

**STERLITE INVESTMENT MANAGERS LIMITED**

Regd. Office: Maker Maxity, 5 North Avenue, Level 5, Bandra Kurla Complex, Bandra East, Mumbai. Maharashtra- 400051, India  
CIN: U28113MH2010PLC30885

**Date: January 29, 2020****B S E Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai — 400 001

Scrip Code- 540565

**National Stock Exchange of India Ltd**

Exchange Plaza, C/1, Block G,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai — 400 051

Symbol- INDIGRID

Dear Sir/ Madam,

**Sub – Acquisition of East-North Interconnection Company Limited and Notice of Extra-ordinary General Meeting (EGM)**

With reference to the captioned subject, we hereby inform that the Committees and the Board of Directors of Investment Manager of India Grid Trust (“**IndiGrid**”) on January 28, 2020 has approved the acquisition of East-North Interconnection Company Limited subject to the approval of the Unitholders of IndiGrid.

We are enclosing herewith the Notice of Extra-ordinary General Meeting of Unitholders of IndiGrid to be held on February 24, 2020.

Further in relation to aforesaid acquisition, please find attached the Valuation Report issued by the independent valuer of IndiGrid, Mr. S. Sundararaman which is annexed to aforesaid notice.

You are requested to please take the same on your records.

**For and on behalf of the Sterlite Investment Managers Limited**

Representing India Grid Trust as its Investment Manager

SWAPNIL PRAKASH PATIL  
DIN: e-~~IN~~ e-~~Personal~~  
personalCode=413016  
e-~~MAHARASHTRA~~  
serialNumber=52ca1a65ca1700  
a55874102012faa081982321a  
15c10a26ac093031448b00c  
e-~~SWAPNIL PRAKASH PATIL~~  
Date: 2020.01.29 14:53:45  
105707

**Swapnil Patil**

Company Secretary & Compliance Officer  
ACS-24861

**Copy to-****Axis Trustee Services Limited**

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

**Encl:-**As above

**Corporate Office :** 247 Embassy, Office No 107, 'B' Wing, Hindustan Co. Bus Stop, Gandhi Nagar, L.B.S. Road, Vikhroli West, Mumbai – 400 079. Ph : +91 845509 96408  
Email : [complianceofficer@indigrid.co.in](mailto:complianceofficer@indigrid.co.in), | [www.indigrid.co.in](http://www.indigrid.co.in)



## INDIA GRID TRUST (“IndiGrid”)

(An Infrastructure Investment Trust registered with Securities & Exchange Board of India vide Registration No. IN/InvIT/16-17/0005)

**Principal Place of Business:** F-1, The Mira Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi 110065

**Tel:** +91 84509 96408

**Compliance Officer:** Swapnil Patil; **E-mail:** complianceofficer@indigrid.co.in; **Website:** www.indigrid.co.in

### Notice of Extraordinary General Meeting

**NOTICE IS HEREBY GIVEN** that an **EXTRAORDINARY GENERAL MEETING (“EGM”)** of the Unitholders of India Grid Trust (the “**Unitholders**”, and such trust, “**IndiGrid**”) will be held on Monday, February 24, 2020 at 03.00 p.m. at Sofitel Hotel, C-57, G Block, Bandra Kurla Complex, Bandra East, Bandra Kurla, Mumbai- 400 051, Maharashtra, India, to transact the following business:

#### **ITEM NO. 1: TO APPROVE THE PROPOSED ACQUISITION OF POWER TRANSMISSION ASSET AND MATTERS RELATED THERETO**

To consider and, if thought fit, to pass with or without modifications(s), the following resolution by way of simple majority (being, where the votes cast in favour of a resolution are required to be more than the votes cast against the resolution) in terms of Regulation 22 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (the “**InvIT Regulations**”):

**“RESOLVED THAT** pursuant to the provisions of Regulation 18, 19, 22 and all other applicable provisions, if any, of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (“**InvIT Regulations**”), and the circulars and guidelines issued thereunder, and other applicable laws, including any statutory modifications, amendments or re-enactments to each of the foregoing, and applicable notifications, clarifications, circulars, rules and regulations issued by any competent authority in India from time to time (to the extent applicable), the requisite approvals (if any) of Securities and Exchange Board of India, the stock exchanges, any relevant governmental, statutory or regulatory authorities or third party approval, if any and subject to such terms and conditions as may be prescribed by any such authority while granting such approvals as may be necessary, the consent of the Unitholders, be and is hereby granted to India Grid Trust or any entity controlled by India Grid Trust (“**IndiGrid**”) acting through its trustee, Axis Trustee Services Limited (the “**Trustee**”) and/or its Investment Manager, Sterlite Investment Managers Limited (the “**Investment Manager**”) to enter into material related party transaction, being the acquisition, in one or more tranches, of 100% (one hundred percent) of the subscribed, issued and paid-up share capital and convertible securities, if any, of East-North Interconnection Company Limited (“**ENICL**”) from Sterlite Power Grid Ventures Limited (“**Sponsor**” or “**SPGVL**”) and Sterlite Power Transmission Limited, holding company of Sponsor (“**SPTL**”) and Nominee Shareholders of SPTL for cash for an enterprise value not exceeding ₹ 10,200 million subject to all other adjustments on account of unrestricted

cash, realizable tariff receivables over and above the normalized net working capital, other assets net of debt and other liabilities outstanding as per the management certified (and subsequently audited) financial statements submitted, any change in cost of debt for the funds raised and as specified in the definitive documents to be entered into (“**Closing Adjustments**”), for such acquisition and to ensure compliance with the all contractual obligations, InvIT Regulations and other applicable laws.

**“RESOLVED FURTHER THAT** the consent of the Unitholders be and is hereby granted for the execution, modification, amendments of all documents, agreements, deeds in relation to the acquisition of the issued, subscribed and paid-up share capital and convertible securities, if any, of ENICL including, inter alia, Securities Purchase Agreement to be entered into between all relevant parties including but not limited to SPGVL, SPTL, ENICL, Investment Manager and the Trustee (acting on behalf of, and its capacity as, the Trustee to IndiGrid).”

**“RESOLVED FURTHER THAT** the Trustee and/or the Board of Directors of the Investment Manager be and are hereby severally authorised to negotiate the terms and conditions of the transaction documents including provisions on indemnities, representations and warranties and conditions precedents and to settle, finalise, execute, amend or modify and deliver, for and on behalf of the Trust, all definitive agreements and all amendments, addendums and supplemental agreements thereto, on behalf of IndiGrid, and any other ancillary agreements or forms, consent terms, certificates, undertakings or other documents as may be required to be executed in this regard and to do all such other acts, deeds and things as may be considered necessary and expedient in the interest of IndiGrid.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Investment Manager and/or Trustee be and is hereby authorised to delegate all or any of the powers to any validly constituted Committee of the Board of Directors of the Investment Manager, the Chief Executive Officer, the Company Secretary & Compliance Officer or any other person authorized by Investment Manager and/or Trustee so as to give effect to the aforesaid resolutions.”

For **India Grid Trust**

By Order of the Board

**Sterlite Investment Managers Limited**

*(as the Investment Manager to India Grid Trust)*

**Swapnil Patil**

*Company Secretary & Compliance Officer*

Mumbai, January 28, 2020

## NOTES

- A UNITHOLDER ENTITLED TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING OF INDIGRID (THE “EGM”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE EGM, AND SUCH PROXY NEED NOT BE A UNITHOLDER OF INDIGRID.**
- The instrument appointing the proxy must be deposited at the Registered Office or Corporate Office of Investment Manager not less than 48 hours before the commencement of the EGM.
- An Explanatory Statement setting out material facts and reasons for the proposed resolution as mentioned above, is appended herein below for perusal.
- Route map of the venue of the EGM is annexed hereto.
- Relevant documents referred to in the accompanying Notice, if any, are open for inspection by the Unitholders at the Corporate Office of IndiGrid on all working days (i.e. all days except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 5.00 p.m. up to the date of the EGM. The aforesaid documents will also be available for inspection by Unitholders at the EGM.
- The Investment Manager, on behalf of the Trust, is providing a facility to the Unitholders as on the cut-off date, being February 17, 2020, (the “**Cut-Off Date**”) to exercise their right to vote by electronic voting systems from a place other than venue of the EGM (“**Remote e-Voting**”) on any or all of the businesses specified in the accompanying Notice. Details of the process and manner of Remote e-Voting along with the user ID and password is provided under **Annexure C**. Any person who acquires Units of IndiGrid and becomes a Unitholder of IndiGrid after the dispatch of the Notice, and holds Units as on the Cut-Off Date, may obtain the user ID and password by sending a request at [evoting@kfintech.com](mailto:evoting@kfintech.com), [complianceofficer@indigrid.co.in](mailto:complianceofficer@indigrid.co.in) or contact M/s. KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) (“**KFin**”) at 040 33215204. Voting by electronic mode is a convenient means of exercising voting rights and may help to increase the Unitholders’ participation in the decision-making process. It may be noted that the Remote e-Voting facility is optional. The Investment Manager, on behalf of IndiGrid, has signed an agreement with, and engaged the services of KFin for the purpose of providing Remote e-Voting facility to the Unitholders.
- Unitholders (such as companies or body corporates) intending to send their authorized representative(s) to attend the EGM are requested to send to the Corporate Office of IndiGrid, a certified true copy of the relevant Board Resolution/Power of Attorney, together with the specimen signature(s) of the representatives authorized under the said Board Resolution/Power of Attorney to attend and vote on their behalf at the EGM.
- In case of joint holders attending the EGM, only such joint holder who is higher in the order of names will be entitled to vote at the EGM.
- Unitholders are requested to address all correspondence, including distribution matters, to the Registrar, KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) (Unit: India Grid Trust), Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, India.
- Unitholders are requested to send their queries, if any, to the Investment Manager at least 10 days prior to the EGM to enable the Investment Manager to provide the required information.
- IndiGrid is also making arrangement for voting by the Unitholders by physical ballot at the venue of the EGM. However, Unitholders who have cast their vote by Remote e-Voting prior to the EGM shall not be entitled to cast their vote again but may attend the EGM. Unitholders can opt for only one mode of voting, i.e. physical ballot or Remote e-Voting. If a Unitholder opts for Remote e-Voting, then he/she shall not vote by physical ballot and vice versa. In case a Unitholder casts his/her vote, both by physical ballot and Remote e-Voting mode, then the voting done by Remote e-Voting shall prevail and the voting by physical ballot shall be treated as invalid.
- The Results declared along with Scrutinizer’s Report(s) will be available on the website of IndiGrid ([www.indigrid.co.in](http://www.indigrid.co.in)), and on KFin’s website (<https://evoting.kfintech.com>) within two days of passing of the resolution and communication of the same to the BSE Limited and the National Stock Exchange of India Limited.
- Unitholders who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including annual reports, notices, circulars etc. from the Investment Manager, on behalf of IndiGrid, electronically.

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

#### **India Grid Trust**

F-1, The Mira Corporate Suites, 1&2, Ishwar Nagar, Mathura Road, New Delhi-110065, India

**SEBI Registration Number:** IN/InvIT/16-17/0005

**Tel:** +91 84509 96408

**E-mail:** [complianceofficer@indigrid.co.in](mailto:complianceofficer@indigrid.co.in)

**Website:** [www.indigrid.co.in](http://www.indigrid.co.in)

**Compliance Officer:** Mr. Swapnil Patil

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

#### **Sterlite Investment Managers Limited**

Maker Maxity, 5 North Avenue, Level 5, Bandra Kurla Complex, Bandra East, Mumbai - 400051, Maharashtra, India

**CIN:** U28113MH2010PLC308857

**Tel:** +91 84509 96408

**Email:** [complianceofficer@indigrid.co.in](mailto:complianceofficer@indigrid.co.in)

**Contact Person:** Mr. Swapnil Patil

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

#### **Sterlite Investment Managers Limited**

247 Embassy, Office No.107, ‘B’ Wing, Hindustan Co. Bus Stop, Gandhi Nagar, L.B.S. Road, Vikhroli West, Mumbai - 400 079, Maharashtra, India

**CIN:** U28113MH2010PLC308857

**Tel:** +91 84509 96408

**Email:** [complianceofficer@indigrid.co.in](mailto:complianceofficer@indigrid.co.in)

**Contact Person:** Mr. Swapnil Patil

## EXPLANATORY STATEMENT

### ITEM NO.1: TO APPROVE THE PROPOSED ACQUISITION OF POWER TRANSMISSION ASSET AND MATTERS RELATED THERETO

Attention of the Unitholders is drawn to the fact that pursuant to the Deed of Right of First Offer among Sterlite Power Grid Ventures Limited (“SPGVL” or “Sponsor” or “Project Manager”), Sterlite Investment Managers Limited (“SIML” or “Investment Manager”) and Axis Trustee Services Limited (“Trustee”) dated May 5, 2017 read with Amendment to the Deed of Right of First Offer dated April 30, 2019 (the “ROFO Deed”), SPGVL had provided India Grid Trust (“IndiGrid”) with rights of first offer with respect to eight power transmission assets located in India, which are owned or developed by the Sponsor or its existing subsidiaries. SPGVL made an Invitation of Offer (as defined under the ROFO Deed) on November 05, 2019 and IndiGrid has, after conducting due diligence and completing other actions as set out in the ROFO Deed, made an irrevocable offer to purchase East-North Interconnection Company Limited (the “Target Asset”) from the SPGVL and Sterlite Power Transmission Limited, Holding Company of the SPGVL (“SPTL”), subject to approval of the Unitholders of IndiGrid, approval of regulatory authorities and completion of customary condition precedents by SPGVL and SPTL prior to acquisition.

