

Date: January 24, 2023

B S E Limited

Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai — 400 001
Security Code- 540565

National Stock Exchange of India Ltd

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

Subject: Postal Ballot Notice

Dear Sir/ Madam,

Pursuant to the provisions of Regulation 22 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, and all other applicable Regulations (including any statutory modifications or amendments or re-enactments thereof, for the time being in force) (the “**InvIT Regulations**”) and subject to other applicable laws and regulations, the Investment Manager on behalf of India Grid Trust (the “**IndiGrid**”) seek approval of the Unitholders of IndiGrid on the following agenda item listed in the Postal Ballot Notice (“**Notice**”) through remote e-voting only (“**remote e-voting**”).

S. No.	Particulars
1.	To approve the proposed acquisition of Khargone Transmission Limited and matters related thereto (Simple Majority)

We would like to inform you that IndiGrid Investment Managers Limited, the Investment Manager, on behalf of IndiGrid has on January 24, 2023, completed electronic transmission of Notice to the Unitholders of IndiGrid whose names appear in the records of Depository as on the cut-off date i.e. January 20, 2023.

Pursuant to applicable provisions of the InvIT Regulations and any other applicable laws and regulations, please find enclosed herewith a copy of Notice dated January 23, 2023. The Notice is also available on the website of IndiGrid i.e. <https://www.indigrid.co.in/>.

The remote e-voting shall commence on Wednesday, January 25, 2023 at 9.00 a.m. (IST) and ends on Thursday, February 23, 2023 at 5.00 p.m. (IST).

You are requested to take the same on record.

Thanking you,

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

Urmil Shah

Company Secretary & Compliance Officer
ACS-23423

Copy to-

Axis Trustee Services Limited

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

IndiGrid Investment Managers Limited

(formerly known as Sterlite Investment Managers Limited)

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



INDIA GRID TRUST (“IndiGrid”)

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

Principal Place of Business: Unit No. 101, First Floor, Windsor, Village KoleKalyan, Off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai- 400 098, Maharashtra, India

Tel: +91 70284 93885

Compliance Officer: Mr. Urmil Shah; **E-mail:** complianceofficer@indigrid.com; **Website:** www.indigrid.co.in

Notice of Postal Ballot

NOTICE IS HEREBY GIVEN that pursuant to Regulation 22 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended and the notifications, circulars and guidelines issued thereunder (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) (the “InvIT Regulations”) and subject to other applicable laws and regulations, the resolution(s) as set out in this Postal Ballot Notice are proposed to be passed by the Unitholders of India Grid Trust (the “Unitholders”, and such trust, “IndiGrid”) through Postal Ballot by remote e-voting process only (“remote e-voting”).

The relevant explanatory statement, setting out the material facts concerning the resolution is annexed hereto.

The Board of Directors of IndiGrid Investment Managers Limited (Investment Manager of IndiGrid) has appointed Mr. B Narasimhan, failing him, Mr. K Venkataraman, Practicing Company Secretaries, as the Scrutinizer to conduct the remote e-voting process in a fair and transparent manner.

Investment Manager on behalf of IndiGrid has entered into an agreement with National Securities Depository Limited (“NSDL”) for facilitating remote e-voting to enable Unitholders to cast their votes electronically only. Unitholders are requested to carefully read the instructions provided in the **Annexure C** forming part of this Postal Ballot Notice.

The Scrutinizer will submit his report to the Chairman of Board of Directors of the Investment Manager of IndiGrid or any person authorized by him, after completion of scrutiny of total votes cast for Postal Ballot. The results of the resolution(s) proposed to be passed by Postal Ballot would be declared on or before Friday, February 24, 2023. The results declared along with the Scrutinizer’s report

will be sent to National Stock Exchange of India Limited and BSE Limited. The same will be available on website of the IndiGrid at www.indigrid.co.in and NSDL at <https://evoting.nsdl.com>.

Proposed Resolution:

ITEM NO. 1: TO APPROVE THE PROPOSED ACQUISITION OF KHARGONE TRANSMISSION LIMITED 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 (i.e. where the votes cast in favour of the resolution are more than the votes cast against the resolution) in terms of applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “SEBI LODR”) and Regulation 22 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended and the notifications, circulars and guidelines issued thereunder (the “InvIT Regulations”) including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force, to each of the foregoing:

“RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “SEBI LODR”) and Regulations 18, 19, 22 and all other applicable provisions, if any, of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, and the notifications, circulars and guidelines issued thereunder (“InvIT Regulations”), and other applicable laws, including any statutory modifications or amendments or re-enactments to each of the foregoing, and applicable notifications, clarifications, circulars, rules and regulations issued by any regulatory, statutory or

governmental 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” or “the Trust”) acting through its Trustee, Axis Trustee Services Limited (the “Trustee”) and/ or its Investment Manager, IndiGrid Investment Managers Limited (formerly known as 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) shareholding and beneficial ownership of Khargone Transmission Limited (“KTL”) from Sterlite Power Transmission Limited (“Sponsor” or “SPTL”) and the nominee shareholders of SPTL and refinancing or novation of the existing debt availed by KTL from external lenders or SPTL in cash for an enterprise value not exceeding Rs. 14,975 million, subject to all other adjustments on account of movement in 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, and as specified in the definitive documents to be entered into (“Closing Adjustments”) in line with the terms of the framework agreement executed by SPTL, Investment Manager and the Trustee dated April 30, 2019 and the amendment agreement dated August 28, 2020 (together the “Framework Agreement”), for such acquisition and to ensure compliance with 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, undertakings in relation to the acquisition of the issued, subscribed and paid-up share capital, all other securities issued by and refinancing of existing debt, if any, of KTL including, inter alia, share purchase agreement or facility agreement to be entered into between all relevant parties including but not limited to SPTL, KTL, 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, power of attorney 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 the 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 Chief Financial Officer, the Company Secretary & Compliance Officer or any other person authorized by Investment Manager and/or the Trustee so as to give effect to the aforesaid resolutions.”

For **India Grid Trust**

By Order of the Board

IndiGrid Investment Managers Limited

(as the Investment Manager to India Grid Trust)

Urmil Shah

Company Secretary & Compliance Officer

Mumbai, January 23, 2023

NOTES

1. An Explanatory Statement setting out material facts and reasons for the proposed resolution as mentioned above, is appended herein below for perusal.
2. The Postal Ballot Notice is being sent to the Unitholders whose names appear in the List of Beneficial Owners received from National Securities Depository Limited/ Central Depository Services (India) Limited as at the close of business hours on Friday, January 20, 2023 (‘cut-off date’). Unitholders as on the cut-off date would be entitled to vote for the purpose of Postal Ballot and a person who is not a Unitholder as on the cut-off date should treat this Postal Ballot Notice for information purposes only. The Postal Ballot Notice is being sent only through electronic mode to all Unitholders whose e-mail addresses are registered with the Depositories. For Unitholders whose e-mail addresses are not registered, SMSs, wherever Mobile Numbers are available, are being sent by M/s. KFin Technologies Limited (“KFinTech”). Further, an advertisement in regional and national newspapers are published which will cover all the States to which respective Unitholders belong whose e-mail addresses are not available in the records. Unitholders who have not registered their e-mail addresses or have not received any communication

regarding this postal ballot for any reason whatsoever, may obtain the user ID and password by sending a request at evoting@nsdl.co.in, complianceofficer@indigrid.com or contact NSDL at 1800 1020 990/ 1800 22 44 30 (between 9.00 a.m. to 6.00 p.m.) or the IndiGrid at +91 70284 93885 (between 9.00 a.m. to 6.00 p.m.).

