

CC/PUTL\_COS/Stock Exchanges/30

February 28, 2022

To

Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex  
Bandra (E), Mumbai – 400 051  
Symbol: PGINVIT

Listing Department  
BSE Limited  
20<sup>th</sup> Floor, P. J. Towers  
Dalal Street, Mumbai – 400 001  
Scrip Code:543290 (PGINVIT)  
Company Code:12436

**Subject: Disclosures under Regulation 23 and other applicable provisions the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("SEBI InvIT Regulations") read with the Policy for determining materiality of information for periodic disclosures ("Materiality Policy") of POWERGRID Infrastructure Investment Trust ("PGInvIT")**

Dear Sir/Madam,

Pursuant to Regulation 23 and other applicable provisions of the SEBI InvIT Regulations read with the Materiality Policy of PGINVIT, we wish to inform that the Board of Directors of POWERGRID Unchahar Transmission Limited – the Investment Manager to PGINVIT, in its meeting held today i.e. on **Monday, February 28, 2022** has, *inter alia* considered and approved the following:

- (a) acquisition of balance 26% equity shareholding of POWERGRID Vizag Transmission Limited by PGINVIT from Power Grid Corporation of India Limited ("POWERGRID") at a consideration not exceeding Rs. 3,400.00 million, subject to approval of the unitholders of PGINVIT;
- (b) acquisition by PGINVIT, through its Special Purpose Vehicles ("SPVs") namely POWERGRID Parli Transmission Limited, POWERGRID Warora Transmission Limited and POWERGRID Jabalpur Transmission Limited, of additional revenues accruing to these SPVs on account of change in law, at a consideration not exceeding Rs. 810.10 million, Rs. 1,118.40 million and Rs.1,113.00 million respectively from POWERGRID, subject to approval of the unitholders of PGINVIT;
- (c) borrowings by PGINVIT, its holdcos and its Special Purpose Vehicles including any other entity(ies) set up or acquired by PGINVIT in future, which qualify as a holdco ("holdcos") / Special Purpose Vehicle ("SPVs") under the SEBI InvIT Regulations from time to time, any sum or sums of money (in one or more tranches) and in the form and manner as deemed fit, not exceeding such amounts that the aggregate consolidated borrowings and deferred payments of PGINVIT, holdcos and SPVs, net of cash and cash equivalents do not exceed 49% of the value of PGINVIT assets, and creation of security/ charge on the assets of PGINVIT/holdcos/SPVs to secure such borrowings, subject to approval of the unitholders of PGINVIT; and
- (d) Postal Ballot Notice for seeking approval of Unitholders of PGINVIT on the matters set out under Sr. Nos. (a), (b) & (c) above. Postal Ballot Notice is enclosed herewith.

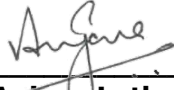
Further, enclosed please find the Valuation reports issued by the independent valuer viz., M/s. RBSA Valuation Advisors LLP in relation to the acquisitions under Sr. Nos. (a) & (b) above, which are annexed as Annexure I and Annexure II to the Postal Ballot Notice.

Kindly take the above information on record please.

Thanking You,

Yours faithfully,

**For POWERGRID Unchahar Transmission Limited  
(as Investment Manager of POWERGRID Infrastructure Investment Trust)**



**Anjana Luthra**  
**Company Secretary & Compliance Officer**  
**Encl.: As above**

CC:  
IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,17,  
R. Kamani Marg, Ballard Estate,  
Mumbai – 400 001.



## **POWERGRID Infrastructure Investment Trust**

*(An infrastructure investment trust registered with Securities and Exchange Board of India)  
Registration Number IN/InvIT/20-21/0016*

**Principal Place of Business:** Plot No. 2, Sector 29, Gurgaon-122001, Haryana

**Compliance Officer:** Anjana Luthra

**Tel:** + 91 124 282 3177; **email:** investors@pginvit.in

**Website:** www.pginvit.in

### **POSTAL BALLOT NOTICE**

**NOTICE** is hereby given that pursuant to the Regulation 22(2) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended and the notifications, circulars and guidelines issued thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (**the "InvIT Regulations"**) and pursuant to other applicable laws and regulations, if any, as may be applicable in this regard, the resolutions as set out in this Postal Ballot Notice are proposed to be passed by the unitholders (**the "Unitholders"**) of POWERGRID Infrastructure Investment Trust (**"PGInvIT"**) by way of Postal Ballot by voting through electronic means (**"remote e-voting"**).

An explanatory statement pertaining to the proposed resolutions setting out the material facts and reasons thereto is annexed with the Postal Ballot Notice for your consideration.

The Board of Directors of POWERGRID Unchahar Transmission Limited, the Investment Manager of PGInvIT (**"Investment Manager"**), has appointed CS Savita Jyoti, (Membership No. F3738 and C.P. No.1796), M/s. Savita Jyoti Associates, Company Secretaries, Hyderabad as the Scrutinizer for conducting the Postal Ballot through remote e-voting process in a fair and transparent manner.

The remote e-voting period commences on **Wednesday, March 02, 2022** from **9.00 A.M. (IST)** and ends on **Tuesday, March 22, 2022 at 5.00 P.M. (IST)**.

Unitholders are requested to carefully read the e-voting instructions mentioned in the Notes under the section '**Voting through electronic means**' in this Notice.

After completion of the scrutiny of the votes cast through remote e-voting, the Scrutinizer will submit its report to the Chairman of Investment Manager of PGInvIT or to any other person authorized by the Chairman. The results of Postal Ballot shall be announced on or before **Thursday, March 24, 2022**. The said results along with the Scrutinizer's report would be submitted with the National Stock Exchange of India Limited and BSE Limited. Additionally, the results would also be placed on the website of PGInvIT - www.pginvit.in and on the website of remote e-voting agency, M/s. KFin Technologies Private Limited – <https://evoting.kfintech.com>.

## PROPOSED RESOLUTIONS

### **ITEM NO. 1: TO CONSIDER AND APPROVE THE ACQUISITION OF BALANCE 26% EQUITY SHAREHOLDING OF POWERGRID VIZAG TRANSMISSION LIMITED, AN SPV & INITIAL PORTFOLIO ASSET OF POWERGRID INFRASTRUCTURE INVESTMENT TRUST AND MATTERS RELATED THERETO**

To consider and if thought fit, to pass the following resolution by way of simple majority (i.e., where the votes cast in favour of the resolution are required to be more than the votes cast against the resolution) in accordance with Regulation 22(4) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended:

**"RESOLVED THAT** pursuant to the provisions of Regulations 18, 19, 22 and any other applicable provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any applicable circulars, notifications, guidelines and clarifications issued thereunder from time to time ("**InvIT Regulations**") and other applicable laws, including any statutory, amendments, modifications or re-enactments thereto, and applicable notifications, clarifications, circulars, rules and regulations issued thereunder and subject to applicable regulatory approvals, the consent of the Unitholders of POWERGRID Infrastructure Investment Trust ("**PGInvIT**" or "**the Trust**") acting through its Investment Manager, POWERGRID Unchahar Transmission Limited (**the "Investment Manager"**), be and is hereby accorded to enter into related party transaction, being the acquisition of balance 26% of the total issued, paid up and subscribed equity share capital consisting of 5,45,29,800 equity shares of INR 10/- each (face value) of an SPV/ Initial Portfolio Asset of PGInvIT viz. POWERGRID Vizag Transmission Limited ("**PVTL**") from Power Grid Corporation of India Limited ("**POWERGRID**" or "**Seller**") and its nominees, in terms of the Share Purchase Agreement dated April 22, 2021 (**the "SPA"**), executed amongst POWERGRID, IDBI Trusteeship Services Limited in its capacity as Trustee to PGInvIT, the Investment Manager, and PVTL, for a consideration not exceeding **INR 3,400.00 million** ("**Consideration**")."

**"RESOLVED FURTHER THAT** the Board of Directors of the Investment Manager (including any committee(s) thereof) be and is hereby authorized on behalf of PGInvIT to do all acts, deeds, things, and matters, including sub-delegation of all, or any of these powers, as may be required or are necessary to give effect to the above resolution or as otherwise considered by the Board of Directors of the Investment Manager (including any committee(s) thereof) to be in the best interest of PGInvIT and the Unitholders, including to negotiate and finalize the terms and conditions of any agreements, deeds, undertakings and any other documents as specified in the SPA, or otherwise in relation to the above transaction, including any amendments, supplements or modifications to such documents, as applicable or appropriate, to complete the above acquisition, and in relation to the above transaction, to sign, execute, amend, deliver and terminate any agreements, documents, letters, deeds or instruments as may be required in this regard, as well as amendments and to do all such acts, deeds, matters and things as it may, in its discretion, deem necessary, proper or desirable for such purpose, and to make any filings, furnish any returns or submit any other documents to any regulatory or governmental authorities as

may be required, and to negotiate, finalize and execute all agreements, consents, certificates, undertakings, or other documents as may be required to be executed in this regard and further to do or cause to be done all such acts, deeds, matters and things as may be considered necessary and expedient in the interest of PGInvIT and the Unitholders.”

**ITEM NO. 2: TO CONSIDER AND APPROVE THE ACQUISITION OF RIGHTS TO ADDITIONAL REVENUE ACCRUED TO POWERGRID PARLI TRANSMISSION LIMITED, POWERGRID WARORA TRANSMISSION LIMITED AND POWERGRID JABALPUR TRANSMISSION LIMITED, SPVs & INITIAL PORTFOLIO ASSETS OF POWERGRID INFRASTRUCTURE INVESTMENT TRUST AND MATTERS RELATED THERETO**

To consider and if thought fit, to pass the following resolution by way of simple majority (i.e., where the votes cast in favour of the resolution are required to be more than the votes cast against the resolution) in accordance with Regulation 22(4) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended:

**“RESOLVED THAT** pursuant to the provisions of Regulations 18, 19, 22 and any other applicable provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any applicable circulars, notifications, guidelines and clarifications issued thereunder from time to time (**“InvIT Regulations”**) and other applicable laws, including any statutory, amendments, modifications or re-enactments thereto, and applicable notifications, clarifications, circulars, rules and regulations issued thereunder and subject to applicable regulatory approvals, the consent of the Unitholders of POWERGRID Infrastructure Investment Trust (**“PGInvIT” or “the Trust”**) acting through its Investment Manager, POWERGRID Unchahar Transmission Limited (**the “Investment Manager”**), be and is hereby accorded to PGInvIT to enter into related party transaction, through SPVs/ Initial Portfolio Assets of PGInvIT viz. POWERGRID Parli Transmission Limited (**“PPTL”**), POWERGRID Warora Transmission Limited (**“PWTL”**) and POWERGRID Jabalpur Transmission Limited (**“PJTL”**), being the acquisition of rights to additional revenue accrued to these SPVs, on account of change in law, from Power Grid Corporation of India Limited (**“POWERGRID” or “Seller”**), for an aggregate consideration not exceeding **INR 3,041.50 million**, as per the following details:

<b>S. No.</b>	<b>Name of SPV</b>	<b>Consideration</b>
1	POWERGRID Parli Transmission Limited ( <b>“PPTL”</b> )	not exceeding INR 810.10 million
2	POWERGRID Warora Transmission Limited ( <b>“PWTL”</b> )	not exceeding INR 1,118.40 million
3	POWERGRID Jabalpur Transmission Limited ( <b>“PJTL”</b> )	not exceeding INR 1,113.00 million

**“RESOLVED FURTHER THAT** the Board of Directors of the Investment Manager (including any committee(s) thereof) be and is hereby authorized on behalf of PGInvIT to do all acts, deeds, things, and matters, including sub-delegation of all, or any of these powers, as may be required or are necessary to give effect to the above resolution or as

otherwise considered by the Board of Directors of the Investment Manager (including any committee(s) thereof) to be in the best interest of PGIInvIT and the Unitholders, including to negotiate and finalize the terms and conditions of any agreements, deeds, undertakings and any other documents, or otherwise in relation to the above transaction, including any amendments, supplements or modifications to such documents, as applicable or appropriate, to complete the above acquisition, and in relation to the above transaction, to sign, execute, amend, deliver and terminate any agreements, documents, letters, deeds or instruments as may be required in this regard, as well as amendments and to do all such acts, deeds, matters and things as it may, in its discretion, deem necessary, proper or desirable for such purpose, and to make any filings, furnish any returns or submit any other documents to any regulatory or governmental authorities as may be required, and to negotiate, finalize and execute all agreements, consents, certificates, undertakings, or other documents as may be required to be executed in this regard and further to do or cause to be done all such acts, deeds, matters and things as may be considered necessary and expedient in the interest of PGIInvIT and the Unitholders."

**ITEM NO. 3: TO CONSIDER AND APPROVE THE AGGREGATE CONSOLIDATED BORROWINGS AND DEFERRED PAYMENTS OF POWERGRID INFRASTRUCTURE INVESTMENT TRUST ("PGIInvIT") UPTO 49% OF THE VALUE OF PGIInvIT ASSETS AND MATTERS RELATED THERETO**

To consider and if thought fit, to pass the following resolution by way of simple majority (i.e., where the votes cast in favour of the resolution are required to be more than the votes cast against the resolution) in accordance with Regulation 22(4) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended:

**"RESOLVED THAT** pursuant to the provisions of Regulations 20, 22 and any other applicable provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any applicable circulars, notifications, guidelines and clarifications issued thereunder from time to time ("**InvIT Regulations**") and other applicable laws, including any statutory, amendments, modifications or re-enactments thereto, and applicable notifications, clarifications, circulars, rules and regulations issued thereunder and subject to applicable regulatory approvals, the consent of the Unitholders be and is hereby accorded to POWERGRID Infrastructure Investment Trust ("**PGIInvIT**" or "**the Trust**"), its holdcos and its Special Purpose Vehicles (as defined under the InvIT Regulations) including any other entity(ies) set up or acquired by PGIInvIT, in future, which qualify as a holdco ("**holdcos**") or Special Purpose Vehicle ("**SPVs**") under the InvIT Regulations, to borrow from time to time, any sum or sums of money (in one or more tranches) not exceeding such amounts that the aggregate consolidated borrowings and deferred payments of PGIInvIT, holdcos and SPVs, net of cash and cash equivalents do not exceed 49% of the value of PGIInvIT assets (as set out under Regulation 20(3)(a) of the InvIT Regulations) from time to time, in whatever form including but not limited to debentures, term loans and such other instruments, facilities and arrangements as permitted under applicable law, whether secured or unsecured, on such terms and conditions, the Board of Directors of

POWERGRID Unchahar Transmission Limited, the Investment Manager of PGInvIT (**the "Investment Manager"**), may deem fit in the best interest of PGInvIT and the Unitholders and on such security, including by way of mortgage, hypothecation, pledge, lien and/or charge and in such other form and manner and ranking and on such terms as the Investment Manager may deem fit in the best interest of PGInvIT and the Unitholders on all or any of the movable or immovable properties, tangible or intangible assets and any other properties or assets of PGInvIT (including any assets held by holdcos/SPVs), both present and future, as the case may be, for securing the borrowings availed or to be availed by PGInvIT and/or holdcos and/or SPVs, including providing any undertakings and/or guarantees as may be required in connection therewith."

**"RESOLVED FURTHER THAT** the Board of Directors of the Investment Manager (including any committee(s) thereof or Board of holdcos/SPVs, as the case may be) be and is hereby authorized on behalf of PGInvIT to do all acts, deeds, things, and matters, including sub-delegation of all, or any of these powers, as may be required or are necessary to give effect to above resolution or as otherwise considered by the Board of Directors of the Investment Manager (including any committee(s) thereof) to be in the best interest of PGInvIT and the Unitholders and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose including to negotiate and finalize the terms and conditions of any agreements, deeds, undertakings and any other documents, or otherwise in relation to the borrowings, including any amendments, supplements or modifications to such documents, as applicable or appropriate, and also to sign, execute, amend, deliver and terminate any agreements, documents, letters, deeds or instruments as may be required in this regard, as well as amendments and to do all such acts, deeds, matters and things as it may, in its discretion, deem necessary, proper or desirable for such purpose, and to make any filings, furnish any returns or submit any other documents to any regulatory or governmental authorities as may be required, and to negotiate, finalize and execute all agreements, consents, certificates, undertakings, or other documents as may be required to be executed in this regard and further to do or cause to be done all such acts, deeds, matters and things as may be considered necessary and expedient in the interest of PGInvIT and the Unitholders."

**For POWERGRID Infrastructure Investment Trust (PGInvIT)  
By Order of the Board  
POWERGRID Unchahar Transmission Limited  
(as the Investment Manager to PGInvIT)**



**Anjana Luthra  
Company Secretary and Compliance Officer**

**Date : February 28, 2022  
Place : Gurgaon**

## NOTES

1. As per the Regulation 22(2)(b) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014, for any matter requiring approval of the Unitholders, voting may also be done by postal ballot or electronic mode. Pursuant to this, PGInvIT is seeking the approval of the Unitholders on the proposed resolutions by way of Postal Ballot through remote e-voting.
2. An explanatory statement setting out the material facts and reasons for the proposed resolutions is annexed herewith and forms part of the Postal Ballot Notice.
3. The Investment Manager on behalf of PGInvIT has engaged the services of M/s. KFin Technologies Private Limited ("**KFintech**"), the Registrar and Transfer Agent ("**RTA**") of PGInvIT for the purpose of providing remote e-voting facility to the Unitholders.
4. Postal Ballot Notice is being sent to those Unitholders whose names appear in the List of Beneficial Owners received from National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**") as on the close of business hours on Friday, February 25, 2022 ("**cut-off date**"). Unitholders as on the cut-off date would be entitled to vote and a person who is not a Unitholder as on the cut-off date should treat this Postal Ballot Notice for information purposes only.
5. The Unitholders may please note that the Postal Ballot Notice is being sent only through electronic mode to its Unitholders who have registered/updated their email addresses with the depositories/ depository participants. Unitholders who have not registered their email addresses or have not received any communication regarding this Postal Ballot Notice for any reason whatsoever, may obtain the User ID and Password by sending a request to KFintech (Unit: PGInvIT) at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or [evoting@kfintech.com](mailto:evoting@kfintech.com) or contact KFintech at 1800-309-4001 (between 9:00 A.M. to 5:30 P.M.) or contact PGInvIT at +91 124 282-3177 (on weekdays between 9:00 A.M. to 5:30 P.M. Copy of this Notice is also available on the website of PGInvIT at [www.pginvit.in](http://www.pginvit.in) and may also be accessed from the relevant section of websites of Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited. The Notice is also available on the website of RTA i.e. <https://evoting.kfintech.com>.
6. For Unitholders whose email addresses are not registered, SMSs, wherever mobile numbers are available, are being sent by the RTA.
7. The e-voting period commences on Wednesday, March 02, 2022 at 9:00 A.M. (IST) and ends on Tuesday, March 22, 2022 at 5:00 P.M. (IST). The e-voting module shall be disabled for voting thereafter. Once the vote on the resolution(s) is cast by the Unitholder, the Unitholder shall not be allowed to change it subsequently.
8. The Board of Directors of Investment Manager has appointed CS Savita Jyoti, (Membership No. F3738 and C.P. No.1796), M/s. Savita Jyoti Associates, Company Secretaries, Hyderabad, as the Scrutinizer for conducting the Postal Ballot through remote e-voting process in a fair and transparent manner.
9. A Unitholder cannot exercise his/her vote by proxy on Postal Ballot.
10. Resolution(s) passed by the requisite majority by the Unitholders through Postal Ballot shall be deemed to have been passed as if they have been passed at a General Meeting of the Unitholders.
11. The resolution(s), if approved, shall be deemed to have been passed on the last date of the e-voting i.e. Tuesday, March 22, 2022.
12. The voting rights of Unitholders shall be in proportion to their Units of the Unit capital of PGInvIT as on the cut-off date i.e. Friday, February 25, 2022.
13. The documents referred to in this Postal Ballot Notice and Explanatory Statement are uploaded on website of PGInvIT at [www.pginvit.in](http://www.pginvit.in).
14. In case of any query/grievance with respect to e-voting, please visit the 'Help' and FAQs'



sections available on KFinTech's website: <https://evoting.kfintech.com> or send an email to KFinTech (Unit:PGInvIT) at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or [evoting@kfintech.com](mailto:evoting@kfintech.com) or call at 1800-309-4001 (between 9:00 A.M. to 5:30 P.M.).





15. Wherever required or possible, the Unitholders are requested to address all correspondence, including distribution matters, to the RTA, M/s. KFin Technologies Private Limited (Unit: PGINvIT), Selenium Tower B, Plot No. 31-32 Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, India or email at [powergrid.invit@kfintech.com](mailto:powergrid.invit@kfintech.com).
16. Unitholders are requested to send their queries, if any, to the Investment Manager to enable the Investment Manager to provide the required information on [investors@pginvit.in](mailto:investors@pginvit.in).
17. Unitholders who have not registered their email address so far are requested to register their email address for receiving all communication including annual reports, notices, circulars etc. from the Investment Manager, on behalf of PGINvIT, electronically.
18. **Voting through electronic means:**

Details of the process and manner of e-voting are provided below:

**Step 1:** Access to Depositories' e-Voting system in case of Individual Unitholders holding units in demat mode.

**Step 2:** Access to KFinTech e-Voting system in case of Non-Individual Unitholders holding units in demat mode.

<b>Details on Step 1 are mentioned below:</b>	
<b>1) Login method for remote e-Voting for Individual Unitholders holding units in demat mode</b>	
<b>Individual Unitholders holding units in demat mode with NSDL</b>	<b>Individual Unitholders holding units in demat mode with CDSL</b>
<p><b>1. Existing IDeAS Users:</b></p> <p>(i) Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></p> <p>(ii) Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</p> <p>(iii) On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</p> <p>(iv) Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</p>	<p><b>1. Users who have opted for Easi/ Easiest</b></p> <p>(i) Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> Or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></p> <p>(ii) Click on New System Myeasi</p> <p>(iii) Login with your registered User ID and Password.</p> <p>(iv) The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFinTech e-Voting portal.</p> <p>(v) Click on e-Voting service provider name to cast your vote.</p>

<p><b>2. Users not registered for IDeAS e-Services</b></p> <p>(i) To register, click on link: <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a></p> <p>(ii) Select "Register Online for IDeAS" or click at <a href="https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>(iii) Proceed with completing the required fields.</p> <p>(iv) Follow the steps given in point no. 1</p>	<p><b>2. User not registered for Easi/Easiest</b></p> <p>(i) Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>(ii) Proceed with completing the required fields.</p> <p>(iii) Follow the steps given in point no. 1</p>
<p><b>3. Users may alternatively vote by directly accessing the e-Voting website of NSDL</b></p> <p>(i) Open URL: <a href="https://www.evoting.nSDL.com/">https://www.evoting.nSDL.com/</a></p> <p>(ii) Click on the icon "Login" which is available under 'Shareholder/ Member' section.</p> <p>(iii) A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/ OTP and a Verification Code as shown on the screen.</p> <p>(iv) Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e., KFintech.</p> <p>(v) On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</p>	<p><b>3. Users may alternatively vote by directly accessing the e-Voting website of CDSL</b></p> <p>(i) Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></p> <p>(ii) Provide your demat Account Number and PAN No.</p> <p>(iii) System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account.</p> <p>(iv) After successful authentication, user will be provided links for the respective ESP, i.e., KFintech where the e- Voting is in progress.</p>
<p>4. Unitholders can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <p> <b>App Store</b>       <b>Google Play</b></p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>	

**Important note:** Unitholders who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password options available at above mentioned websites.