The Target Asset was awarded to bidder company under the ‘tariff based competitive bidding’ mechanism (“TBCB”) on a ‘build-own-operate-maintain’ (“BOOM”) basis. The Target Asset earns revenue pursuant to long-term Transmission Service Agreements (“TSA”) and the regulations and tariff orders passed by Central Electricity Regulatory Commission (“CERC”) in accordance with the Electricity Act, 2003 (“Tariff Orders”). The Target Asset received availability-based tariffs under the TSA irrespective of the quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including the Target Asset is contracted for the period of the TSA, which is up to 25 years from the grant of transmission license to the Target Asset, which may be renewed in accordance with the TSA and the Electricity Act, 2003.

Tariffs under these TSA are billed and collected pursuant to the ‘point of connection’ (“PoC”) mechanism, a regulatory payment pooling system offered to Inter State Transmission Systems (“ISTS”) such as the systems operated by the Target Asset. Under the PoC mechanism, payments are made to a central tariff pool maintained by the Central Transmission Utility (“CTU”) and the proceeds are distributed proportionately to all transmission services providers, such as the Target Asset. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream to the ISTS projects.

Brief particulars of the aforesaid Target Asset is provided in **Annexure A** hereto. The Board of Directors of the Investment Manager considered the aforesaid acquisition and appointed various reputed independent valuers and consultants (including for technical, legal, financial and tax diligence) to carry out the necessary diligence and valuation of Target Asset.

The independent valuer of IndiGrid, Mr. S. Sundararaman (the “Valuer”), has undertaken a full valuation of the

Target Asset, in accordance with the InvIT Regulations, and prepared a valuation report as of January 27, 2020 (the “Valuation Report”). The Enterprise Valuation of the Target Asset as per the Valuation Report and based on the assumptions mentioned therein is appearing in **Annexure B**. The Valuation Report is available on the website of IndiGrid and has also been made available to the BSE Limited and the National Stock Exchange of India Limited for the purposes of uploading on their respective websites. A summary of the full Valuation Report is provided as **Annexure B** hereto.

The aforesaid acquisition has been finalized with a view to grow the Assets Under Management of IndiGrid and increase DPU yield from the underlying IndiGrid portfolio in the long term.

In accordance with Regulation 2(1)(zv) of the InvIT Regulations, the Seller of the Target Asset, being SPGVL and SPTL (the “Sellers”), are related parties of IndiGrid. Regulation 19(3) of the InvIT Regulations states that an approval from the Unitholders is required to be obtained (in terms of 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 or sale of assets 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.

The Investment Committee followed by Audit Committee and Board of Directors of the Investment Manager has approved the aforesaid acquisition and material related party transaction on January 28, 2020 and has noted that this transaction is at arm’s length.

Information in respect of the proposed related party transaction is as under:

<b>Name of the Related Parties</b>	<ol style="list-style-type: none"> <li>1. Sterlite Power Grid Ventures Limited (“<b>SPGVL</b>”)*;</li> <li>2. Sterlite Power Transmission Limited (“<b>SPTL</b>”)*;</li> <li>3. East-North Interconnection Company Limited (“<b>ENICL</b>”)*</li> </ol> <p><i>*Including nominee shareholders</i></p>
<b>Relationship with IndiGrid</b>	<ol style="list-style-type: none"> <li>1. Sterlite Power Grid Ventures Limited is the Sponsor and the Project Manager of IndiGrid.</li> <li>2. Sterlite Power Transmission Limited is the holding company of the Sponsor and ENICL is the subsidiary of the Sponsor.</li> </ol>
<b>Monetary Value</b>	An enterprise value not exceeding ₹ 10,200 million subject to Closing Adjustments as consideration to be paid to the Sellers & outgoing lenders of Target Asset in the form of cash and/or for a consideration otherwise than cash.

## ANNEXURE A

Brief particulars of the Target Asset are as under:

### East-North Interconnection Company Limited (ENICL)

ENICL was incorporated on February 1, 2007. ENICL entered into a TSA dated August 6, 2009 and a transmission services agreement dated January 28, 2013 with PGCIL (the "ENICL TSA"). The ENICL project was awarded by the Ministry of Power on January 7, 2010 for a 25-year period from the date of issue of the license by CERC, on a BOOM basis.

ENICL operates two EHV overhead transmission lines of approximately 909 ckms in the states of Assam, Bihar and West Bengal, comprising one 400 kV D/C line of approximately 443 ckms from Bongaigaon (Assam) to Siliguri (West Bengal) and one 400 kV D/C line of approximately 466 ckms from Purnia (Bihar) to Biharsharif (Bihar). The project was fully commissioned in November 2014 at a total cost of ₹ 11,760 million.

This transmission project has been proposed for strengthening of NER-ER (North Eastern Region - Eastern Region) transmission corridor. Though the scheme is physically located in north eastern and eastern region it has been conceived as an extension of NR (North Region) network as this will be utilized mainly by NR for meeting its power import requirement from projects located in NER and Sikkim in ER.

Details of ENICL's transmission lines and substations are provided below :

Transmission Line / Substation	Route Length (ckms)	Specifications	Commissioned Date	Expiry of TSA term
Bongaigaon-Siliguri	443	400 kV D/C	November 12, 2014	25 years from the date of issuance of license i.e. October 28, 2010
Purnia-Biharsharif	466	400 kV D/C	September 16, 2013	

## ANNEXURE B

### Summary of the Full Valuation Report

#### (a) Background and scope

- Sterlite Power Grid Ventures Limited ("**Sponsor**") is primarily engaged into installation and operation of electricity transmission projects.
- The India Grid Trust (the "**Trust**" or "**IndiGrid**") is an infrastructure investment trust under the InvIT Regulations. Sterlite Investment Managers Limited ("**Investment Manager**") has been appointed as the Investment Manager to the Trust by Axis Trustee Services Limited ("**the Trustee**") and will be responsible to carry out the duties of such person as mentioned under the

#### Nature, Material Terms, Value, Particulars of the Arrangement and any other Relevant/ Important Information

#### SECURITIES PURCHASE AGREEMENT

The Trustee, on behalf of IndiGrid, propose to enter into Securities Purchase Agreement for the purpose of acquiring 100% (one hundred percent) of the issued, subscribed and paid-up share capital & convertible securities, if any, of East-North Interconnection Company Limited. from SPGVL and SPTL.

Additionally, IndiGrid proposes to refinance the entire debt in the Target Asset as on the Closing Date (as defined below).

#### CONSIDERATION

Upon satisfaction or waiver of all the conditions precedent to the transaction, IndiGrid and the Sellers will undertake the closure of the transaction in line with the provisions of the Securities Purchase Agreement (such date referred to as "**Closing Date**"). On Closing Date, IndiGrid proposes to pay a consideration amounting to the equity value of ENICL as calculated based on the management certified financial statements (to be audited subsequently post-Closing Date) submitted on or immediately prior to the Closing Date ("**Closing Equity Value**"), as adjusted by the difference between such Closing Equity Value and the final equity value as certified and upon audit of such management certified financial statements by the auditors of ENICL. Pursuant to the proposed Securities Purchase Agreement, the Closing Equity Value will be the sum of an amount agreed in writing by the parties not exceeding ₹ 10,200 million (the "**Enterprise Value**") subject to Closing Adjustments.

Further, the Sellers have agreed to provide certain customary representations, warranties and indemnities to the Trustee (acting in its capacity as the Trustee of IndiGrid) and the Investment Manager in relation to itself and ENICL.

InvIT Regulations.

- The Trust intends to acquire ENICL from the Sponsor. For this purpose, the Investment Manager appointed Mr. S. Sundararaman (the “Valuer”) to undertake an independent valuation of Target Asset at the enterprise level (including debt) as per the extant provisions of the InvIT Regulations.

## (b) Valuation Approach & Assumptions

The Valuer has estimated the enterprise value of Target Asset using Discounted Cash flow Approach (“DCF”) basis projected financial statement of the Target Asset as provided by the Investment Manager.

### Key Assumptions

- Transmission Revenue: The transmission revenue comprises of non escalable transmission revenue and escalable transmission revenue as provided in the Transmission Service Agreement (“TSA”) for the life of the project.
- Non Escalable Transmission Revenue: The non escalable transmission revenue contracted for the entire life of the project.
- Escalable Transmission Revenue: Escalable transmission revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA and documents provided to the valuer by the Investment Manager. The escalation is to mainly compensate with the inflation factor.
- Incentive: As provided in the respective TSA, if the annual availability exceeds 98% (ninety eight percent), the Target Assets shall be entitled to an annual incentive as provided in TSA.
- Extension of contractual life beyond TSA period and value computed on the basis of Gordon growth model with 0% terminal growth rate.

## (c) Conclusion of Value

Based on the methodology and assumptions discussed above, the Valuer has arrived at the Fair Enterprise Value (“EV”) of Target Asset as on the valuation date:

### Fair Enterprise Value as on the Valuation Date

(in ₹ million)

Name	Fair Enterprise Value
East-North Interconnection Company Limited	11,355

The Corporate Presentation and Press Release with respect to proposed acquisition are available on the website of IndiGrid and has also been made available to the BSE Limited and the National Stock Exchange of India Limited for the purposes of uploading on their respective websites.

**The Investment Manager recommends the resolution as set out in the Notice for your approval by way of ordinary majority (i.e. where the votes cast in favor of the resolution are required to be more than the votes cast against the resolution).**

## ANNEXURE C

The instruction for e-voting are as under:

- A. In case a Unitholder receives an email from KFin [for Unitholders whose email IDs are registered with the Trust/ Depository Participants (s)]:
- i. Launch internet browser by typing the URL: <https://evoting.kfintech.com>.
  - ii. Enter the login credentials (i.e., EVENT No., User ID and password mentioned on Attendance Slip). EVENT No. followed by Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with KFin for remote e-voting, you can use your existing User ID and password for casting your 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 recommend that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. After changing password, you need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the “EVENT” i.e., [IndiGrid].
  - 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 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, you will not be allowed to modify your vote. During the voting period, Unitholders can login any numbers of times till they have voted on the Resolution(s).
  - xii. Corporate/ Institutional Unitholders (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail narasimhan.b8@gmail.com with a copy marked to evoting@kfintech.com. Please note that, the mail id of Scrutinizer will be used only for e-voting related matters. For any other queries, investors are requested to contact KFin on the contact details mentioned in this notice. The scanned image of the above mentioned documents should be in the naming format "IndiGrid, Extraordinary General Meeting".
  - xiii. In case a person has become the Unitholder of the Trust after dispatch of EGM Notice but on or before the cut-off date i.e. February 17, 2020, may write to KFin on the email Id: evoting@kfintech.com or 040 33215204 or to KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) [Unit: India Grid Trust], Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No.(i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case a Unitholder receives physical copy of the Notice of EGM for Unitholders whose email IDs are not registered with the Trust/Depository Participants (s) or requesting physical copy.
- i. User ID and initial Password as provided on the enclosed slip.
  - ii. Please follow necessary steps mentioned above, to cast vote.
- C. In case of any queries relating to e-voting please visit Help & FAQ section of <https://evoting.kfintech.com> (KFin Website).
- D. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- E. The e-voting period commences on Friday, February 21, 2020 (10.00 AM) and ends on Sunday, February 23, 2020 (5.00 PM). During this period Unitholders of the Trust, holding Units in dematerialized form, as on the cut-off date being Monday, February 17, 2020, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Unitholder, the Unitholder shall not be allowed to change it subsequently. Further, the Unitholders who have casted their vote electronically shall not vote by way of poll, if held at the meeting.
- F. The voting rights of Unitholders shall be in proportion to their Units of the Unit capital of the Trust as on the cut-off date i.e. Monday, February 17, 2020.
- G. The Board of Directors of Investment Manager has appointed Mr. B Narasimhan failing him, Mr. C Venkataraman, Practicing Company Secretaries, as the Scrutinizer(s) to scrutinize the e-voting process in a fair and transparent manner.
- H. The Scrutinizer shall immediately after the conclusion of the voting at EGM, first count the votes cast at the meeting, thereafter unblock the votes in the presence of at least two (2) witnesses not in the employment of the Trust and make a Scrutinizer's Report of the votes cast in favour or against, if any, forth with to the Chairman of the Investment Manager.
- I. The Results shall be declared on or after the EGM of the Trust and the resolution will be deemed to be passed on the EGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- J. The results declared along with the Scrutinizer's report shall be placed on the Trust's website [www.indigrid.co.in](http://www.indigrid.co.in) and on the website of the service provider (<https://evoting.kfintech.com>) within two (2) days of passing of the resolution at the EGM of the Trust and communicated to BSE Limited and National Stock Exchange of India Limited.