3. Resolution passed by the requisite majority by the Unitholders through Postal Ballot shall be deemed to have been duly passed at a General Meeting convened in that behalf.
4. The resolution, if approved, shall be deemed to have been passed on the last date of voting, i.e. Thursday, February 23, 2023.
5. The remote e-voting period commences on Wednesday, January 25, 2023 at 9:00 a.m. (IST) and ends on Thursday, February 23, 2023 at 5:00 p.m. (IST). During this period, the Unitholders holding Units in dematerialized form, as on the cut-off date i.e. Friday, January 20, 2023 may cast their vote by electronic means. Details of the process and manner of remote e-voting are provided in **Annexure C**. The remote e-voting module shall be disabled for voting thereafter. Once the vote on resolution(s) are cast by the Unitholders, the Unitholders shall not be allowed to change it subsequently.
6. The voting rights of Unitholders shall be in proportion to their Units of the Unit capital of the IndiGrid as on the cut-off date i.e. Friday, January 20, 2023.
7. The documents referred to in this Postal Ballot Notice and Explanatory Statement are uploaded on website of IndiGrid at www.indigrid.co.in.
8. Wherever required or possible, the Unitholders are requested to address all correspondence, including distribution matters, to the R&TA, KFin Technologies Limited (Unit: India Grid Trust), Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, India or email at support.indiagrid@kfintech.com.
9. Unitholders are requested to send their queries, if any, to the Investment Manager to enable the Investment Manager to provide the required information on complianceofficer@indigrid.com.
10. 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

Unit No. 101, First Floor, Windsor, Village KoleKalyan, Off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai- 400 098, Maharashtra, India

Tel: +91 70284 93885

E-mail: complianceofficer@indigrid.com

Website: www.indigrid.co.in

Compliance Officer: Mr. Urmil Shah

Registered & Corporate Office and Contact Details of the Investment Manager:

IndiGrid Investment Managers Limited

Unit No. 101, First Floor, Windsor, Village KoleKalyan, Off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai- 400 098, Maharashtra, India

CIN: U28113MH2010PLC308857

Tel: +91 70284 93885

E-mail: complianceofficer@indigrid.com

Contact Person: Mr. Urmil Shah

EXPLANATORY STATEMENT

ITEM NO. 1

Attention of the Unitholders is drawn to the fact that pursuant to the Framework Agreement among Sterlite Power Transmission Limited (“Sponsor” or “SPTL”), IndiGrid Investment Managers Limited (“IIML” or “Investment Manager”) and Axis Trustee Services Limited (“Trustee”) dated April 30, 2019, and the amendment agreement dated August 28, 2020, (together the “Framework Agreement”), SPTL had provided India Grid Trust (“IndiGrid”) with rights to purchase with respect to three power transmission assets located in India, which are owned or developed by the Sponsor or its existing subsidiaries. Khargone Transmission Limited (“Target Asset” or “KTL”) is one of the assets identified in Framework Agreement to be acquired upon commissioning. IndiGrid has, after conducting due diligence and completing other necessary actions, agreed to acquire 100% (one hundred percent) shareholding and beneficial ownership of KTL (the “Target Asset”), in one or more tranches, from Sterlite Power Transmission Limited (“Sponsor” or “SPTL”) and the nominee shareholders of SPTL, and refinancing or novation of the existing debt availed by KTL from external lenders or SPTL, subject to approval of the Unitholders of IndiGrid, approval of regulatory authorities, provisions of TSA and completion of customary condition precedents by SPTL prior to acquisition.

The Target Asset was awarded 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 is entitled to receive availability-based tariffs under the TSA irrespective of the quantum of power transmitted through the line, substantially via the Point of Connection (“PoC”) mechanism, whereby the tariff is pooled by Central Transmission Utility (“CTU”) on behalf of all the TBCB transmission project developers and distributing proportionately to each developer, significantly de-risking the counterparty and collection risk. 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 35 years from the scheduled date of commissioning (“SCOD”) of the Target Asset, which may be renewed further via extensions of the TSA in accordance with the provisions of the Electricity Act, 2003.

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

The independent valuer of IndiGrid, Mr. Pradhan Dass (the “Valuer”), has undertaken a full valuation of the Target Asset, in accordance with the InvIT Regulations, and prepared a valuation report as of September 30, 2022 (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 SPTL (the “Seller”), is related party 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 transaction would be executed on arm’s length basis.

The Investment Committee on October 3, 2022 followed by Audit Committee and the Board of Directors of the Investment Manager has approved the aforesaid acquisition and material related party transaction on Monday, January 9, 2023 and has noted that this transaction is at arm’s length.

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

Name of the Related Parties	1. Sterlite Power Transmission Limited (“SPTL”)*; 2. Khargone Transmission Limited (“KTL”) <i>*Including nominee shareholders</i>
Relationship with IndiGrid	1. Sterlite Power Transmission Limited is one of the Sponsor of IndiGrid. 2. KTL is the wholly owned subsidiary of SPTL.
Monetary Value	An enterprise value not exceeding Rs. 14,975 million, subject to Closing Adjustments as consideration to be paid to the Seller & outgoing lenders of Target Asset in the form of cash and/or for a consideration other than cash.
Nature, Material Terms, Value, Particulars of the Arrangement and any other Relevant/ Important Information	SHARE PURCHASE AGREEMENT The Trustee, on behalf of IndiGrid, entered into Share Purchase Agreement and other ancillary agreement for the purpose of acquiring 100% (one hundred percent) shareholding and beneficial ownership of Khargone Transmission Limited, in one or more tranches, from SPTL. Additionally, IndiGrid proposes to refinance the entire debt, including any outstanding loan, in one or more tranches from existing lenders or SPTL, 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 Seller will undertake the closure of the transaction, in one or more tranches, in line with the

provisions of the Share Purchase Agreement (such date referred to as “Closing Date(s)”) and the TSA. On respective Closing Date and subsequent tranches as per TSA, IndiGrid proposes to pay a consideration amounting to the equity value of KTL as calculated based on the management certified financial statements (to be audited subsequently post-Closing Date) submitted on or immediately prior to the respective Closing Date(s) (“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 statutory auditors of KTL. Additionally, IndiGrid proposes to refinance entire debt outstanding in KTL, in one or more tranches, on the Closing Date(s) as agreed under Share Purchase Agreement. Pursuant to the Share Purchase Agreement, the aggregate of Closing Equity Value and outstanding debt of KTL will be a sum of an amount agreed in writing by the parties not exceeding Rs. 14,975 million (the “Enterprise Value”) subject to Closing Adjustments as per the Framework Agreement and Share Purchase Agreement. Further, the Seller has 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 KTL.

ANNEXURE A

KTL was incorporated on November 28, 2015. KTL entered into a TSA (the “KTL TSA”) on March 14, 2016. The project was awarded by the Ministry of Power for a 35-year period from the scheduled commercial operation date of the KTL project, on a BOOM basis. The project has 6 elements. The project has one substation element, three transmission line elements, one LILO element and one line bay. The project is located in the state of Madhya Pradesh and Maharashtra. KTL was envisaged with the objective to improve power supply and grid reliability by delivering 1320MW of thermal power from Khargone power plant to consumers in the domestic, commercial, agricultural, and industrial segments in the state of Madhya Pradesh and Maharashtra.