Helpdesk for Individual Unitholders holding units in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL is as under:

Login type	Helpdesk details
Units held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990</b> and <b>1800 22 44 30</b>
Units held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>+91 22 2305 8738</b> or <b>+91 22 2305 8542-43</b>

**Details on Step 2 are mentioned below:**

**2) Login method for Non-individual Unitholders in demat mode**

**A) Unitholders whose email IDs are registered with Depositories/Depository Participant(s)**, will receive an email from KFinTech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- (i) Launch internet browser by typing the URL: <https://evoting.kfintech.com/>
- (ii) Enter the login credentials (i.e. User ID and Password). In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFinTech for e-voting, you can use your existing User ID and password for casting the vote.
- (iii) After entering these details appropriately, click on "LOGIN".
- (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (v) You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the "EVEN" i.e., "**POWERGRID Infrastructure Investment Trust**" and click on "Submit".
- (vii) On the voting page, enter the number of units (which represents the number of votes) as on the Cut-off Date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total unitholding as mentioned herein above. You may also choose the option "ABSTAIN". If the Unitholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the units held will not be counted under either head.
- (viii) Unitholders holding multiple folios/ demat accounts shall choose the voting process separately for each folio/ demat accounts.

- (ix) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as Abstained.
- (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Unitholders can login any number of times till they have voted on the Resolution(s).
- (xii) Institutional Unitholders (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF/ JPG format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorized representative(s), who is/ are authorized to vote, to the Scrutinizer by email to savitajyotiassociates05@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "**Corporate Name EVENT No.**"

**B) Unitholders whose email IDs are not registered with Depositories/ Depository Participant(s)**, may obtain the Notice of Postal Ballot and user ID and password by sending a request to KFintech (Unit: PGInvIT) at einward.ris@kfintech.com or evoting@kfintech.com or contact KFintech at 1800-309-4001 (between 9:00 A.M. to 5:30 P.M.) or contact PGInvIT at +91 124 282-3177 (on weekdays between 9:00 A.M. to 5:30 P.M.).

After receiving the Postal Ballot Notice and user ID and password, please follow all steps above to cast your vote by electronic means.

**In case of any query and/ or grievance, in respect of voting by electronic means,** Unitholders may refer to

- the 'Help' & 'Frequently Asked Questions' (FAQs) and E-voting user manual available at the 'Downloads' section of <https://evoting.kfintech.com> OR
- may contact Mr. Raju S.V, Dy. Vice President/ Mr. D.S. Nagaraja , Dy. Manager of M/s.KFin Technologies Private Limited, Selenium Building, Tower B, Plot No. 31-32, Financial District, Nanakramguda, Hyderabad – 500032, India OR
- email at einward.ris@kfintech.com or evoting@kfintech.com or call KFintech's toll free No. 1-800-309-4001 for any further clarifications.

## **Principal Place of Business and Contact Details of the Trust**

### **POWERGRID Infrastructure Investment Trust**

Plot No. 2, Sector - 29, Gurgaon-122001, Haryana

SEBI Registration Number: IN/InvIT/20-21/0016

**Tel:** +91 124 282 3177

**email:** investors@pginvit.in

**website:** www.pginvit.in

**Compliance Officer:** Ms. Anjana Luthra

## **Registered and Corporate Office and Contact Details of the Investment Manager**

### **POWERGRID Unchahar Transmission Limited**

**CIN:** U65100DL2012GOI246341

**Registered Office:** B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi 110016

**Corporate Office:** "Saudamini", Plot No. 2, Sector - 29, Gurgaon-122001, Haryana

**Tel:** +91 124 282 3177

**email:** investors@putl.in

## EXPLANATORY STATEMENT

### ITEM NO.1:

POWERGRID Vizag Transmission Limited ("**PVTL**") was acquired by Power Grid Corporation of India Limited ("**POWERGRID**") under the Tariff Based Competitive Bidding mechanism and has established the Transmission System for 'System strengthening in Southern region for import of power from Eastern Region'. The transmission system comprising 765kV and 400kV D/C transmission lines traverses through the states of Andhra Pradesh and Telangana. PVTL earns revenue pursuant to Transmission Service Agreement ("**TSA**") and the regulations and tariff orders passed by Central Electricity Regulatory Commission ("**CERC**") in accordance with the Electricity Act, 2003.

Pursuant to the initial public offering of units of POWERGRID Infrastructure Investment Trust ("**PGInvIT**" or the "**Trust**") and in terms of the Share Purchase Agreement ("**SPA**") dated April 22, 2021 executed amongst POWERGRID, IDBI Trusteeship Services Limited ("**Trustee**") in its capacity as Trustee to PGInvIT, POWERGRID Unchahar Transmission Limited ("**PUTL**") in its capacity as Investment Manager to PGInvIT and PVTL ("**SPV**"), PGInvIT had acquired 74% equity shareholding of PVTL consisting of 15,52,00,200 equity shares with face value of INR 10/- each of PVTL from POWERGRID and the entire process of such acquisition was completed on May 13, 2021. The balance 26% equity shareholding consisting of 5,45,29,800 equity shares with face value of INR 10/- each of PVTL held by POWERGRID and its nominees in PVTL, was subject to lock-in restrictions as per the terms of TSA of PVTL. The said lock-in period has been completed on February 01, 2022.

Pursuant to completion of procedural formalities and other requirements as set out in the SPA, and subject to approval of the Unitholders of PGInvIT, approval of regulatory authorities, or any other appropriate authorities if any, PGInvIT proposes to acquire the balance 26% equity shareholding of PVTL from POWERGRID and its nominees. In this regard, the Investment Manager in consultation with the Trustee, has appointed M/s. RBSA Valuation Advisors LLP ("**Valuer**") as an independent valuer, who has carried out the valuation of balance 26% equity shareholding of PVTL, and issued a valuation report dated February 17, 2022 ("**Valuation Report**") in accordance with the provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**InvIT Regulations**"). The Valuation Report is annexed to this Notice at Annexure I and is available on the website of PGInvIT(www.pginvit.in). The Valuation Report has also been made available to the Stock Exchanges- the National Stock Exchange of India Limited and BSE Limited. A summary of the Valuation Report is as under:

1. Background and Scope	PGInvIT is an infrastructure investment trust set up by POWERGRID, a Maharatna CPSE under Ministry of Power, Govt. of India and one of the largest power transmission companies in the world, under the InvIT Regulations. PUTL has been appointed as the Investment Manager to the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the InvIT Regulations. POWERGRID is also the Project Manager in respect of the Trust.  In terms of SPA and TSA, PGInvIT acquired 74% of equity shareholding of PVTL in May, 2021 pursuant to the initial public offering of units of
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	PGInvIT. The balance 26% equity shareholding of PVTL is proposed to be acquired by PGINVIT and for this purpose, the Investment Manager in consultation with the Trustee, has appointed the Valuer to undertake an independent valuation of balance 26% equity shareholding of PVTL as per the extant provisions of the InvIT Regulations.
2. Valuation Approach	The Valuer has carried out Enterprise and Equity Valuation of PVTL as of January 31, 2022 (" <b>Valuation Date</b> ") and has adopted the Discounted Cash Flow (" <b>DCF</b> ") Method under the Income Approach for carrying out the valuation. The Valuer has applied the Free Cash Flow to Firm method under DCF in which the free cash flow to firm has been estimated based on the projected financial statements. The Enterprise Value has been computed by discounting the free cash flows over the forecast period using an appropriate Weighted Average Cost of Capital.
3. Conclusion of Value	Based on the methodology and assumptions indicated in the Valuation Report, the Valuer has assigned an equity value of INR 3,787.70 million for 26% equity shareholding of PVTL, as on Valuation Date.

The consideration for acquisition of balance 26% equity shareholding of PVTL payable by PGINVIT to POWERGRID shall not exceed INR 3,400.00 million. The said acquisition is in line with the Trust's business strategy of capitalizing on value accretive growth through acquisitions.

As per Regulation 19(3) of the InvIT Regulations read with the Policy on Related Party Transactions of PGINVIT, an approval from the Unitholders is required to be obtained under Regulation 22 of the InvIT Regulations, prior to entering into a transaction with any related party, if the total value of all the related party transactions, in a financial year, pertaining to acquisition of assets either directly or through holdco or through SPVs exceeds 5% (five per cent) of the value of the InvIT assets and voting by any person who is a related party in such transaction as well as associates of such person(s) shall not be considered on the specific issue. Since, POWERGRID is a related party for PGINVIT in terms of Regulation 2(1)(zv) of the InvIT Regulations, the aforesaid acquisition is a related party transaction. Further, the aforesaid acquisition of balance 26% equity shareholding of PVTL by PGINVIT from POWERGRID, taken together with another acquisition from POWERGRID, proposed at Item No.2 of this Notice, would exceed 5% (five per cent) of the value of PGINVIT assets. Accordingly, an approval from Unitholders is sought to enter into the related party transaction. Being a related party transaction, POWERGRID and its associates will not vote on Item No. 1.

The Investment Committee has approved the aforesaid acquisition on February 21, 2022 and the Audit Committee and the Board of Directors of the Investment Manager have approved the aforesaid related party transaction and the acquisition on February 28, 2022 and have noted that the transaction is at arm's length.

Except to the extent of directorship in the respective entities, none of the directors or key managerial personnel of the Investment Manager are interested in said acquisition.

The Board of Directors of Investment Manager recommends the resolution as set out in Item No.1 of the Notice for your approval by way of simple majority (i.e. where the votes cast in favour of the resolution are required to be more than the votes cast against the resolution).

## **ITEM NO.2:**

POWERGRID Parli Transmission Limited ("**PPTL**") was acquired by Power Grid Corporation of India Limited ("**POWERGRID**") under Tariff Based Competitive Bidding and has established Transmission System Associated with Gadarwara STPS (2x800 MW) of NTPC (Part-B). The transmission system traverses through the state of Maharashtra and comprises 765kV D/C and 400kV D/C transmission lines and a 2x1500 MVA 765/400kV substation in Parli.

POWERGRID Warora Transmission Limited ("**PWTL**") was acquired by POWERGRID under Tariff Based Competitive bidding and has established Transmission System Associated with Gadarwara STPS (2x800 MW) of NTPC (Part-A). The transmission system is traversing the states of Maharashtra and Madhya Pradesh and comprises 765kV D/C and 400kV D/C transmission lines and a 2x1500 MVA 765/400kV substation in Warora.

POWERGRID Jabalpur Transmission Limited ("**PJTL**") was acquired by POWERGRID under Tariff Based Competitive bidding and has established Transmission System Strengthening associated with Vindhyachal-V. The transmission system comprising 765kV D/C transmission line traverses the state of Madhya Pradesh.

PPTL, PWTL and PJTL earn revenues pursuant to their respective Transmission Service Agreements ("**TSA**") and the regulations and tariff orders passed by Central Electricity Regulatory Commission ("**CERC**") in accordance with the Electricity Act, 2003.

Pursuant to initial public offering of units of POWERGRID Infrastructure Investment Trust ("**PGInvIT**" or the "**Trust**") and in terms of the respective Share Purchase Agreements ("**SPAs**") each dated April 22, 2021 entered into by PPTL, PWTL and PJTL with POWERGRID, the Sponsor to PGInvIT, IDBI Trusteeship Services Limited ("**Trustee**") in its capacity as Trustee to PGInvIT, POWERGRID Unchahar Transmission Limited ("**PUTL**") in its capacity as Investment Manager to PGInvIT, the Trust had acquired 74% equity shareholding of each of PPTL, PWTL and PJTL from POWERGRID and the entire process of such acquisition was completed on May 13, 2021. Consequently, PPTL, PWTL and PJTL became SPVs of PGInvIT.

Each of the SPVs i.e. PPTL, PWTL and PJTL, had incurred additional costs in the construction of their transmission assets due to change in law and had accordingly filed respective petitions before the Hon'ble CERC seeking additional amounts ("**Claims**"). Consequent to the orders issued by Hon'ble CERC in favour of these SPVs and consent by the respective long term transmission customers, the SPVs are entitled for increase in annual transmission charges by 2.787% in PPTL, 3.445% in PWTL and 5.226% in PJTL. The rights on these additional amounts were retained by POWERGRID in terms of the respective SPAs, as per which the realization of the Claims made by PPTL, PWTL and PJTL shall be transferred to the account of POWERGRID. Vide letter dated February 11, 2022, POWERGRID conveyed its intent to monetize these additional revenues.

Pursuant to completion of procedural formalities and other requirements in relation to the acquisitions of above mentioned additional revenues and subject to approval of the Unitholders of PGInvIT, approval of regulatory authorities, or any other appropriate authorities if any, PGInvIT, through its SPVs i.e. PPTL, PWTL and PJTL, proposes to acquire the rights to additional revenues accrued to these respective SPVs, from POWERGRID. In

this regard, the Investment Manager in consultation with the Trustee, has appointed M/s. RBSA Valuation Advisors LLP ("**Valuer**") as an independent valuer, who has carried out valuation of additional revenues of the SPVs, and issued a valuation report dated February 17, 2022 ("**Valuation Report**") in accordance with the provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, ("**InvIT Regulations**"). The Valuation Report is annexed to this Notice at Annexure II and is available on the website of PGInvIT (www.pginvit.in). The Valuation Report has also been made available to the Stock Exchanges- National Stock Exchange of India Limited and BSE Limited. A summary of the Valuation Report is as under:

1. Background and scope:	<p>PGInvIT is an infrastructure investment trust set up by POWERGRID, a Maharatna CPSE under Ministry of Power, Govt. of India and one of the largest power transmission companies in the world, under the InvIT Regulations. PUTL has been appointed as the Investment Manager to the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the InvIT Regulations. POWERGRID is also the Project Manager in respect of the Trust.</p> <p>Rights to additional revenue accrued an account of change in law to PPTL, PWTL and PJTL are proposed to be acquired from POWERGRID and for this purpose, the Investment Manager in consultation with the Trustee, has appointed the Valuer to undertake an independent valuation of the said acquisition as per the extant provisions of the InvIT Regulations.</p>								
2. Valuation Approach	<p>The Valuer has carried out the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to change in law as on December 31, 2021 ("<b>Valuation Date</b>"). The Valuer has adopted the Discounted Cash Flow ("<b>DCF</b>") Method under the Income Approach. The Fair Value of additional revenues has been computed by discounting the free cash flows over the forecast period using an appropriate Weighted Average Cost of Capital.</p>								
3. Conclusion of Value:	<p>Based on the methodology and assumptions indicated in the Valuation Report, the Fair Valuation of additional revenues accrued to PPTL, PWTL and PJTL due to change in law, as on Valuation Date is summarised as follows:</p> <table border="1" data-bbox="475 1451 1374 1628"> <thead> <tr> <th data-bbox="475 1451 1029 1518"><b>SPV</b></th> <th data-bbox="1029 1451 1374 1518"><b>Fair Valuation of additional revenues</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="475 1518 1029 1552">POWERGRID Parli Transmission Limited</td> <td data-bbox="1029 1518 1374 1552">INR 886.56 million</td> </tr> <tr> <td data-bbox="475 1552 1029 1585">POWERGRID Warora Transmission Limited</td> <td data-bbox="1029 1552 1374 1585">INR 1,221.13 million</td> </tr> <tr> <td data-bbox="475 1585 1029 1628">POWERGRID Jabalpur Transmission Limited</td> <td data-bbox="1029 1585 1374 1628">INR 1,210.11 million</td> </tr> </tbody> </table>	<b>SPV</b>	<b>Fair Valuation of additional revenues</b>	POWERGRID Parli Transmission Limited	INR 886.56 million	POWERGRID Warora Transmission Limited	INR 1,221.13 million	POWERGRID Jabalpur Transmission Limited	INR 1,210.11 million
<b>SPV</b>	<b>Fair Valuation of additional revenues</b>								
POWERGRID Parli Transmission Limited	INR 886.56 million								
POWERGRID Warora Transmission Limited	INR 1,221.13 million								
POWERGRID Jabalpur Transmission Limited	INR 1,210.11 million								

The consideration for acquisition of the above mentioned additional revenues on account of change in law, through the respective SPVs, payable to POWERGRID shall not exceed (i) INR 810.10 million in case of PPTL, (ii) INR 1,118.40 million in case of PWTL and (iii) INR 1,113.00 million in case of PJTL, aggregating to INR 3,041.50 million. The aforesaid acquisition is in line with the Trust's business strategy of capitalizing on value accretive growth through acquisitions.

As per Regulation 19(3) of the InvIT Regulations read with the Policy on Related Party Transactions of PGInvIT, an approval from the Unitholders is required to be obtained under



Regulation 22 of the InvIT Regulations, prior to entering into a transaction with any related party, if the total value of all the related party transactions, in a financial year, pertaining to acquisition of assets either directly or through holdco or through SPVs exceeds 5% (five per cent) of the value of the InvIT assets and voting by any person who is a related party in such transaction as well as associates of such person(s) shall not be considered on the specific issue. Since, POWERGRID is a related party for PGINVIT in terms of Regulation 2(1)(zv) of the InvIT Regulations, the aforesaid acquisition is a related party transaction. Further, the aforesaid acquisition of additional revenues by SPVs from POWERGRID, taken together with another acquisition from POWERGRID, proposed at Item No.1 of this Notice, by PGINVIT directly or through its SPVs would exceed 5% (five per cent) of the value of PGINVIT assets. Accordingly, an approval from Unitholders is sought, to enter into the related party transaction. Being a related party transaction, POWERGRID and its associates will not vote on Item No. 2.

The Investment Committee has approved the aforesaid acquisition on February 21, 2022 and the Audit Committee and the Board of Directors of the Investment Manager has approved the aforesaid related party transaction and the acquisition on February 28, 2022 and have noted that the transaction is at arm's length.

Except to the extent of directorship in the respective entities, none of the directors or key managerial personnel of the Investment Manager are interested in said acquisition.

The Board of Directors of Investment Manager recommends the resolution as set out in Item No. 2 of the Notice for your approval by way of simple majority (i.e. where the votes cast in favor of the resolution are required to be more than the votes cast against the resolution).

### **ITEM NO. 3:**

In order to meet the fund requirements of PGINVIT for various corporate purposes including the acquisition of assets in terms of the SEBI (InvIT) Regulations, 2014, as amended or supplemented together with the notifications, circulars, guidelines and clarifications issued thereunder, each as amended from time to time ("**InvIT Regulations**"), it is proposed to enable PGINVIT, its holdcos and its Special Purpose Vehicles (as defined under the InvIT Regulations) including any other entity(ies) set up or acquired by PGINVIT in future, which qualify as a holdco ("**holdcos**") or Special Purpose Vehicle ("**SPVs**") under the InvIT Regulations, to borrow from time to time, and in the manner and form as deemed fit by the Investment Manager and in the best interest of PGINVIT and the Unitholders, any sum or sums of money (in one or more tranches) not exceeding such amounts that, the aggregate consolidated borrowing and deferred payments of PGINVIT, holdcos and SPVs, net of cash and cash equivalents, do not exceed 49% of the value of PGINVIT assets from time to time.

The Investment Manager also seeks authorization to create such charge or security as may be required on all or any of the movable or immovable properties, tangible or intangible assets and any other assets of PGINVIT (including any assets held by holdcos/SPVs), both present and future, as the case may be, for securing the borrowings availed or to be availed

by PGIInvIT and/or holdcos and/or SPVs including providing any undertakings and/or guarantees as may be required in connection therewith.

In order for PGIInvIT, holdcos and SPVs to have limits for the aggregate consolidated borrowings and deferred payments, net of cash and cash equivalents upto 49% of the value of PGIInvIT assets, an approval from Unitholders is required in terms of the Regulation 20(3) and Regulation 22 of the InvIT Regulations.

Accordingly, the Investment Manager seeks the approval of the Unitholders on the resolution contained in Item No. 3 of the accompanying Notice and to enable Investment Manager to complete all procedural and other formalities in connection with any borrowing that may be availed by PGIInvIT and/or holdcos and/or SPVs and the creation of charge(s) on the assets of PGIInvIT (including any assets held by holdcos/SPVs), so as to secure any such borrowings.

None of the directors or key managerial personnel of the Investment Manager are interested in proposed resolution.

The Board of Directors of Investment Manager recommends the resolution as set out in the Item No. 3 of the Notice for your approval by way of simple majority (i.e. where the votes cast in favour of the resolution are required to be more than the votes cast against the resolution).

**For POWERGRID Infrastructure Investment Trust (PGIInvIT)  
By Order of the Board  
POWERGRID Unchahar Transmission Limited  
(as the Investment Manager to PGIInvIT)**



**Anjana Luthra  
Company Secretary and Compliance Officer**

**Date: February 28, 2022**

**Place: Gurgaon**



**RBSA Valuation Advisors LLP**

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**Report on Fair Valuation of  
POWERGRID Vizag Transmission  
Limited for acquisition of 26% stake by  
POWERGRID Infrastructure Investment  
Trust**



## RBSA Valuation Advisors LLP

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Report reference Number: RVA2122DTFAREP049

Date: Feb 17, 2022

Private and Confidential

POWERGRID Unchahar Transmission Limited  
Saudamini, Plot No.2,  
Sector 29, Near IFFCO Chowk,  
Gurgaon (Haryana) - 122001, India

Sub: Fair Valuation of POWERGRID Vizag Transmission Limited ("PVTL") for acquisition of 26% stake in PVTL by by POWERGRID Infrastructure Investment Trust as per SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended

Dear Sir,

We refer to our appointment letter dated 24<sup>th</sup> January 2022 wherein RBSA Valuation Advisors LLP ("RBSA" or "We" or "us" or "our") has been appointed by POWERGRID Unchahar Transmission Limited ("PUTL"/ the "Investment Manager"), as an independent valuer, as per Regulation 2(zzf) of the SEBI (Infrastructure Investment Trust) Regulations, 2014 ("SEBI InvIT Regulations"), for the purpose of valuation of POWERGRID Vizag Transmission Limited ("PVTL").

POWERGRID Infrastructure Investment Trust ("PGInvIT) had acquired 74% stake from Power Grid Corporation of India Limited ("POWERGRID" or the "Sponsor").

We understand that the transfer of funds to the Sponsor towards consideration for acquisition of 74% equity holding in PVTL was completed on 13th May 2021 and now the balance equity stake of 26% is being acquired by PGInvIT from POWERGRID.

In this regard, the Investment Manager in consultation with the Trustee intends to undertake the fair valuation of the PVTL as on 31<sup>st</sup> January 2022 (the "Valuation Date").

We have relied on explanations and information provided by/ on behalf of the Investment Manager. We have analysed the information provided by/ on behalf of the Investment Management through broad inquiry, analysis and review but have not carried out a due diligence or audit of such information. We have no present or planned future interest in the Sponsor, PVTL or the Investment Manager except to the extent of our appointment as an independent valuer. The fee for our Valuation Report ("Report") is not contingent upon the values reported herein. Our valuation analysis should not be construed as investment advice specifically, we do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

We enclose our Report providing our opinion on the fair valuation of the PVTL as of 31st January 2022 ("Valuation Date"), on a 'going concern value' premise. The attached Report details the valuation methodologies, calculations, and conclusions with respect to this valuation.



**RBSA Valuation Advisors LLP**

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We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, 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.

Our valuation and conclusion are included herein, and our Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by SEBI there under.

The Report must be read in conjunction with the Assumptions and Limiting Conditions, which are contained in Section 3 of this Report. This letter, the Report and the summary of valuation included herein can be provided to PUTL's advisors and may be made available for the inspection to the public as a material document and with the Securities and Exchange Board of India, the stock exchanges and any other regulatory and supervisory authority, as may be required.

We draw your attention to the limitation of liability clauses in Section 3 of the Report.