## ROUTE MAP





## NOTES

A series of horizontal dotted lines for writing notes.

Attendance Slip



INDIA GRID TRUST

Principal Place of Business: F-1, The Mira Corporate Suites, 1&2, Ishwar Nagar,  
Mathura Road, New Delhi-110065 India.

SEBI Registration Number: IN/InvIT/16-17/0005

Extra-ordinary General Meeting, February 24, 2020

Registered Folio No./ DP ID No. / Client ID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of units held

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I certify that I am a Unitholder / proxy for the Unitholder of the Trust.

I hereby record my presence at the EXTRAORDINARY GENERAL MEETING of IndiGrid on Monday, February 24, 2020 at 03.00 p.m. at Sofitel Hotel, C-57, G Block, Bandra Kurla Complex, Bandra East, Bandra Kurla, Mumbai- 400 051, Maharashtra, India.

.....  
Name of the Unitholder / proxy  
(in BLOCK letters)

.....  
Signature of the Unitholder / proxy

**NOTE: PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.**



PROXY FORM



INDIA GRID TRUST

(An irrevocable trust set up under the Indian Trusts Act, 1882, and

registered as an infrastructure investment trust with the Securities and Exchange Board of India)

Principal Place of Business: F-1, The Mira Corporate Suites, 1&2, Ishwar Nagar, Mathura Road, New Delhi-110065 India

SEBI Registration Number: IN/InvIT/16-17/0005

Name of the Unitholder (s) :

Registered address :

E-mail Id :

Folio No./Client Id : DP ID :

I/We, being the Unitholder(s) holding ..... Units of India Grid Trust, hereby appoint

1. .... of ..... having e-mail Id : ....., or failing him
2. .... of ..... having e-mail Id : ....., or failing him
3. .... of .....having e-mail Id : .....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extraordinary General Meeting of the Trust, to be held on Monday, February 24, 2020 at 03.00 p.m. at Sofitel Hotel, C-57, G Block, Bandra Kurla Complex, Bandra East, Bandra Kurla, Mumbai- 400 051, Maharashtra, India and at any adjournment thereof in respect of such resolution as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution	For	Against
1. TO APPROVE THE PROPOSED ACQUISITION OF POWER TRANSMISSION ASSET AND MATTERS RELATED THERETO		

Signed this ..... day of ..... 2020

Affix Revenue Stamp

Signature of Unitholder

Signature of First Proxy holder

Signature of Second Proxy holder

Signature of Third Proxy holder

Notes:

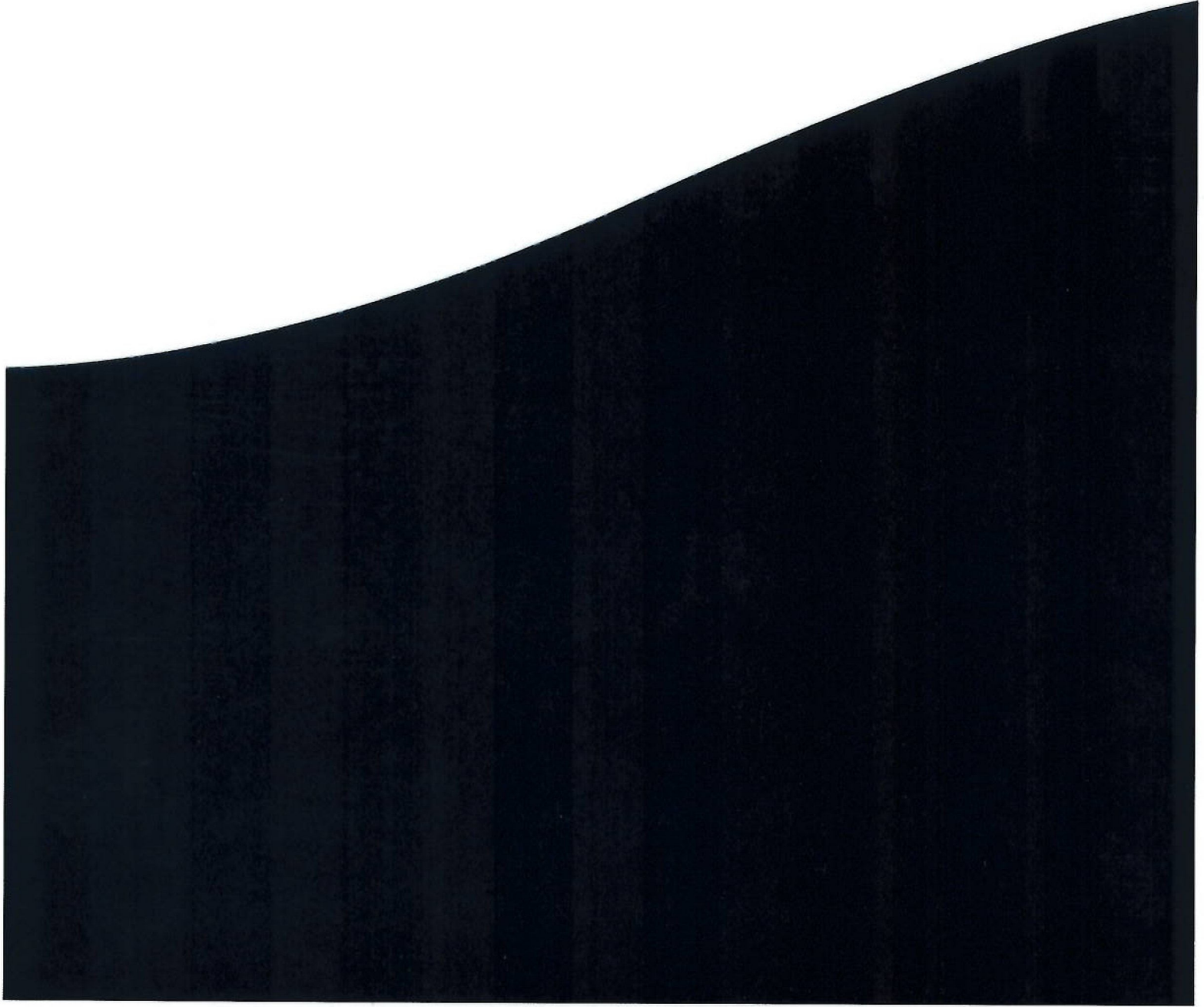
- (1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office or Corporate Office of the Investment Manager not less than 48 hours before the commencement of the meeting.**
- (2) **A Proxy need not be a Unitholder of the Trust.**
- \*\* (3) This is only optional. Please put a 'X' in the appropriate column against the resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (4) Appointing a proxy does not prevent a Unitholder from attending the meeting in person if he so wishes.
- (5) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.



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

**SPV: East-North Interconnection Company Limited (“ENICL”)**

**Valuation Date: 31<sup>st</sup> December 2019**



**Strictly Private and Confidential**

Date: 27<sup>th</sup> January 2020

CFAS-2/19-20/CHENNAI/VR/1

**The Board of Directors**  
**Sterlite Investment Managers Limited**  
12<sup>th</sup> Floor, we work, 247 Park,  
247 embassy, Hindustan C. Bus Stop,  
Lal Bahadur Shastri Road,  
Gandhi Nagar, Vikhroli West,  
Mumbai, Maharashtra, 400079

**India Grid Trust**  
**(Axis Trustee Services Limited acting on behalf of the Trust)**  
12<sup>th</sup> Floor, we work, 247 Park,  
247 embassy, Hindustan C. Bus Stop,  
Lal Bahadur Shastri Road,  
Gandhi Nagar, Vikhroli West,  
Mumbai, Maharashtra, 400079

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

Dear Sirs/Madams,

I, Mr. S. Sundararaman ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBB registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 17<sup>th</sup> January 2020, as an independent valuer, as defined under the SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager for India Grid Trust ("the Trust") and Axis Trustee Services Limited ("the Trustee") acting as the trustee for the Trust, for the purpose of the financial valuation of the Special Purpose Vehicle- East-North Interconnection Company Limited ("ENICL" or "the SPV"). As at 31<sup>st</sup> December 2019, Sterlite Power Transmission Limited ("SPTL") holds 51% equity stake and Sterlite Power Grid Ventures Limited ("SPGVL" or "the Sponsor") holds 49% equity stake in ENICL. The SPV to be valued is proposed to be transferred to the Trust, SIML is acting as the investment manager and SPGVL as the sponsor to the Trust within the meaning of the SEBI InvIT Regulations.

I have relied on explanations and information provided by the Investment Manager. Although, I have reviewed such data for consistency, those are not independently investigated or otherwise verified. My team and I have no present or planned future interest in the Trust, the SPV or the Investment Manager except to the extent of our appointment as an independent valuer and the fee for this Valuation Report ("Report") and also for our appointment under Regulation 21(4) and 21(5) of the SEBI InvIT Regulations which is not contingent upon the values reported. The valuation analysis should not be construed as investment advice, specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

I am enclosing the Report providing opinion on the fair enterprise value of the SPV on a going concern basis as at 31<sup>st</sup> December 2019 ("Valuation Date"). Enterprise Value ("EV") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.



## Strictly Private and Confidential

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

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

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

RV draws your attention to the limitation of liability clauses in Section 10 of the Report.

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

Yours faithfully,



**S. Sundararaman**

Registered Valuer

IBBI Registration No - IBBI/RV/06/2018/10238

UDIN: 20028423AAAAAT9169

Place: Chennai

Encl: As above



Contents

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1	Executive Summary	6
2	Procedures adopted for current valuation exercise	11
3	Overview of the InvIT and the SPV	12
4	Overview of the Industry	17
5	Valuation Methodology and Approach	19
6	Valuation of the SPV	22
7	Valuation Conclusion	26
8	Additional procedures for compliance with InvIT Regulations	27
9	Sources of Information	29
10	Exclusion & Limitations	30
<b>Appendices</b>		
11	Appendix I : Weighted Average Cost of Capital of the SPV	33
12	Appendix II : Valuation of the ENICL as on 31 <sup>st</sup> December 2019	34
13	Appendix III : Summary of Approvals & Licenses	35
14	Appendix IV : Summary of Ongoing Litigations	40



Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BOOM	Build-Own-Operate-Maintain
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Ckms	Circuit Kilometres
COD	Commercial Operation Date
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest , Taxes , Depreciation and Amortization
EHV	Extra High Voltage
ENICL /the SPV	East-North Interconnection Company Limited
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FY	Financial Year Ended 31 <sup>st</sup> March
FYP	Five year Plan
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
INR	Indian Rupees
IVS	Indian Valuation Standards, 2018
kV	Kilo Volts
LTTC	Long Term Transmission Customer
Mn	Million
MU	Million Units
MVA	Mega Volt Ampere
MW	Mega Watts
NAV	Net Asset Value Method
NCA	Net Current Assets Excluding Cash and Bank Balances
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Limited
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SIML or Investment Manager	Sterlite Investment Managers Limited
SPGVL or the Sponsor	Sterlite Power Grid Ventures Limited
SPV	Special Purpose Vehicle
T&D	Transmission & Distribution
the Trust or InvIT	India Grid Trust
the Trustee	Axis Trustee Services Limited
TAO	Tariff Adoption Order
TSA	Transmission Service Agreement
WACC	Weighted Average Cost of Capital

**1. Executive Summary**

**1.1. Background**

---

**1.1.1. The Infrastructure Investment Trust**

SPGVL is the sponsor for the India Grid Trust ("the Trust"). The Trust was established on 21<sup>st</sup> October 2016 by SPGVL and is registered with the Securities and Exchange Board of India ("SEBI") pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations"). It is established to own inter-state power transmission assets in India. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6<sup>th</sup> June 2017.

**1.1.2. The Sponsor**

Sterlite Power Grid Ventures Limited ("SPGVL" or "the Sponsor") is engaged into installation and operation of electricity transmission projects.

**1.1.3. Investment Manager**

Sterlite Investment Managers Limited ("the Investment Manager" or "SIML") has been appointed as the investment manager to the Trust by Axis Trustee Services Limited ("the Trustee") and will be responsible to carry out the duties of such a person as mentioned under SEBI InvIT Regulations.

**1.1.4. Target Financial Asset to be Valued**

East North Interconnection Company Limited ("ENICL" or "the SPV") is engaged in the business of installation and operation of transmission lines on a Build-Own-Operate and Maintain ("BOOM") basis.

ENICL is engaged in the establishment of two 400 kV Double Circuit transmission lines (with a total line length of 450kms) that passes through the Indian states of Assam, West Bengal, and Bihar comprising of one Bongaigaon Silliguri Line with the length of 220kms passing through the states of Assam, West Bengal and one Purnea Biharsharif Line with the length of 232kms passing through the state of Bihar. The company would construct, operate and maintain these for a minimum tenure of 25 years from transmission license.

As at the Valuation Date, Sterlite Power Transmission Limited ("SPTL") holds 51% equity stake and SPGVL holds 49% equity stake in ENICL. SPGVL has a right to appoint majority of the directors on the board of the ENICL. As informed by the Investment Manager, SPGVL has control over ENICL and accordingly, SPGVL has been considered as immediate holding company.