Details of KTL’s transmission lines and substations are

provided below:

El. No.	Element	Specification	Tariff %
1	TL	Khandwa-Indore (“KI”) 765 kV D/c line	29.62%
2	TL	Khargone-Khandwa (“KK”) 400 kV D/c line	8.34%
3	TL	LILO (one circuit of Khandwa Rajgarh 400 kV D/c at Khargone TPP)	0.39%
4	SS	Khandwa S/s 765/400 kV, 2x1500 MVA pooling station	17.20%
5	TL	Khandwa-Dhule (“KD”) 765 kV D/c line	40.62%
6	SS	2 nos. 765 kV line bays and 7x80 MVAR switchable reactors along with 800-ohm NGR and its auxiliaries for Khandwa Pool – Dhule 765 kV D/c at Dhule S/s	3.83%

*TL stands for Transmission Line and SS for Sub-station.

ANNEXURE B

Summary of the Full Valuation Report

(a) Background and scope

- Sterlite Power Transmission Limited (“Sponsor” or “SPTL”) 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. IndiGrid 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 InvIT Regulations.
- The Trust intends to acquire KTL from SPTL. For this purpose, the Investment Manager appointed Mr. Pradhan Dass (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

(INR million)

Name	Fair Enterprise Value
Khargone Transmission Limited	15,441

Except SPTL, the Sponsor, None of the Director(s) and Key Managerial Personnel of Investment Manager or their respective relatives are concerned or interested, financial or otherwise in the resolution mentioned at Item No. 1 of this Notice.

The Board of Directors of Investment Manager recommends the resolution set forth in Item No. 1 for the approval of the Unitholders by way of simple majority.

ANNEXURE C

Step 1: Access to NSDL e-Voting system

A. Login method for e-Voting for Individual Unitholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Unitholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Unitholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

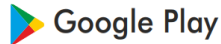
Login method for Individual Unitholders holding securities in demat mode is given below:

Type of Unitholders	Login Method
Individual Unitholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during

the remote e-Voting period.

- Unitholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Individual Unitholders (holding securities in demat mode) login through their depository participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

Individual Unitholders holding securities in demat mode with CDSL

- Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or www.cdslindia.com and click on New System Myeasi.
- After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.
- If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>
- Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.

Important note: Unitholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at [abovementioned website](#).

Helpdesk for Individual Unitholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Unitholders holding securities in demat mode with NSDL	Unitholders facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Unitholders holding securities in demat mode with CDSL	Unitholders facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B. Login Method for Unitholders other than Individual Unitholders holding securities in demat mode.

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/>.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Details of User ID are given below:

Manner of holding Units i.e. Demat (NSDL or CDSL)	Your User ID is:
a) For Unitholders who hold Units in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Unitholders who hold Units in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****

5. Details of Password are given below:

- a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will prompt you to change your password.
- c. How to retrieve your 'initial password'?
 - i. If your e-mail ID is registered in your demat account, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit Client ID for NSDL account, last 8 digits of your beneficiary ID for CDSL account. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, please follow steps mentioned below for those Unitholders whose e-mail IDs are not registered.

6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

- a. Click on 'Forgot User Details/Password?' (If you are holding Units in your demat account with

NSDL or CDSL) option available on www.evoting.nsdl.com.

- b. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- c. Unitholders can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.

8. Now, you will have to click on 'Login' button.

9. After you click on the 'Login' button, home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

How to cast your vote electronically on NSDL e-Voting system?

- i) After successful login at Step 1, you will be able to see EVEN of all the companies in which you are holding shares / Units and whose voting cycle is in active status.
- ii) Select "EVEN" of IndiGrid i.e. 123250 for which you wish to cast your vote during the remote e-Voting period.
- iii) Now you are ready for e-Voting as the Voting page opens.
- iv) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of Units for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
- v) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- vi) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- vii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Unitholders:

- i. Institutional Unitholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to narasimhan.b8@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab

in their login.

- ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.
- iii. In case of any queries/grievances pertaining to e-Voting you may refer to the Frequently Asked Questions (FAQs) for Unitholders and e-Voting user manual for Unitholders available in the download section of www.evoting.nsdl.com or call on the toll-free number: 1800 1020 990/1800 224 430 or send a request at evoting@nsdl.co.in.

Process for those Unitholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to complianceofficer@indigrid.com. If you are an Individual Unitholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting for Individual Unitholders holding securities in demat mode.**
2. Alternatively, Unitholders/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Unitholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Unitholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Pradhan Priya Dass

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2022/14558

India Grid Trust

Fair Valuation Report

Fair Enterprise Valuation of Khargone Transmission Limited ("KTL")

Valuation conducted as per extant provisions of SEBI (Infrastructure Investment Trusts) Regulations, 2014 as amended

Report Date: 9th January 2023

Valuation Date: 30th September 2022

Mr. Pradhan Priya Dass, Registered Valuer
IBBI Registration No.: IBBI/RV/06/2022/14558

PPD/R/VAL/2023/002

Date: 9th January 2023

The Board of Directors
IndiGrid Investment Managers Limited
(Investment Manager of India Grid Trust)
Unit No. 101, 1st Floor,
Windsor Village, Kole Kalyan Off CST Road,
Vidyanagari Marg, Santacruz (E),
Mumbai - 400 098,
Maharashtra, India.

The Axis Trustee Services Limited
(Trustee of India Grid Trust)
The Ruby, 2nd Floor, SW, 29,
Senapati Bapat Marg,
Dadar (W), Mumbai - 400 028,
Maharashtra, India.

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

Dear Sir(s)/ Madam(s),

In accordance with the engagement letter dated 26th September 2022 signed between myself, Pradhan Priya Dass ("Registered Valuer" or "RV"); IndiGrid Investment Managers Limited ("the Investment Manager" or "IIML"), acting as the investment manager for India Grid Trust ("the Trust") and Axis Trustee Services Limited ("the Trustee") acting as the trustee for the Trust, I enclose my valuation report for the purpose of the financial valuation of the proposed acquisition of Special Purpose Vehicle - Khargone Transmission Limited ("KTL" or the "SPV") as on 30th September 2022 ("Valuation Date") in accordance with the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations").

In this regard, the Investment Manager and the Trustee intends to undertake the fair enterprise valuation of the SPV as on 30th September 2022. Accordingly, I am pleased to enclose the Valuation Report ("Report") providing my opinion on the fair enterprise valuation of the SPV as on 30th September 2022.

In terms of the SEBI InvIT Regulation, I hereby confirm and declare that:

1. I am competent to undertake valuation;
2. My team and I are independent and have prepared this Report on a fair and unbiased basis;

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 this appointment as an independent valuer and the fee for this Valuation Report ("Report") which is not contingent upon the values reported herein. The valuation analysis should not be construed as investment advice, specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

I have relied on explanations and information provided by the Investment Manager. Although, I have reviewed such data for consistency, but have not carried out a due diligence or audit of such information.

I am enclosing the Report providing opinion on the fair enterprise value of the SPV on a going concern basis as at 30th September 2022 ("Valuation Date"). The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.

I believe that 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 conclusions are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the Securities and Exchange Board of India ("SEBI") thereunder.

The Report must be read in conjunction with the caveats to the Report, which are contained in Section 6 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.