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

For **RBSA Valuation Advisors LLP**,  
(RVE No.: IBBI/RV-E/05/2019/110)



**Ravishu Vinod Shah**

Partner

Asset Class: Securities or Financial Assets (RV No.: IBBI/RV/06/2020/12728)

Place: Mumbai

Date: Feb 17, 2022

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## **1. Executive Summary**

POWERGRID Infrastructure Investment Trust ("PGInvIT" or the "Trust") was set-up by Power Grid Corporation of India Limited ("POWERGRID" or the "Sponsor") as a Sponsor as an irrevocable trust pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882. The Trust was registered with Securities and Exchange Board of India ("SEBI") on 7<sup>th</sup> January 2021 as an infrastructure investment trust under Regulation 3(1) of the SEBI InvIT Regulations.

POWERGRID, a public limited company under the administrative control of the Ministry of Power, commenced its commercial operations in FY1992-93. It is a Maharatna company engaged in the business of power transmission and its equity shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

POWERGRID is the Sponsor for the Trust. IDBI Trusteeship Services Limited ("Trustee") is appointed as the Trustee of PGInvIT. The Investment Manager is appointed to the Trust by the Trustee and is responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.

POWERGRID monetised five Tariff-based Competitive Bidding ("TBCB") SPVs, namely, POWERGRID Vizag Transmission Limited ("PVTL"), POWERGRID Kala Amb Transmission Limited ("PKATL"), POWERGRID Parli Transmission Limited ("PPTL"), POWERGRID Warora Transmission Ltd. ("PWTL") and POWERGRID Jabalpur Transmission Limited ("PJTL"), through the Infrastructure Investment Trust ("InvIT") route.

The Initial Public Offer of PGInvIT opened on 29<sup>th</sup> April, 2021 and closed on 3<sup>rd</sup> May, 2021. The Initial Public Offer comprised a fresh issue of INR 4,993.48 crore and an Offer for Sale of INR 2,741.51 crore at the upper end (i.e. INR 100 per Unit) of the Price Band of INR 99 - INR 100, by the Selling Unit holder i.e. POWERGRID aggregating to the Total Offer Size of INR 7,734.99 crore.

The Units of PGInvIT were listed on the NSE and the BSE with effect from 14<sup>th</sup> May 2021.

POWERGRID Infrastructure Investment Trust ("PGInvIT") had acquired 74% stake in PVTL from POWERGRID.

We understand that the transfer of funds to the Sponsor towards consideration for acquisition of 74% equity holding in PVTL was completed on 13<sup>th</sup> May 2021 and now the balance equity stake of 26% in PVTL is being acquired by PGInvIT from POWERGRID.

In this regard, the Investment Manager in consultation with the Trustee intends to undertake the fair valuation of the PVTL as on 31<sup>st</sup> January 2022.



**POWERGRID Vizag Transmission Limited (“PVTL”)**

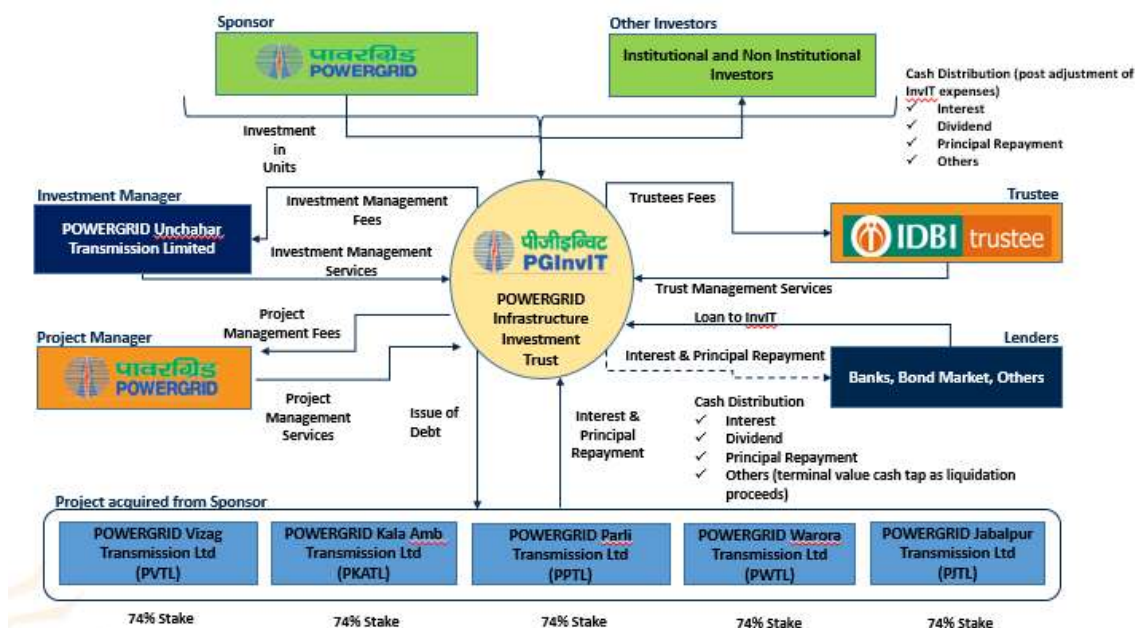
PVTL operates two transmission lines of 956.84 circuit kilometres (“ckm”) comprising one 765 kV double circuit line of 668 ckm from Srikakulam (Andhra Pradesh) to Vemagiri (Andhra Pradesh) and one 400 kV double circuit line of 288.84 ckm from Khammam (Telangana) to Nagarjuna Sagar (Andhra Pradesh).

**Proposed Acquisition of further stake in SPVs by the Trust**

SPV	Date of Commercial Operations (“COD”) of the SPV	Sponsor’s Holding in SPV prior to InvIT transaction	Equity Stake acquired by the Trust	Residual Equity Stake held by the Sponsor	Expected Date of acquiring 100% Equity stake in SPV by the Trust
PVTL	01-Feb-2017	100%	74.00%	26.00%	Mar-2022

Source: Information provided by the Management

**POWERGRID Infrastructure Investment Trust Structure**



Source: Information provided by the Management

**Valuation**

We have carried out the Enterprise and Equity Valuation of PVTL as of 31st January 2022 (“Valuation Date”) considering *inter-alia* historical performance of PVTL, Business plan/ Projected financial statements of PVTL and other information provided by/ on behalf of the Investment Manager, industry analysis and other relevant factors.



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In performing the valuation analysis, we have adopted the Discounted Cash Flow (“DCF”) Method under the Income Approach. We have applied the Free Cash Flow to Firm method under DCF in which the free cash flow to firm has been estimated based on the projected financial statements provided by the Investment Manager. The Enterprise Value has been computed by discounting the free cash flows over the forecast period until the end of the life of project and the terminal value at the end of the forecast period using an appropriate Weighted Average Cost of Capital (“WACC”).

The Valuation summary of PVTL as of 31st January 2022 is as follows:

SPV	WACC	Enterprise Value (INR Mn)	Equity Value (INR Mn)	No. of equity shares	Value per equity share (INR)
POWERGRID Vizag Transmission Limited	7.9%	21,876.2	14,568.0	20,97,30,000	69.5
Equity Value for 26% Stake			3,787.7		

The fair valuation as of 31<sup>st</sup> January 2022 has been estimated based on the interim unaudited financials for PVTL as of 31<sup>st</sup> December 2021. The projected cashflows have been considered for the explicit period from 01<sup>st</sup> February 2022 until 31<sup>st</sup> January 2052. Adjustment, as appropriate, has been made for estimated cash accrual for the month of January 2022 based on the projected cashflow from operations and financing activities for the month of January 2022. Further, we have been given to understand that no dividend has been paid by PVTL after 31<sup>st</sup> December 2021 till the Valuation Date.



## 2. Engagement Overview

- Power Grid Corporation of India Limited (the "Sponsor" or "POWERGRID") is primarily engaged into installation and operation of power transmission projects.
- POWERGRID acts as the Sponsor for POWERGRID Infrastructure Investment Trust ("PGInvIT" or the "Trust"), an infrastructure investment trust under the SEBI InvIT Regulations. IDBI Trusteeship Services Limited ("Trustee") is appointed as the Trustee of the above-mentioned Trust. POWERGRID Unchahar Transmission Limited ("PUTL"/ the "Investment Manager") is appointed as the Investment Manager to the Trust by the Trustee and shall be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.
- POWERGRID Infrastructure Investment Trust ("PGInvIT) had acquired 74% stake in each of the 5 SPVs from Power Grid Corporation of India Limited ("POWERGRID" or the "Sponsor").
- We understand that the transfer of funds to the Sponsor towards consideration for acquisition of 74% equity holding in PVTL was completed on 13th May 2021 and now the balance equity stake of 26% in PVTL is being acquired by PGInvIT from POWERGRID.
- In this regard, the Investment Manager in consultation with the Trustee intends to undertake the fair valuation of the PVTL as on 31st January 2022.
- RBSA Valuation Advisors LLP is a registered valuer entity under the Section 247 of the Companies Act, 2013 registered with the Insolvency and Bankruptcy Board of India having Registered Valuer Entity No. IBBI/RV-E/05/2019/110.
- We declare that:
  - We are competent to undertake the financial valuation in terms of the SEBI InvIT Regulations; and
  - We are an independent registered valuer entity and have prepared the Report on a fair and unbiased basis.
  - We have at least two partners/ directors having experience of 5 years each in the valuation of infrastructure assets.
- We have estimated the Enterprise Value and Equity Value (Fair Value of Equity Shares) of PVTL.
- The Valuation Date considered for the Enterprise Valuation and Equity Valuation of the PVTL is 31<sup>st</sup> January 2022. Valuation analysis and results are specific to the valuation date. A valuation of this nature involves consideration of various factors including the financial position of PVTL as at the Valuation Date, trends in the equity stock market and fixed income security market, macro-economic and industry trends, etc.



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- We have carried out scope of work as per the requirements stipulated in the SEBI InvIT Regulations.
- This Valuation Report ("Report") covers all the disclosures required as per the SEBI InvIT Regulations. Valuation of PVTI is impartial, true, and fair and in compliance with the SEBI InvIT Regulations.



### 3. Assumptions and Limiting Conditions

- This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report; (iii) financial statements of PVTL for the period ended 31st December 2021; and (iv) Business plan/ Projected financial statements of PVTL and other information provided by/ on behalf of the Management and information obtained from public domain/ subscribed databases till 11th February 2022. The Management has represented that the business activities of PVTL have been carried out in normal and ordinary course between 31st December 2021 and the Report Date and that no material changes have occurred in their operations and financial position between 31st December 2021 and the Report date.
- While our work has involved an analysis of financial and other information provided by/ on behalf of the Management, our engagement does not include an audit in accordance with generally accepted auditing standards of the SPVs' existing business records. We have not carried out any independent technical evaluation or appraisal or due diligence of the assets or liabilities of PVTL. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by/ on behalf of the Management. Our Report is subject to the scope, assumptions and limitations detailed hereinafter. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our opinion on the value as falling within a likely range, however, considering the purpose and requirement of this engagement, we have provided a single value. While we have provided our opinion on the fair value of PVTL based on the information made available to us and within the scope and constraints of our engagement, others may have a different opinion.
- A valuation of this nature is necessarily based on stock market, financial, economic, and other conditions in general and industry trends in particular prevailing as on the Valuation date and the information made available to us as of the date hereof. Events occurring after the Valuation date may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- The ultimate analysis will have to be tempered by the exercise of judicious discretion and judgment by the valuer taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the financial statements but could strongly influence the value.

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- In the course of valuation, we were provided with both written and verbal information. We have analysed the information provided to us by/ on behalf of the Management through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information provided by the Investment Manager.
- Valuation may be based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time. However, we do not provide assurance on the achievability of the results projected by the Management as events and circumstances do not occur as expected and differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected as the achievement of the projected results is *inter-alia* dependent on actions, plans and assumptions of the Management and macro-economic and other external factors which are beyond the control of the Management.
- Our valuation is primarily from a business perspective and does not take into account various legal and other corporate structures beyond the limited information provided to us by the Investment Manager. The value conclusion is not intended to represent the value at any time other than the Valuation date that is specifically stated in the Report.
- We have also relied on the data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and/ or reproduced in its proper form and context.
- This Report has been prepared for the sole use by the Investment Manager in connection with the purpose stated herein. It is inappropriate to use this Report for any purpose other than the purpose mentioned herein. This restriction does not preclude the Investment Manager from providing a copy of the Report to its third-party advisors whose review would be consistent with the intended use. Unless required by law, it shall not be provided to any other third party without our prior written consent. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the Report is disclosed or otherwise made available.
- The Report assumes that PVTL complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that they will be managed in a competent and responsible manner. Further, unless specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/ reflected in the financial statements provided to us.



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- It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third-party having access to this Report, please note that this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- This Report is based on the information received from the sources mentioned in Section 4 and discussions with the Management and representatives of the Investment Manager. We have assumed that no information has been withheld that could have influenced the purpose of our Report.
- The outbreak of the Novel Coronavirus (“COVID-19”), declared by the World Health Organization as a “Global Pandemic” on 11<sup>th</sup> March 2020 and second wave of the same in April 2021, has adversely affected the Global and Indian economy. The third wave on account of Omicron hit India in January 2022. Travel restrictions implemented by many countries has affected the economic activities. Governments have announced various measures to combat COVID 19 pandemic and to support the economic and business activities. Though economic recovery is being witnessed in India coupled with the Government’s vaccination efforts and fall in covid cases, with many countries declaring the same as common flu. There are still significantly higher uncertainties in the near to medium term. Considering the unprecedented set of circumstances, Value analysis is reported on the basis of ‘material valuation uncertainty’ and accordingly less certainty and a higher degree of caution should be attached to the Value Analysis than would normally be the case. It may be noted that the estimated value may change significantly and unexpectedly over a relatively short period of time based on the evolving conditions/ uncertainties on account of COVID 19 pandemic.
- In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, irrespective of the quantum of loss or damage caused, shall be limited to the amount of fees actually received by us from the Investment Manager, as laid out in the engagement letter, for such valuation work.
- In rendering this Report, we have not provided any legal, regulatory, tax, accounting, or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 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.
- We are not advisors with respect to legal tax and regulatory matters. No investigation of PVTL’s claim to title of assets has been made for the purpose of this Report and PVTL’s 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 is closed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

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- The scope of work has been limited both in terms of the areas of the business and operations which have been reviewed. 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.
- RBSA is not aware of any contingent, commitment or material issue, besides the information disclosed in the audited financial statements and as provided by the Investment Manager which has been presented in this Report, which could materially affect PVTL's economic environment and future performance and therefore, the fair value of their businesses.
- We have no present or planned future interest in the Trustee, Investment Manager, the Sponsor or PVTL and the fee for this Report is not contingent upon the values reported herein. Our valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any financial or other transaction.
- A draft of the report was provided to the Management for confirmation of facts and management representations. The Management has represented to us that the information provided to us was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the Management in respect of the information provided by the Management. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the Investment Manager, PVTL, their directors, employee, or agents.
- This Report forms an integral whole and cannot be split in parts. The outcome of the valuation can lead to proper conclusions only if the Report as a whole is taken into account.
- The fair valuation as of 31st January 2022 has been estimated based on the interim unaudited financials for PVTL as of 31st December 2021. For the valuation purpose, cash and bank balance as of 31st January 2022 has been estimated based on the projected cashflow from operations and financing activities for the month of January 2022. The projected cashflows have been considered for the explicit period from 01st February 2022 until 31st January 2052. Further, we have been given to understand that no dividend has been paid out after 31<sup>st</sup> December 2021.
- **Limitation of Liabilities**
  - It is agreed that, having regard to RBSA's interest in limiting the personal liability and exposure to litigation of its personnel, the Investment Manager and InvIT will not bring any claim in respect of any damage against any of RBSA's personnel personally.
  - In no circumstances, RBSA shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the Services whether such damages are based on breach of contract, tort, strict liability, breach of warranty or otherwise, except in cases of fraud, gross negligence or wilful misconduct, even if the Investment Manager had contemplated and communicated to RBSA the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by RBSA should be treated as an invitation or inducement to engage the Investment Manager to act upon the Deliverable.

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In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any loss or damage caused, shall be limited to the amount of fees actually received by us, as laid out in the engagement letter, for such valuation work.

- It is clarified that the Sponsor, PUTL and 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.
- RBSA will not be liable if any loss arises due to the provision of false, misleading, or incomplete information or documentation by the Sponsor, PUTL or the Trustee.

## 4. Sources of Information

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

- i. Audited financial statements of PVTL for the financial year ("FY") ended 31<sup>st</sup> March 2021;
- ii. Limited reviewed but unaudited financial statements of PVTL for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> December 2021;
- iii. Historical Average Annual Availability of PVTL;
- iv. Projected income statement, balance sheet and cash flow statement (including key underlying assumptions) of PVTL for the balance tenor of their Transmission Service Agreement (refer table below), which the management of the Investment Manager (the "Management") believes to be their best estimate of the expected operating performance of PVTL going forward ("Management Projections"):

Name of the SPV	Tenor of Transmission Service Agreement ("TSA")
PVTL	31 <sup>st</sup> January 2052

- v. TSA of PVTL;
- vi. Income Tax Return of PVTL as of 31<sup>st</sup> March 2021;





## 5. Procedures

We have carried out the valuation of PVTL, to the extent applicable, in accordance with ICAI Valuation Standards, 2018 (“ICAI VS”) issued by the Institute of Chartered Accountants of India.

We have adopted the following procedures for carrying out the valuation analysis:

- Considered the historical audited financial statements of the PVTL for FY18, FY19, FY20, FY21 and limited reviewed but unaudited financial statements of PVTL for the period ended 31st December 2021;
- Analysis of the Management Projections;
- Discussions with the Management to *inter-alia* understand the historical and expected performance of PVTL and key factors affecting the performance of PVTL;
- Considered key terms of the TSA;
- Considered Technical Reports of PVTL provided by an independent consultant appointed by the Management;
- Analysis of the key economic and industry factors which may affect the valuation of the PVTL;
- Analysis of the information available in public domain/ subscribed databases in respect of the comparable companies/ comparable transactions, as considered relevant by us;
- Selection of valuation approach and valuation methodology/(ies), in accordance with ICAI VS, as considered appropriate and relevant by us; and
- Determination of Enterprise Value and Equity Value of the PVTL.



## 6. Overview of POWERGRID Infrastructure Investment Trust

POWERGRID Infrastructure Investment Trust was set up by POWERGRID as an irrevocable trust pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882. The Trust was registered with Securities and Exchange Board of India on 7<sup>th</sup> January 2021 as an infrastructure investment trust under Regulation 3(1) of the InvIT Regulations. IDBI Trusteeship Services Limited is the Trustee.

POWERGRID, a Maharatna CPSE under Ministry of Power, Govt. of India is the Sponsor of PGINVIT. The Sponsor's equity shares are listed on the NSE and the BSE.

POWERGRID Unchahar Transmission Limited has been appointed as the Investment Manager to the Trust while Power Grid Corporation of India Limited has been appointed as the Project Manager in respect of the Trust.

PGINVIT came out with an Initial Public Offer of its Units which opened on 29th April, 2021 and closed on 3rd May, 2021. The Units of the Trust were listed on the NSE and the BSE on 14th May, 2021 at a price of Rs.104 per unit (i.e. at a premium of 4% on the Issue Price of Rs.100 per unit).

POWERGRID Infrastructure Investment Trust ("PGINVIT) had acquired 74% stake in each of the 5 SPVs from Power Grid Corporation of India Limited ("POWERGRID" or the "Sponsor"). The transfer of funds to the Sponsor towards consideration for acquisition of 74% equity holding in PVTI was completed on 13th May 2021. Now the balance stake of 26% is being acquired by PGINVIT from POWERGRID. The Units are listed on the NSE and the BSE with effect from 14<sup>th</sup> May 2021.

Category	No of Units held	% Holding
<b>Sponsor(s)</b>		
Body Corporate	1,365,00,100	15.00
	<b>1,365,00,100</b>	<b>15.00</b>
<b>Public Holding – Institutions</b>		
Foreign Portfolio Investors	217,427,401	23.89
Mutual Funds	60,554,743	6.65
Insurance Companies	96,675,303	10.62
Provident/Pension funds	68,868,789	7.57
Others	32,720,984	3.60
	<b>476,247,220</b>	<b>52.33</b>



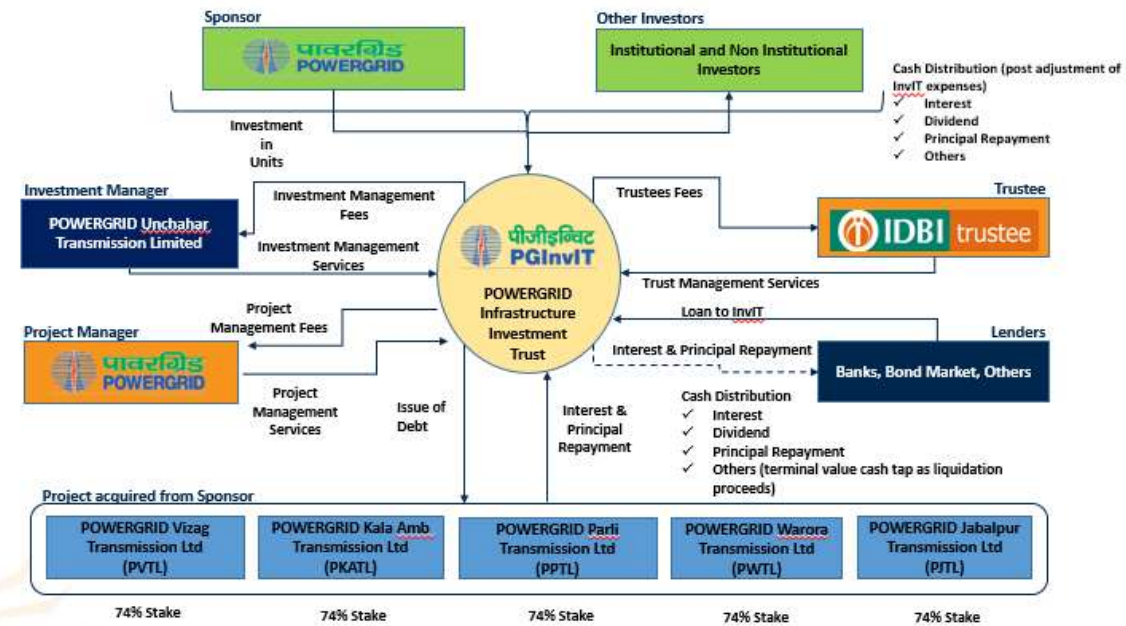
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<b>Public Holding – Non-Institutions</b>		
Individuals	190,500,092	20.94
Body Corporate	97,635,944	10.73
Others	9,115,844	1.00
	<b>29,72,51,880</b>	<b>32.67</b>
<b>Total</b>	<b>909,999,200</b>	<b>100.00</b>

Unit Holding Pattern of the Trust as on 31st December 2021 -



## 7. Structure of POWERGRID Infrastructure Investment Trust



Source: Information provided by the Management

### Proposed Acquisition of further stake in PVTL by the Trust

SPV	Date of Commercial Operations (COD) of the SPV	Sponsor's Holding prior to InvIT transaction	Equity Stake acquired by the Trust prior to Listing	Residual Equity Stake held by the Sponsor	Expected Date of acquiring 100% Equity stake in SPV by the Trust
PVTL	01-Feb-2017	100.00%	74.00%	26.00%	March-2022

Source: Information provided by the Management



## 8. Valuation Approach and Methodology

VALUATION APPROACHES		
INCOME APPROACH	MARKET APPROACH	ASSET APPROACH
Estimates value based on the present value of future earnings of cash	Estimates value based on the multiples of comparable companies and precedent comparable transactions	Estimates value based on the fair value of the business' assets less the fair value of its liabilities
Applied	Not applied	Not Applied

### Basis and Methodology of Valuation

- Valuation Base**

Valuation Base means the indication of the type of value being used in an engagement. In the present case, we have estimated fair value of the PVTL. Fair Value as per ICAI VS defined as under:

*“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.”*

- 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 *inter-alia* due to changes in the condition of the asset to be valued and market parameters. Accordingly, valuation of an asset as at a particular date can be different from other date(s).