**1.1.5. Proposed Transaction**


We understand that the Investment Manager has contemplated to acquire 100% of equity stake in ENICL ("Proposed Transaction").

**1.2. Purpose and Scope of Valuation**

---

**1.2.1. Purpose of Valuation**

As per regulation 21(8)(a) of the SEBI InvIT Regulations, for any transaction of purchase or sale of infrastructure projects whether directly or through SPV, for publicly offered InvITs, a full valuation of the specific project shall be undertaken.



## Strictly Private and Confidential

In terms of Regulation 2(1)(zv) of the SEBI InvIT Regulations, Related Party shall be as defined as under the Companies Act, 2013 or under the applicable accounting standards and shall also include: (I) Parties to India Grid Trust; and (II) Promoters, directors, and partners of the Parties to India Grid Trust. Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being Indian Accounting Standard ("Ind AS") 24 on "Related Party Disclosures". As per Regulation 2(1)(zk), "Parties to the InvIT" shall include the sponsor(s), investment manager, project manager(s) and the trustee. Accordingly, the Proposed Transaction between the Trust and the Sponsor is a related party transaction

In this regard, the Investment Manager and the Trustee have appointed Mr. S. Sundararaman ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at the enterprise level of ENICL as per the SEBI InvIT Regulations as at 31<sup>st</sup> December 2019.

Registered Valuer declares that:

- i. The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- ii. The RV is independent and has prepared the Valuation Report ("the Report") on a fair and unbiased basis;
- iii. RV has valued the SPV based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.

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

### 1.2.2. Scope of Valuation

#### **Nature of the Asset to be Valued**

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

#### **Valuation Base**

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

#### **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value or Market value is usually synonymous to each other except in certain circumstances where characteristics of an asset translate into a special asset value for the party (ies) involved.

#### **Valuation Date**

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



**Strictly Private and Confidential**

The Valuation Date considered for the fair enterprise valuation of ENICL is 31<sup>st</sup> December 2019 ("Valuation Date"). The attached Report is drawn up by reference to accounting and financial information as on 31<sup>st</sup> December 2019. The RV is not aware of any other events having occurred since 31<sup>st</sup> December 2019 till date of this Report which he deems to be significant for his valuation analysis.

**Premise of Value**

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

**Going Concern Value**

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

- 1.2.3. For the amount pertaining to the operating working capital, the Investment Manager has acknowledged to consider the un-audited financial statements as on 31<sup>st</sup> December 2019 to carry out the valuation of ENICL. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade payables related to O&M Expenses and trade receivables related to operating revenue.

<<This space is intentionally left blank>>



1.3. **Summary of Valuation**

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

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business.
Income Approach	Discounted Cash Flow	Yes	The revenue of the projects are defined for 25 years under the TSA. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore, DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.
Market Approach	Market Price	No	The equity shares of the SPV are not listed on any recognized stock exchange of India. Hence, I was unable to apply market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I have not considered CCM method in the present case.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF Method, the Free Cash Flow to Firm (FCFF) has been used for the purpose of valuation of ENICL. In order to arrive at the fair EV of the ENICL under the Discounted Cash Flow (DCF) Method, I have relied on unaudited financial statements as at 31<sup>st</sup> December 2019 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the ENICL provided by the Investment Manager as at the Valuation Date based on their best judgement. The discount rate considered for ENICL for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital of ENICL. ENICL has executed project under the BOOM model, the ownership of the underlying assets shall remain with ENICL even after the expiry of 25 years from license date. Accordingly, terminal period value i.e. value on account of cash flows to be generated even after the expiry of concession period of 25 years has been considered. Based on the methodology and assumptions discussed further, RV has arrived at the Fair Enterprise Value of the ENICL as on the Valuation Date:

Sr. No.	SPV	WACC for explicit	WACC for Terminal	Fair EV (INR Mn)
1	ENICL	8.77%	11.46%	11,355

(Refer Appendix I & II for the detailed workings)

Further to above considering that present valuation exercise is based on the future financial performance and based on opinions on the future credit risk, cost of debt assumptions, etc., which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or

**Strictly Private and Confidential**

accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the following unobservable inputs:

1. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 0.5%
2. Total Expenses considered during the projected period by increasing / decreasing it by 20%
3. Free Cash Flow in terminal period considered for the SPV increasing / decreasing it by 20%

**Fair Enterprise Valuation Range of the SPV based on WACC Parameter**

								INR Mn
Explicit Period WACC	Terminal Period WACC	EV	Explicit Period WACC	Terminal Period WACC	EV	Explicit Period WACC	Terminal Period WACC	EV
8.77%	11.46%	11,355	9.27%	11.96%	10,981	8.27%	10.96%	11,756

**Fair Enterprise Valuation Range of the SPV based on Total Expenses Parameter**

						INR Mn
Base Expenses	EV	Expenses +20%	EV	Expenses -20%	EV	
134.16	11,355	160.99	11,122	107.33	11,588	

**Fair Enterprise Valuation Range of the SPV based on Terminal Period Cash Flow Parameter**

						INR Mn
Base TV	EV	Base TV -20%	EV	Base TV +20%	EV	
940	11,355	752	11,167	1,128	11,543	

<<This space is intentionally left blank>>

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

- 2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards, 2018 ("IVS") issued by the Institute of Chartered Accountants of India read with sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:
- 2.2.1. Requested and received financial and qualitative information relating to ENICL;
- 2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;
- 2.2.3. Discussions with the Management on:
- Understanding of the businesses of ENICL – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;
- 2.2.4. Undertook industry analysis:
- Research publicly available market data including economic factors and industry trends that may impact the valuation
  - Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by us.
- 2.2.5. Analysis of other publicly available information
- 2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by us.
- 2.2.7. Determination of fair EV of the ENICL.



<<This space is intentionally left blank>>



3. Overview of the InvIT and the SPV

**The Trust**

- 3.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21<sup>st</sup> October 2016 by SPGVL as the Sponsor to own inter-state power transmission assets in India. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6<sup>th</sup> June 2017.
- 3.2. The Trust has acquired Bhopal Dhule Transmission Company Limited ("BDTCL"), Jabalpur Transmission Company Limited ("JTCL"), Maheshwaram Transmission Limited ("MTL"), RAPP Transmission Company Limited ("RTCL"), Purulia & Kharagpur Transmission Company Limited ("PKTCL"), Patran Transmission Company Limited ("PTCL"), Northern Region Strengthening Scheme XXIX Transmission Limited ("NRSS"), Odisha Generation Phase - II Transmission Limited ("OGPTL") in the following chronology:

Sr No.	Name of the SPV	Date of acquisition
1	BDTCL	30 <sup>th</sup> May 2017
2	JTCL	
3	MTL	
4	RTCL	15 <sup>th</sup> February 2018
5	PKTCL	
6	PTCL*	31 <sup>st</sup> August 2018
7	NRSS	3 <sup>rd</sup> June 2019
8	OGPTL	28 <sup>th</sup> June 2019

\*PTCL was acquired from Techno Electric & Engineering Company Limited

- 3.3. The Trust, pursuant to the 'Right of First Offer' ("ROFO") deed had a 'right of first offer' to acquire eight projects of the Sponsor of which five have been acquired till the Valuation Date. ENICL is one of the ROFO asset.
- 3.4. Following is the Valuation summary of the projects which the Trust had acquired from the Sponsor namely, BDTCL, JTCL, MTL, RTCL, PKTCL, NRSS and OGPTL and PTCL from Techno Electric & Engineering Company Limited:

Asset Name	Enterprise Value (INR Mn)								Acquisition Value
	30-Sep-19	31-Mar-19	30-Sep-18	31-Mar-18	30-Sep-17	31-Mar-17	31-Mar-16	31-Mar-15	
BDTCL	19,091	19,470	19,694	20,319	21,431	21,541	21,812	20,113	
JTCL	14,774	14,608	14,937	15,431	15,988	16,125	19,407**	14,295	37,020*
MTL	5,383	5,268	5,423	5,564	5,218	-----NA-----	-----NA-----	-----NA-----	4,697
RTCL	4,173	4,035	4,084	4,054	3,935	-----NA-----	-----NA-----	-----NA-----	3,542
PKTCL	6,477	6,390	6,481	6,618	6,512	-----NA-----	-----NA-----	-----NA-----	5,861
PTCL	2,442	2,423	2,401	-----NA-----	-----NA-----	-----NA-----	-----NA-----	-----NA-----	2,320
NRSS	44,349	-----NA-----	-----NA-----	-----NA-----	-----NA-----	-----NA-----	-----NA-----	-----NA-----	40,465
OGPTL	13,878	-----NA-----	-----NA-----	-----NA-----	-----NA-----	-----NA-----	-----NA-----	-----NA-----	11,980

\*Consolidated Purchase Price paid by the Trust for the acquisition at the time of Initial Public Offer

\*\*For JTCL, the Investment Manager had previously projected the incremental revenue to be at 40% of the non escalable revenue charges during the valuation exercise of 31<sup>st</sup> March 2016,

however the same was subsequently reduced to 9.8903% of non escalable charges during the valuation exercise of 31<sup>st</sup> March 2017 as per the CERC order dated 8<sup>th</sup> May 2017.

**East-North Interconnection Company Limited ("ENICL" or "the SPV")**

3.5. ENICL is engaged in the establishment of two 400 kV Double Circuit transmission lines (with a total line length of 452 Km) that passes through the Indian states of Assam, West Bengal, and Bihar. Bongaigaon Silliguri Line, having the length of 220 kms passing through the states of Assam and West Bengal. Purnea Biharsharif Line with the length of 232 kms passes through the state of Bihar. As per the terms of TSA, ENICL would construct, operate and maintain these for a minimum tenure of 25 years.

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

3.7. Summary of details of the Project are as follows:

Parameters	Details
Project Cost	INR 12,519 Mn
Total Length	909 ckms / 452 kms
TSA Signing Date	31 <sup>st</sup> March 2010
Issue of Transmission License	28 <sup>th</sup> October 2010
Scheduled Commercial Operation Date ("SCOD")	7 <sup>th</sup> January 2013
Expiry Date of License	25 years from the issue of Transmission License
Actual Commercial Operation Date ("COD")	
Bongaigaon Silliguri Line	11 <sup>th</sup> November 2014
Purnea Biharsharif Line	13 <sup>th</sup> September 2013

3.8. The ENICL project was awarded to Sterlite Technologies Limited, by the Ministry of Power on 7<sup>th</sup> January 2010 for a period of 25 years from the date of issue of Transmission Licence by Central Electricity Regulatory Commission ("CERC") on a BOOM basis. ENICL was granted Transmission Licence by CERC on 28<sup>th</sup> October 2010. The project consists of the following transmission lines and is being implemented on contract basis:

Transmission line	Location	Route length (Ckms)	Specifications	Contribution to total tariff
Bongaigaon - Silliguri	Assam, West Bengal	443	400 kV D/C	52%
Purnea Biharsharif	Bihar	466	400 kV D/C	48%

3.9. As per the terms of TSA, the SCOD of the SPV was 36 months from the date of Letter of Intent. Accordingly, considering the Letter of Intent dated 7<sup>th</sup> January 2010, the SCOD works out to be 7<sup>th</sup> January 2013.

3.10. However, as per the CERC order dated 24<sup>th</sup> August 2016, the SCOD of the Bongaigaon Siliguri Line was extended by 675 days and that of the Purnea Biharsharif Line was extended by 225 days.

**Strictly Private and Confidential**

3.11. The main reasons for the extension as stated in the CERC order dated 24<sup>th</sup> August 2016 are as follows:

- a. Bongaigaon Siliguri Line:
  - i. Delay in grant of forest clearance
  - ii. Riots in Kokrajhar
  - iii. Bandh in Assam
- b. Purnea Biharsharif Line
  - i. Obstruction at Mahenderpur village
  - ii. Floods in Bihar

3.12. Additionally, in order to compensate the damages caused to ENICL, it was granted an increase in the revenue charges as directed by CERC order as stated below:

- There were damages to the Purnea Biharsharif Line due to obstruction at Mahenderpur village and floods in Bihar for which CERC through order dated 24<sup>th</sup> August 2016 granted a compensation by increase in Non-Escalable and Escalable revenue at the rate of 6.179%
- There were damages to the Bongaigaon Siliguri Line due to delay in grant of forest clearance, riots in Kokrajhar and Bandh in Assam, for which CERC through its order dated 13<sup>th</sup> September 2017, granted a compensation by increase in Non-Escalable revenue by 3.764%.
- Due to change in law during the construction period, ENICL was granted an increase in Non- Escalable Transmission charges by CERC through order dated 19<sup>th</sup> September 2018 at the rate of 1.0856 %.

3.13. The following is the key financial information of ENICL:

Parameters	INR Mn		
	FY 17	FY 18	FY 19
Revenue	1,420	1,643	1,486
Expense	98	83	202
EBIDTA	1,322	1,560	1,284
Capex incurred during restoration period		160	121
Incremental Working Capital		25	68

3.14. On 23<sup>rd</sup> August, 2016, the Purnea – Biharsharif transmission line ("PB Line") of ENICL was rendered inoperable due to flooding in the Ganga river which damaged certain towers of the transmission line. The restoration work for the same is completed on 23<sup>rd</sup> June, 2017. ENICL had claimed this event as a force majeure event under the TSA. The Eastern Regional Power Committee ('ERPC') accepted the event as force majeure and accordingly company received availability certificates considering deemed availability of PB Line which recognize the incident as force majeure. Further, ENICL received transmission charges post the incident based on the availability certificates considering deemed availability of PB Line.

