TSA except for ENICL which is defined for 25 years under the TSA. Hence, the growth potential of the SPVs and the true worth of its business would be reflected in its future earnings potential and therefore, DCF method under the income approach has been considered as an appropriate method for the present valuation exercise.

**5. Valuation Conclusion**

- 5.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 5.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date since last valuation report date; hence no impact of the same has been factored in to arrive at EV of the SPVs.
- 5.3. Based on the above analysis, the EV as on the Valuation Date of the SPVs is as mentioned below:

SPVs	Explicit Projection period		Enterprise Value (INR Mn)		
	End Date	Balance Period	Explicit Period (A)	Terminal Value (B)	Fair EV (A+B)
BDTCL	30 <sup>th</sup> Mar 2049	~ 27 Years and 9 Months	18,531	1,746	<b>20,276</b>
JTCL	28 <sup>th</sup> Feb 2049	~ 27 Years and 8 Months	14,642	1,383	<b>16,026</b>
MTL	13 <sup>th</sup> Dec 2052	~ 31 Years and 6 Months	5,451	446	<b>5,897</b>
RTCL	28 <sup>th</sup> Feb 2051	~ 29 Years and 8 Months	3,963	213	<b>4,176</b>
PKTCL	10 <sup>th</sup> Mar 2051	~ 29 Years and 9 Months	6,378	437	<b>6,815</b>
PTCL	10 <sup>th</sup> Nov 2051	~ 30 Years and 5 Months	2,239	124	<b>2,363</b>
NRSS	1 <sup>st</sup> Sep 2053	~ 32 Years and 2 Months	43,405	2,788	<b>46,193</b>
OGPTL	5 <sup>th</sup> April 2054	~ 32 Years and 9 Months	13,871	918	<b>14,789</b>
ENICL	27 <sup>th</sup> Oct 2035	~ 14 Years and 4 Months	10,768	1,140	<b>11,908</b>
GPTL	31 <sup>st</sup> Mar 2055	~ 33 Years and 9 Months	11,598	554	<b>12,152</b>
JKTPL*	25 <sup>th</sup> Oct 2045**	~ 24 Years and 4 Months	3,030	-	<b>3,030</b>
PrKTCL***	7 <sup>th</sup> Oct 2049	~ 28 Years and 3 Months	7,888	503	<b>8,391</b>
NERTL	30 <sup>th</sup> Mar 2056	~ 34 Years and 9 Months	48,703	3,769	<b>52,473</b>
<b>Total of all SPVs</b>			<b>1,90,467</b>	<b>14,024</b>	<b>2,04,491</b>

\* JKTPL is awarded on DBFOT basis, hence no terminal value is considered

\*\* The end date for JKTPL is considered after extension of 10 years as per TSA.

\*\*\*PrKTCL operates under Cost Plus Mechanism where the period of services is not mentioned in TSA. I have considered a total period of 35 years of useful life based on CERC Tariff Regulations, 2019 and based on discussions with the Investment Manager.

- 5.4. The fair EV of the SPVs are has been arrived using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.

Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the WACC by increasing/ decreasing it by 1.00%.

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Fair Enterprise Valuation Range based on WACC parameter (1.00%)

Sr No.	SPVs	Base WACC	EV	INR Mn			
				WACC +1.00%	EV	WACC -1.00%	EV
1	BDTCL	7.98%	20,276	8.98%	18,500	6.98%	22,522
2	JTCL	8.22%	16,026	9.22%	14,554	7.22%	17,871
3	MTL	7.76%	5,897	8.76%	5,324	6.76%	6,630
4	RTCL	7.73%	4,176	8.73%	3,825	6.73%	4,610
5	PKTCL	7.67%	6,815	8.67%	6,235	6.67%	7,542
6	PTCL	7.72%	2,363	8.72%	2,170	6.72%	2,604
7	NRSS	7.60%	46,193	8.60%	42,083	6.60%	51,396
8	OGPTL	7.75%	14,789	8.75%	13,445	6.75%	16,500
9	ENICL	8.14% to 11.32%	11,908	9.14% to 12.32%	11,167	7.14% to 10.32%	12,760
10	GPTL	7.70%	12,152	8.70%	11,135	6.70%	13,425
11	JKTPL	7.64%	3,030	8.64%	2,858	6.64%	3,224
12	PrKTCL	8.24%	8,391	9.24%	7,751	7.24%	9,184
13	NERTL	7.65%	52,473	8.65%	46,757	6.65%	59,874
<b>Total of all SPVs</b>			<b>2,04,491</b>		<b>1,85,802</b>		<b>2,28,141</b>

The above represents reasonable range of fair enterprise valuation of the SPVs.