The Valuation Date considered for the fair valuation of PVTL is 31st January 2022 (“Valuation Date”). The attached Report is drawn up by reference to accounting and financial information as on 31st December 2021.



- **Premise of Value**

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

*“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”.*

Approach & Method	Applied	Description	Rationale
<b>Income Approach</b> → Discounted Cash Flow Method (DCF)	✓	<ul style="list-style-type: none"> <li>▪ In the DCF method under the Income approach, forecast cash flows are discounted back to the Valuation date, estimating a net present value of the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation date to give an overall value for the business.</li> <li>▪ A discounted cash flow methodology typically requires the forecast period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries.</li> <li>▪ The rate at which the future cash flows are discounted (the “discount rate”) should reflect not only the time value of money, but also the risk associated with the business’ future operations. The discount rate most generally employed is Weighted Average Cost of Capital (“WACC”) or Cost of Equity (Ke), reflecting an optimal as opposed to actual financing structure.</li> </ul>	<ul style="list-style-type: none"> <li>• Management has provided financial projections of PVTL for the balance tenor of the TSA. Hence, we have adopted the DCF method to estimate the value of PVTL.</li> </ul>
<b>Market Approach</b> → Market Price Method	✗	<ul style="list-style-type: none"> <li>▪ Under this method, the value of a company is arrived at considering its market price over an appropriate period.</li> </ul>	<ul style="list-style-type: none"> <li>▪ As PVTL is not listed, this method is not applied.</li> </ul>

Approach & Method	Applied	Description	Rationale
<b>Market Approach</b> → Comparable Companies Multiples (CCM) Method	<b>X</b>	<ul style="list-style-type: none"> <li>▪ Under Comparable Companies Method, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject Company.</li> <li>▪ The appropriate multiple is generally based on the performance of listed companies with similar business models and size.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There are limited listed entities which operates in the Transmission industry. PVTL is operational and do not have project implementation risk. Further, the projected income and cash flows of PVTL primarily depend on the key terms of the TSA, residual tenor, project-specific characteristics/ factors, etc. which may differ from the other projects. Accordingly, this method is not adopted.</li> </ul>
<b>Market Approach</b> → Comparable Transaction Multiples (CTM) Method	<b>X</b>	<ul style="list-style-type: none"> <li>▪ Under Comparable Transaction Multiples Method, the value of shares /business of a Company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject Company.</li> <li>▪ Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration is given to the specific characteristics of the business being valued.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The projected income and cash flows of PVTL primarily depend on the key terms of the TSA, residual tenor, project-specific characteristics/ factors, etc. which may differ from the other projects. We have not adopted this methodology due to unavailability of information in public domain involving recent transactions in similar projects.</li> </ul>
<b>Asset based Approach:</b> → Adjusted Net Asset Value Method	<b>X</b>	<ul style="list-style-type: none"> <li>▪ Under the Adjusted Net Asset Value Method, a Valuation of a 'going concern' business is computed by adjusting the assets and liabilities to the fair market value as of the date of the Valuation.</li> <li>▪ A net asset value methodology is typically most appropriate when:               <ul style="list-style-type: none"> <li>▪ Valuing a holding Company or</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ PVTL has entered into TSA and their revenues are largely predetermined for the residual period of the TSA. In such a scenario, the true worth of the business is reflected in its future earning</li> </ul>

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Approach & Method	Applied	Description	Rationale
		<p>a capital-intensive Company.</p> <ul style="list-style-type: none"> <li>▪ Losses are continually generated by the business; or</li> <li>▪ Valuation methodologies based on a Company's net income or cash flow levels indicate a value lower than its adjusted net asset value.</li> </ul>	<p>capacity rather than the historical cost of the project. The valuation of PVTL is carried out on a 'going concern value' premise. Since the Net Asset value does not capture the future earning potential of the businesses, we have not adopted the Asset approach for the valuation of SPV.</p>



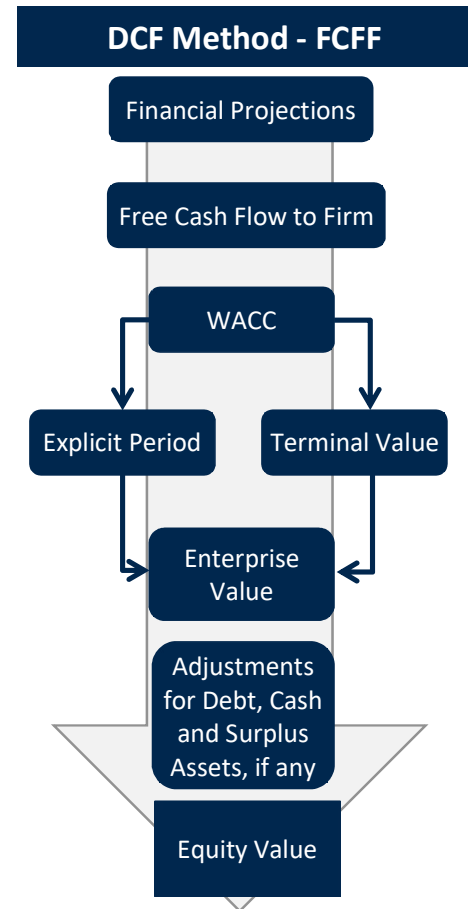


## Income Approach

The Income Approach is widely used for valuation under "Going Concern Value" premise. It focuses on the income generated by a company in the past as well as its future earning capability.

### Discounted Cash Flow ("DCF") Method

- Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the Weighted Average Cost of Capital ("WACC"). The WACC 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 or the exit multiple method" is applied to arrive at the present value of terminal value.
- Enterprise Value ("EV") is derived by aggregating the present value of explicit period and terminal value. EV is further reduced by the value of debt, if any, (net of cash and cash equivalents), adding surplus assets and considering other adjustments as appropriate to arrive at equity value to the equity shareholders.
- Free Cash Flows to Firm ("FCFF") under the DCF method has been applied to value the equity shares of PVTL.
- In FCFF, free cash flows available to a SPV over the forecast period are discounted by an appropriate WACC to derive the net present value.
- The Enterprise Value of PVTL has been determined as an aggregate of the present value of cashflows over explicit period and terminal value.
- The Enterprise Value of PVTL has been adjusted *inter-alia* for the following as at the Valuation Date to arrive at the Equity value:
  - Debt Outstanding
  - Cash and Cash Equivalent
  - Fair value of Contingent Assets and Liabilities, if any.



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The Enterprise Value and Equity Value of PVTI been estimated using the DCF method under the Income Approach by taking into account the following considerations:

- We have considered and relied on the Management Projections provided by the Investment Manager for estimating the Enterprise and Equity Value.
- The forecast period in case of PVTI is based on the residual term of the respective TSAs as of the Valuation Date.
- We understand from the Management that the ownership of the project assets shall remain with PVTI after completion of the term of the TSA and that the project assets will continue to have economic utility beyond the term of the TSA. Considering the aforementioned, terminal Value at the end of the forecast period has been estimated based on the projected annualized revenue and EBITDA margins in the last forecast year and assuming a long-term growth rate of 0% and maintainable capital expenditure equal to the annual depreciation during the forecast period.
- Free Cash flow in forecast period and terminal value have been discounted using the appropriate weighted average cost of capital (WACC)

### Weighted Average Cost of Capital (WACC)

In order to determine the discount rate for estimating the present value of free cash flows, we have computed the WACC using the methodology as set out below:

Particulars	Definition/Formula
WACC	$Ke * (E/(D + E)) + Kd * (1-T) * (D/(D + E))$
Where:	
Ke	cost of equity
E	market value of equity
Kd	cost of debt
D	market value of debt
T	Effective tax rate

The cost of equity is derived using the Capital Asset Pricing Model (“CAPM”) as follows:

Particulars	Definition/Formula
Ke	$Rf + \beta * (Rm - Rf) + \alpha$
Where:	
Rf	the current return on risk-free assets
Rm	the expected average return of the market
(Rm – Rf)	the average risk premium above the risk – free rate that a “market” portfolio of assets is earning
$\beta$	the beta factor, being the measure of the systematic risk of a particular asset relative to the risk of a portfolio of all risky assets
$\alpha$	Company specific risk factor (alpha)

A summary of WACC for PVTI is appended as per **Appendix 1**.

## 9. Valuation of PVTL

### 9.1. POWERGRID Vizag Transmission Limited (PVTL)

#### 9.1.1. Company Profile

- POWERGRID Vizag Transmission Limited (“PVTL”) was incorporated on 30<sup>th</sup> November 2011. Vizag Transmission Limited (erstwhile name of PVTL) entered into a transmission service agreement dated 14<sup>th</sup> May 2013 with its Long-Term Transmission Customers (“LTTCs”) (the “PVTL TSA”) to strengthen transmission system in the southern region of India for import of power from the eastern region of India, on a Build Operate Own Maintain (“BOOM”) basis.

Summary of PVTL project is as under:

Parameters	Details
Gross Block as on 31st December 2021	INR 13,097.8 Mn.
Total Length	956.84 ckm
TSA Date	14 <sup>th</sup> May 2013
Scheduled COD	1 <sup>st</sup> February 2017 *
Project COD	1 <sup>st</sup> February 2017
Expiry Date	35 years from project COD
PGInvIT shareholding	74%
POWERGRID shareholding	26%

Source: Information provided by the Management

- The project was awarded on 31<sup>st</sup> July 2013, through the TBCB mechanism, for a 35-year period from the Scheduled COD\* (as extended pursuant to the letter issued by TANGEDCO dated 27<sup>th</sup> September 2017), i.e., 1<sup>st</sup> February 2017. PVTL was granted a transmission license by the CERC on 8<sup>th</sup> January 2014.
- Subsequently, PVTL entered into a TSA dated 21<sup>st</sup> November 2015 with the CTU, inter-state transmission service customers, inter-state transmission service licensees and non-inter-state transmission service licensees whose assets have been certified as being used for inter-state transmission by the regional power committee (“RPCs”), and a revenue sharing agreement dated 21<sup>st</sup> November 2015 with the CTU.
- PVTL operates two transmission lines of 956.84 ckm comprising one 765 kV double circuit line of approximately 668 ckm from Srikakulam (Andhra Pradesh) to Vemagiri (Andhra Pradesh) and one 400 kV double circuit line of 288.84 ckm from Khammam (Telangana) to Nagarjuna Sagar (Andhra Pradesh)
- As of 31st December 2021, the Gross Block of Property, Plant and Equipment (including Intangibles) was INR 13,097.8 Mn.



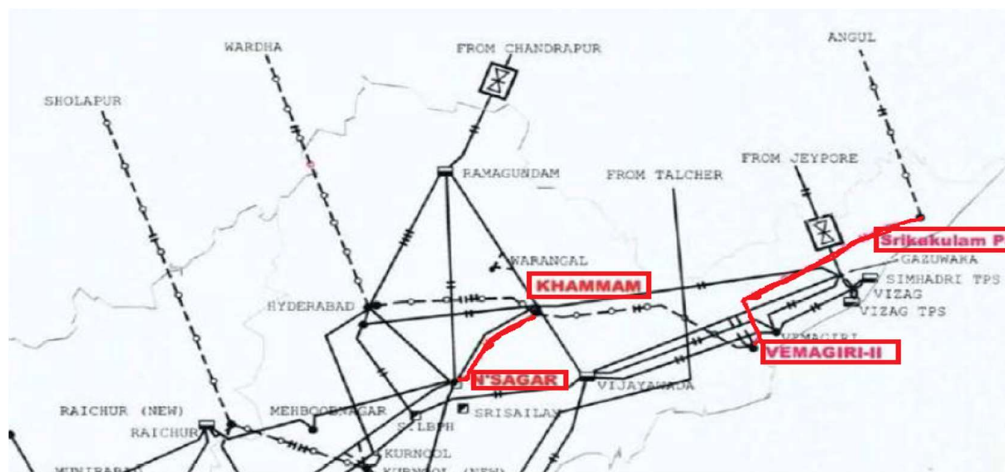
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- All the elements have been successfully charged and Date of Commercial Operation (DOC) declared as per details below:

Transmission lines (including any stations/substations)	Location	Route length/MVA (in ckm)	Specifications	DOC	Contribution to total transmission charges
Khammam (Existing) – Nagarjuna Sagar	Andhra Pradesh and Telangana	288.84	400 kV D/C	3 <sup>rd</sup> January 2016	15.25%
Srikakulam PP – Vemagiri-II Pooling Station	Andhra Pradesh	668	765 kV D/C	1 <sup>st</sup> February 2017	84.75%

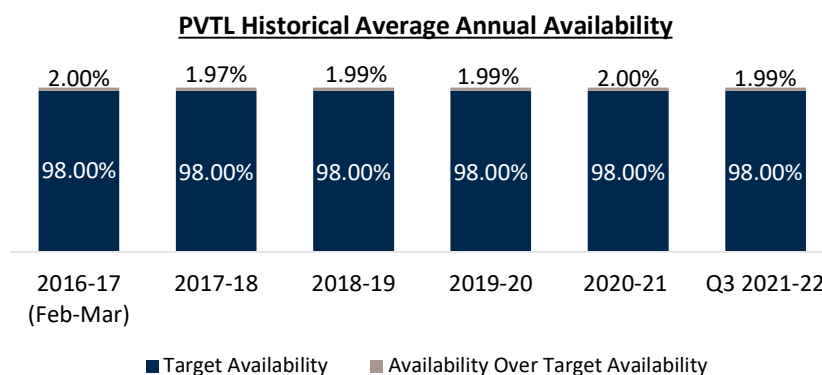
Source: Information provided by the Management

**GRID Map of “System Strengthening in Southern region for Import of power from Eastern Region”.**



Source: Information provided by the Management

**Historical Operating Efficiency of PVTL:**



Source: Information provided by the Management



### 9.1.2. Projected Financial Statements

The projected financial statements for the forecast period until 31st January 2052, when 35 years from the COD end, have been provided by the Investment Manager for the valuation. Key assumptions considered by the Management in financial projections are as follows:

1. **Transmission Revenue** – Transmission revenue of PVTL is provided in the TSA for the life of the project. It comprises non-escalable transmission revenue and escalable transmission revenue as follows:
  - a. **Non-Escalable Transmission Revenue** – It remains fixed for the entire life of the project. We have corroborated the non-escalable transmission revenue provided by the Management in the financial projections with the TSA of PVTL.
  - b. **Escalable Transmission Revenue** – It is the revenue component where revenue is escalated each year based on the escalation index which is computed as per the annualised escalation rate notified by the CERC every 6 months. This escalation is done mainly to compensate PVTL for inflation. Management Projections considers a constant escalation rate of 4.40% for the forecast period based on the past 5-year rates as notified by the CERC.
  
2. **Incentive** – As per the TSA, if the availability in a contract year exceeds the target availability of 98%, PVTL shall be entitled to an annual incentive as follows:

Incentive = 0.02 X Annual Transmission Charges X (Actual Annual Availability - Target Availability)

No incentive shall be payable above the availability of 99.75%. Management expects the annual availability for PVTL at or above 99.75% during the forecast period.
  
3. **Penalty** – If the availability in any contract year falls below 95%, PVTL shall be penalised as per the TSA. As represented to us by the Management, the availability in any contract year shall not fall below 95% during the forecast period and thus the penalty has not been considered in the financial projections.
  
4. **Operations & Maintenance ("O&M") Expenses** – O&M expenses for PVTL has been estimated by the Management at INR 36.4 Mn annually. During the forecast period, these expenses have been escalated at the rate of 3.51% per annum as per O&M Agreement and Management estimates. We have relied on the projections provided by the Management.
  
5. **Project Management ("PM") Expenses** – Project Management expenses for PVTL has been estimated by the Management at INR 5.5 Mn annually. During the forecast period, these expenses have been escalated at the rate of 3.51% per annum as per Project Implementation and Management Agreement. We have relied on the projections provided by the Management.

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6. **License fees** – Annual License fee has been estimated by the Management for the forecast period at 0.11% of Annual Transmission Charges as provided under the CERC regulations.
7. **Insurance Expenses** – Insurance expenses for PVTL has been estimated by the Management (based on the insurance policy obtained from the insurer) at INR 47.2 Mn annually. Insurance expenses are expected to remain constant throughout the life of the project.
8. **Key Managerial Personnel Expenses** – Key Managerial Personnel Expenses for PVTL have been estimated by the Management at INR 5.1 Mn annually. During the forecast period, these expenses have been escalated at the rate of 6.50% per annum.
9. **System and Market Operation Charges** – System and Market Operation Charges for PVTL has been estimated by the Management at INR 8.4 Mn annually based on the financials reported for 9MFY22. During the forecast period, these expenses have been escalated at the rate of 6.50% per annum.
10. **Audit Expenses** – Audit Expenses for PVTL has been estimated by the Management at INR 0.3 Mn annually. During the forecast period, these expenses have been escalated at the rate of 10% per annum.
11. **Other Administrative Expenses and Other Expenses** – Other Administrative Expenses and Other Expenses for PVTL has been estimated by the Management at INR 1.1 Mn annually. During the forecast period, these expenses have been escalated at the rate of 10% per annum.
12. **Breakdown Contingencies** – The Management has estimated that INR 0.5 Mn per annum shall be spent with respect to breakdown contingencies for PVTL during the forecast period.
13. **CSR Expense** – As per the provisions of Section 135 of the Companies Act 2013, CSR Expense of 2% of the average profits in the past 3 years for PVTL has been considered.
14. **Depreciation** – Effective from 1<sup>st</sup> April 2020, depreciation is being calculated using Straight Line Method over the life of the project considering a salvage value of 5% as per the Companies Act, 2013. For calculating depreciation as per Income Tax Act for the projected period, depreciation rate as specified in the Income Tax Act and WDV as per Income Tax Return filed by PVTL have been considered. PVTL is expected to incur certain maintenance capital expenditure during the forecast period. The effect of the same has been considered while computing both book and income tax depreciation.
15. **Tax Rates** – PVTL shall pay taxes as follows over the forecast period:

Regime	Period	Tax Rate	Effective Tax Rate #
Old Regime	Till FY2043	29.12%	18.09%
New Regime	FY2043 onwards	25.17%	

# estimated after considering inter-alia the tax holiday period



16. **Tax Incentive** – PVTL is eligible for tax holiday under section 80IA of Income Tax Act. Such tax holiday shall be available for any 10 consecutive years out of 15 years beginning from the date of COD. For PVTL, the tax holiday benefit shall be claimed as follows:

Element	Tax Holiday period
Khammam (Existing) – Nagarjuna Sagar	FY2020-21 to FY2029-30
Srikakulam PP – Vemagiri-II Pooling Station	FY2021-22 to FY2030-31

17. **Working Capital** – The Management have envisaged the working capital requirement of PVTL for the forecast period. The major operating working capital assumptions are as follows:
- a. **Trade Receivables days** – 45 days
  - b. **Unbilled Revenue days** – 31 days
18. **Debt** – The borrowings as of 31st December 2021 of PVTL is 7,839.9 from PGINvIT.
19. **Capital Expenditure** – The Management has estimated capital expenditure to be incurred over the forecast period for PVTL. We have relied on the projections provided by the Management.
20. **Contingent Liabilities** – The Management represented that, as per the Share Purchase Agreement executed between POWERGRID, PGINvIT, PUTL and PVTL, POWERGRID has undertaken to indemnify, defend and hold harmless the Trust and the Investment Manager from and against losses which relate to or arise from inter-alia any pending or threatened claims against PVTL from the period prior to and including the First Closing Date i.e. 13th May 2021. Since no major new contingent liabilities have arisen since then, the impact of same is not considered for the valuation.

### 9.1.3. Valuation

- The Enterprise Value of PVTL has been estimated adopting the DCF method under the Income Approach by taking into account the following considerations:
  - We have considered and relied on the projected financial statements provided by the Investment Manager for estimating the Enterprise and Equity Value.
  - The forecast period in case of PVTL is from 1st February, 2022 to 31st January, 2052, which is based on completion of 35 years from COD.
  - Weighted Average Cost of Capital (WACC): Refer **Appendix 1**
  - DCF Analysis: Refer **Appendix 2**



**Valuation Summary**

<b>Valuation Date</b>		<b>31-Jan-22</b>	
<b>Amount in INR Mn.</b>			
<b>Approaches</b>	<b>Method</b>	<b>Enterprise Value</b>	<b>Equity Value</b>
Income Approach	DCF	21,876.2	14,568.0
<b>Number of equity shares</b>			<b>20,97,30,000</b>
<b>Value per equity share (INR)</b>			<b>69.5</b>

		<b>Enterprise Value</b>	<b>Equity Value</b>
		<b>INR MN</b>	
<b>Discount Rate</b>	<b>6.90%</b>	24,476.2	17,168.0
	<b>7.40%</b>	23,098.2	15,790.0
	<b>7.90%</b>	21,876.2	14,568.0
	<b>8.40%</b>	20,784.3	13,476.1
	<b>8.90%</b>	19,802.3	12,494.1

**9.1.4. Additional Procedures to be complied with in accordance with InvIT regulations.**

**Scope of Work**

The Schedule V of the SEBI InvIT Regulations prescribes the minimum set of mandatory disclosures to be made in the valuation report.

**Limitations**

- This Report is based on the information provided by the Management. The exercise has been restricted and kept limited to and based entirely on the information provided to us. We have completely relied on the information provided by the Management and have assumed that the information provided is accurate and complete in all material respects.
- We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as original, and the conformity of the copies or extracts submitted to us with that of the original documents.
- We have assumed that the documents provided to us by the Management in connection with any particular issue are the only documents related to such issue.
- We have analysed the information provided by the Management from the limited perspective of examining issues noted in the scope of work and we do not express any opinion as to the legal or technical implications of the same.

**Analysis of Additional Set of Disclosures for PVTI**

- A. List of one-time sanctions/approvals which are obtained or pending:  
 Investment Manager has confirmed that there is no Key Change in one-time sanctions/approvals as reported in the full valuation report dated 26th February 2021.





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B. List of up to date/ overdue periodic clearances:  
Investment Manager has confirmed that there is no Key Change in the periodic clearances as reported in the full valuation report dated 26th February 2021.

C. Statement of assets included:  
The details of assets of PVTL as of 31st December 2021 are provided in **Appendix 3**.

D. Estimates of already carried out as well as proposed major repairs and improvements along with estimated time of completion:  
We understand from the Management that no major repairs and improvements of the assets have been performed till date. Also, PVTL does not plan to perform any major repairs and improvements during the life of the project. However, PVTL incurs regular annual maintenance charges of Transmission Lines. The projected operation and maintenance charges for the life the project along with the projected inflation rate is as follows:

	O&M Expenses					Annual Inflation Rate (FY23-FY51)
	April-Dec FY 2022	Jan-March FY 2022	FY 2023	FY 2024	FY 2025	
O&M Expenses	28.0	9.1	37.7	39.0	40.4	3.51%

Source: Information provided by the Management

The O&M expenses for the last quarter of FY22 have been computed based on 25.0% of the annual O&M expenses as per the O&M agreement shared by the Management.

E. Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges if any.  
The Management has informed that there are no dues including local authority taxes pending to be payable to the Government authorities except as disclosed in the audited financial statements.

F. On-going material litigations including tax disputes in relation to the assets, if any:  
The list of on-going material litigations including tax disputes in relation to PVTL are provided in **Appendix 5**.

G. Vulnerability to natural or induced hazards that may not have been covered in town planning building control.  
Management has confirmed that there are no such natural or induced hazards which have not been considered in town planning/ building control.