3.15. On 10<sup>th</sup> August, 2018, a tower of PB Line collapsed due to change of course of river Ganga and water flow with very high velocity. ENICL has claimed this event as a force majeure event under the TSA. The ERPC through 148<sup>th</sup> operation co-ordination committee meeting held on 03<sup>rd</sup> September 2018 accepted the event as force majeure event. The Investment Manager has confirmed that PB line is restored in December 2019. ENICL has incurred INR 972 million for

**Strictly Private and Confidential**

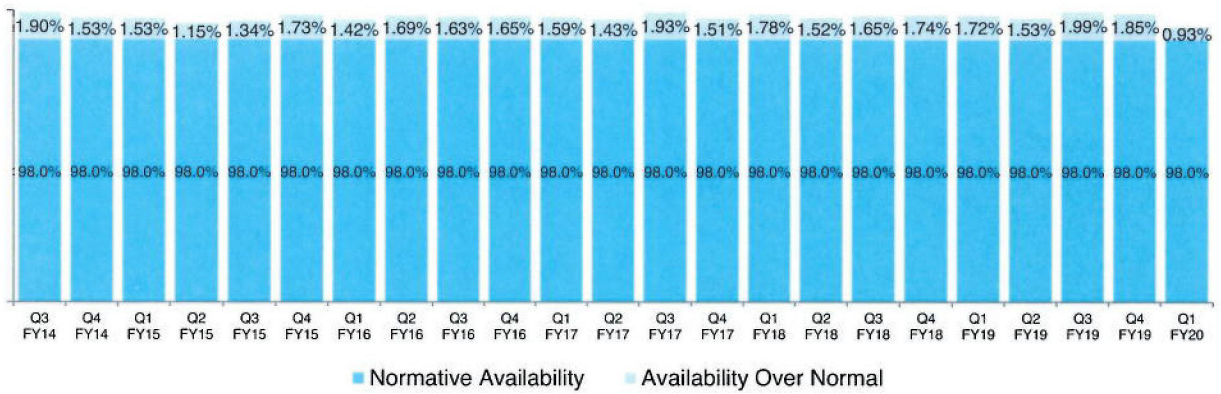
strengthening of the pile foundations/towers in Ganga River and does not expect such incident to recur.

3.16. I have been given to understand that the Technical Due Diligence of the SPV is currently underway. As per the representation of the Investment Manager, any technical defects in the transmission lines highlighted by the technical due diligence report shall be remedied by the Sponsor. Further, as represented by the Investment Manager, the remedial measures shall be in such a manner that no further capital expenditure shall be required over and above the maintenance capital expenditure which has already been considered in their projected Operations & Maintenance expenditure.

3.17. **Following is the map showing area covered by ENICL:**



3.18. **Operating Efficiency history of ENICL:**



\*Pending certificates for Q2'19 and Q3'19 from competent authority.

3.19. Pictures of ENICL power transmission lines:



<<This space is intentionally left blank>>

A handwritten signature in blue ink, consisting of a stylized, cursive letter 'S' followed by a horizontal line.

#### 4. Overview of the Industry

##### 4.1. Introduction:

- 4.1.1. India is the third largest producer and third largest consumer of electricity in the world, with the installed power capacity reaching 362.12 GigaWatt ("GW") as of 30<sup>th</sup> September 2019. The country also has the fifth largest installed capacity in the world.
- 4.1.2. Over FY10-FY19, electricity production in India grew at a CAGR of 5.50%. Per capita electricity consumption in the country grew at a CAGR of 4.69%, during FY11-19, reaching 1,181 KWh in FY19.

##### 4.2. Demand and Supply

- 4.2.1. Demand: India continues to be a power deficient country even after an increasing trend in demand in the past. It is expected that energy requirement will continue to grow at healthy CAGR of 6.3% over FY19 to FY23. The primary growth drivers for rapid expansion in India's energy demand include green energy corridors for renewables, widening inter-regional demand-supply mismatch, rise in cross border trading in South Asian countries, rise in short term open access transactions, etc.
- 4.2.2. Supply: India has seen a robust growth in the installed power generation capacity in the past four years. With a generation of 1,561 TWh, India is the third largest producer and the third largest consumer of electricity in the world.
- 4.2.3. Details of Installed power capacity in India are as follows :-

Total installed capacity as at 30<sup>th</sup> September 2019

Sector	Total Capacity (GW)	% of Total
State sector	103.01	28.45%
Central sector	167.61	46.29%
Private sector	91.50	25.26%
<b>Total</b>	<b>362.12</b>	<b>100.00%</b>

Mode wise installed capacity as at 30<sup>th</sup> September 2019

Particulars	Total Capacity (GW)	% of Total
Thermal:		
- Coal	196.89	54.37%
- Lignite	6.26	1.73%
- Gas	24.94	6.89%
- Diesel	0.51	0.14%
Nuclear	6.78	1.87%
Hydro	45.40	12.54%
Renewable Energy Source (MNRE)	81.34	22.46%
<b>Total</b>	<b>362.12</b>	<b>100.00%</b>

##### 4.3. India's economic outlook

- 4.3.1. Power is one of the key sectors attracting FDI inflows into India.
- 4.3.2. From April 2000 to June 2019, India recorded FDI of US\$ 8.06 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.

- 4.3.3. Cumulative FDI inflows into the sector from April 2000–June 2019 were US\$ 14.54 billion.
- 4.3.4. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 68 in 2018-19 from 71 in 2014-15.
- 4.4. **Power transmission network in India**
- 4.4.1. The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the Transmission and Distribution ("T&D") system is a three-tier structure comprising distribution networks, state grids and regional grids.
- 4.4.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by Power Grid Corporation of India Limited ("PGCIL"), which facilitates the transfer of power from a surplus region to the ones with deficit.
- 4.4.3. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 4,07,569 Ckms in FY 11 to around 6,04,193 Ckms in FY 18.
- 4.4.4. As on January 2019 approx. 7.2% of total transmission network is owned by private players which showcase the need of more private sector participation in this space. India has been underinvested as far as transmission is concerned.
- 4.4.5. PGCIL has remained the single largest player in inter regional power transmission capacity addition contributing to 45%-50% of the total investment in the sector. With a planned expenditure outlay of INR 1.10 Trillion for the 12<sup>th</sup> five year plan.
- 4.4.6. Of the total capacity-addition projects in transmission during the 12th FYP, about 42% can be attributed to the state sector. The share of private sector in transmission line and substation additions since the beginning of 12th FYP is 14% and 7%, respectively, as the majority of high-capacity, long-distance transmission projects were executed by PGCIL and state transmission utilities during this period.
- 4.4.7. In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-supply mismatches, upgradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.
- 4.4.8. Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, we expect transmission segments investments to increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period

*(Source: CRISIL Opportunities in power transmission in India - March 2019 & August 2019 and IBEF report on Power sector in India- January 2019 & August 2019 and Central Electricity Authority Data as mentioned in PGCIL and Adani Transmission Limited Annual Report 2017-18.)*



**5. Valuation Methodology and Approach**

---

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

**5.4. Cost Approach**

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

Net Asset Value ("NAV")

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

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

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

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

**5.5. Market Approach**

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

Comparable Companies Multiples ("CCM") Method

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

Comparable Transactions Multiples ("CTM") Method

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





Market Price Method

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

5.6. **Income Approach**

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

Discounted Cash Flow ("DCF") Method

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

The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business' future operations. The Business/EV (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further reduced by the value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of the business.

**Conclusion on Valuation Approach**

---

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



strengths and weaknesses of the possible valuation approach and methods, availability of adequate inputs or information and its reliability and valuation approach and methods considered by the market participants.

**Cost Approach**

The existing book EV of the SPV comprising of the value of its Net fixed assets and working capital based on the unaudited financial statement as at 31<sup>st</sup> December 2019 as per Investment Manager's best estimates as per Indian Account Standards (IND AS) are as under:

<i>INR Mn</i>		
<b>Sr No.</b>	<b>SPV</b>	<b>Book EV</b>
1	ENICL	9,951

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

**Market Approach**

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

**Income Approach**

The SPV is operating as BOOM model based projects. The revenue of the projects are defined for 25 years under the TSA. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore, DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.

<< This space is intentionally left blank >>



6. **Valuation of the SPV**

I have estimated the EV of the ENICL using the DCF Method. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the SPV as provided by the Investment Manager.

**Valuation**

- 6.1. ENICL was one of the earlier projects awarded to the Sponsor through the process of Tariff Based Competitive Bidding ("TBCB") on 7<sup>th</sup> January 2010. The terms of tariff for ENICL are governed by the CERC Order ("Tariff Adoption Order") dated 28<sup>th</sup> October 2010 read with TSA. As per the Tariff Adoption Order, the tariff adopted for the transmission system is valid for a period of 25 years. The tariff of the transmission assets beyond the period of 25 years will be governed by the provisions of clause (4) of Regulation 13 of CERC (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations ("CERC Licence Regulations") dated 26<sup>th</sup> May 2009 as amended from time to time.

The key assumptions of the projections provided to us by the Investment Manager are:

**Key Assumptions**

- 6.1.1. **Transmission Revenue:** The transmission revenue of the ENICL comprises of non escalable transmission revenue, incremental revenue, if applicable and escalable transmission revenue as provided in the TSA read with Tariff Adoption Order ("TAO").
- **Non Escalable Transmission Revenue:** The Non Escalable Transmission Revenue remains fixed for the entire life of the project. I have corroborated the revenue considered in the financial projections with the respective TSA read with TAO and documents provided to us by the Investment Manager.  
Non Escalable transmission revenue includes the increase in non escalable revenue as directed by CERC as given in paragraph 3 above.
  - **Escalable Transmission Revenue:** Escalable Transmission Revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA read with TAO and documents provided to us by the Investment Manager. The escalation is to mainly compensate for the inflation factor.
- 6.1.2. **Incentives:** As provided in the respective TSA, if the annual availability exceeds 98%, the SPV shall be entitled to an annual incentive as provided in TSA. Provided no incentives shall be payable above the availability of 99.75%. Based on the past track record of the asset and the general industry standard, the annual availability shall be above 98% where the SPV shall be entitled to the incentives as provided in the respective TSA.
- 6.1.3. **Penalty:** If the annual availability in a contract year falls below 95%, the SPV shall be liable for an annual penalty as provided in the TSA. Based on our analysis in Para 6.1.2, in the present case, it is assumed that the annual availability will not fall below 95% and hence, penalty is not considered in the financial projections.
- 6.1.4. **Expenses:** Expenses are estimated by the Investment Manager for the projected period based on the inflation rate as determined for the SPV. I have relied on the projections provided by the Investment Manager.
- **Operations & Maintenance ("O&M"):** O&M expenditure is estimated by the Investment Manager for the projected period based on the inflation rate as determined for the SPV. The Investment Manager has projected expenses to be incurred for the O&M of the SPV



including, but not limited to, transmission line maintenance expenses, rates and taxes, legal and professional fees and other general and administration expenses. I have relied on the projections provided by Investment Manager on the O&M expenses for the projected period.

- **Insurance Expenses:** I understand from the Investment Manager that the insurance expenses of the SPV are not reasonably expected to inflate for the projected period. I have relied on the projections provided by the Investment Manager on the insurance expenses for the projected period.
- 6.1.5. **Depreciation:** The book depreciation has been provided by the Investment Manager till the life of the SPV. For calculating depreciation as per Income Tax Act for the projected period, I have considered depreciation rate as specified in the Income Tax Act and WDV as provided by the Investment Manager.
- 6.1.6. **Capex:** As represented by the Investment Manager, regarding the maintenance capex, the same has already been considered in the O&M expenditure for the projected period. Investment Manager has represented to me that there will not be any other capex during the projected period.
- 6.1.7. **Tax and Tax Incentive:** There have been changes in tax regime pursuant to introduction of Taxation Laws (Amendment) Ordinance 2019 made on 20<sup>th</sup> September 2019 which was enacted to make certain amendments in the Income Tax Act 1961 and the Finance (No 2) Act 2019.

As per the discussions with the Investment Manager, the new provision of Income Tax Act has been considered for the projected period of the SPV for the current valuation exercise, which inter alia does not provide benefits of additional depreciation, section 115 JB and section 80IA. Accordingly, the base tax rate of 22% is considered.

- 6.1.8. **Working Capital:** The Investment Manager has represented the working capital requirement of the SPV for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade payables related to O&M Expenses and trade receivables related to operating revenue.
- 6.2. **Terminal Value**

Terminal value represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life.

As per the TSA, the SPV shall be obligated to make an application to the appropriate commission, i.e., CERC at least two years before the date of expiry of the TSA seeking approval for extension of the TSA. The CERC may extend the term of the TSA for such period and on such terms and conditions based on the procedures laid down by the CERC in this regard.