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

Yours faithfully,

PRADHAN Digitally signed by
PRADHAN PRIYA
DASS
PRIYA DASS Date: 2023.01.09
19:40:38 +05'30'

Pradhan Priya Dass

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2022/14558

Place: Bangalore

UDIN: 23219962BGSXCZ2486

Abbreviations

Abbreviation	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
Esoteric	Esoteric II Pte. Ltd
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FY	Financial Year Ended 31 st March
FYP	Five year Plan
IIML or the Investment Manager	IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited)
INR	Indian Rupee
IVS	ICAI Valuation Standards, 2018
Kv	Kilo Volts
KTL or the SPV	Khargone Transmission Limited
LTTC	Long Term Transmission Customer
Mn	Million
MPPMCL	M.P. Power Management Company Limited
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

Abbreviation	Meaning
SCOD	Scheduled Commercial Operation Date
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SPGVL	Sterlite Power Grid Ventures Limited (now merged with Sterlite Power Transmission Limited)
SPTL or the Seller	Sterlite Power Transmission 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

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Section 1:

Executive Summary

Background

India Grid Trust:

India Grid Trust ("IndiGrid" or "Trust") was set up on 21st October 2016, as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882, and was registered with SEBI as an InvIT on 28th November 2016, under Regulation 3(1) of the InvIT Regulations.

It is established to own and operate power transmission assets in India. Pursuant to approval of unitholders obtained on 9th May 2020 and subsequent amendment to Trust Deed, the Investment Strategy of the Trust is to own and operate power transmission and renewable power generation assets in India.

The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6th June 2017.

Unit holding pattern of the Trust as on 30th September 2022 is as follows:

Particulars	No. of Units	%
Esoteric II Pte. Ltd (Sponsor)	16,59,01,932	23.69%
Insurance Companies	5,14,52,180	7.35%
Mutual Funds	26,80,377	0.38%
Financial Institutions or Banks	87,877	0.01%
Provident or pension funds	24,28,534	0.35%
Alternative Investment Fund	1,22,472	0.02%
Foreign Portfolio Investors	20,91,95,344	29.88%
Non-institutional investors	26,83,09,769	38.32%
Total	70,01,78,485	100.0%

Sponsors:

The Trust is currently sponsored by Esoteric II Pte. Ltd., an affiliate of KKR & Co. Inc ("Esoteric") and Sterlite Power Transmission Limited ("SPTL").

IndiGrid was originally sponsored Sterlite Power Grid Venture Limited (now merged with Sterlite Power Transmission Limited) as an irrevocable trust pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882.

In the annual meeting of Trust held on 28th September 2020, the unitholders approved induction of Esoteric II Pte. Ltd., an affiliate of KKR & Co. Inc ("Esoteric"), as a sponsor.

Esoteric is an affiliate of KKR & Co. Inc. KKR & Co. Inc was founded in 1976 and is a leading global investment firm with approximately US\$ 491 billion of assets under management as of 30th June 2022. KKR & Co. Inc sponsors investment funds that invest in multiple alternative asset classes, including private equity, credit and real assets, with strategic partners that manage hedge funds.

Shareholding Pattern of Esoteric as on 30th September 2022:

Sr. No.	Name of Shareholder	%
1	Esoteric I Pte. Limited	36.5%
2	KKR Ingrid Co-invest L.P.	60.6%
3	KKR PIP Investments L.P.	2.9%
	Total	100.0%

SPTL is primarily engaged in the business of Power products and solutions, mainly manufacturing of power transmission conductors, optical ground wire cables and power cable. It also includes execution of Engineering, Procurement and Construction Contracts for construction of power transmission systems, replacement of power transmission conductors, optical ground wire cables and power cable as a part of master system integration business. It also directly or indirectly, through its subsidiaries, acts as a developer on BOOM basis, for designing, financing, construction and maintenance of power transmission systems.

Shareholding Pattern of SPTL as on 31st March 2022:

Sr No.	Particulars	No of shares	%
1	Total Promoter and Promoter Group	4,55,33,851	74.4%
2	Total Public Shareholders	1,56,48,051	25.6%
	<i>Institutional Investors</i>	51,186	0.1%
	<i>Non-institutional Investors</i>	1,55,96,865	22.8%
	Total	6,11,81,902	100.0%

The Investment Manager:

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

Shareholding of the Investment Manager as on 30th September 2022 is as under:

Sr. No.	Name of Shareholder	%
1	Electron IM Pte. Ltd. (KKR affiliate entity)	100.0%
	Total	100.0%

Proposed Transaction:

I understand that the Investment Manager is contemplating the acquisition of 100% equity stake / economic interest in KTL from one of the Sponsors, i.e. SPTL as per the extant terms of framework agreement between the Trust and the SPGLV (now merged SPTL) ("Proposed Transaction").

Target Asset to be Valued:

KTL was incorporated on 28th November 2015 to establish transmission system for Transmission System Strengthening in WR associated with Khargone Thermal Power Plant of 1,320 MW (2×660MW) at Khargone in the state of Madhya Pradesh. The SPV was responsible for construction of 4 transmission lines of between Maharashtra and Southern region. The project will evacuate 1,320 MW of power generated by the Khargone Power Plant to 765 kV Khandwa substation to further distribute it downstream across Madhya Pradesh, Maharashtra, Chhattisgarh, Gujarat, Goa, Daman & Diu, and Dadra & Nagar Haveli.

Summary of details of the Project are as follows:

Parameters	Details
Project Cost	INR 16,630 Mn
Total Length	626 ckms
Scheduled COD	31 st July 2019
Concession period	35 years from SCOD
Line Voltage Class (Kv)	765 Kv / 400 kv
Actual COD of last element	13 th December 2021

The KTL project was implemented for a period of 35 years from COD on a BOOM basis. KTL was granted Transmission Licence by CERC on 17th November 2016.

Shareholding of the KTL as on 30th September 2022 is as under:

Sr No.	Particulars	No of shares	%
1	Sterlite Power Transmission Limited (SPTL)	15,60,000*	100.00%
	Total	15,60,000	100.00%

* Includes 6 shares held by nominees of SPTL

Engagement Overview

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 holdco and/or SPVs, for publicly offered InvITs, a full valuation of the specific project shall be undertaken by the valuer".

In this regard, the Investment Manager and the Trustee have appointed Pradhan Dass ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI registration number IBBI/RV/06/2022/14558 to undertake the fair valuation at enterprise level of KTL as per the SEBI InvIT Regulations as at 30th September 2022. 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.

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. The RV has estimated the Fair Enterprise Value of the SPV.

The Valuation Date considered for the Enterprise Valuation of the SPV is 30th September 2022. Valuation analysis and results are specific to the valuation date.

A valuation of this nature involves consideration of various factors including the financial position of the SPV as at the Valuation Date, trends in the equity stock market and fixed income security market, macro-economic and industry trends, etc.

The Valuation Report ("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.

Valuation Summary

The SPV has been valued using Discounted Cash Flow ("DCF") Method.

I have relied on the unaudited Financial Statements as on 30th September 2022 and financial projections of the SPV provided by the investment manager for arriving at fair enterprise value.