H. Latest Pictures of the project along with date of physical inspection  
Please refer **Appendix 4**.



## 10. Valuation Conclusion

We have carried out the Enterprise and Equity Valuation of PVTL as of 31st January 2022 considering inter-alia historical performance of PVTL, Business plan/ Projected financial statements of the PVTL and other information provided by/ on behalf of the Investment Manager, industry analysis and other relevant factors.

In performing the valuation analysis, we have adopted the Discounted Cash Flow Method under the Income Approach.

The Valuation summary of the PVTL as of 31st January 2022 is as follows:

SPV	WACC	Enterprise Value (INR Mn)	Equity Value (INR Mn)	No. of equity shares	Value per equity share (INR)
POWERGRID Vizag Transmission Limited	7.9%	21,876.2	14,568.0	20,97,30,000	69.5
Equity Value For 26% Stake			3,787.7		

The fair valuation as of 31st January 2022 has been estimated based on the interim unaudited financials for PVTL as of 31st December 2021. The projected cashflows have been considered for the explicit period from 01st February 2022 until 31st January 2052. Adjustment, as appropriate, has been made for estimated cash accrual for the month of January 2022 based on the projected cashflow from operations and financing activities for the month of January 2022. Further, we have been given to understand that no dividend has been paid out after 31<sup>st</sup> December 2021 till the Valuation Date.

The outbreak of the Novel Coronavirus (“COVID-19”), declared by the World Health Organization as a “Global Pandemic” on 11<sup>th</sup> March 2020 and second wave of the same in April 2021, has adversely affected the Global and Indian economy. The third wave on account of Omicron hit India in January 2022. Travel restrictions implemented by many countries has affected the economic activities. Governments have announced various measures to combat COVID 19 pandemic and to support the economic and business activities. Though economic recovery is being witnessed in India coupled with the Government’s vaccination efforts and fall in covid cases, with many countries declaring the same as common flu. There are still significantly higher uncertainties in the near to medium term. Considering the unprecedented set of circumstances, Value analysis is reported on the basis of ‘material valuation uncertainty’ and accordingly less certainty and a higher degree of caution should be attached to the Value Analysis than would normally be the case. It may be noted that the estimated value may change significantly and unexpectedly over a relatively short period of time based on the evolving conditions/ uncertainties on account of COVID 19 pandemic.



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We understand from the Management that future cash outflow, if any, on account of contingent liabilities shall be borne by POWERGRID. Hence, the impact of the contingent liabilities has not been considered in the estimation of the Enterprise Value and Equity Value. However, for disclosure purposes, the contingent liabilities of PVTI are as follows:

- Disputed Entry Tax Matters amounting to INR 96.28 Mn.



## **Appendices**

**Appendix 1 - WACC**

Particulars	PVTL	Remarks
<b>Debt-to-equity Industry</b>	~1.40	POWERGRID's 5-year average debt to equity ratio computed based on estimated market weights
Unlevered Beta – Industry	~ 0.20	Beta is a measure of the risk of the shares of a company. $\beta$ is the covariance between the return on sample stock and the return on the market. In order to determine the appropriate beta factor for a company, consideration must be given either to the market beta of such company or betas of comparable quoted companies  Since only one listed comparable company is available i.e. POWERGRID, unlevered beta has been estimated based on the 5-year monthly beta of POWERGRID
Relevered Beta	~ 0.49	
<b><u>Cost of Equity (Ke)</u></b>		
Risk Free Rate (Rfr)	~ 7.03%	Based on 10-year Zero coupon yield curve for Govt securities as at 31st January 2022
Equity Market Risk Premium	~ 7.00%	Equity Market equity risk premium is estimated considering inter-alia historical equity market returns over a risk-free rate and forward-looking equity market risk premium estimates. Data sources reviewed generated a range of equity risk premium indications. However, a 7% equity market risk premium was considered reasonable representative of the equity risk premium for India.
Levered Beta	~ 0.49	Considering inter-alia 5-year monthly beta of POWERGRID and average debt equity ratio (Market weights)
Additional Risk Premium	~0.50%	Considering inter-alia additional market and earnings volatility on account of COVID-19
<b>Cost of Equity (Ke)</b>	~10.94%	
<b><u>Cost of Debt (Kd)</u></b>		
Pre-Tax Cost of Debt (Kd)	~ 7.00%	Management expects that considering inter-alia the operating nature of PVTL, long term TSA and discussions with the prospective lenders, InvIT/ SPV will be able to borrow at a weighted average interest rate of ~7% per annum.
Effective tax rate	~18.09%	Estimated considering <i>inter-alia</i> tax holiday period and brought forward losses, if any
Post-Tax Cost of Debt (Kd)	~5.73%	
<b>WACC</b>	~7.90%	
<b>Rounded off WACC</b>	7.90%	



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**Appendix 2 - PVTL: Discounted Cash Flow Method**
**Discounted Cash Flow Analysis**

Amount in INR Mn

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Period in Months	2	12	12	12	12	12	12	12
Revenues	492.6	2,426.5	2,202.2	2,200.9	2,199.7	2,198.4	2,197.1	2,195.4
EBIT	398.0	1,969.4	1,746.9	1,750.8	1,750.2	1,746.0	1,740.7	1,735.2
Less Tax on EBIT	(72.9)	(344.1)	(305.2)	(305.9)	(305.8)	(305.1)	(304.1)	(303.2)
<b>EBIT after Tax on EBIT</b>	<b>325.1</b>	<b>1,625.3</b>	<b>1,441.7</b>	<b>1,444.9</b>	<b>1,444.4</b>	<b>1,440.9</b>	<b>1,436.5</b>	<b>1,432.0</b>
Add: Depreciation	52.1	312.6	312.6	312.6	312.6	313.0	313.4	313.4
Less: Capital Expenditure	(1.2)	-	-	-	-	(20.4)	-	-
Add/Less: (Increase)/ decrease in Working Capital	81.1	107.0	43.3	(3.3)	(3.4)	(3.5)	(3.6)	(3.6)
<b>Free Cash flows to Firm ("FCFF")</b>	<b>457.1</b>	<b>2,044.9</b>	<b>1,797.6</b>	<b>1,754.2</b>	<b>1,753.6</b>	<b>1,730.1</b>	<b>1,746.3</b>	<b>1,741.8</b>
Time to Midpoint	0.08	0.66	1.66	2.66	3.66	4.66	5.67	6.67
PV Factor	0.99	0.95	0.88	0.82	0.76	0.70	0.65	0.60
<b>PV of FCFF</b>	<b>454.3</b>	<b>1,944.6</b>	<b>1,584.1</b>	<b>1,432.5</b>	<b>1,327.2</b>	<b>1,213.5</b>	<b>1,135.1</b>	<b>1,049.2</b>

Amount in INR Mn

Particulars	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Period in Months	12	12	12	12	12	12	12	12
Revenues	2,193.7	2,191.9	2,190.1	2,187.7	2,185.4	2,182.9	2,180.4	2,177.3
EBIT	1,729.7	1,723.9	1,717.9	1,711.3	1,704.0	1,696.1	1,687.6	1,678.2
Less Tax on EBIT	(302.2)	(301.2)	(300.2)	(299.0)	(297.7)	(296.3)	(294.9)	(293.2)
<b>EBIT after Tax on EBIT</b>	<b>1,427.5</b>	<b>1,422.7</b>	<b>1,417.8</b>	<b>1,412.3</b>	<b>1,406.3</b>	<b>1,399.7</b>	<b>1,392.7</b>	<b>1,385.0</b>
Add: Depreciation	313.4	313.4	313.4	313.4	313.4	313.4	313.4	313.4
Less: Capital Expenditure	-	-	-	-	-	-	-	-
Add/Less: (Increase)/ decrease in Working Capital	(3.8)	(3.8)	(4.0)	(4.0)	(4.1)	(4.2)	(4.4)	(4.4)
<b>FCFF</b>	<b>1,737.1</b>	<b>1,732.2</b>	<b>1,727.2</b>	<b>1,721.7</b>	<b>1,715.5</b>	<b>1,708.9</b>	<b>1,701.7</b>	<b>1,694.0</b>
Time to Midpoint	7.67	8.67	9.67	10.67	11.67	12.67	13.67	14.67
PV Factor	0.56	0.52	0.48	0.44	0.41	0.38	0.35	0.33
<b>PV of FCFF</b>	<b>969.7</b>	<b>896.2</b>	<b>828.1</b>	<b>764.9</b>	<b>706.4</b>	<b>652.1</b>	<b>601.8</b>	<b>555.1</b>

Amount in INR Mn

Particulars	FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045
Period in Months	12	12	12	12	12	12	12	12
Revenues	2,174.1	2,170.7	2,167.3	2,163.0	2,158.8	2,154.2	2,149.6	2,143.9
EBIT	1,668.5	1,658.2	1,647.6	1,635.9	1,623.8	1,611.1	1,598.3	1,584.5
Less Tax on EBIT	(291.5)	(289.7)	(287.9)	(285.8)	(283.7)	(281.5)	(484.1)	(481.5)
<b>EBIT after Tax on EBIT</b>	<b>1,377.0</b>	<b>1,368.5</b>	<b>1,359.7</b>	<b>1,350.1</b>	<b>1,340.1</b>	<b>1,329.6</b>	<b>1,114.2</b>	<b>1,102.9</b>
Add: Depreciation	313.4	313.4	313.4	313.4	313.4	313.4	313.4	313.4
Less: Capital Expenditure	-	-	-	-	-	-	-	-
Add/Less: (Increase)/ decrease in Working Capital	(4.5)	(4.6)	(4.8)	(4.8)	(5.0)	(5.1)	(5.3)	(5.2)
<b>FCFF</b>	<b>1,685.8</b>	<b>1,677.2</b>	<b>1,668.3</b>	<b>1,658.6</b>	<b>1,648.5</b>	<b>1,637.9</b>	<b>1,422.4</b>	<b>1,411.1</b>
Time to Midpoint	15.67	16.67	17.67	18.68	19.68	20.68	21.68	22.68
PV Factor	0.30	0.28	0.26	0.24	0.22	0.21	0.19	0.18
<b>PV of FCFF</b>	<b>512.0</b>	<b>472.1</b>	<b>435.2</b>	<b>400.9</b>	<b>369.3</b>	<b>340.1</b>	<b>273.7</b>	<b>251.6</b>

Amount in INR Mn

Particulars	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051	FY2052	TY
Period in Months	12	12	12	12	12	12	10	12
Revenues	2,138.2	2,132.1	2,125.9	2,118.5	2,110.9	2,102.8	1,756.1	2,094.7
EBIT	1,570.5	1,555.7	1,540.3	1,523.2	1,505.4	1,486.4	1,224.5	1,460.6
Less Tax on EBIT	(478.7)	(475.5)	(472.1)	(468.2)	(464.0)	(459.5)	(381.3)	(367.6)
<b>EBIT after Tax on EBIT</b>	<b>1,091.8</b>	<b>1,080.1</b>	<b>1,068.2</b>	<b>1,055.0</b>	<b>1,041.3</b>	<b>1,026.9</b>	<b>843.2</b>	<b>1,093.0</b>
Add: Depreciation	313.4	313.4	313.4	313.4	313.4	313.4	262.7	313.4
Less: Capital Expenditure	-	-	-	-	-	-	-	(313.4)
Add/Less: (Increase)/ decrease in Working Capital	(5.4)	(5.5)	(5.7)	(5.6)	(5.8)	(5.9)	(6.2)	-
<b>FCFF</b>	<b>1,399.8</b>	<b>1,388.0</b>	<b>1,375.9</b>	<b>1,362.7</b>	<b>1,348.9</b>	<b>1,334.3</b>	<b>1,099.7</b>	<b>1,093.0</b>
Time to Midpoint	23.68	24.68	25.68	26.68	27.68	28.68	29.60	29.60
PV Factor	0.17	0.15	0.14	0.13	0.12	0.11	0.11	0.11
<b>PV of FCFF</b>	<b>231.3</b>	<b>212.6</b>	<b>195.3</b>	<b>179.2</b>	<b>164.4</b>	<b>150.7</b>	<b>115.8</b>	<b>115.1</b>

Particulars	Amount in INR Mn
Present Value of FCFF Explicit Period	20,418.9
Present Value of Terminal Value	1,457.3
<b>Business Enterprise Value (EV)</b>	<b>21,876.2</b>
Add: Cash & Bank Balance #	531.7
Less: Debt	(7,839.9)
<b>Equity Value</b>	<b>14,568.0</b>

# Includes estimated cash accrual for the month of Jan 2022



**Appendix 3 - PVT: Fixed Asset Summary as of 31<sup>st</sup> December 2021 (INR Mn)**

<b>Asset Type</b>	<b>Gross Block</b>	<b>Depreciation</b>	<b>Net Block</b>	<b>% of Asset depreciated</b>
Transmission	13,097.01	3,039.01	10,058.00	23.20%
Construction and Workshop equipment	0.07	0.02	0.05	28.57%
Furniture Fixtures	0.06	0.04	0.02	66.67%
Workshop and testing equipment	0.26	0.06	0.20	23.08%
Electronic Data Processing & Word Processing Machines	0.37	0.37	-	100%
<b>Total</b>	<b>13,097.77</b>	<b>3,039.5</b>	<b>10,058.27</b>	

Source: Audited Financials





**Appendix 4 - PVTL: Physical Inspection**

**400 KV D/C Khammam – Nagarjuna Sagar Line**



**765 KV D/C Srikakulam PP – Vemagiri – II Line**



**Site Visit:**

Considering Covid 19 pandemic, virtual site visits for verification of assets of both the transmission lines have been carried out on 07<sup>th</sup> February 2022

**Observation:**

During the virtual site visits, it was observed that both the transaction lines were in operational condition



Appendix 5 - PVTL: On-going material litigations including tax disputes.

S. No.	Nature of the matter	Name of the Petitioner/ Appellant/ Complainant	Name of the defendant/ respondent	Forum	Financial claim / impact	Case Number	Brief summary of the facts	Current status of the matter and the next date of hearing
<b>(i) STATUTORY OR REGULATORY</b>								
NIL								
<b>(ii) CRIMINAL PROCEEDINGS</b>								
NIL								
<b>(iii) OTHER PENDING LITIGATION</b>								
1	Writ Petition	Allu Sivaramakrishna & 5 Ors.	POWERGRID & 2 Ors	High Court of AP at Amaravati	Not quantifiable	WP No. 46034/2016	WP filed to issue a writ, order or direction to POWERGRID & PVTL not to erect tower using the land of the petitioners, situated at Gonedu Village, Kirlampudi Mandal, East Godavari District for establishment of 765kV Srikakulam - Vemagiri D/C Power Transmission Line without paying suitable and adequate compensation as per the provisions contemplated under "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013" and consequently direct the 2nd respondent to pay the suitable and sufficient compensation by settling the cost of the lands as per the prevailing market rate and the cost of the	Listed on 01.06.2017 for admission but not reached for hearing. The matter is to be listed for admission.



							plants and trees damaged and to pass such other order.	
2	Writ Petition	Ch. Pullaiah & Anr	POWERGRID & Anr.	High Court for the State of Telangana at Hyderabad	Not quantifiable	WP No. 37560/2014	WP filed with a prayer to issue a Direction directing POWERGRID not to take the transmission line through the lands of the petitioners and also lay any towers/poles of 400kV Khammam-Nagarjunasagar TL in their lands in Survey Nos. 168 and 170/A situated at Daaredu Village, Khammam Rural Mandal, Khammam District without following due process of law and without paying compensation.	Heard on 29.12.2014, however, stay was not granted, and further time given to POWERGRID for filing counter. The matter is listed for hearing. Work has been completed at the location.
3	Writ Petition	PVTL	CTO & 3 Ors	High Court for the State of Telangana at Hyderabad	INR 96,280,607	WP No. 13305/2020	WP filed by PVTL to pass an order or direction or any other proceedings one in the nature of writ of mandamus or any other appropriate writ or order or direction under Art 226 of the Constitution of India setting aside the order of the 2nd Respondent in ADC Order No 1077 and Appeal No 5/25/201819 dated 17 06 2020 and upholding the order of the 1st Respondent in imposing entry tax under the Telangana Tax on Entry of Goods Into Local Areas Act 2001 for the period 2014-15 and 2015-16 and thereby confirming a tax of INR 96,280,607 as being illegal arbitrary violative of provisions of Section 32 of Telangana Tax on Entry of Goods into	Heard on 20.08.2020 and the Hon'ble High Court was pleased to grant stay of the operation of the Assessment Order till the disposal of the WP, by Order dated 20.08.2020. The same is to be listed for final hearing and disposal.



**RBSA Valuation Advisors LLP**

							Local Areas Act 2001 and in violation of principles of natural justice and contrary to the decisions of the Hon'ble Courts violative of Articles 14, 19 and 265 of the Constitution of India.	
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*Source: Information provided by the Management*





**RBSA Valuation Advisors LLP**

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**Report on Fair Valuation for Acquisition  
of Additional Revenues accrued to PPTL,  
PWTL and PJTL due to Change in Law as  
per Article 12.2 of Transmission Service  
Agreement**

Private and Confidential

POWERGRID Unchahar Transmission Limited  
Saudamini, Plot No.2,  
Sector 29, Near IFFCO Chowk,  
Gurgaon (Haryana) - 122001, India

Sub: Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as per Article 12.2 of Transmission Service Agreement

Dear Sir,

We refer to our appointment letter dated 24<sup>th</sup> January 2022 wherein RBSA Valuation Advisors LLP ("RBSA" or "We" or "us" or "our") has been appointed by POWERGRID Unchahar Transmission Limited ("PUTL"/ the "Investment Manager"), as an independent valuer, as per Regulation 2(zf) of the SEBI (Infrastructure Investment Trust) Regulations, 2014 ("SEBI InvIT Regulations"), for the purpose of Fair Valuation for acquisition of additional revenues accrued to POWERGRID Parli Transmission Limited ("PPTL"), POWERGRID Warora Transmission Limited ("PWTL") and POWERGRID Jabalpur Transmission Limited ("PJTL") due to Change in Law as per Article 12.2 of their respective Transmission Service Agreements ("TSA").

PPTL, PWTL and PJTL (together referred to as the "SPVs") had filed petition under Section 63 and 79 (1) (c) and (d) of the Electricity Act, 2003 read with Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 for providing relief under Change in Law as per Article 12.2 of TSA.

With respect to the above petitions, CERC had released its order and allowed compensation towards the following under Change in Law:

- 1) Increase in acquisition Price by Bid Process Coordinator ("BPC")
- 2) Increase in cost owing to introduction of GST
- 3) Land Compensation

In this regard, the Investment Manager in consultation with the Trustee intends to undertake the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021, as per Article 12.2 of TSA.

We have relied on explanations and information provided by/ on behalf of the Investment Manager. We have analysed the information provided by/ on behalf of the Investment Management through broad inquiry, analysis and review but have not carried out a due diligence or audit of such information. We have no present or planned future interest in the Sponsor, the SPVs or the Investment Manager except to the extent of our appointment as an independent valuer and the fee for our Valuation Report ("Report") is not contingent upon the values reported herein. Our valuation analysis should not be construed as investment advice specifically, we do not express any opinion on the



**RBSA Valuation Advisors LLP**

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suitability or otherwise of entering into any financial or other transaction with the Trust.

We enclose our Report providing our opinion on the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to change in law as of 31<sup>st</sup> December 2021 (“Valuation Date”). The attached Report details the valuation methodologies, calculations, and conclusions with respect to this valuation.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, 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.

Our valuation and conclusion are included herein, and our Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by SEBI there under.

The Report must be read in conjunction with the Assumptions and Limiting Conditions, which are contained in Section 3 of this Report. This letter, the Report and the summary of valuation included herein can be provided to PUTL's advisors and may be made available for the inspection to the public as a material document and with the Securities and Exchange Board of India, the stock exchanges and any other regulatory and supervisory authority, as may be required.

We draw your attention to the limitation of liability clauses in Section 3 of the Report.

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

For **RBSA Valuation Advisors LLP**,  
(RVE No.: IBBI/RV-E/05/2019/110)



**Ravishu Vinod Shah**

Partner

Asset Class: Securities or Financial Assets (RV No.: IBBI/RV/06/2020/12728)

Place: Mumbai

Date: Feb 17, 2022

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## 1. Executive Summary

POWERGRID Infrastructure Investment Trust ("PGInvIT" or the "Trust") was set-up by POWERGRID as a Sponsor as an irrevocable trust pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882. The Trust was registered with Securities and Exchange Board of India ("SEBI") on 7<sup>th</sup> January 2021 as an infrastructure investment trust under Regulation 3(1) of the SEBI InvIT Regulations.

POWERGRID, a public limited company under the administrative control of the Ministry of Power, commenced its commercial operations in FY1992-93. It is a Maharatna company engaged in the business of power transmission and its equity shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

POWERGRID is the Sponsor for the Trust. IDBI Trusteeship Services Limited ("Trustee") is appointed as the Trustee of PGInvIT. The Investment Manager is appointed to the Trust by the Trustee and is responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.

POWERGRID monetised five Tariff-based Competitive Bidding ("TBCB") SPVs, namely POWERGRID Vizag Transmission Limited ("PVTL"), POWERGRID Kala Amb Transmission Limited ("PKATL"), POWERGRID Parli Transmission Limited ("PPTL"), POWERGRID Warora Transmission Limited ("PWTL") and POWERGRID Jabalpur Transmission Limited (PJTL) through the Infrastructure Investment Trust("InvIT") route.

The Initial Public Offer of PGInvIT opened on 29<sup>th</sup> April, 2021 and closed on 3<sup>rd</sup> May, 2021. The Initial Public Offer comprised a fresh issue of INR 4,993.48 crore and an Offer for Sale of INR 2,741.51 crore at the upper end (i.e. INR 100 per Unit) of the Price Band of INR 99 - INR 100, by the Selling Unit holder i.e. POWERGRID aggregating to the Total Offer Size of INR 7,734.99 crore.

The Units of PGInvIT were listed on the NSE and the BSE with effect from 14<sup>th</sup> May 2021.

We understand that the transfer of funds to the Sponsor towards consideration for acquisition of 74% equity holding in the above mentioned SPVs was completed on 13th May 2021. As such, the InvIT transaction has been construed to be completed on that day i.e. on 13th May 2021 and accordingly, the same has been considered as the date of acquisition ("Acquisition Date" / "Transfer Date").

PPTL, PWTL and PJTL had filed petition under Section 63 and 79 (1) (c) and (d) of the Electricity Act, 2003 read with Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 with regard to an increased project cost due to the Change in Law claiming incremental transmission charges as per Article 12.2 of TSA and relevant CERC regulations.

With respect to the above petitions, CERC had released its order and allowed compensation towards the following under Change in Law:

- 1) Increase in acquisition Price by Bid Process Coordinator (BPC)
- 2) Increase in cost owing to introduction of GST
- 3) Land Compensation



In this regard, the Investment Manager in consultation with the Trustee intends to undertake the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021.

**1. POWERGRID Parli Transmission Limited (“PPTL”)**

- PPTL operates three transmission lines of 966.12 ckm comprising one 765 kV double circuit line of 693.70 ckm from Warora (Maharashtra) to Parli (Maharashtra), one 765 kV double circuit line of 235.92 ckm from Parli (Maharashtra) to Solapur (Maharashtra), and one 400 kV double circuit line of 36.50 ckm from Parli (New) (Maharashtra) to Parli (PG) (Maharashtra).
- In addition, the project includes one 765/400 kV substation of an aggregate transformation capacity of 3,000 MVA in Parli (Maharashtra).