Based on the extant provisions of the CERC Regulations, in case of transmission assets that have been awarded on the basis of competitive bidding under Section 63 of the Electricity Act, as in the case of the SPV, the tariff beyond the initial period of TSA shall be determined based on various factors, inter-alia, basis of norms prevalent during the period in which the TSA is due to expire. Considering the extant provisions of CERC Regulations, the Investment Manager has represented me a post-tax return on equity of 15.5% on estimated equity can be considered as a cash flow for period after end of TSA period. Accordingly, the Investment Manager has provided me an estimated terminal cash flow of



INR 582 Mn to be expected after the end of TSA period. I have considered the same for my valuation analysis.

**6.3. Impact of Ongoing Material Litigation on Valuation**

As on 31<sup>st</sup> December 2019, there is an ongoing tax litigation having deposits under dispute of INR 223 Mn (net of counter claims). As represented by the Investment Manager, there are more chances of litigation being settled in our favor and indemnity will be sought from seller against these cases.

**6.4. Calculation of Weighted Average Cost of Capital for the SPV**

**6.4.1. Cost of Equity:**

Cost of Equity (CoE) is a discounting factor to calculate the returns expected by the equity holders depending on the perceived level of risk associated with the business and the industry in which the business operates.

For this purpose, I have used the Capital Asset Pricing Model (CAPM), which is a commonly used model to determine the appropriate cost of equity for the SPV.

$$K(e) = R_f + (ERP * \text{Beta}) + \text{CSR P}$$

Wherein:

K(e) = cost of equity

R<sub>f</sub> = risk free rate

ERP = Equity Risk Premium

Beta = a measure of the sensitivity of assets to returns of the overall market

CSR P = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).

For valuation exercise, I have arrived at adjusted cost of equity of the SPV based on the above calculation (Refer Appendix I)

**6.4.2. Risk Free Rate:**

I have applied a risk free rate of return of 6.86% on the basis of the relevant zero coupon yield curve as on 31<sup>st</sup> December 2019 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited ("CCIL").

**6.4.3. Equity Risk Premium ("ERP"):**

Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds. Based on the above a 7% equity risk premium for India is considered appropriate.

**Beta:**

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. In the present case, I find it appropriate to consider the beta of companies in similar business/ industry to that of the SPV for an appropriate period.

Based on our analysis of the listed InvITs and other companies in power and infrastructure sectors, I find it appropriate to consider the beta of Power Grid Corporation of India Limited ("PGCIL") for the current valuation exercise.

I have further unlevered the beta of PGCIL based on market debt-equity of the respective company using the following formula:



$$\text{Unlevered Beta} = \text{Levered Beta} / [1 + (\text{Debt} / \text{Equity}) * (1-T)]$$

However, for the current valuation exercise, I have adjusted the unlevered beta of PGCIL based on advantageous factors to the SPV like completion of projects, revenue certainty, and concentration in transmission business, lack of execution uncertainty etc. to arrive at the adjusted unlevered beta appropriate to the SPV.

Further I have re-levered it based on debt-equity at 70:30 based on the industry standard using the following formula:

$$\text{Re-levered Beta} = \text{Unlevered Beta} * [1 + (\text{Debt} / \text{Equity}) * (1-T)]$$

Accordingly, as per above, I have arrived at re-levered betas of the SPV. (Refer Appendix I)

**6.4.4. Company Specific Risk Premium:**

I have considered it appropriate to add 3% risk-premium in the Terminal period WACC on account of following factors such as uncertainty after the TSA period, perpetuity value, capex after explicit period and liquidity risk etc

**6.4.5. Cost of Debt:**

The calculation of Cost of Debt post-tax can be defined as follows:

$$K(d) = K(d) \text{ pre tax} * (1 - T)$$

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

For valuation exercise, pre-tax cost of debt has been considered as 9.03% as represented by the Investment Manager.

**6.4.6. Weighted Average Cost of Capital (WACC):**

The discount rate, or the WACC, is the weighted average of the expected return on equity and the cost of debt. The weight of each factor is determined based on the company's optimal capital structure.

Formula for calculation of WACC:

$$\text{WACC} = [K(d) * \text{Debt} / (\text{Debt} + \text{Equity})] + [K(e) * (1 - \text{Debt} / (\text{Debt} + \text{Equity}))]$$

In present valuation exercise, For the explicit period, I have considered debt: equity at 70:30 based on industry standard. Accordingly, as per above, I have arrived the WACC for the explicit period of the SPV. For Terminal period, I have considered debt: equity ratio at 0%. Accordingly, I have arrived the WACC for the Terminal period of the SPV. (Refer Appendix I).

- 6.5. I understand from the representation of the Investment Manager that the SPV will generate cash flow even after the expiry of concession period of 25 years as the project is on BOOM model and the ownership will remain with the SPV even after the expiry of 25 years. The value of SPV at the end of the concession period may be dependent on the expected renewal/extension of concession period with limited capital expenditure or the estimated salvage value the assets of the SPV can fetch.

Considering the estimation uncertainty involved in determining the salvage value and basis my discussion with the Investment Manager on the cash flow estimates for the period after the concession period, I found it appropriate to derive terminal period value, which represents the present value at the end of explicit forecast period/concession period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life, based on the perpetuity value derivation / Gordon growth model with 0% terminal growth rate.



**7. Valuation Conclusion**

- 7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 7.2. We have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at EV of the ENICL.
- 7.3. Based on the above analysis the EV as on the Valuation Date of ENICL is INR 11,355 Mn as mentioned below: (Refer Appendix II).
- 7.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.
- 7.5. The fair EV of ENICL is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.
- 7.6. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 7.7. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:

**Fair Enterprise Valuation Range of the SPV based on WACC Parameter**

Explicit Period WACC	Terminal Period WACC	EV	Explicit Period WACC	Terminal Period WACC	EV	Explicit Period WACC	Terminal Period WACC	EV
8.77%	11.46%	11,355	9.27%	11.96%	10,981	8.27%	10.96%	11,756

**Fair Enterprise Valuation Range of the SPV based on Total Expenses Parameter**

Base Expenses	EV	Expenses +20%	EV	Expenses -20%	EV
134.16	11,355	160.99	11,122	107.33	11,588

**Fair Enterprise Valuation Range of the SPV based on Terminal Period Cash Flow Parameter**

Base TV	EV	Base TV -20%	EV	Base TV +20%	EV
940	11,355	752	11,167	1,128	11,543

<<This space is intentionally left blank>>

## 8. Additional Procedures to be complied with in accordance with InvIT regulations

### Scope of Work

- 8.1. The Schedule V of the SEBI InvIT Regulations prescribes the minimum set of mandatory disclosures to be made in the valuation report. In this reference, the minimum disclosures in valuation report may include following information as well, so as to provide the investors with the adequate information about the valuation and other aspects of the underlying assets of the InvIT. The additional set of disclosures, as prescribed under Schedule V of InvIT Regulations, to be made in the valuation report of the ENICL are as follows:
- List of one-time sanctions/approvals which are obtained or pending;
  - List of up to date/overdue periodic clearances;
  - Statement of assets included;
  - Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;
  - Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;
  - On-going and closed material litigations including tax disputes in relation to the assets, if any;
  - Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

### Limitations

- 8.2. This Report is based on the information provided by the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to us. We have not verified the information independently with any other external source.
- 8.3. 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.
- 8.4. We have assumed that the documents submitted to us by the Investment Manager in connection with any particular issue are the only documents related to such issue.
- 8.5. We have reviewed the documents and records 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.
- 8.6. Analysis of Additional Set of Disclosures for East North Interconnection Company Limited ("ENICL")
- A. List of one-time sanctions/approvals which are obtained or pending;  
As informed by the Investment Manager and information provided to us, we have verified the validity of various sanctions/ approvals obtained by ENICL. Further, we were informed that there were no applications for which approval is pending. The list of sanctions/ approvals obtained by ENICL as on 31<sup>st</sup> December 2019 is provided in Appendix III.





B. List of up to date/ overdue periodic clearances;

We have included the periodic clearances obtained by ENICL in Appendix III.

C. Statement of assets included;

As on 31<sup>st</sup> December 2019, details of the asset of the SPV are as follows:-

Asset Type	Gross Block	Depreciation	Net Block	INR Million
				% of asset depreciated
Transmission Lines	12,232	2,788	9,444	0.2
Plant & Machinery	277	36	241	0.1
Land	9	-	9	-
Other Assets	1	1	0	0.9
<b>TOTAL</b>	<b>12,519</b>	<b>2,825</b>	<b>9,694</b>	

Source: Provisional Financials of 31st December 2019

D. Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;

We noted in the unaudited financial statements that ENICL has incurred INR 32.63 million for 9 months period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> December 2019 for the maintenance charges of Transmission Lines. Based on the confirmation provided by investment manager we expect an increase of 4.15% per annum in the cost of repairs and maintenance expenses to be incurred in the future period.

Investment Manager has informed us that there are no maintenance charges which has been deferred to the upcoming year as the maintenance activities are carried out regularly. We have been informed that overhaul maintenance are regularly carried out by ENICL in order to maintain the working condition of the assets.

E. Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;

Investment Manager has informed us that there are no dues including local authority taxes pending to be payable to the Government authorities with respect to InvIT assets.

F. On-going and closed material litigations including tax disputes in relation to the assets, if any;

We were informed by the Investment Manager that the status of ongoing litigations is updated in Appendix IV. Investment Manager has informed us that it will be difficult to forecast the result of these ongoing litigations considering the current situation.

G. Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

Investment Manager has confirmed to us that there are no such natural or induced hazards which have not been considered in town planning/ building control.

**9. Sources of Information**

---

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

- 9.1. Audited financial statements of ENICL for the Financial Year ("FY") ended 31<sup>st</sup> March 2017, 31<sup>st</sup> March 2018, 31<sup>st</sup> March 2019;
- 9.2. Unaudited Profit & Loss Account and Balance Sheet of the ENICL for the period ended 31<sup>st</sup> December 2019;
- 9.3. Projected Profit & Loss Account and Working Capital requirements of the SPV from 1<sup>st</sup> January 2020 to 27<sup>th</sup> October 2035.
- 9.4. Projected Incremental revenue due to change in law from 1<sup>st</sup> January 2020 to 27<sup>th</sup> October 2035;
- 9.5. Details of brought forward losses (as per Income Tax Act) as at 31<sup>st</sup> March 2019;
- 9.6. Details of Written Down Value ("WDV") (as per Income Tax Act) of assets as at 31<sup>st</sup> March 2019;
- 9.7. Details of projected Repairs and Capital Expenditure ("Capex") as represented by the Investment Manager.
- 9.8. Transmission Service Agreement ("TSA") of ENICL with Long Term Transmission Customers ("LTTC") dated 31<sup>st</sup> March 2010 and Tariff Adoption Order ("TAO") by Central Electricity Regulatory Commission ("CERC").
- 9.9. Physical inspection of the SPV on 7<sup>th</sup> June and 8<sup>th</sup> June 2018
- 9.10. Management Representation Letter by Investment Manager dated 20<sup>th</sup> January 2020.



<<This space is intentionally left blank>>

**10. Exclusions and Limitations**

---

- 10.1. Our Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 10.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than valuation date of 31<sup>st</sup> December 2019 (“Valuation Date”) mentioned in the Report and as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 10.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of our engagements; (ii) the Valuation Date and (iii) are based on the financial information of ENICL till 31<sup>st</sup> December 2019. The Investment Manager has represented that the business activities of ENICL have been carried out in normal and ordinary course between 31<sup>st</sup> December 2019 and the Report Date and that no material changes have occurred in the operations and financial position between 31<sup>st</sup> December 2019 and the Report date.
- 10.4. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by us during the course of our work. The assignment did not involve us to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPV or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPV in their regulatory filings or in submissions, oral or written, made to us.
- 10.5. In addition, I do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out herein which may occur subsequent to the date of our Report or by virtue of fact that the details provided to us are incorrect or inaccurate.
- 10.6. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of SPV or any other entity mentioned in the Report. Nothing has come to our knowledge to indicate that the material provided to us was misstated or incorrect or would not afford reasonable grounds upon which to base our Report.
- 10.7. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without our written consent.
- 10.8. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 10.9. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us or used by us up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to us changes.



**Strictly Private and Confidential**

- 10.10. This Report is based on the information received from the sources mentioned in para 3 and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of our Report.
- 10.11. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on our analysis. While I have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.
- 10.12. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.
- 10.13. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 10.14. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- 10.15. Our conclusion assumes that the assets and liabilities of the SPV, reflected in their respective latest balance sheets remain intact as of the Report date.
- 10.16. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither ourselves, nor any of our partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.
- 10.17. The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- 10.18. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 10.19. 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, however the 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.
- 10.20. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.
- 10.21. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 10.22. I am not advisor with respect to legal tax and regulatory matters for the proposed transaction. No investigation of the SPV claim to title of assets has been made for the purpose of this Report and the SPV claim to such rights have been assumed to be valid. No consideration has



## Strictly Private and Confidential

been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

10.23. I have no present or planned future interest in the Trustee, Investment Manager or the SPV 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, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or the SPV.