Based on the methodology and assumptions discussed further, I have arrived at the following fair Enterprise Value of the SPV as on the Valuation Date:

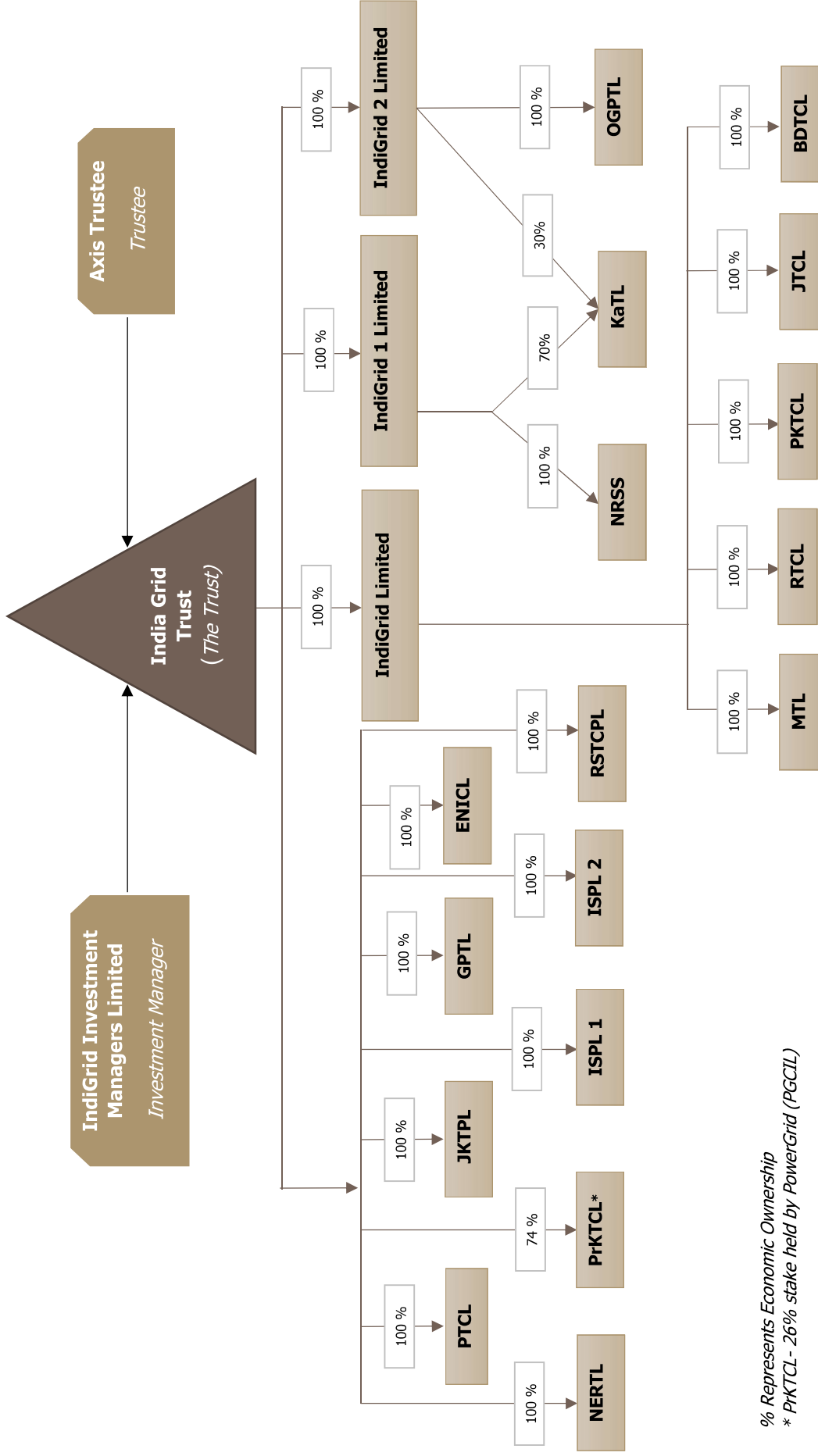
Sr. No.	SPV	Balance TSA / PPA Period	Ckms	WACC	EV (INR Mn)
1	KTL	~32 years	626	8.3%	15,441

**Refer Appendix 2*

Section 2:

Business Overview

Overview of the Trust | Group Structure of the Trust



% Represents Economic Ownership
 * PKTCL - 26% stake held by PowerGrid (PGCIL)

Overview of the SPVs of India Grid Trust

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

EV (INR Mn)	BDTCL	JTCL	MTL	RTCL	PKTCL	PTCL	NRSS	OGPTL	ENICL	GPTL	JKTPL	PrKTCL	NERTL	ISPL 1	ISPL 2	KaTL	RSTCPL	Total
Acquisition Date	30 May 2017	30 May 2017	14 Feb 2018	14 Feb 2018	14 Feb 2018	31 Aug 2018	3 Jun 2019	27 Jun 2019	24 Mar 2020	28 Aug 2020	28 Sep 2020	8 Jan 2021	26 Mar 2021	13 Jul 2021	13 Jul 2021	28 Dec 2021	9 Nov 2022	
31 Mar 2017	21,541	16,125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,666
31 Mar 2018	20,319	15,431	5,564	4,054	6,618	-	-	-	-	-	-	-	-	-	-	-	-	51,986
31 Mar 2019	19,470	14,608	5,268	4,035	6,390	2,423	-	-	-	-	-	-	-	-	-	-	-	52,194
31 Mar 2020	18,565	14,426	5,437	4,008	6,439	2,370	43,911	14,105	10,949	-	-	-	-	-	-	-	-	1,20,210
31 Mar 2021	20,396	16,022	5,902	4,202	6,826	2,374	46,808	14,791	11,962	12,223	3,032	8,561	52,361	-	-	-	-	2,05,459
30 Jun 2021	20,276	16,026	5,897	4,176	6,815	2,363	46,193	14,789	11,908	12,152	3,030	8,391	52,473	-	-	-	-	2,04,491
30 Sep 2021	20,213	16,284	5,952	4,211	6,816	2,375	46,603	14,898	12,114	12,124	2,978	8,146	53,725	3,598	3,793	-	-	2,13,832
31 Dec 2021	20,112	16,306	5,938	4,196	6,803	2,339	46,557	14,844	12,028	12,072	2,928	7,921	53,610	3,592	3,810	25	-	2,13,081
31 Mar 2022	19,984	16,232	5,979	4,367	6,799	2,614	45,734	14,668	11,804	12,358	3,167	7,194	53,290	3,384	3,667	210	-	2,11,450
30 Jun 2022	19,939	16,347	5,993	4,390	6,810	2,610	45,427	14,735	11,751	12,402	3,150	7,468	51,806	3,308	3,594	282	-	2,10,012
30 Sep 2022	19,778	16,389	5,996	4,402	6,784	2,611	45,339	14,615	11,624	12,285	3,113	7,311	53,958	3,305	3,595	305	*	2,11,410

* RSTCPL, being acquired on 9th November 2022, was not a part of Sep-22 quarterly valuation report of the SPVs of the Trust

Overview of Khargone Transmission Limited ("KTL" or "the SPV")

Background:

KTL was incorporated to establish transmission system for Transmission System Strengthening in WR associated with Khargone Thermal Power Plant of 1,320 MW (2×660MW) at Khargone in the state of Madhya Pradesh. The SPV was responsible for construction of 4 transmission lines of between Maharashtra and Southern region. The project will evacuate 1,320 MW of power generated by the Khargone Power Plant to 765 kV Khandwa substation to further distribute it downstream across Madhya Pradesh, Maharashtra, Chhattisgarh, Gujarat, Goa, Daman & Diu, and Dadra & Nagar Haveli.

KTL was incorporated on 28th November 2015 by REC Transmission Projects Company Limited. After successful completion of bidding process for the project, the SPV was transferred to a Sterlite Grid 4 Limited vide share purchase agreement dated 22nd August 2016. Further, during FY 2021-22, Sterlite Grid 4 Limited was merged into its immediate holding company, i.e. Sterlite Power Transmission Limited.

Due to change in law (GST impact) during the construction period, KTL has been claiming increase in Non Escalable Transmission charges at the rate of ~1.57% from its Long Term Transmission Customers. I have considered such increase in transmission charges based on the representation by the Investment Manager.

Summary of details of the Project are as follows:

Parameters	Details
Project Cost	INR 16,630 Mn
Total Length	626 ckms
Scheduled COD	31 st July 2019
Concession period	35 years from SCOD
Line Voltage Class (Kv)	765 Kv / 400 kv
Actual COD	13 th December 2021

The KTL project was implemented for a period of 35 years from COD on a BOOM basis. KTL was granted Transmission Licence by CERC on 17th November 2016.