**2. POWERGRID Warora Transmission Limited (“PWTL”)**

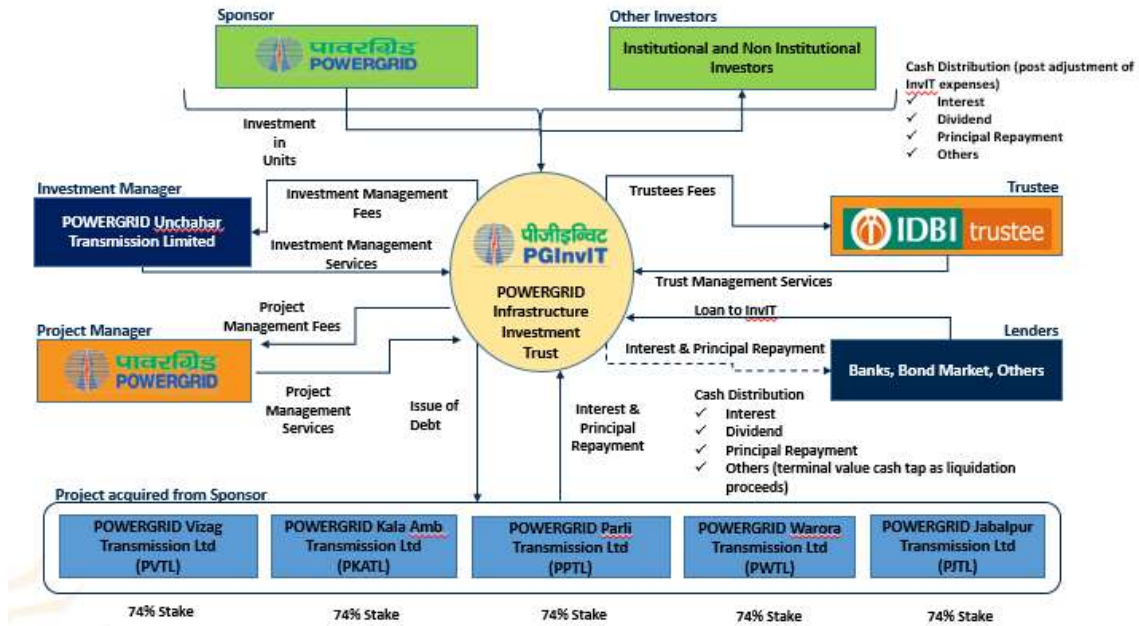
- PWTL operates four transmission lines of 1,028.11 ckm comprising one 765 kV double circuit line of 204.47 ckm from Gadarwara (Madhya Pradesh) to Jabalpur (Madhya Pradesh), one 765 kV double circuit line of 627.35 ckm from Gadarwara (Madhya Pradesh) to Warora (Maharashtra), and two 400 kV double circuit line of 196.29 ckm i.e., LILO of both circuits of Wardha – Parli (PG) 400kV D/C line at Warora pooling station.
- In addition, PWTL has established one 765/400 kV substation with an aggregate transformation capacity of 3,000 MVA in Warora (Maharashtra).

**3. POWERGRID Jabalpur Transmission Limited (“PJTL”)**

- PJTL operates one transmission line of 745.01 ckm comprising 765 kV double circuit line from Vindhychal Pooling Station (Madhya Pradesh) to Jabalpur Pooling Station (Madhya Pradesh).



**POWERGRID Infrastructure Investment Trust Structure**



Source: Information provided by the Management

**Valuation**

We have carried out the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31st December 2021 (“Valuation Date”) considering *inter-alia* the petition filed by the SPVs, Approval/consent by LTTCs, corresponding CERC orders and other information provided by/ on behalf of the Investment Manager and other relevant factors.

In performing the valuation analysis, we have adopted the Discounted Cash Flow (“DCF”) Method under the Income Approach. The Fair Value of additional revenues has been computed by discounting the free cash flows over the forecast period until the end of the life of project using an appropriate Weighted Average Cost of Capital (“WACC”).



**RBSA Valuation Advisors LLP**

The Fair Valuation of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021 is summarised as follows:

SPV	WACC	Fair Value of additional revenues (INR Mn)
POWERGRID Parli Transmission Limited	7.70%	886.56
POWERGRID Warora Transmission Limited	7.70%	1,221.13
POWERGRID Jabalpur Transmission Limited	7.70%	1,210.11



## 2. Engagement Overview

- Power Grid Corporation of India Limited (the "Sponsor" or "POWERGRID") is primarily engaged into installation and operation of power transmission projects.
- POWERGRID acts as the Sponsor for POWERGRID Infrastructure Investment Trust ("PGInvIT" or the "Trust"), an infrastructure investment trust under the SEBI InvIT Regulations. IDBI Trusteeship Services Limited ("Trustee") is appointed as the Trustee of the above-mentioned Trust. POWERGRID Unchahar Transmission Limited ("PUTL"/ the "Investment Manager") is appointed as the Investment Manager to the Trust by the Trustee and shall be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.
- The transfer of funds to the Sponsor towards consideration for acquisition of 74% equity holding in the above mentioned 5 SPVs was completed on 13th May 2021. As such, the InvIT transaction has been construed to be completed on that day i.e. on 13th May 2021 and accordingly, the same has been considered as the date of acquisition ("Acquisition Date" / "Transfer Date").
- PPTL, PWTL and PJTL had filed petition under Section 63 and 79 (1) (c) and (d) of the Electricity Act, 2003 read with Regulation 86 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 with regard to an increased project cost due to the Change in Law claiming incremental transmission charges as per Article 12.2 of TSA and relevant CERC regulations.
- With respect to the above petitions, CERC had released its order and allowed compensation towards the following under Change in Law:
  - Increase in acquisition Price by Bid Process Coordinator (BPC)
  - Increase in cost owing to introduction of GST
  - Land Compensation
- In this regard, the Investment Manager in consultation with the Trustee intends to undertake the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021.
- RBSA Valuation Advisors LLP is a registered valuer entity under the Section 247 of the Companies Act, 2013 registered with the Insolvency and Bankruptcy Board of India having Registered Valuer Entity No. IBBI/RV-E/05/2019/110.



## RBSA Valuation Advisors LLP

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- We declare that:
  - We are competent to undertake the financial valuation in terms of the SEBI InvIT Regulations
  - We are an independent registered valuer entity and have prepared the Report on a fair and unbiased basis
  - We have at least two partners/ directors having experience of 5 years each in the valuation of infrastructure assets
  
- We have estimated the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021.
  
- The Valuation Date considered for the Fair Valuation is 31<sup>st</sup> December 2021. Valuation analysis and results are specific to the valuation date. A valuation of this nature involves consideration of various factors including the financial position of the SPVs as at the Valuation Date, trends in the equity stock market and fixed income security market, macro-economic and industry trends, etc.



### 3. Assumptions and Limiting Conditions

- This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report; (iii) financial statements of the SPVs for the period ended 31<sup>st</sup> December 2021; (iv) Relevant petition and CERC orders and (v) Business plan/ Projected financial statements of the SPVs for the Additional Revenue and other information provided by/ on behalf of the Management and information obtained from public domain/ subscribed databases till 11th February 2022. The Management has represented that the business activities of the SPVs have been carried out in normal and ordinary course between 31<sup>st</sup> December 2021 and the Report Date and that no material changes have occurred in their operations and financial position between 31<sup>st</sup> December 2021 and the Report date.
- While our work has involved an analysis of financial and other information provided by/ on behalf of the Management, our engagement does not include an audit in accordance with generally accepted auditing standards of the SPVs' existing business records. We have not carried out any independent technical evaluation or appraisal or due diligence of the assets or liabilities of the SPVs. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by/ on behalf of the Management. Our Report is subject to the scope, assumptions and limitations detailed hereinafter. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our opinion on the value as falling within a likely range, however, considering the purpose and requirement of this engagement, we have provided a single value. While we have provided our opinion on the fair value based on the information made available to us and within the scope and constraints of our engagement, others may have a different opinion.
- A valuation of this nature is necessarily based on stock market, financial, economic, and other conditions in general and industry trends in particular prevailing as on the valuation date and the information made available to us as of the date hereof. Events occurring after the Valuation date may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- The ultimate analysis will have to be tempered by the exercise of judicious discretion and judgment by the valuer taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the financial statements but could strongly influence the value.

- In the course of valuation, we were provided with both written and verbal information. We have analysed the information provided to us by/ on behalf of the Management through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information provided by the Investment Manager.
- Valuation may be based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time. However, we do not provide assurance on the achievability of the results projected by the Management as events and circumstances do not occur as expected and differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected as the achievement of the projected results is *inter-alia* dependent on actions, plans and assumptions of the Management and macro-economic and other external factors which are beyond the control of the Management.
- Our valuation is primarily from a business perspective and does not take into account various legal and other corporate structures beyond the limited information provided to us by the Investment Manager. The value conclusion is not intended to represent the value at any time other than the Valuation date that is specifically stated in the Report.
- We have also relied on the data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and/ or reproduced in its proper form and context.
- This Report has been prepared for the sole use by the Investment Manager in connection with the purpose stated herein. It is inappropriate to use this Report for any purpose other than the purpose mentioned herein. This restriction does not preclude the Investment Manager from providing a copy of the Report to its third-party advisors whose review would be consistent with the intended use. Unless required by law, it shall not be provided to any other third party without our prior written consent. We shall not assume any responsibility to any third party to whom the Report is disclosed or otherwise made available. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to whom the Report is disclosed or otherwise made available.
- The Report assumes that the SPVs complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that they will be managed in a competent and responsible manner. Further, unless specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/ reflected in the financial statements provided to us.



- It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third-party having access to this Report, please note that this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- This Report is based on the information received from the sources mentioned in Section 4 and discussions with the Management and representatives of the Investment Manager. We have assumed that no information has been withheld that could have influenced the purpose of our Report.
- The outbreak of the Novel Coronavirus (“COVID-19”), declared by the World Health Organization as a “Global Pandemic” on 11<sup>th</sup> March 2020 and second wave of the same in April 2021, has adversely affected the Global and Indian economy. The third wave on account of Omicron hit India in January 2022. Travel restrictions implemented by many countries has affected the economic activities. Governments have announced various measures to combat COVID 19 pandemic and to support the economic and business activities. Though economic recovery is being witnessed in India coupled with the Government’s vaccination efforts and fall in covid cases, with many countries declaring the same as common flu. There are still significantly higher uncertainties in the near to medium term. Considering the unprecedented set of circumstances, Value analysis is reported on the basis of ‘material valuation uncertainty’ and accordingly less certainty and a higher degree of caution should be attached to the Value Analysis than would normally be the case. It may be noted that the estimated value may change significantly and unexpectedly over a relatively short period of time based on the evolving conditions/ uncertainties on account of COVID 19 pandemic.
- In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, irrespective of the quantum of loss or damage caused, shall be limited to the amount of fees actually received by us from the Investment Manager, as laid out in the engagement letter, for such valuation work.
- In rendering this Report, we have not provided any legal, regulatory, tax, accounting, or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 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.
- We are not advisors with respect to legal tax and regulatory matters. 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 is closed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

- The scope of work has been limited both in terms of the areas of the business and operations which have been reviewed. 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.
- RBSA is not aware of any contingent, commitment or material issue, besides the information disclosed in the audited financial statements and as provided by the Investment Manager which has been presented in this Report, which could materially affect the SPVs' economic environment and future performance and therefore, the fair value of their businesses.
- We have no present or planned future interest in the Trustee, Investment Manager, the Sponsor or the SPVs and the fee for this Report is not contingent upon the values reported herein. Our valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any financial or other transaction.
- A draft of the report was provided to the Management for confirmation of facts and management representations. The Management has represented to us that the information provided to us was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the Management in respect of the information provided by the Management. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the Investment Manager, the SPVs, their directors, employee, or agents.
- This Report forms an integral whole and cannot be split in parts. The outcome of the valuation can lead to proper conclusions only if the Report as a whole is taken into account.
- **Limitation of Liabilities**
  - It is agreed that, having regard to RBSA's interest in limiting the personal liability and exposure to litigation of its personnel, the Investment Manager and InvIT will not bring any claim in respect of any damage against any of RBSA's personnel personally.
  - In no circumstances, RBSA shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the Services whether such damages are based on breach of contract, tort, strict liability, breach of warranty or otherwise, except in cases of fraud, gross negligence or wilful misconduct, even if the Investment Manager had contemplated and communicated to RBSA the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by RBSA should be treated as an invitation or inducement to engage the Investment Manager to act upon the Deliverable.
  - In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any loss or damage caused, shall be limited to the amount of fees actually received by us, as laid out in the engagement letter, for such valuation work.

**RBSA Valuation Advisors LLP**

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- It is clarified that the Sponsor, PUTL and 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.
- RBSA will not be liable if any loss arises due to the provision of false, misleading, or incomplete information or documentation by the Sponsor, PUTL or the Trustee.



## 4. Sources of Information

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

- i. Audited financial statements of the SPVs for the financial year ("FY") ended 31<sup>st</sup> March 2021
- ii. Limited reviewed but unaudited financial statements of the SPVs for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> December 2021
- iii. Projected income and cash flow statement of the SPVs in respect of the Additional Revenue for the balance tenor of their Transmission Service Agreement (including key underlying assumptions)), which the management of the Investment Manager (the "Management") believes to be their best estimate in respect of the Additional Revenue for the SPVs going forward ("Management Projections")
- iv. Petitions filed with CERC for seeking relief under Change in Law
- v. CERC orders with respect to the petitions filed by the SPVs
- vi. Reply from one of the long- term transmission customer ("LTTC"), Maharashtra State Electricity Distribution Company Limited in case of PJTL
- vii. Transmission Service Agreement of the SPVs:

Name of the SPV	Tenor of Transmission Service Agreement ("TSA")
PPTL	3 <sup>rd</sup> June 2053
PWTL	9 <sup>th</sup> July 2053
PJTL	31 <sup>st</sup> December 2053

- viii. Income Tax Returns of the SPVs as of 31<sup>st</sup> March 2021



## 5. Procedures

We have undertaken the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021 to the extent applicable, in accordance with ICAI Valuation Standards, 2018 (“ICAI VS”) issued by the Institute of Chartered Accountants of India.

We have adopted the following procedures for carrying out the valuation analysis:

- Considered the historical audited financial statements of the SPVs for FY18, FY19, FY20, FY21 and limited reviewed but unaudited financial statements of the SPVs for the period ended 31<sup>st</sup> December 2021;
- Analysis of the Management Projections;
- Discussions with the Management to *inter-alia* understand the historical and expected performance of the SPVs and key factors affecting the performance of the SPVs;
- Considered key terms of the TSA;
- Considered Petitions filed by the SPVs with the CERC for seeking relief under Change in Law and CERC orders with respect to the petition filed by the SPVs;
- Analysis of the key economic and industry factors which may affect the valuation of the SPVs;
- Analysis of the information available in public domain/ subscribed databases in respect of the comparable companies/ comparable transactions, as considered relevant by us;
- Selection of valuation approach and valuation methodology/(ies), in accordance with ICAI VS, as considered appropriate and relevant by us; and
- Determination of the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021.



## 6. Overview of POWERGRID Infrastructure Investment Trust

POWERGRID Infrastructure Investment Trust was set up by POWERGRID as an irrevocable trust pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882. The Trust was registered with Securities and Exchange Board of India on 7<sup>th</sup> January as an infrastructure investment trust under Regulation 3(1) of the InvIT Regulations. IDBI Trusteeship Services Limited is the Trustee.

POWERGRID, a Maharatna CPSE under Ministry of Power, Govt. of India is the Sponsor of PGINVIT. The Sponsor's equity shares are listed on the NSE and the BSE.

POWERGRID Unchahar Transmission Limited has been appointed as the Investment Manager to the Trust while Power Grid Corporation of India Limited has been appointed as the Project Manager in respect of the Trust.

PGINVIT came out with an Initial Public Offer of its Units which opened on 29<sup>th</sup> April, 2021 and closed on 3<sup>rd</sup> May, 2021. The Units of the Trust were listed on the NSE and the BSE on 14<sup>th</sup> May, 2021 at a price of Rs.104 per unit (i.e. at a premium of 4% on the Issue Price of Rs.100 per unit).

The Trust has acquired 74% equity stake in each of the SPVs namely PVTL, PKATL, PPTL, PWTL and PJTL. The remaining 26% stake will be acquired upon expiry of the period as stipulated in the lock-in clause in the SPVs' Transmission Service Agreements (TSAs)

The transfer of funds to the Sponsor towards consideration for acquisition of 74% equity holding in the SPVs was completed on 13<sup>th</sup> May 2021. As such, the InvIT transaction has been construed to be completed on that day i.e. on 13<sup>th</sup> May 2021 and accordingly, the same has been considered as the date of acquisition ("Acquisition Date" / "Transfer Date").

The Units are listed on the NSE and the BSE with effect from 14<sup>th</sup> May 2021.

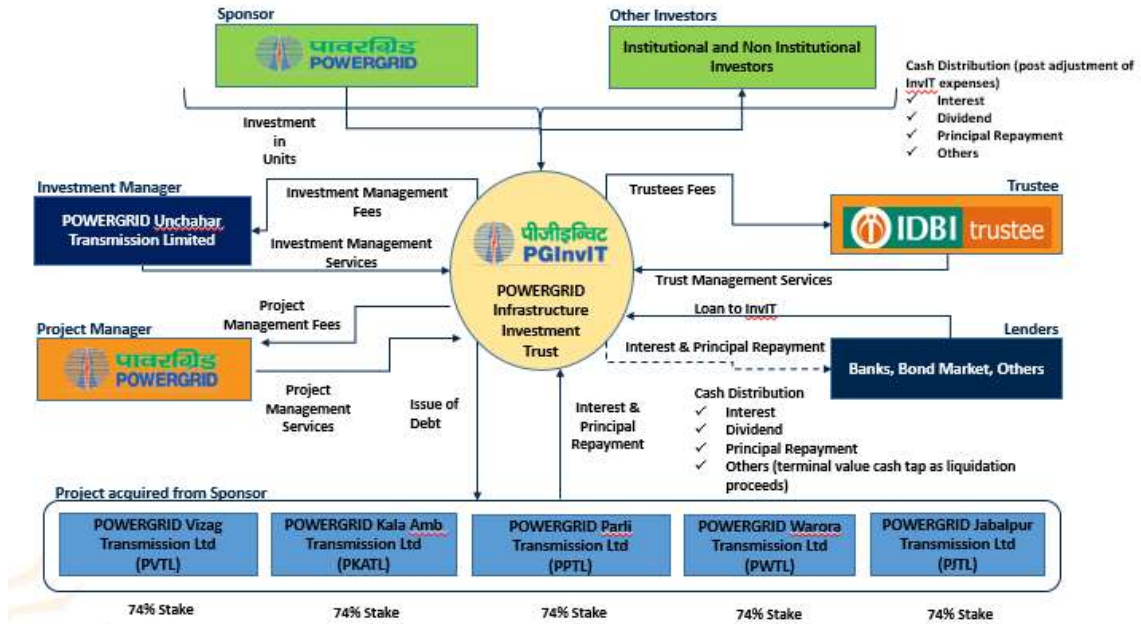


**Unit Holding Pattern of the Trust as on 31<sup>th</sup> December 2021 –**

<b>Category</b>	<b>No of Units held</b>	<b>% Holding</b>
<b>Sponsor(s)</b>		
Body Corporate	1,365,00,100	15.00
	<b>1,365,00,100</b>	<b>15.00</b>
<b>Public Holding – Institutions</b>		
Foreign Portfolio Investors	217,427,401	23.89
Mutual Funds	60,554,743	6.65
Insurance Companies	96,675,303	10.62
Provident/Pension funds	68,868,789	7.57
Others	32,720,984	3.60
	<b>476,247,220</b>	<b>52.33</b>
<b>Public Holding – Non-Institutions</b>		
Individuals	190,500,092	20.94
Body Corporate	97,635,944	10.73
Others	9,115,844	1.00
	<b>29,72,51,880</b>	<b>32.67</b>
<b>Total</b>	<b>909,999,200</b>	<b>100.00</b>



## 7. Structure of POWERGRID Infrastructure Investment Trust



Source: Information provided by the Management





## 8. Valuation Approach and Methodology

VALUATION APPROACHES		
INCOME APPROACH	MARKET APPROACH	ASSET APPROACH
Estimates value based on the present value of future earnings of cash	Estimates value based on the multiples of comparable companies and precedent comparable transactions	Estimates value based on the fair value of the business' assets less the fair value of its liabilities
Applied	Not applied	Not Applied

### Basis and Methodology of Valuation

- Valuation Base**

Valuation Base means the indication of the type of value being used in an engagement. In the present case, we have undertaken the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021. Fair Value as per ICAI VS defined as under:

*“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.”*

- 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 *inter-alia* due to changes in the condition of the asset to be valued and market parameters. Accordingly, valuation of an asset as at a particular date can be different from other date(s).

The Valuation Date considered for the fair valuation is 31<sup>st</sup> December 2021 (“Valuation Date”). The attached Report is drawn up by reference to accounting and financial information as on 31<sup>st</sup> December 2021.

- Premise of Value**

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, we have determined the fair valuation of Claim of the SPVs on a Going Concern Value defined as under:

*“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”.*

Approach & Method	Applied	Description	Rationale
<b>Income Approach</b> → Discounted Cash Flow Method (DCF)	✓	<ul style="list-style-type: none"> <li>▪ In the DCF method under the Income approach, forecast cash flows are discounted back to the Valuation date, estimating a net present value of the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation date to give an overall value for the business.</li> <li>▪ A discounted cash flow methodology typically requires the forecast period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries.</li> <li>▪ The rate at which the future cash flows are discounted (the “discount rate”) should reflect not only the time value of money, but also the risk associated with the business’ future operations. The discount rate most generally employed is Weighted Average Cost of Capital (“WACC”) or Cost of Equity (Ke), reflecting an optimal as opposed to actual financing structure.</li> </ul>	<ul style="list-style-type: none"> <li>• The Management has provided financial projections of the SPVs for the balance tenor of the TSA, along with the petition filed and CERC orders. Hence, we have adopted the DCF method to estimate the fair value.</li> </ul>
<b>Market Approach</b> → Market Price Method	✗	<ul style="list-style-type: none"> <li>▪ Under this method, the value of a company is arrived at considering its market price over an appropriate period.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Not Applicable in this case</li> </ul>
<b>Market Approach</b> → Comparable Companies Multiples (CCM) Method	✗	<ul style="list-style-type: none"> <li>▪ Under Comparable Companies Method, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as</li> </ul>	<ul style="list-style-type: none"> <li>▪ Not Applicable in this case</li> </ul>



Approach & Method	Applied	Description	Rationale
		the subject Company. <ul style="list-style-type: none"> <li>▪ The appropriate multiple is generally based on the performance of listed companies with similar business models and size.</li> </ul>	
<b>Market Approach</b> → Comparable Transaction Multiples (CTM) Method	✘	<ul style="list-style-type: none"> <li>▪ Under Comparable Transaction Multiples Method, the value of shares /business of a Company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject Company.</li> <li>▪ Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration is given to the specific characteristics of the business being valued.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Not Applicable in this case</li> </ul>
<b>Asset based Approach:</b> → Adjusted Net Asset Value Method	✘	<ul style="list-style-type: none"> <li>▪ Under the Adjusted Net Asset Value Method, a Valuation of a ‘going concern’ business is computed by adjusting the assets and liabilities to the fair market value as of the date of the Valuation.</li> <li>▪ A net asset value methodology is typically most appropriate when:                             <ul style="list-style-type: none"> <li>▪ Valuing a holding Company or a capital-intensive Company.</li> <li>▪ Losses are continually generated by the business; or</li> <li>▪ Valuation methodologies based on a Company’s net income or cash flow levels indicate a value lower than its adjusted net asset value.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Not Applicable in this case</li> </ul>

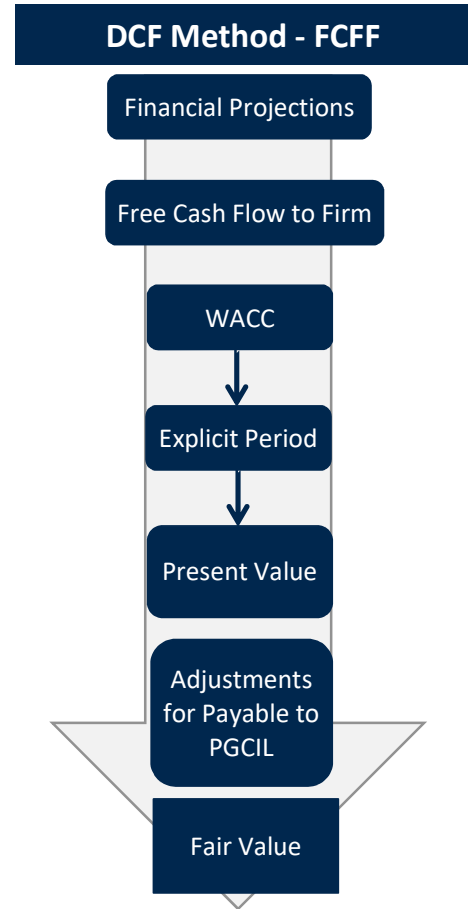


**Income Approach**

The Income Approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by a company in the past as well as its future earning capability.