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

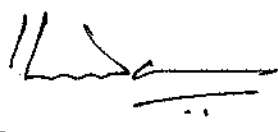
### 10.25. Limitation of Liabilities

10.25.1. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of RV's and H&Co's personnel personally.

10.25.2. In no circumstances RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise) even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable.

10.25.3. It is clarified that the SIML 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.

10.25.4. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by SIML or the Trustee.



**S. Sundararaman**

Registered Valuer

IBBI Registration No - IBBI/RV/06/2018/10238

UDIN: 20028423AAAAAT9169

Place: Chennai

Appendix I – Weighted Average Cost of Capital of the SPV

For Explicit Period:

Particulars	ENICL	Remarks
Risk Free Rate	6.86%	Risk Free Rate has been considered based on zero coupon yield curve as at 31 <sup>st</sup> December 2019 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Equity Risk Premium (ERP)	7.00%	Based on the historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds 7% equity risk premium for India is considered appropriate.
Beta (relevered)	0.68	Beta has been considered based on the beta of companies operating in the similar kind of business in India.
Cost of Equity	11.59%	$K_e = R_f + \beta \times ERP$
Risk Premium	0.00%	Company specific risk-premium
Adjusted Cost of Equity	11.59%	$K_e = R_f + \beta \times ERP + R_p$
Pre-tax Cost of Debt	9.03%	As represented by the Investment Manager
Effective tax rate of SPV	16.29%	Average tax rate for the life of the project has been considered
Post-tax Cost of Debt	7.56%	Effective cost of debt. $K_d = \text{Pre tax } K_d \times (1 - \text{Effective Tax Rate})$
Debt/(Debt+Equity)	70.00%	The debt - equity ratio computed as $[D/(D+E)]$ is considered as 70% as per industry standard.
<b>WACC</b>	<b>8.77%</b>	<b><math>WACC = [K_e \times (1 - D/(D+E))] + [K_d \times (1 - t) \times (D/(D+E))]</math></b>

For Terminal Period:

Particulars	ENICL	Remarks
Risk Free Rate	6.86%	Risk Free Rate has been considered based on zero coupon yield curve as at 31 <sup>st</sup> December 2019 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Equity Risk Premium (ER)	7.00%	Based on the historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds 7% equity risk premium for India is considered appropriate.
Beta (relevered)	0.23	Beta has been considered based on the beta of companies operating in the similar kind of business in India.
Cost of Equity	8.46%	$K_e = R_f + \beta \times ERP$
Risk Premium	3.00%	Company specific risk-premium
Adjusted Cost of Equity	11.46%	$K_e = R_f + \beta \times ERP + R_p$
Pre-tax Cost of Debt	9.03%	As represented by the Investment Manager
Effective tax rate of SPV	25.17%	Maximum Marginal Rate of Tax Considered
Post-tax Cost of Debt	6.76%	Effective cost of debt. $K_d = \text{Pre tax } K_d \times (1 - \text{Tax Rate})$
Debt/(Debt+Equity)	0.00%	The debt - equity ratio computed as $[D/(D+E)]$ is considered as 0%.
<b>WACC</b>	<b>11.46%</b>	<b><math>WACC = [K_e \times (1 - D/(D+E))] + [K_d \times (1 - t) \times (D/(D+E))]</math></b>

Appendix II – Valuation of ENICL as on 31<sup>st</sup> December 2019

FY	Revenue	EBITDA	EBITDA Margin	Capex	Changes in NCA	Taxation	FCFF	Cash		PV of Cash Flows
								Accrual Factor	Discounting Factor	
FY20*	397	363	92%	-	124	-	239	0.13	0.99	236
FY21	1,464	1,324	90%	-	2	-	1,322	0.75	0.94	1,241
FY22	1,470	1,325	90%	-	1	-	1,324	1.75	0.86	1,142
FY23	1,477	1,346	91%	-	3	-	1,343	2.75	0.79	1,066
FY24	1,484	1,348	91%	-	0	-	1,348	3.75	0.73	983
FY25	1,492	1,350	90%	-	2	-	1,348	4.75	0.67	904
FY26	1,500	1,352	90%	-	2	219	1,132	5.75	0.62	698
FY27	1,509	1,355	90%	-	2	268	1,085	6.75	0.57	615
FY28	1,518	1,358	89%	-	1	280	1,077	7.75	0.52	562
FY29	1,528	1,361	89%	-	3	290	1,068	8.75	0.48	512
FY30	1,538	1,364	89%	-	2	298	1,064	9.75	0.44	469
FY31	1,549	1,368	88%	-	2	306	1,059	10.75	0.41	429
FY32	1,560	1,371	88%	-	1	313	1,058	11.75	0.37	394
FY33	1,572	1,376	88%	-	3	319	1,054	12.75	0.34	361
FY34	1,585	1,380	87%	-	2	324	1,054	13.75	0.31	332
FY35	1,599	1,386	87%	-	3	329	1,054	14.75	0.29	305
FY36**	928	801	86%	-	3	185	613	15.54	0.27	166
Terminal Period							582	15.54	0.19	108
Present Value of Explicit Period Cash Flows										10,415
Present Value Terminal Year Cash Flow										940
<b>Enterprise Value</b>										<b>11,355</b>

\*for the period 1<sup>st</sup> January 2020 to 31<sup>st</sup> March 2020

\*\*for the period ended 27<sup>th</sup> October 2035.

## Appendix III – ENICL – Summary of Approvals &amp; Licences (1/5)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	<b>Company Related Registrations</b>			
	Transmission License	20/10/2010	25	Central Electricity Regulatory Commission
	Certificate for Commencement of Business	23/05/2007	Valid	Registrar of Companies
2	<b>Power Line Clearance (Crossing Proposal)</b>			
	NOC for 400 KV D/C (Quad) Bongaigaon - Siiguri Transmission Line crossing over 132 KV S/C Birpara - Pundibara & Alipurduar - Coochbehar Tr. Lines of WBSETCL.	14/05/12	Valid	West Bengal State Electricity Transmission Company Limited
	Power Line Crossings of 400 KV Quad Bongaigaon - Binaguri Transmission line over existing Powergrid 400 KV Bongaigaon - Binaguri Trans line	16/08/2012	Valid	Power Grid Corporation of India Limited
	NOC by BSEB on Overhead crossing of BSEB lines by 400 KV D/C Biharsharif - purnea T/L	21/08/2012	Valid	Bihar State Electricity Board - Patna
	Approval for Power Line Crossing of 400 KV D/C (Quad) Purnea - Biharsharif transmission line over 400 KV D/C (Quad) Purnea - Muzaffarpur Transmission Line of Powerlinks	29/05/2012	Valid	Powerlinks Transmission Limited
	Approval of overhead crossing of Powergrid lines by under construction 400 KV D/C Biharsharif - Purnea line (Revised)	24/05/2012	Valid	Power Grid Corporation of India Limited
	Power Line Crossings of 400 KV Quad Bongaigaon - Binaguri Transmission line	25/11/2012	Valid	Power Grid Corporation of India Limited
	Power Line Crossings of 400 KV Quad purnea - Biharsharif transmission line with 400 kv - Kahalgaon-Patna.	16-08-2012	Valid	Power Grid Corporation of India Limited
	Crossing of Powergrid lines by under construction 400kv D/C Biharsharif - Purnea line.	15-10-2012	Valid	Power Grid Corporation of India Limited
	Power Line Crossings of 400 KV Quad purnea - biharsharif transmission line with 400 kv - Kahalgaon-Patna.	23-03-2012	Valid	Power Grid Corporation of India Limited
	Crossing of Powergrid lines by under construction 400kv D/C Biharsharif - Purnea line.	15-10-2012	Valid	Power Grid Corporation of India Limited
	Approval of overhead crossing for construction of 400 Kv D/C Biharsharif - purnea line.	29-05-2012	Valid	Powerlinks Transmission Limited
	Approval of overhead crossing of powergrid and lines by under construction of 400 Kv D/C Biharsharif - purnea line.	05-04-2012	Valid	Power Grid Corporation of India Limited
	Power Line Crossings of 400 KV Quad Bongaigaon - Siiguri Transmission line	27-08-2013	Valid	Assam electricity frid corporation ltd.
	Construction of Purnea -Biharsharif 400 kv dc line by m/s. ENICL	21-02-2012	Valid	Central Electricity Authority
	Power line crossing of 400 kv D/C(Quad) Bongaigaon -New siiguri of M/s ENICL with existing 220 KV and 400 kv Tls of POWERGRID	15-11-2012	Valid	Power Grid Corporation of India Limited

Source: Investment Manager



Appendix III – ENICL – Summary of Approvals & Licences (2/5)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
3	<b>Transmission Service Agreement</b> Transmission Service Agreement between ENICL & Long Term Transmission Customers Transmission Service Agreement between ENICL & CTU	08-06-2009 28/01/2013	25 Valid	Central Electricity Regulatory Commission Central Electricity Regulatory Commission
4	<b>River Crossing</b> Crossing river Ganga between SAMHO and Mahenderpur in Patna - Munger stretch by 400 KV D/C (Quad) transmission line from Purnea - Bihar Shant	23/09/2011	Valid	Inlands Waterways Authority of India
5	<b>Forest Clearance</b> 8.4226 ha of forest land for 400 KV D/C transmission line by ENICL from S/S of Power Grid, Salakali to Siliguri in Satbhendi Reserve Forest under Hallugaon Division. 1.564 ha of forest land under Cooch Behar Forest for 400 KV/DC Bongaigaon - Siliguri transmission by M/s ENICL. Simplified procedure for grant of permission for felling of trees standing on forest land to be divided for execution of linear projects	11-03-2014 02-06-2014 08-08-2014	Valid Valid Valid	Ministry of Environment & Forest (Government of Assam) Ministry of Environment & Forest (Government of West Bengal) Ministry of Environment & Forest and Climate Change
6	<b>Railway Clearance</b> Railway Track Crossing by Overhead 400 KV D/C (Quad) transmission line between Km 94/6-7 between Falakala - Gumanihat stations Railway Track Crossing by Overhead 400 KV D/C (Quad) transmission line between Km 7/9 - 8/0 between Maynaguri Road - Bhotpati stations Railway Track Crossing by Overhead 400 KV D/C (Quad) transmission line between Km 141/1-2 between New Alipurduar - Baneshwar stations Railway Track Crossing by Overhead 400 KV D/C (Quad) transmission line between Km 166/7-8 between Kamahayaguri-Jorai stations Railway Track Crossing by Overhead 400 KV D/C (Quad) transmission line between Km 7/6-7 between New Alipurduar - Baneshwar stations Railway Track Crossing by Overhead 400 KV D/C (Quad) transmission line between Km 34/9-35/0 between Jalpaiguri Road - New Domohani stations OH track crossing at Km 24/2-3 between Belakoha railway station and Raninagar railway station for 400 KV D/C transmission line Permission for stringing 400KV - DC electrical overhead line crossing across the Rly. Track in between i) Pawapuri & Nalwanda Rly. Stn. At T.P. No. 35/10 - 35/11 & ii) Dumri 'H' & Dhurant 'H' Rly. Stn. At EM No. 429/32 - 429/34 on ML. 400 KV overhead Rail Track between Kasing Manasi and Badlaghat Railway Station 400 KV overhead Rail Track between Olapur and Khagana Railway Station	20/12/2012 20/12/2012 20/12/2012 09-01-2013 20/12/2012 20/12/2012 20/12/2012 25/07/2013 14/05/12 19/02/2013 12-09-2012	10 10 10 10 10 10 10 Valid Valid Valid Valid	North-East Frontier Railway North-East Frontier Railway North-East Frontier Railway North-East Frontier Railway North-East Frontier Railway North-East Frontier Railway North-East Frontier Railway North-East Frontier Railway East Central Railway East Central Railway East Central Railway