Shareholding of the KTL as on 30th September 2022 is as under:

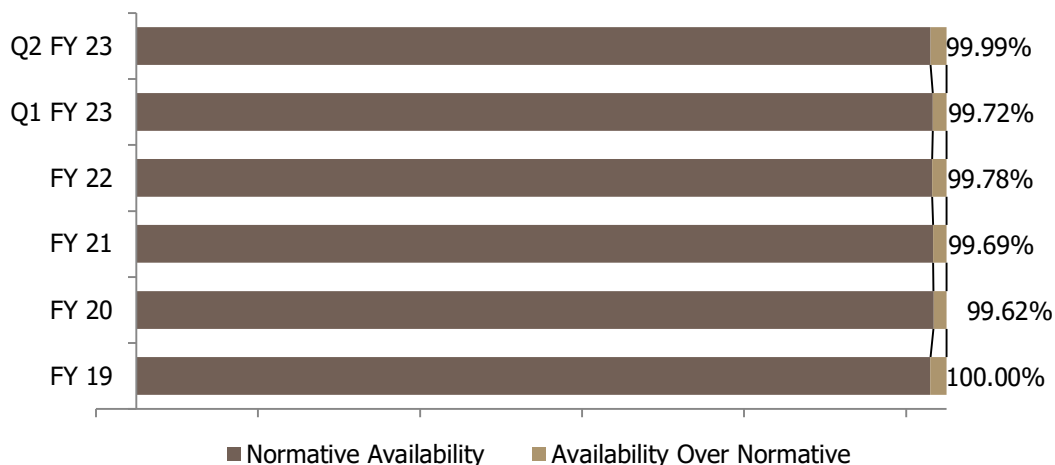
Sr No.	Particulars	No of shares	%
1	Sterlite Power Transmission Limited (SPTL)	15,60,000*	100.00%
	Total	15,60,000	100.00%

* Includes 6 shares held by nominees of SPTL

The element wise actual COD is given below:

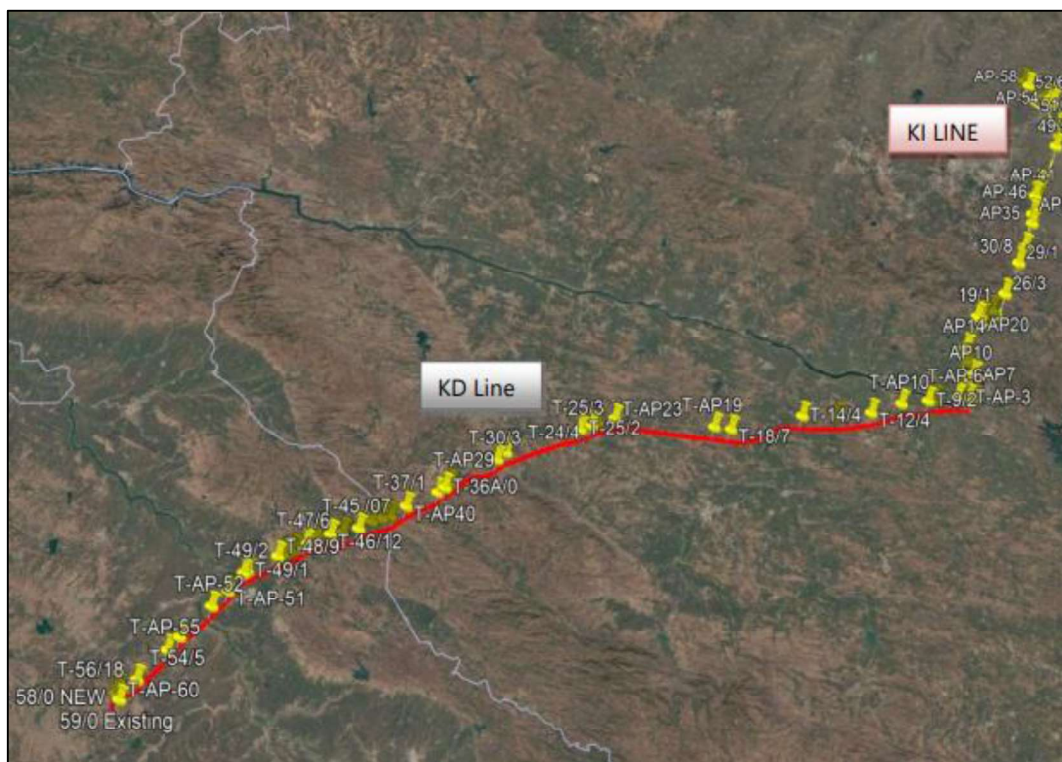
Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Actual COD	Contribution to total Revenue
TL: Khandwa – Rajgarh (LILO)	Madhya Pradesh	13.57	400 KV D/C	1 st March 2018	0.39%
TL: Switchyard – Khandwa (Quad)	Madhya Pradesh	50.10	400 KV D/C	19 th March 2020	8.34%
TL: Khandwa Pool – Indore	Madhya Pradesh	180.08	765 KV D/C	19 th March 2020	29.62%
TL: Khandwa Pool – Dhule	Maharashtra	382.66	765 KV D/C	13 th December 2021	40.62%
SS: Khandwa	Madhya Pradesh		765/400 kV, 2x1500 MVA	19 th March 2020	17.20%
SS: Khandwa Pool – Dhule	Maharashtra		765 kV line bays and 7x80 MVAR switchable reactors	13 th December 2021	3.83%

Operating Efficiency history of KTL:

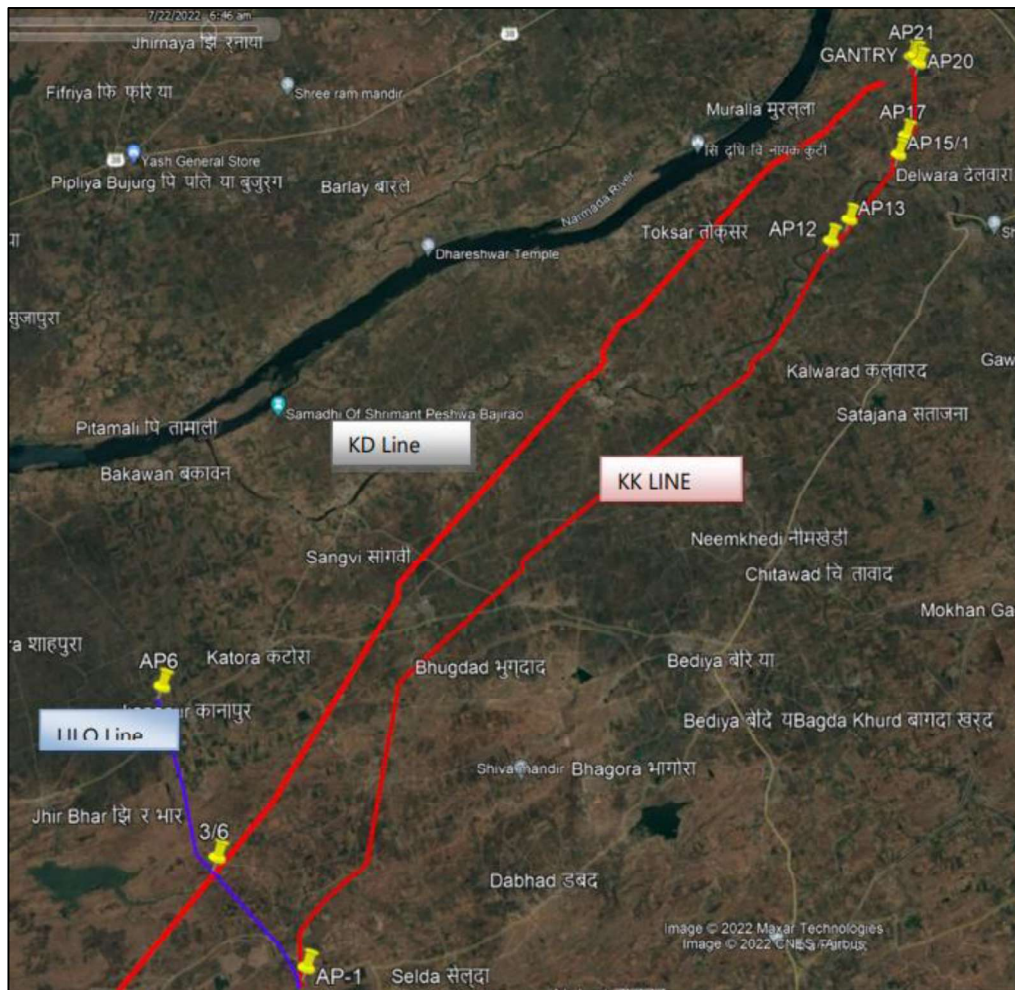


Following are the maps showing area covered by KTL:

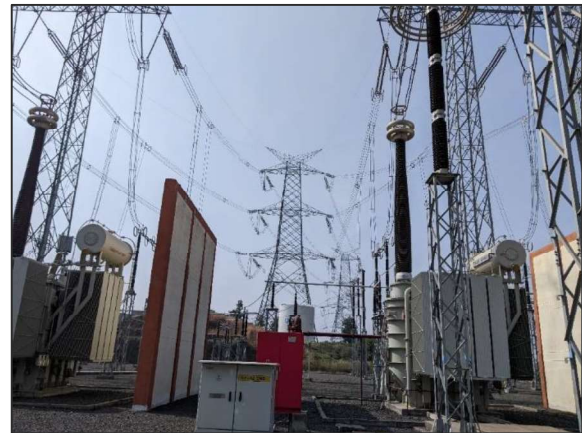
1. 765kV D/C Hexa Khandwa– Indore and 765kV D/C Hexa Khandwa– Dhule transmission lines:



- 2. 400 kV D/C Quad Khargone (TPP)- Khandwa(Pooling) and 400kV D/C Twin Khargone - Khargone (TPP) LILO Transmission lines:



- My team had conducted physical site visit of KTL on 1st December 2022. Following are the pictures of the Plant Site:



Section 3:

Industry Overview

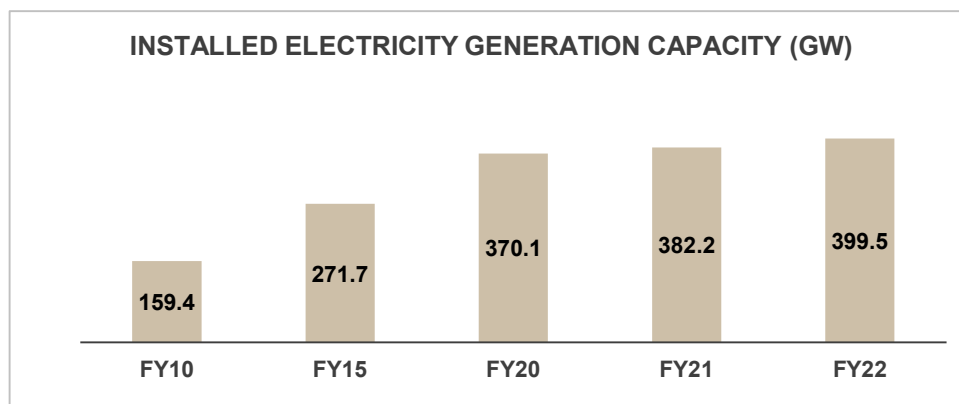
Overview of the Industry

Introduction:

- India is the third largest producer and third largest consumer of electricity in the world, with the installed power capacity reaching 405.77 GW as of 31st August 2022. The country also has the fifth largest installed capacity in the world. The country has 4th ranking for renewable energy installed capacity.
- Over FY16-FY21, electricity production in India grew at a CAGR of 1.0%. Per capita electricity consumption in the country grew at a CAGR of 4% from 1985 to 2020, reaching 1208 Kilo-Watt hour ("KWh") in FY20.
- Whilst India is the third largest producer of electricity in the world, in 2014, the share of electricity in India's final energy demand was only 17% compared with 23% in the member countries of Organization for Economic Cooperation and Development (OECD) and ranks well below the global average in electricity consumption. The Draft NEP envisages the share of electricity in India's total energy consumption to rise to about 26% in 2040.
- The transmission sector is divided into inter-state and intra-state transmission projects, in addition to some dedicated transmission projects, and is owned by across Central, State and private sector entities. In addition, transmission network also includes cross-border interconnections with neighbouring countries viz, Bangladesh, Bhutan, Nepal and Myanmar to facilitate optimal utilization of resources.

Power Demand & Supply:

- Peak power and energy deficits have considerably reduced over the years. For the year ended 2021-22, peak power and energy deficits were 0.60% and 0.70%, respectively, substantially lower than 10.60% and 8.50%, respectively, recorded for the year ended 2012.
- India has seen a robust growth in the installed power generation capacity in the past four years. With a generation of 1,598 Tera-Watt Hour ("TWh"), India is the third largest producer and the third largest consumer of electricity in the world.

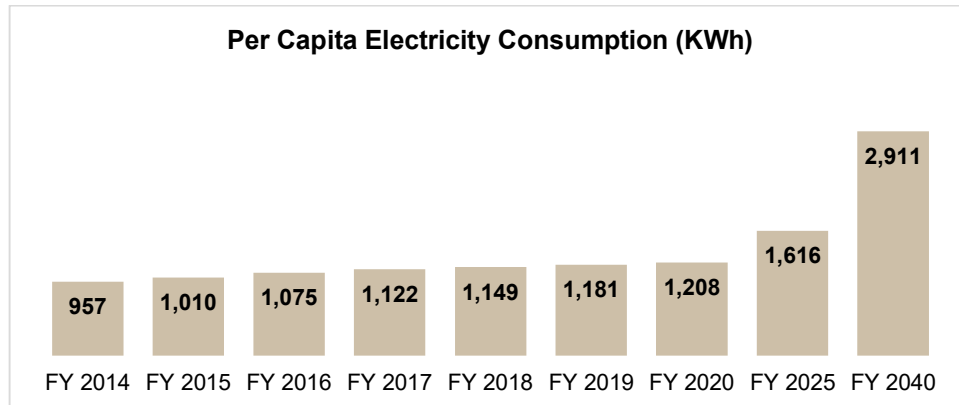


The peak power demand has increased from approximately 148 GW in FY 2015 to approximately 207 GW in April 2022 and may increase to about 340 GW by 2030.

- As of 31st March 2022, India had installed 162.95 Gigawatts ("GW") of renewable energy capacity. The Government plans to double the share of installed electricity generation capacity of renewable energy to 40% till 2030.
- New renewable energy infrastructure can now be built within two years from initial plans through to completion, years faster than any new coal or LNG fired plants. Unlike conventional thermal

generation capacity which takes more than 5 years, renewable capacity addition takes less than 2 years to develop.