**Discounted Cash Flow (“DCF”) Method**

- Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the Weighted Average Cost of Capital (“WACC”). The WACC 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.
- In FCFF, free cash flows available to an SPV over the forecast period are discounted by an appropriate WACC to derive the net present value.
- The FCFF in this valuation exercise is derived by taking incremental revenue due to Change in Law and adjusting for License cost, CSR expense, Income Taxes and Working Capital requirement.
- The same is discounted to arrive at the Fair Value.



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The Fair Value has been estimated using the DCF method under the Income Approach by taking into account the following considerations:

- We have relied on clause 12.2 of the TSA agreement of the SPVs to compute the percentage with which the base revenues are to be increased or at the rate on which incremental revenue is to be computed. The relevant clause states that, for every cumulative increase/decrease of certain amount in the project cost up to the Scheduled COD of the Project, the increase/decrease in Non-Escalable Transmission Charges shall be an amount equal to Zero Point Three One Three percent (0.313%) of the Non-Escalable Transmission Charges.

The calculated percentage as per the above-mentioned rate is applied on the base revenue to compute the incremental revenue due to Change in Law. The incremental revenue has been adjusted for License cost, CSR expense, income taxes and working capital requirements to compute the net free cashflow on account of additional revenue due to Change in Law.

- We have considered and relied on the CERC orders with respect to the petition filed in order to estimate the incremental revenue and the fair value.
- The forecast period in case of the SPVs is based on the residual term of the respective TSAs as of the Valuation Date.
- Free Cash flow in forecast period have been discounted using the appropriate weighted average cost of capital (WACC)

### Weighted Average Cost of Capital (WACC)

In order to determine the discount rate for estimating the present value of free cash flows, we have computed the WACC using the methodology as set out below:

Particulars	Definition/Formula
WACC	$Ke * (E/(D + E)) + Kd * (1-T) * (D/(D + E))$
Where:	
Ke	cost of equity
E	market value of equity
Kd	cost of debt
D	market value of debt
T	Effective tax rate



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The cost of equity is derived using the Capital Asset Pricing Model (“CAPM”) as follows:

Particulars	Definition/Formula
Ke	$R_f + \beta * (R_m - R_f) + \alpha$
Where:	
Rf	the current return on risk-free assets
Rm	the expected average return of the market
(Rm – Rf)	the average risk premium above the risk – free rate that a “market” portfolio of assets is earning
β	the beta factor, being the measure of the systematic risk of a particular asset relative to the risk of a portfolio of all risky assets
α	Company specific risk factor (alpha)

A summary of WACC for the SPVs is appended as per **Appendix 1**.



## 9. Fair Valuation

### 9.1. POWERGRID Parli Transmission Limited (PPTL)

#### 9.1.1. Company Profile

- POWERGRID Parli Transmission Limited (PPTL) was incorporated on 30<sup>th</sup> July 2014. Gadarwara (B) Transmission Limited (erstwhile name of PPTL) entered into a transmission service agreement dated 9<sup>th</sup> February 2015 with its LTTCs (the “PPTL TSA”) for the transmission system associated with Gadarwara STPS (2x800 MW) of NTPC (Part-B) on a BOOM basis.

Summary of details of the Project are as follows:

Parameters	Details
Gross Block as on 31 <sup>st</sup> December 2021	INR 18,473.9 Mn.
Total Length	966.12 ckm
TSA Date	9 <sup>th</sup> February 2015
Scheduled COD	4 <sup>th</sup> June 2018*
Project COD	4 <sup>th</sup> June 2018
Expiry Date	35 years from the project COD
PGInvIT shareholding	74%
POWERGRID shareholding	26%

Source: Information provided by the Management

- The project was awarded on 11<sup>th</sup> March 2015, through the TBCB mechanism, for a 35 years’ period from the Scheduled COD\* (as extended pursuant to a supplementary transmission services agreement dated 18<sup>th</sup> June 2019), i.e., 4<sup>th</sup> June 2018. PPTL was granted transmission license by CERC on 10<sup>th</sup> July 2015.
- Subsequently, PPTL entered into a TSA dated 5<sup>th</sup> July 2016 with the CTU, inter-state transmission service customers, inter-state transmission service licensees and non-inter-state transmission service licensees whose assets have been certified as being used for inter-state transmission by the RPCs, and a revenue sharing agreement dated 5<sup>th</sup> July 2016 with the CTU.
- PPTL operates three transmission lines of 966.12 ckm comprising one 765 kV double circuit line of 693.70 ckm from Warora (Maharashtra) to Parli (Maharashtra), one 765 kV double circuit line of 235.92 ckm from Parli (Maharashtra) to Solapur (Maharashtra), and one 400 kV double circuit line of 36.50 ckm from Parli (New) (Maharashtra) to Parli (PG) (Maharashtra). In addition, the project includes one 765/400 kV substation of an aggregate capacity of 3,000 MVA in Parli (Maharashtra).
- As of 31<sup>st</sup> December 2021, the Gross Block of Property, Plant and Equipment (including Intangibles) was INR 18,473.9 Mn.

All the elements have been successfully charged and Date of Commercial Operation (DOCO) declared as per details below:

Transmission lines (including any stations/substations)	Location	Route length/MVA (in ckm)	Specifications	DOCO	Contribution to total transmission charges
Parli (New) – Solapur	Maharashtra	235.92 ckm	765 kV D/C	27 <sup>th</sup> April 2018	43%
Parli (New) – Parli (PG)	Maharashtra	36.50 ckm	400 kV D/C	27 <sup>th</sup> April 2018	
Establishment of 2x1500 MVA, Parli (New) S/S	Maharashtra	3000 MVA	765/400 kV substation	27 <sup>th</sup> April 2018	
Warora (Pooling Station) – Parli (New)	Maharashtra	693.70 ckm	765 kV D/C	4 <sup>th</sup> June 2018	57%

Source: Information provided by the Management

**GRID Map of “Transmission System Associated with Gadawara of NTPC Part-B”**

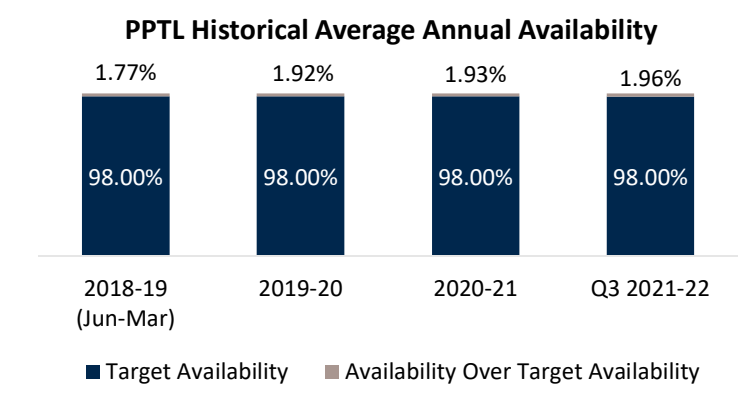


Source: Information provided by the Management





**Historical Operating Efficiency of PPTL:**



Source: Information provided by the Management

**9.1.2. Projected Financial Statements**

The projected incremental revenue for the forecast period until 3<sup>rd</sup> June 2053, when 35 years from the COD end, has been computed basis the CERC orders provided by the Investment Manager for the valuation. Key assumptions considered by the Management in financial projections are as follows:

- Incremental Revenue** – Incremental revenue is computed basis Article 12.2 of the TSA agreement, which states, for every cumulative increase/decrease of each INR 73.9 Mn in the project cost up to the scheduled COD of the Project, the increase/decrease in Non-Escalable Transmission Charges shall be an amount equal to Zero Point Three One Three percent (0.313%) of the Non-Escalable Transmission Charges.

In compliance with the CERC order dated 29<sup>th</sup> January 2021 the total claim for billing owing to the compensation awarded by CERC is hereunder:

Description	Claim as per petition of PPTL (INR Mn)	Claim allowed as per CERC order (INR Mn)
Increase in acquisition Price by Bid Process Coordinator (BPC)	5.5	3.9
Increase in cost owing to introduction of GST	232.4	220.2
Land Compensation	477.5	433.9
<b>Total</b>	<b>715.4</b>	<b>658.0</b>
Change in Annual transmission charges as per Article 12.2.1 of the TSA		<b>2.787%</b> (658.0*0.313%/73.9)

Based on CERC order and Article 12.2.1 of TSA an increase in Annual transmission charges is 2.787% [658.0\*.0313%/73.9]



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The Charge computed above is applied on the Non-Escalable Transmission charge to get the incremental revenue of the respective forecasted period.

2. **License fees** – Annual License fee has been estimated by the Management for the forecast period at 0.11% of revenue as provided under the CERC regulations. The same is applied on the incremental revenue.
3. **CSR Expense** – As per the provisions of Section 135 of the Companies Act, 2013, CSR Expense of 2% on average incremental revenue as reduced by licence cost for past three years has been considered
4. **Tax Rates** – Marginal tax rate of 25.168% has been applied on incremental revenue reduced by licence cost.
5. **Working Capital** – The Management has envisaged the working capital requirements of PPTL for the forecast period. The major operating working capital assumptions are as follows:
  - a. **Trade Receivables days** – 45 days
  - b. **Unbilled Revenue days** – 31 days

### 9.1.3. Valuation

- The Fair Valuation for PPTL has been estimated using the DCF method under the Income Approach by taking into account the following considerations:
  - We have considered and relied on the petition filed and CERC orders provided by the Investment Manager for estimating the Fair Value.
  - The forecast period in case of PPTL is from 1<sup>st</sup> January, 2022 to 3<sup>rd</sup> June, 2053, which is based on completion of 35 years from COD.
  - Weighted Average Cost of Capital (WACC): Refer **Appendix 1**
  - DCF Analysis: Refer **Appendix 2**

### Valuation Summary

Valuation Date		31-Dec-21
Amount in INR Mn.		
Approaches	Method	Fair Value
Income Approach	DCF	886.56

## 9.2. POWERGRID Warora Transmission Limited (PWTL)

### 9.2.1. Company Profile

- POWERGRID Warora Transmission Limited (PWTL) was incorporated on 5<sup>th</sup> August 2014. Gadarwara (A) Transco Limited (erstwhile name of PWTL) entered into a TSA dated 9<sup>th</sup> February 2015 with its LTTCs for transmission system services for transmission of electricity associated with Gadarwara STPS (2x800 MW) of NTPC (Part-A) on a BOOM basis.

Summary of project details is as follows:

Parameters	Details
Gross Block as on 31 <sup>st</sup> December 2021	INR 22,354.4 Mn.
Total Length	1028.11 ckm
TSA Date	9 <sup>th</sup> February 2015
Scheduled COD	10 <sup>th</sup> July 2018*
Expiry Date	35 years from project COD
Project COD	10 <sup>th</sup> July 2018
PGInvIT shareholding	74%
POWERGRID shareholding	26%

Source: Information provided by the Management

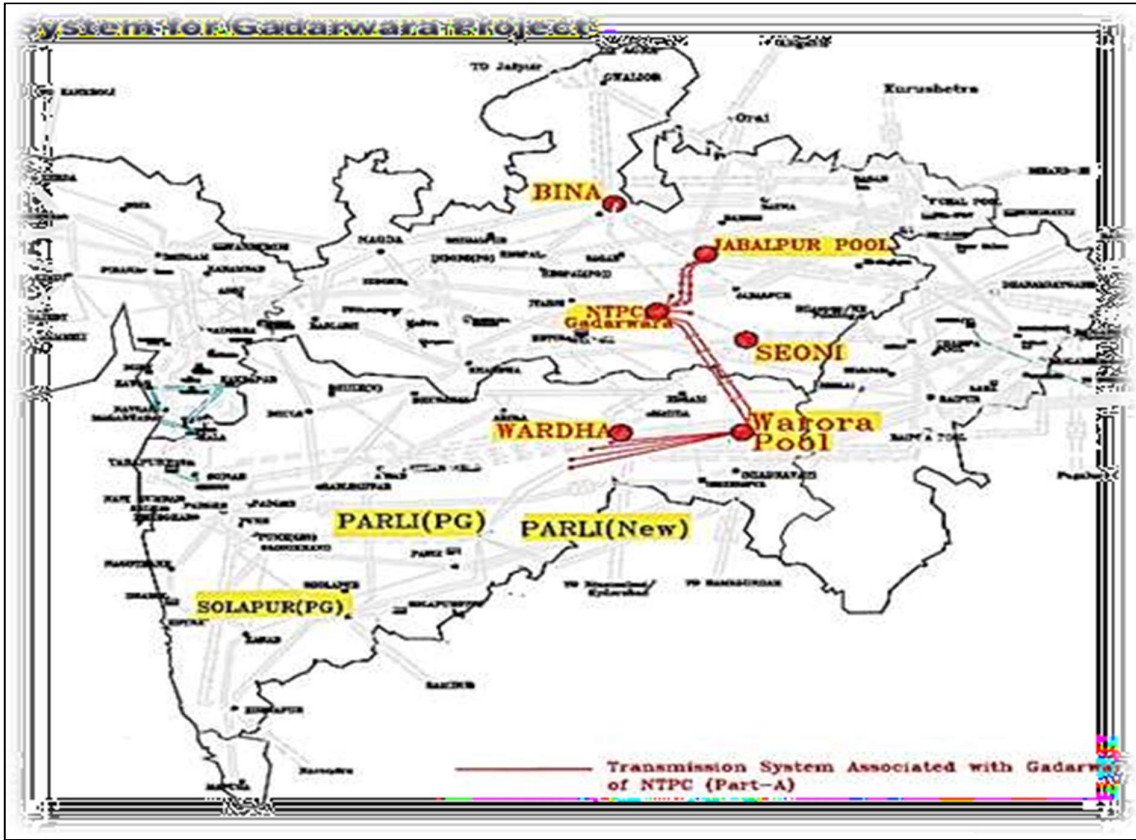
- The project was awarded on 11<sup>th</sup> March 2015, through the TBCB mechanism, for a 35 years' period from the Scheduled COD\* (as extended pursuant to a supplementary transmission services agreement dated 11<sup>th</sup> September 2019), i.e., 10<sup>th</sup> July 2018. PWTL was granted transmission license by CERC on 5<sup>th</sup> August 2015.
- Subsequently, PWTL entered into a TSA dated 27<sup>th</sup> October 2016 with the CTU, inter-state transmission service customers, inter-state transmission service licensees and non-inter-state transmission service licensees whose assets have been certified as being used for inter-state transmission by the RPCs, and a revenue sharing agreement dated 27<sup>th</sup> October 2016 with the CTU.
- PWTL operates four transmission lines of 1,028.11 ckm comprising two 765 kV double circuit line of 204.47 ckm from Gadarwara (Madhya Pradesh) to Jabalpur (Madhya Pradesh), one 765 kV double circuit line of 627.35 ckm from Gadarwara (Madhya Pradesh) to Warora (Maharashtra), and one 400 kV double circuit line of 196.29 ckm from Wardha and Parli (Maharashtra) to Warora (Maharashtra). In addition, PWTL has established one 765/400 kV substation in Warora (Maharashtra).
- As of 31<sup>st</sup> December 2021, the Gross Block of Property, Plant and Equipment (including Intangibles) was INR 22,354.4 Mn.

All the elements have been successfully charged and Date of Commercial Operation (DOCO) declared as per details below:

Transmission lines (including any stations/ substations)	Location	Route length/MVA (in ckm)	Specifications	DOCO	Contribution to total transmission charges
As per the interim arrangement, LILO of existing Seoni-Bina 765kV S/C line at Gadarwara STPS would be established. At a later date, LILO portion would be delinked from Seoni-Bina 765kV S/C line to restore the Seoni-Bina 765 S/C direct line, and the LILO portion would be extended to the Jabalpur 765/400 kV Pooling Station to form the proposed Gadarwara 765/400kV Pooling Station to form the proposed Gadarwara-Jabalpur Pool 765 kV D/C line	Madhya Pradesh	30.55 ckm	765 kV D/C	30 <sup>th</sup> November 2016	21%
Gadarwara STPS-Jabalpur Pool	Madhya Pradesh	173.92 ckm	765 kV D/C	31 <sup>st</sup> May 2017	
Gadarwara STPS-New Pooling Station within the jurisdiction/ boundary of Warora	Madhya Pradesh and Maharashtra	627.35 ckm	765 kV D/C	10 <sup>th</sup> July 2018	79%
LILO of both circuits of Wardha – Parli (PG) 400 kV D/C line at Warora* Pooling Station (Quad)	Maharashtra	196.29 ckm	400 kV D/C	16 <sup>th</sup> May 2018	
Establishment of 2X1500 MVA 765/400 kV (New Pooling Station within the jurisdiction/boundary Warora)	Maharashtra	3,000 MVA	765/400 kV	10 <sup>th</sup> July 2018	

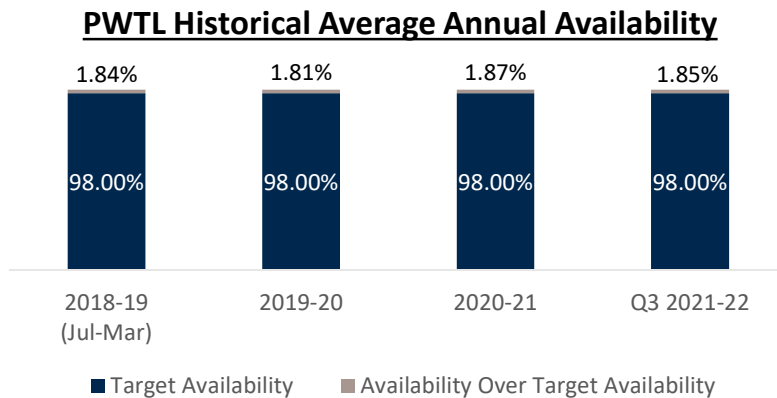
Source: Information provided by the Management

**GRID Map of “Transmission System Associated with Gadawara of NTCP Part-A”**



Source: Information provided by the Management

**Historical Operating Efficiency of PWTL:**



Source: Information provided by the Management



**9.2.2. Projected Financial Statements**

The projected financial statements for the forecast period until 9<sup>th</sup> July 2053, when 35 years from the COD end, has been provided by the Investment Manager for the valuation. Key assumptions considered by the Management in financial projections are as follows:

- 1. Incremental Revenue** – Incremental revenue is computed basis Article 12.2 of the TSA agreement, which states, for every cumulative increase/decrease of each INR 79.0 Mn in the project cost up to the scheduled COD of the Project, the increase/decrease in Non-Escalable Transmission Charges shall be an amount equal to Zero Point Three One Three percent (0.313%) of the Non-Escalable Transmission Charges.

In compliance with the CERC order dated 25<sup>th</sup> January 2021 the total claim for billing owing to the compensation awarded by CERC is hereunder:

Description	Claim as per petition of PWTL (INR Mn)	Claim allowed as per CERC order (INR Mn)
Increase in acquisition Price by Bid Process Coordinator (BPC)	5.8	4.0
Increase in cost owing to introduction of GST	201.7	189.7
Land Compensation	747.8	675.8
<b>Total</b>	<b>955.3</b>	<b>869.5</b>
Change in Annual transmission charges as per Article 12.2.1 of the TSA		<b>3.445%</b> (869.5*0.313%/79)

Based on CERC order and Article 12.2.1 of TSA an increase in Annual transmission charges is 3.445% [869.5\*.0313%/79]

The Charge computed above is applied on the Non-Escalable Transmission charge to get the incremental revenue of the respective forecasted period

- 2. License fees** – Annual License fee has been estimated by the Management for the forecast period at 0.11% of revenue as provided under the CERC regulations. The same is applied on the incremental revenue
- 3. CSR Expense** – As per the provisions of Section 135 of the Companies Act, 2013, CSR Expense of 2% on average incremental revenue as reduced by licence cost for past three years has been considered
- 4. Tax Rates** – Marginal tax rate of 25.168% has been applied on incremental revenue reduced by licence cost

- 5. Working Capital** – The Management has envisaged the working capital requirements of PWTl for the forecast period. The major operating working capital assumptions are as follows:
- a. Trade Receivables days** – 45 days
  - b. Unbilled Revenue days** – 31 days

**9.2.3. Valuation**

- The Fair Valuation for PWTl has been estimated using the DCF method under the Income Approach by taking into account the following considerations:
  - We have considered and relied on the petition filed and CERC orders provided by the Investment Manager for estimating the Fair Value.
  - The forecast period in case of PWTl is from 1<sup>st</sup> January, 2022 to 9th July, 2053, which is based on completion of 35 years from COD.
  - Weighted Average Cost of Capital (WACC): Refer Appendix 1
  - DCF Analysis: Refer Appendix 3

**Valuation Summary**

Valuation Date		31-Dec-21
Amount in INR Mn		
Approaches	Method	Fair Value
Income Approach	DCF	1,221.13



### 9.3. POWERGRID Jabalpur Transmission Limited (PJTL)

#### 9.3.1. Company Profile

- POWERGRID Jabalpur Transmission Limited (PJTL) was incorporated on 14<sup>th</sup> August 2014. Vindhyachal Jabalpur Transmission Limited (erstwhile name of PJTL) entered into a transmission service agreement dated 19<sup>th</sup> November 2014 with LTTCs (the "PJTL TSA") for transmission of electricity for transmission system strengthening associated with Vindhyachal-V on a BOOM basis.