Source: Investment Manager



Appendix III – ENICL – Summary of Approvals & Licences (4/5)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
9	<b>Power Telecommunication Coordination Committee ("PTCC") Clearance</b>			
	400 KV D/C (Quad) Bongaigaon-Siliguri Transmission Line	12-06-2012	Valid	PTCC, Government of India
	400 KV D/C (Quad) Purnea-Biharsharif Transmission Line	15/05/2013	Valid	PTCC, Government of India
	400 KV D/C (Quad) Bongaigaon-Siliguri Transmission Line	05-12-2012	Valid	PTCC, Government of India
	PTCC passed for 400 KV D/C (Quad) Bongaigaon-Siliguri Transmission Line	17-10-2011	Valid	PTCC, Government of India
	PTCC Approval for 400 KV D/C (Quad) Bongaigaon-Siliguri Transmission Line	04-12-2012	Valid	Office of Divisional Engineer Telecom
	400 KV D/C (Quad) Bongaigaon-Siliguri Transmission Line	24-11-2012	Valid	Central Electricity Authority
	PTCC Clearance proposal in respect for 400 KV D/C (Quad) Purnea - Biharsharif Transmission Line	27-02-2012	Valid	Central Electricity Authority
	PTCC Approval for 400 KV D/C (Quad) purnea - Biharsharif Transmission Line	03-12-2012	Valid	Central Electricity Authority
	Certificate - 400 KV D/C (Quad) Purnea-Biharsharif Transmission Line	15/05/2013	Valid	PTCC, Government of India
	PTCC Route approval for 400kv D/C Quad Bongaigaon - Siliguri	29-11-2011	Valid	Central Electricity Authority
	PTCC Route approval for 400kv D/C Quad Purnea - Biharsharif Trans. Line	29-11-2011	Valid	Central Electricity Authority
	Approval for Power Line crossing of 400 KV D/C (QUAD) Bongaigaon - New Siliguri	05-12-2012	Valid	Power Grid of India Limited
	PTCC Route approval for 400kv D/C Quad Purnea - Biharsharif Trans. Line	13-05-2013	Valid	Central Electricity Authority
10	<b>Telecom Clearance</b>			
	Marking of Telecom Alignment for proposal of PTCC clearance proposed 400 KV D/C (Quad) Purnea - Biharsharif Transmission line ENCL.	25-08-2012	Valid	Bharat Sanchar Nigam Limited
	Marking of telecom alignment for proposal of PTCC clearance of proposed 400 KV DC (QUAD) Purnea to Bihar Sharif Transmission Line.	07-06-2012	Valid	Bharat Sanchar Nigam Limited
	Marking of Telecom Alignment for proposal of PTCC clearance proposed 400 KV D/C (Quad) Purnea - Biharsharif Transmission line ENCL.	05-11-2011	Valid	Bharat Sanchar Nigam Limited
11	<b>Energisation Clearances</b>			
	400 KV D/C Bongaigaon-Siliguri Transmission Line	11-05-2014	Valid	Central Electricity Authority
	400 KV D/C Quad purnea- Biharsharif Transmission Line	22/08/2013	Valid	Central Electricity Authority

Source: Investment Manager

Appendix III – ENICL – Summary of Approvals & Licences (5/5)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
12	<b>Approval under Electricity Act, 2003</b> Approval from GOI under section 164 of Electricity Act, 2003 Approval u/s 68 of the Electricity Act, 2003 for laying overhead transmission line. Approval u/s 61, 63 & 79 of Electricity Act, 2003 Approval u/s 17 (3) and (4) of Electricity Act, 2003	10-05-2011 25/03/2009 13/09/2017 14-03-2016	25 Valid Valid Valid	Central Electricity Authority Ministry of Power Central Electricity Regulatory Commission Central Electricity Regulatory Commission
13	<b>Defence clearance</b> NOC for 400 KV D/C (Quad) TXN Line from Purnea to Bihar Shariff by M/s. ENICL.	13/06/2013	Valid	Ministry of Defence
14	<b>Approval for adoption of Tariff</b> Approval for adoption of Tariff	28/10/2010	25	Central Electricity Regulatory Commission
15	<b>Trial run certificate</b> 400 KV Bimaguri-Bongoigaon 400 KV Purnea-Biharsariff	12-12-2014 10-01-2013	Valid Valid	Power System Operation Corporation Limited Power System Operation Corporation Limited

Source: Investment Manager

Appendix IV – ENICL – Summary of Ongoing Litigations (1/5)

Matter	Pending Before	Particulars	Amount Involved (INR Million)
Partition	Civil Judge, Senior Division, Sada Cooch, Behar (High Court)	<b>Background of the case:</b> Sujith Debnath (Plaintiff) has filed the suit for right, title, partition and for separate possession valued at INR 1.2 million and for plaintiffs shares valued at INR 0.6 million. ENICL is named as the party. <b>Current Status:</b> The Matter is currently pending.	1.8
Damage for loss of land and business	Court of the Ld. District Judge	<b>Background of the case:</b> Sri Anil Chandra Debnath (Petitioner) is the owner of the land has filed the suit for damage w.r.t. loss of land and business of petitioner. ENICL acquired the land for the installation, execution, erection of the said work and assured petitioner to pay compensation of INR 13.5 million (INR 10 million for damages for loss of land + INR 1 million interest @10% p.a. + INR 2.5 million for loss of business of the petitioner. for loss of land. However, the amount is unpaid. <b>Current Status:</b> Pending before Court of the Ld. District Judge.	13.5
Damage for loss of land and business	Court of the Ld. District Judge	<b>Background of the case:</b> Sri Dwijendra Nath Dam (Petitioner) is the owner of the land has filed the suit for damage w.r.t. loss of land and business of petitioner. ENICL acquired the land for the installation, execution, erection of the said work and assured petitioner to pay compensation of INR 17.9 million (INR 14 million for damages for loss of land + INR 1.4 million interest @10% p.a. + INR 2.5 million for loss of business of the petitioner). However, the amount is unpaid. <b>Current Status:</b> Pending before Court of the Ld. District Judge.	17.9
Damage for loss of land and business	Court of the Ld. District Judge	<b>Background of the case:</b> Sri Jyotirmoy Debnath (Petitioner) is the owner of the land has filed the suit for damage w.r.t. loss of land and business petitioner. ENICL acquired the land for the installation, execution, erection of the said work and assured petitioner to pay compensation of INR 13.5 million (INR 10 million for damages for loss of land + INR 1 million interest @10% p.a. + INR 2.5 million for loss of business of the petitioner). However, the amount is unpaid. <b>Current Status:</b> Pending before Court of the Ld. District Judge.	13.5

Source: Investment Manager

Appendix IV – ENICL – Summary of Ongoing Litigations (2/5)

Matter	Pending Before	Particulars	Amount Involved (INR Million)
Damage for loss of land and business	Court of the Ld. District Judge	<p><b>Background of the case:</b> Sri Narayan Adhikary (Petitioner) is the owner of the land has filed the suit for damage w.r.t. loss land and business of petitioner. ENICL acquired the land for the installation, execution, erection of the said work and assured petitioner to pay compensation of INR 21.7 million (INR 15 million for damages for loss of land + INR 3 million interest @10% p.a. + INR 3.75 million for loss of business of the petitioner). However, the amount is unpaid.</p> <p><b>Current Status:</b> Pending before Court of the Ld. District Judge.</p>	21.7
Damage for loss of land and business	Court of the Ld. District Judge	<p><b>Background of the case:</b> Sri Naresh Chandra Adhikary (Petitioner) is the owner of the land has filed the suit for damage w.r.t. loss of land and business of petitioner. ENICL acquired the land for the installation, execution, erection of the said work and assured petitioner to pay compensation of INR 15 million (INR 10 million for damages for loss of land + INR 1 million interest @10% p.a. + INR 4 million for loss and damage of trees). However, the amount is unpaid.</p> <p><b>Current Status:</b> Pending before Court of the Ld. District Judge.</p>	15.0
Damage for loss of land and business	Court of the Ld. District Judge	<p><b>Background of the case:</b> Sri Parimal Barman (Petitioner) is the owner of the land has filed the suit for damage w.r.t. loss of land and business of petitioner. ENICL acquired the land for the installation, execution, erection of the said work and assured petitioner to pay compensation of INR 14.5 million (INR 10 million for damages for loss of land + INR 2 million interest @10% p.a. + INR 2.5 million for loss of business of the petitionerfor). However, the amount is unpaid.</p> <p><b>Current Status:</b> Pending before Court of the Ld. District Judge.</p>	14.5

Source: Investment Manager



Appendix IV – ENICL – Summary of Ongoing Litigations (3/5)

Matter	Pending Before	Particulars	Amount Involved (INR Million)
Compensation	Civil Judge Kokrajhar (High Court)	<p><b>Background of the case:</b> Santosh Tarafdar the petitioner has filed a money suit in the court against opposite parties (ENICL amongst one of the party) for total loss and damage of tress and crops of INR 1 million. An ex parte order was passed against ENICL on May 16, 2015. ENICL filed an application against the First Order, which was dismissed by the Judge through an order dated November 13, 2015. ENICL filed an appeal before the Gauhati High Court against the Order. The High Court has quashed the Order and directed the lower court to decide the matter afresh. The original matter was disposed off. Now the said land owner has to initiate the matter afresh, which he has not initiated.</p> <p><b>Current Status:</b> Proceedings stayed by High Court. High court has allowed our CRP and quashed the last order by the lower court. Based on the same lower court matter will be disposed off.</p>	1.0
Compensation	District Judge, Madhupura.	<p><b>Background of the case:</b> The petitioners (Shiv kumar Sharma &amp; others has filed petition claiming that the compensation paid to them is inadequate and claiming INR 13.2 million for change in approved route of transmission line and also for cutting of tress, damage to crops and loss of business from ENICL and others. High Court Order: District Magistrate is the competent authority to determine claims for compensation. Any dispute regarding to the quantum of compensation is amendable to the jurisdiction of the district judge concerned.</p> <p>The appellant admits receipt of part compensation and if the appellant files an application regarding quantum of the compensation, the same must be considered expeditiously. The Court decline any interference with the order under Appeal and dispose the same.</p> <p><b>Current Status:</b> ENICL are challenging the same on the ground of limitation. Pending before Court of the Ld. District Judge.</p>	13.2

Source: Investment Manager

Appendix IV – ENICL – Summary of Ongoing Litigations (4/5)

Matter	Pending Before	Particulars	Amount Involved (INR Million)
Injunction on payment of Compensation	Civil Judge (Jr Div) Alipurduar	<b>Background of the case:</b> Smt. Sukramani Munda & Smt Sita Munda (Plaintiff) has filed the petition against ENICL & others (Defendant) when the defendant illegally dispossessed the plaintiff from the suit land and also when the aggressive defendants refused to leave and vacant the suit land. Injunction on payment of any compensation amount to the defendant. Work is already completed and compensation paid. The prayer is that no further compensation to be paid. Fact is that nothing is to paid now from company. <b>Current Status-</b> The matter is currently pending	Not Applicable.
Arbitration	Arbitral Tribunal presided by retired CJI K.G. Balakrishnan	<b>Background of the case:</b> The Claimant ("Simplex") has initiated the present arbitration proceedings under the Umbrella Agreement dated 25 November 2010 as well as under the three (3) 'Split Contracts' namely Supply Contract, Civil Works Contract and Erection Contract – all dated 23 August 2010 executed between the parties inter alia for recovery of all amounts legally due to it in relation to the (i) Short Payment(s) (ii) Additional/excess work done by the Claimant as directed and approved by the Respondent ("ENICL") for completion of the project (iii) Overall Cost overrun (iv) Claim arising out of non-submission of C Form & WCT (v) Refund of security deposit made in lieu of the Performance Bank Guarantee ('PBG') on completion of defect liability period (vi) Refund of amount(s) deposited in lieu of the Advance Bank Guarantee ('ABG') on recovery of advance amount from running account bills amongst others. Simplex has filed its Claim of INR 2,150 million and ENICL has filed its Statement of Defence ("SOD") and Counter Claim ("SOC") of INR 2,040 million to file claims, counter claims and rejoinders. Simplex to file its statement of defence to ENICL counter claim and rejoinder to its claim if any. <b>Current Status</b> : SOC and SOD filed. Rejoinder by Simplex to counter claim filed by simplex. The matter is currently pending.	Claim filed by Simplex - INR 2,150 million  Counter claim filed by ENICL - INR 2,040 million

Source: Investment Manager



Appendix IV – ENICL – Summary of Ongoing Litigations (5/5)

Matter	Against	Particulars	Amount Involved (INR Million)
Direct Tax Matters	ENICL	<p><b>Background of the case:</b> The Company has received order u/s 143(3) dated 26 November 2019 for AY 2017-18. The matter pertains to addition on account of disallowance of expenses u/s 14A. The Company has revised return of income declaring loss of INR 675.85 million. However, the assess has paid tax u/s 115JB on book profit of INR 42.38 million. During the year the Company has earned INR 22.08 million as dividend from its investments in mutual funds and has computed the amount of disallowance of INR 0.18 million u/s 14A in the return of income.</p> <p><b>Department's Contention:</b> The submission of the Company considered but not found acceptable. The annual average of the monthly average of the opening and closing balance of the value of investment comes to INR 442.14 million. The disallowance under rule 8D(2)(ii) is computed @1% of INR 442.14 million which comes to INR 4.42 million. The Company has itself disallowed expense of INR 0.18 million u/2 14A. Accordingly, disallowance of INR 4.24 million is made u/s 14A of I.T. Act, 1961 and added to the income of the Company.</p> <p><b>Current Status:</b> The Company has under reported its income. Therefore penalty proceedings u/s 270A are initiated seperately on this issue. Appeal has been filed against the assessment order passed.</p>	<p style="text-align: center;">NIL</p>
Direct Tax Matters	ENICL	<p><b>Background of the case:</b> As per the Screenshot of outstanding tax demand as per CPC dated 16 January 2020, Tax demand of INR 1,90, 890 exist for the AY 2017-18. Tax demand has been raised due to erroneous levy of interest u/s 234B of the Act.</p> <p><b>Current Status:</b> Rectification application has been filed with the AO, the same is under process.</p>	<p style="text-align: center;">0.2</p>
Direct Tax Matters	ENICL	<p><b>Background of the Case:</b> As per the screenshot of TDS default summary dated 16 January 2020, there is tax demand of INR 0.48 million.</p> <p><b>Current Status:</b> The Company ash applied for rectification and the same is under process.</p>	<p style="text-align: center;">0.5</p>

Source: Investment Manager