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## **6. Sources of Information**

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For the purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:

- 6.1. Audited financial statements of the SPVs for the Financial Year ("FY") ended 31<sup>st</sup> March 2017, 31<sup>st</sup> March 2018, 31<sup>st</sup> March 2019, 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2021;
- 6.2. Provisional profit & loss account and balance sheet of the SPVs for year ended 30<sup>th</sup> June 2021;
- 6.3. Projected incremental revenue due to change in law in MTL, NRSS, OGPTL, BDTCL, JTCL, ENICL and GPTL;
- 6.4. Details of brought forward losses (as per Income Tax Act) as at 31<sup>st</sup> March 2021;
- 6.5. Details of written down value (as per Income Tax Act) of assets as at 31<sup>st</sup> March 2021;
- 6.6. Details of projected Repairs and Capital Expenditure ("Capex") as represented by the Investment Manager;
- 6.7. As on 30<sup>th</sup> June 2021, India Grid Trust holds equity stake in the SPVs as mentioned in the Section 3. As represented to us by the Investment Manager, there are no changes in the shareholding pattern from 30<sup>th</sup> June 2021 to the date of issuance of this Report;
- 6.8. Transmission Service Agreement of the SPVs with Long Term Transmission Customers and Tariff Adoption Order by CERC;
- 6.9. Management Representation Letter by Investment Manager dated 29<sup>th</sup> July 2021.

The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 Pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPVs.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, we have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

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## **7. Exclusions and Limitations**

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- 7.1. 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.
- 7.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than valuation date of 30<sup>th</sup> June 2021 (Valuation Date) mentioned in the Report and as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 7.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of our engagements; (ii) the Valuation Date and (iii) are based on the financial information of SPVs till 30<sup>th</sup> June 2021. The Investment Manager has represented that the business activities of SPVs have been carried out in normal and ordinary course between 30<sup>th</sup> June 2021 and the Report Date and that no material changes have occurred in the operations and financial position between 30<sup>th</sup> June 2021 and the Report date.
- 7.4. The scope of the assignment did not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPVs or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPVs in their regulatory filings or in submissions, oral or written, made to me.
- 7.5. In addition, I do not take any responsibility for any changes in the information used by me to arrive at the conclusion as set out herein which may occur subsequent to the date of Report or by virtue of fact that the details provided to me are incorrect or inaccurate.
- 7.6. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of SPVs or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base this Report.
- 7.7. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.
- 7.8. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 7.9. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.
- 7.10. This Report is based on the information received from the sources mentioned in Section 6 and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of Report.

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- 7.11. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of engagement, others may place a different value on this business.
- 7.12. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.
- 7.13. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 7.14. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying myself to the extent possible that they are consistent with other information provided to me in the course of this engagement.
- 7.15. My conclusion assumes that the assets and liabilities of the SPVs, reflected in their respective latest balance sheets remain intact as of the Report date.
- 7.16. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.
- 7.17. The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- 7.18. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 7.19. In the particular circumstances of this case, my liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter, for such valuation work.
- 7.20. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.
- 7.21. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 7.22. I am not advisor with respect to legal tax and regulatory matters for the proposed transaction. No investigation of the SPVs' claim to title of assets has been made for the purpose of this Report and the SPVs' claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 7.23. I have no present or planned future interest in the Trustee, Investment Manager or the SPVs and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or the SPV.

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- 7.24. I have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of factual data used in my analysis and to prevent any error or inaccuracy in the final valuation report.

### **Limitation of Liabilities**

- 7.25. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsors, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of the RV's personnel personally.
- 7.26. In no circumstance, RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise) even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable.
- 7.27. It is clarified that the IIML and the Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 7.28. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by IIML or the Trustee.

### **Limitation on account of COVID-19 and Uncertainty in Valuation**

- 7.29. It is important to highlight that the COVID-19 pandemic has created uncertainty in valuation. The mitigation in the spread of COVID-19 and commencement of vaccination process has led to relaxation of restrictions and consequent opening up of the economy. However, the second wave and consequent lockdown in many parts of the country continues to impact the economy and consequent business recovery. Accordingly, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and durations.
- 7.30. I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date. The estimates and judgement made by the Investment Manager, could vary on future developments, including, among other things, any new information concerning the impact created by the COVID-19 pandemic on the economy and consequent effect on the business and on the customer's ability to make the payment. The Investment Manager continues to monitor any material changes to future economic conditions, which will be given effect, where relevant, in the respective future period.
- 7.31. As of 30<sup>th</sup> June 2021, I understand from the Investment Manager that there has been no material adverse impact to the SPVs' business operations and customer service due to remote work. The Investment Manager continues to review and modify plans as conditions change. Despite efforts to manage these impacts to the SPVs, the ultimate impact of COVID-19 also depends on factors beyond management's knowledge or control, including the duration and severity of this outbreak as well as actions taken to contain its spread and mitigate its public health effects.

## Strictly Private and Confidential

- 7.32. Accordingly, I would recommend a degree of caution to the values arrived under current circumstances. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Yours faithfully,

Swaminathan  
Sundararaman

Digitally signed by Swaminathan  
Sundararaman  
DN: c=IN, o=Personal, postalCode=600033,  
st=Tamil Nadu,  
serialNumber=9ad8f524fd0bab460f864da3  
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Date: 2021.07.30 16:28:52 +05'30'

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**S. Sundararaman**

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10238

Place: Chennai

UDIN: 21028423AAAAALO3562

<<End of Report>>