Summary of project details is as follows:

Parameters	Details
Gross Block as on 31 <sup>st</sup> December 2021	INR 15,294.6 Mn.
Total Length	745.01 ckm
TSA Date	19 <sup>th</sup> November 2014
Scheduled COD	1 <sup>st</sup> January 2019*
Project COD	1 <sup>st</sup> January 2019
Expiry Date	35 years from scheduled COD
PGInvIT shareholding	74%
POWERGRID shareholding	26%

Source: Information provided by the Management

- The project was awarded on 10<sup>th</sup> February 2015, through the TBCB mechanism, for a 35-year period from the Scheduled COD \* (as extended pursuant to CERC approval vide its order dated 28<sup>th</sup> October 2021) i.e. 1<sup>st</sup> January, 2019.
- Subsequently, PJTL entered into a TSA dated 22<sup>nd</sup> August 2016 with the CTU, inter-state transmission service customers, inter-state transmission service licensees and non-inter-state transmission service licensees whose assets have been certified as being used for inter-state transmission by the RPCs, and a revenue sharing agreement dated 22<sup>nd</sup> August 2016 with the CTU.
- PJTL operates one transmission line of 745.01 ckm comprising 765 kV double circuit line of from Vindhyachal Pooling Station to Jabalpur Pooling Station.
- As of 31<sup>st</sup> December 2021, the Gross Block of Property, Plant and Equipment (including Intangibles) was INR 15,294.6 Mn.
- All the elements have been successfully charged and Date of Commercial Operation (DOCO) declared as per details below:

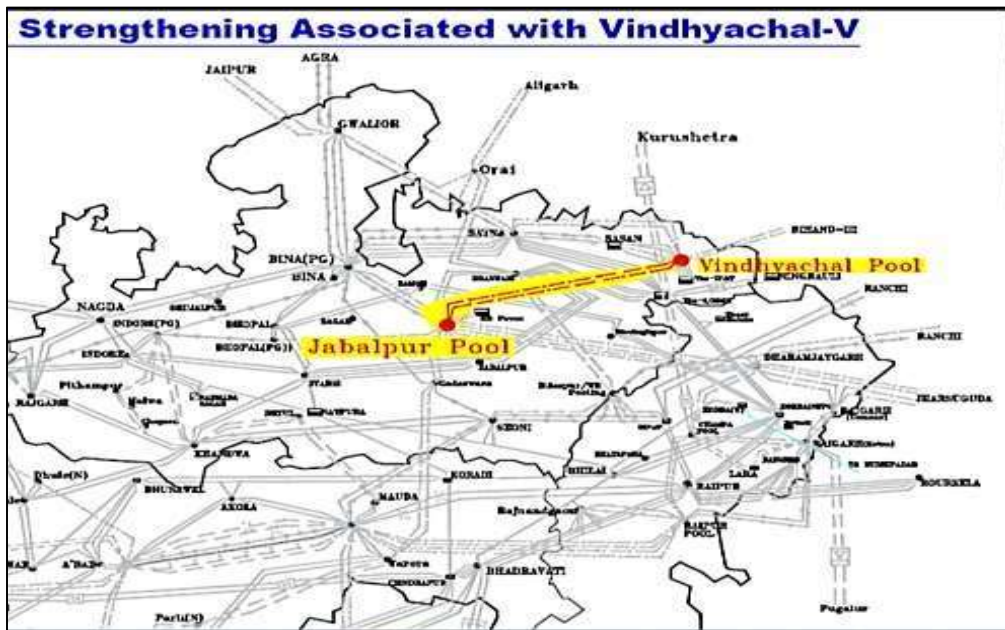




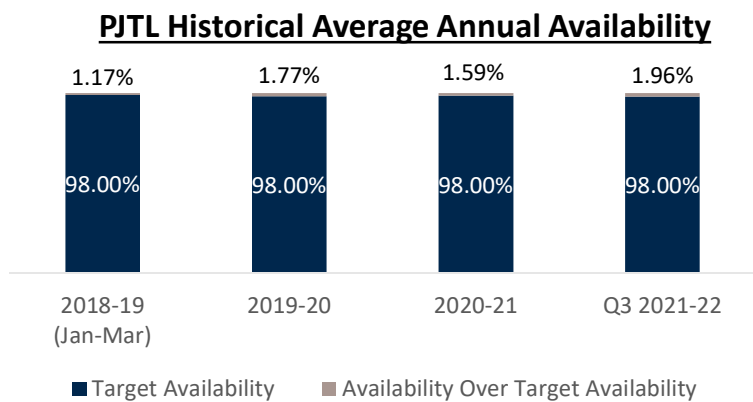
Transmission lines (including any stations/substations)	Location	Route length/MVA (in ckm)	Specifications	DOCO	Contribution to total transmission charges
Vindhyachal Pooling Station- Jabalpur Pooling Station 765 kV D/C line	Madhya Pradesh	745.01 ckm	765 kV D/C	1 <sup>st</sup> January 2019	100%

Source: Information provided by the Management

**GRID Map of “Transmission System Strengthening associated with Vindhyachal-V”.**



**Historical Operating Efficiency of PJTL:**



Source: Information provided by the Management



### 9.3.2. Projected Financial Statements

The projected financial statements for the forecast period until 31<sup>st</sup> December 2053, when 35 years from the COD end, has been provided by the Investment Manager for the valuation. Key assumptions considered by the Management in financial projections are as follows:

- 1. Incremental Revenue** – Incremental revenue is computed basis Article 12.2 of the TSA agreement, which states, for every cumulative increase/decrease of each INR 37.6 Mn in the project cost up to the scheduled COD of the Project, the increase/decrease in Non-Escalable Transmission Charges shall be an amount equal to Zero Point Three One Three percent (0.313%) of the Non-Escalable Transmission Charges.

In compliance with the CERC order dated 28<sup>th</sup> October 2021 and LTTC's reply (Maharashtra State Electricity Distribution Company limited), dated 21<sup>st</sup> January 2022, the total claim for billing owing to the compensation awarded by CERC is hereunder:

Description	Claim as per petition of PJTL (INR Mn)	Claim allowed as per CERC order* (INR Mn)
Increase in acquisition Price by Bid Process Coordinator (BPC)	3.5	2.3
Increase in cost owing to introduction of GST	210.3	191.4
Land Compensation	552.6	434.1
<b>Total</b>	<b>766.4</b>	<b>627.8</b>
Change in Annual transmission charges as per Article 12.2.1 of the TSA		<b>5.226%</b> (627.8*0.313%/37.6)

\*CERC order and as agreed by LTTC Maharashtra State Electricity Distribution Company limited

Based on CERC order and Article 12.2.1 of TSA an increase in Annual transmission charges is 5.226% [627.8\*.0313%/37.6]

The Charge computed above is applied on the Non-Escalable Transmission charge to get the incremental revenue of the respective forecasted period

- 2. License fees** – Annual License fee has been estimated by the Management for the forecast period at 0.11% of revenue as provided under the CERC regulations. The same is applied on the incremental revenue
- 3. CSR Expense** – As per the provisions of Section 135 of the Companies Act, 2013, CSR Expense of 2% on average incremental revenue as reduced by licence cost for past three years has been considered.

4. **Tax Rates** – Marginal tax rate of 25.168% has been applied on incremental revenue reduced by licence cost.
5. **Working Capital** – The Management has envisaged the working capital requirements of PJTL for the forecast period. The major operating working capital assumptions are as follows:
  - a. **Trade Receivables days** – 45 days
  - b. **Unbilled Revenue days** – 31 days

**9.3.3. Valuation**

- The Fair Valuation for PJTL has been estimated using the DCF method under the Income Approach by taking into account the following considerations:
  - We have considered and relied on the petition filed and CERC orders provided by the Investment Manager for estimating the Fair Value.
  - The forecast period in case of PJTL is from 1<sup>st</sup> January, 2022 to 31st December, 2053, which is based on completion of 35 years from COD.
  - Weighted Average Cost of Capital (WACC): Refer Appendix 1
  - DCF Analysis: Refer Appendix 4

**Valuation Summary**

Valuation Date		31-Dec-21
Amount in INR Mn.		
Approaches	Method	Fair Value
Income Approach	DCF	1,210.11



## 10. Valuation Conclusion

We have carried out the Fair Valuation for acquisition of additional revenues accrued to PPTL, PWTL and PJTL due to Change in Law as on 31<sup>st</sup> December 2021 considering *inter-alia* the petition filed by the SPVs, corresponding CERC orders and other information provided by/ on behalf of the Investment Manager and other relevant factors.

In performing the valuation analysis, we have adopted the Discounted Cash Flow Method under the Income Approach.

The Fair Valuation summary as of 31<sup>st</sup> December 2021 is as follows:

SPV	WACC	Fair Value (INR Mn)
POWERGRID Parli Transmission Limited	7.70%	886.56
POWERGRID Warora Transmission Limited	7.70%	1,221.13
POWERGRID Jabalpur Transmission Limited	7.70%	1,210.11



## Appendices



## Appendix 1 – WACC

Particulars	PPTL	PWTL	PJTL	Remarks
<b>Debt-to-equity Industry</b>	1.40	1.40	1.40	POWERGRID's 5-year average debt to equity ratio computed based on estimated market weights
Unlevered Beta – Industry	0.21	0.21	0.21	Beta is a measure of the risk of the shares of a company. $\beta$ is the co-variance between the return on sample stock and the return on the market. In order to determine the appropriate beta factor for a company, consideration must be given either to the market beta of such company or betas of comparable quoted companies  Since only one listed comparable company is available i.e. POWERGRID, unlevered beta has been estimated based on the 5-year monthly beta of POWERGRID
Relevered Beta	0.51	0.51	0.51	
<b>Cost of Equity (Ke)</b>				
Risk Free Rate (Rfr)	6.80%	6.80%	6.80%	Based on 10-year Zero coupon yield curve for Gov securities as at 31 <sup>st</sup> December 2021
Equity Market Risk Premium	7.00%	7.00%	7.00%	Equity Market equity risk premium is estimated considering inter-alia historical equity market returns over a risk-free rate and forward-looking equity market risk premium estimates. Data sources reviewed generated a range of equity risk premium indications. However, a 7% equity market risk premium was considered reasonable representative of the equity risk premium for India.
Levered Beta	0.51	0.51	0.51	Considering inter-alia 5-year monthly beta of POWERGRID and average debt equity ratio (Market weights)
Additional Risk Premium	0.50%	0.50%	0.50%	Considering inter-alia additional market and earnings volatility on account of COVID-19
<b>Cost of Equity (Ke)</b>	10.84%	10.84%	10.84%	
<b>Cost of Debt (Kd)</b>				
Pre-Tax Cost of Debt (Kd)	7.00%	7.00%	7.00%	Management expects that considering inter-alia the operating nature of the SPVs, long term TSA and discussions with the prospective lenders, InvIT/ SPVs will be able to borrow at a weighted average interest rate of ~7% per annum
Effective tax rate	22.88%	21.87%	22.74%	Estimated considering <i>inter-alia</i> tax holiday period and brought forward losses, if any
Post-Tax Cost of Debt (Kd)	5.40%	5.47%	5.41%	
<b>WACC</b>	7.67%	7.71%	7.67%	
<b>Rounded off WACC</b>	7.70%	7.70%	7.70%	

**Appendix 2 – PPTL: Discounted Cash Flow Method  
Discounted Cash Flow Analysis**
**Amount in INR Mn.**

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Period in Months	3	12	12	12	12	12	12	12
Incremental Revenue	25.3	91.5	91.5	91.5	91.5	91.5	64.3	64.3
Less: Incremental License Cost	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Less: Incremental CSR Expenses	(1.7)	(2.4)	(3.0)	(1.8)	(1.8)	(1.8)	(1.8)	(1.6)
Less: Incremental Income Tax expense	(6.4)	(23.0)	(23.0)	(23.0)	(23.0)	(23.0)	(16.2)	(16.2)
Add/ (less): (Increase)/ decrease in Working Capital	(21.0)	2.0	-	-	-	-	5.7	-
<b>Free cash flow to firm ("FCFF")</b>	<b>(3.9)</b>	<b>68.0</b>	<b>65.5</b>	<b>66.6</b>	<b>66.6</b>	<b>66.6</b>	<b>51.9</b>	<b>46.4</b>
PV Factor	0.99	0.95	0.88	0.82	0.76	0.70	0.65	0.61
<b>PV of FCFF</b>	<b>(3.9)</b>	<b>64.4</b>	<b>57.5</b>	<b>54.3</b>	<b>50.4</b>	<b>46.8</b>	<b>33.9</b>	<b>28.1</b>

**Amount in INR Mn.**

Particulars	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Period in Months	12	12	12	12	12	12	12	12
Incremental Revenue	64.3	64.3	64.3	64.3	64.3	64.3	64.3	64.3
Less: Incremental License Cost	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Less: Incremental CSR Expenses	(1.5)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Less: Incremental Income Tax expense	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>46.6</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>
PV Factor	0.56	0.52	0.49	0.45	0.42	0.39	0.36	0.33
<b>PV of FCFF</b>	<b>26.2</b>	<b>24.4</b>	<b>22.7</b>	<b>21.1</b>	<b>19.6</b>	<b>18.2</b>	<b>16.9</b>	<b>15.7</b>

**Amount in INR Mn.**

Particulars	FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045
Period in Months	12	12	12	12	12	12	12	12
Incremental Revenue	64.3	64.3	64.3	64.3	64.3	64.3	64.3	64.3
Less: Incremental License Cost	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Less: Incremental CSR Expenses	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Less: Incremental Income Tax expense	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>
PV Factor	0.31	0.29	0.27	0.25	0.23	0.21	0.20	0.18
<b>PV of FCFF</b>	<b>14.5</b>	<b>13.5</b>	<b>12.5</b>	<b>11.6</b>	<b>10.8</b>	<b>10.0</b>	<b>9.3</b>	<b>8.6</b>



Amount in INR Mn.

Particulars	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051	FY2052	FY2053	FY2054
Period in Months	12	12	12	12	12	12	12	12	2
Incremental Revenue	64.3	64.3	64.3	64.3	64.3	64.3	64.3	64.3	11.3
Less: Incremental License Cost	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)
Less: Incremental CSR Expenses	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	-
Less: Incremental Income Tax expense	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(16.2)	(2.8)
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>46.8</b>	<b>8.4</b>
PV Factor	0.17	0.16	0.15	0.14	0.13	0.12	0.11	0.10	0.10
<b>PV of FCFF</b>	<b>8.0</b>	<b>7.5</b>	<b>6.9</b>	<b>6.4</b>	<b>6.0</b>	<b>5.5</b>	<b>5.1</b>	<b>4.8</b>	<b>0.8</b>

Amount in INR Mn.

Particulars	Release of WC at end of TSA period				
		FY 54	FY 55	FY 56	FY 57
Period in Months		12	12	12	12
Incremental Revenue	-	-	-	-	-
Less: Incremental License Cost	-	-	-	-	-
Less: Incremental CSR Expenses	-	(1.3)	(0.9)	(0.5)	(0.1)
Less: Incremental Income Tax expense	-	-	-	-	-
Add/ (less): (Increase)/ decrease in Working Capital	13.4	-	-	-	-
<b>FCFF</b>	<b>13.4</b>	<b>(1.3)</b>	<b>(0.9)</b>	<b>(0.5)</b>	<b>(0.1)</b>
PV Factor	0.10	0.09	0.09	0.08	0.08
<b>PV of FCFF</b>	<b>1.3</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>(0.0)</b>

Particulars	Amount in INR Mn
Present Value of FCFF for the Explicit Period	639.40
Add: Amount Payable to PGCIL as of 31 <sup>st</sup> December 2021 (in respect of additional revenue as per Article 12.2 of the TSA)	247.16
<b>Total Value</b>	<b>886.56</b>





**Appendix 3 - PWTL: Discounted Cash Flow Method**  
**Discounted Cash Flow Analysis**
**Amount in INR Mn.**

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Period in Months	3	12	12	12	12	12	12	12
Incremental Revenue	31.2	125.5	125.5	125.5	125.5	125.5	88.2	88.2
Less: Incremental License Cost	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Less: Incremental CSR Expenses	-2.5	-3.3	-4.1	-2.5	-2.5	-2.5	-2.5	-2.3
Less: Incremental Income Tax expense	-7.8	-31.6	-31.6	-31.6	-31.6	-31.6	-22.2	-22.2
Add/ (less): (Increase)/ decrease in Working Capital	-26.0	-0.1	-	-	-	-	7.8	-
<b>FCFF</b>	<b>-5.1</b>	<b>90.4</b>	<b>89.7</b>	<b>91.3</b>	<b>91.3</b>	<b>91.3</b>	<b>71.2</b>	<b>63.7</b>
PV Factor	0.99	0.95	0.88	0.82	0.76	0.70	0.65	0.61
<b>PV of FCFF</b>	<b>-5.1</b>	<b>85.5</b>	<b>78.8</b>	<b>74.5</b>	<b>69.2</b>	<b>64.2</b>	<b>46.5</b>	<b>38.6</b>

**Amount in INR Mn.**

Particulars	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Period in Months	12	12	12	12	12	12	12	12
Incremental Revenue	88.2	88.2	88.2	88.2	88.2	88.2	88.2	88.2
Less: Incremental License Cost	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Less: Incremental CSR Expenses	-2.0	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Less: Incremental Income Tax expense	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>63.9</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>
PV Factor	0.56	0.52	0.49	0.45	0.42	0.39	0.36	0.33
<b>PV of FCFF</b>	<b>36.0</b>	<b>33.5</b>	<b>31.1</b>	<b>28.9</b>	<b>26.8</b>	<b>24.9</b>	<b>23.1</b>	<b>21.5</b>

**Amount in INR Mn.**

Particulars	FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045
Period in Months	12	12	12	12	12	12	12	12
Incremental Revenue	88.2	88.2	88.2	88.2	88.2	88.2	88.2	88.2
Less: Incremental License Cost	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Less: Incremental CSR Expenses	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Less: Incremental Income Tax expense	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>
PV Factor	0.31	0.29	0.27	0.25	0.23	0.21	0.20	0.18
<b>PV of FCFF</b>	<b>19.9</b>	<b>18.5</b>	<b>17.2</b>	<b>16.0</b>	<b>14.8</b>	<b>13.8</b>	<b>12.8</b>	<b>11.9</b>



Amount in INR Mn.

Particulars	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051	FY2052	FY2053	FY2054
Period in Months	12	12	12	12	12	12	12	12	2
Incremental Revenue	88.2	88.2	88.2	88.2	88.2	88.2	88.2	88.2	24.2
Less: Incremental License Cost	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.0
Less: Incremental CSR Expenses	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-
Less: Incremental Income Tax expense	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2	-22.2	-6.1
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>64.2</b>	<b>18.1</b>
PV Factor	0.17	0.16	0.15	0.14	0.13	0.12	0.11	0.10	0.10
<b>PV of FCFF</b>	<b>11.0</b>	<b>10.2</b>	<b>9.5</b>	<b>8.8</b>	<b>8.2</b>	<b>7.6</b>	<b>7.1</b>	<b>6.5</b>	<b>1.8</b>

Particulars	Release of WC at end of period	FY 54	FY 55	FY 56	FY 57
Period in Months		12	12	12	12
Incremental Revenue					
Less: Incremental License Cost					
Less: Incremental CSR Expenses		-1.8	-1.3	-0.7	-0.2
Less: Incremental Income Tax expense					
Add/ (less): (Increase)/ decrease in Working Capital	18.4				
<b>FCFF</b>	<b>18.4</b>	<b>-1.8</b>	<b>-1.3</b>	<b>-0.7</b>	<b>-0.2</b>
PV Factor	0.10	0.09	0.09	0.08	0.08
<b>PV of FCFF</b>	<b>1.8</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.0</b>

Particulars	Amount in INR Mn
Present Value of Explicit Period	874.8
Add: Amount Payable to PGCIL as of 31 <sup>st</sup> December 2021 (in respect of additional revenue as per Article 12.2 of the TSA)	346.3
<b>Total Value</b>	<b>1,221.1</b>



**Appendix 4 - PJTL: Discounted Cash Flow Method**
**Discounted Cash Flow Analysis**
**Amount in INR Mn**

Particulars	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Period in Months	3	12	12	12	12	12	12	12
Incremental Revenue	-	131.8	131.8	131.8	131.8	131.8	92.6	92.6
Less: Incremental License Cost	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Less: Incremental CSR Expenses	-	-2.8	-3.7	-4.6	-2.6	-2.6	-2.6	-2.4
Less: Incremental Income Tax expense	-	-33.1	-33.1	-33.1	-33.1	-33.1	-23.3	-23.3
Add/ (less): (Increase)/ decrease in Working Capital	-	-27.4	-	-	-	-	8.2	-
<b>FCFF</b>	-	<b>68.2</b>	<b>94.8</b>	<b>93.9</b>	<b>95.9</b>	<b>95.9</b>	<b>74.7</b>	<b>66.8</b>
PV Factor	0.99	0.95	0.88	0.82	0.76	0.70	0.65	0.61
<b>PV of FCFF</b>	-	<b>64.6</b>	<b>83.3</b>	<b>76.6</b>	<b>72.6</b>	<b>67.4</b>	<b>48.8</b>	<b>40.5</b>

**Amount in INR Mn**

Particulars	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Period in Months	12	12	12	12	12	12	12	12
Incremental Revenue	92.6	92.6	92.6	92.6	92.6	92.6	92.6	92.6
Less: Incremental License Cost	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Less: Incremental CSR Expenses	-2.1	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Less: Incremental Income Tax expense	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>67.1</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>
PV Factor	0.56	0.52	0.49	0.45	0.42	0.39	0.36	0.33
<b>PV of FCFF</b>	<b>37.8</b>	<b>35.2</b>	<b>32.7</b>	<b>30.3</b>	<b>28.2</b>	<b>26.2</b>	<b>24.3</b>	<b>22.5</b>

**Amount in INR Mn**

Particulars	FY2038	FY2039	FY2040	FY2041	FY2042	FY2043	FY2044	FY2045
Period in Months	12	12	12	12	12	12	12	12
Incremental Revenue	92.6	92.6	92.6	92.6	92.6	92.6	92.6	92.6
Less: Incremental License Cost	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Less: Incremental CSR Expenses	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Less: Incremental Income Tax expense	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>
PV Factor	0.31	0.29	0.27	0.25	0.23	0.21	0.20	0.18
<b>PV of FCFF</b>	<b>20.9</b>	<b>19.4</b>	<b>18.0</b>	<b>16.8</b>	<b>15.6</b>	<b>14.4</b>	<b>13.4</b>	<b>12.4</b>



Amount in INR Mn

Particulars	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051	FY2052	FY2053	FY2054
Period in Months	12	12	12	12	12	12	12	12	9
Incremental Revenue	92.6	92.6	92.6	92.6	92.6	92.6	92.6	92.6	69.8
Less: Incremental License Cost	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Less: Incremental CSR Expenses	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-
Less: Incremental Income Tax expense	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3	-23.3	-17.5
Add/ (less): (Increase)/ decrease in Working Capital	-	-	-	-	-	-	-	-	-
<b>FCFF</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>67.4</b>	<b>52.1</b>
PV Factor	0.17	0.16	0.15	0.14	0.13	0.12	0.11	0.10	0.10
<b>PV of FCFF</b>	<b>11.6</b>	<b>10.7</b>	<b>10.0</b>	<b>9.3</b>	<b>8.6</b>	<b>8.0</b>	<b>7.4</b>	<b>6.9</b>	<b>5.0</b>

Amount in INR Mn

Particulars	Release of WC at end of period	FY 54	FY 55	FY 56	FY 57
Period in Months		12	12	12	12
Incremental Revenue					
Less: Incremental License Cost					
Less: Incremental CSR Expenses		-1.8	-1.7	-1.1	-0.5
Less: Incremental Income Tax expense					
Add/ (less): (Increase)/ decrease in Working Capital	19.3				
<b>FCFF</b>	<b>19.3</b>	<b>-1.8</b>	<b>-1.7</b>	<b>-1.1</b>	<b>-0.5</b>
PV Factor	0.09	0.09	0.09	0.08	0.08
<b>PV of FCFF</b>	<b>1.8</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.0</b>

Particulars	Amount in INR Mn
Present Value of Explicit Period	900.56
Add: Present Value of the Incremental Revenue reduced by license cost and income tax for the period since COD until 31 <sup>st</sup> March 2022 – Refer note below	309.54
<b>Total Value</b>	<b>1,210.11</b>

Particulars		
Incremental Revenue	425.63	We understand that PJTL shall raise an invoice for ~INR 426 million by 31 <sup>st</sup> March 2022 towards incremental revenue for the period since COD until 31 <sup>st</sup> March 2022, which is expected to be realized in 45 days i.e. by 15 <sup>th</sup> May 2022.
Less: License Cost (0.11%)	-0.47	
Less: Income Tax (@ 25.168%)	-107.00	
<b>Net Cashflows</b>	<b>318.15</b>	
PV factor	0.97	
<b>PV of net cashflows</b>	<b>309.54</b>	