- The per capita electricity consumption in India has increased by about 20% from 1,010 kWh in FY 2015 to 1,208 kWh in FY 2020.



India's economic outlook:

- The GDP of India has grown 6.8% during FY 2018-19. The GDP growth for the year 2019-20 was 4.2% which was affected due to the COVID-19 crisis. World Bank has estimated GDP growth to be in the range of 7.5%-12% for the year 2020-21.
- Planned thermal capacity additions have slowed down significantly and the Government of India (GoI) has set massive renewable power capacity targets. (450GW by 2030 – ambitious but signifies the policy marker's intentions)
- Power is one of the key sectors attracting FDI inflows into India as 100 per cent FDI is allowed in this sector.

Power transmission network in India:

- The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 4,07,569 Ckms in FY 11 to around 456,716 Ckms in FY22.
- Inter-state transmission has seen considerable growth in the past decade, which led to the creation of a synchronous National Grid, achievement of 'One Nation-One Grid-One Frequency', which has been an enabler for power markets in the country. The total inter-regional transmission capacity of the National Grid was 1,12,250 MW as on March 31, 2022.
- 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.
- PGCIL has remained the single largest player in inter regional power transmission capacity addition contributing to 45%-50% of the total investment in the sector. With a planned expenditure outlay of INR 1.10 Trillion for the 12th five-year plan, PGCIL has spent around INR 1.12 Trillion over 2013-17.
- 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.

- In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-supply mismatches, up gradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.
- Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, it is expected that transmission segments investments will increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period.

Factors Encouraging Investments in Power Transmission in India

- **Operational power transmission projects have minimal risks:** In the project construction phase, transmission assets face execution risks including right of way, forest and environment clearances, increase in raw material prices etc. However, post commissioning, with the implementation of Point of Connection (PoC) mechanism, there is limited offtake and price risk. Thus, operational transmission projects have annuity like cash flows and steady project returns.
- **Availability based regime:** As per the TSA, the transmission line developer is entitled to get an incentive amount in the ratio of the transmission charge paid or actually payable at the end of the contract year. Maintaining availability in excess of the targeted availability gives the relevant asset the right to claim incentives at pre-determined rates, ensuring an adequate upside to maintaining availability.
- **Counter-party risk diversified:** Given PAN-India aggregation of revenue among all TSPs and not asset specific billing, the counter party risk is diversified. If a particular beneficiary delays or defaults, the delay or shortfall is prorated amongst all the licensees. Thus, delays or defaults by a particular beneficiary will have limited impact, which will be proportionate to its share in overall ISTS.
- **Payment security:** The TSA includes an arrangement for payment security, which reduces under recovery of revenues. Payment security is available in terms of a revolving letter of credit of required amount that can be utilized to meet the revenue requirement in case of a shortfall.
- **Collection risk offset owing to presence of CTU:** According to CERC (sharing of inter-state transmission charges and losses) regulations, 2010, CTU has been assigned the responsibility of carrying out activities including raising of transmission charge bills on behalf of all ISTS licensees, collecting the amount and disbursing the same to ISTS licensees. Thus, a private transmission licensee no longer needs to collect transmission charges from multiple DISCOMs for each transmission project. Instead, the transmission revenue payable to the licensee is disbursed by the CTU on a monthly basis.
- **Increase in Pace of Awarding Projects under TBCB:** Between 2010-11 and 2014-15, the pace of award of project was slow with only Rs. 180-190 billion (~USD 2.48-2.62 billion) of projects being awarded. However, the pace of award of project has significantly increased. In fact, in 2015-16, projects aggregating to ~Rs. 260 billion (~USD 3.58 billion) were awarded. Awarding of projects through TBCB picked up from fiscal 2017 onwards. In fact, between fiscals 2017 and 2020, projects worth ~312 billion have been awarded by BPCs (REC, PFC).
- **Power Transmission infrastructure has better risk return profile as compared to other infrastructure projects:** Returns from various infrastructure projects (other than transmission line projects) like roads, ports and power generation rely mostly on the operational performance of the assets, which in turn is dependent on factors where developers have limited control. For instance, in the roads sector (non-annuity based project) the company's profits are dependent on collection of toll revenues, the port sector bears risk of cargo traffic, while in the case of power generation, it depends on availability of fuel and offtake by distribution companies while in the case of ISTS

transmission projects the charges are independent of the total power transmitted through the transmission lines and hence factors such as volume, traffic do not fluctuate the revenues.

Challenges:

- There are several challenges to overcome, including regulatory and policy inconsistencies, changes in duties, and payment delays by distribution companies (DISCOMs), among others.
 - Payment disputes by DISCOMs were also rampant, slowing down any progress made by developers. The government's introduction of credit mechanisms and amendments to policies has done little in the way of negating these issues.
 - Tender cancellations, tariff re-negotiations by a few states had increased the uncertainty of some of the large-scale projects and hence delayed their executions.

(Sources: CRISIL Search FY 2020-21, FY 2005-2021: Power Supply Position Reports published by the CEA for March 2022, Shelf Prospectus of India Grid Trust dated 22 April 2021, CEA Executive Summary on Power Sector: March 2022, Installed capacity report FY 2021, CRISIL Opportunities in power transmission in India - March 2022 and November 2020, PGCIL and Adani Transmission Limited Annual Reports, Central Electricity Authority of India cea.nic.in)

Section 4:

Scope of Work and Procedures

Scope of Valuation Work

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 holdco and/or SPVs, for publicly offered InvITs a full valuation of the specific project shall be undertaken by the valuer."

In this regard, the Investment Manager and the Trustee have appointed Pradhan Dass ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2022/14558 to undertake the fair valuation at enterprise level of KTL as per the SEBI InvIT Regulations as at 30th September 2022. 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.

Registered Valuer declares that:

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

The Valuation Date considered for the Enterprise Valuation of the SPV is 30th September 2022. Valuation analysis and results are specific to the valuation date. A valuation of this nature involves consideration of various factors including the financial position of the SPV as at the Valuation Date, trends in the equity stock market and fixed income security market, macro-economic and industry trends, etc.

The Valuation Report ("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.

Procedures adopted for Valuation

Financial Asset to be Valued

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

Valuation Bases

Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Therefore, it is important for the valuer to identify the bases of value pertinent to the engagement. IVSC defines the following valuation bases:

1. Fair value;
2. Investment/Participant specific value;
3. Liquidation value.

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

Investment Value/ Participant Specific Value:

Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants.

Liquidation Value:

Liquidation value is the amount that will be realized on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.

In the present case, RV has determined the fair value of the SPV at the enterprise level.

Premise of Value

Premise of Value refers to the conditions and circumstances about how an asset is deployed. In the present case, I have 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.

Valuation Date

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

The valuation date considered for the fair enterprise valuation of the SPV is 30th September 2022 ("Valuation Date").

The attached Report is drawn up by reference to accounting and financial information as on 30th September 2022. I have considered the provisional financial statements of the SPV for the period ended 30th September 2022. The RV is not aware of any other events having occurred since 30th September 2022 till date of this Report which he deems to be significant for his valuation analysis.

Section 5:

Sources of Information

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:

- Audited financial statements of KTL for the Financial Year ("FY") ended 31st March 2020, 31st March 2021 and 31st March 2022;
 - Provisional Profit & Loss Account and Balance Sheet of KTL for the period ended 30th September 2022;
 - Projected Profit & Loss Account and Working Capital requirements of KTL for the Projected period;
 - Details of brought forward losses (as per Income Tax Act) as at 31st March 2022;
 - Details of Written Down Value ("WDV") (as per Income Tax Act) of assets as at 31st March 2022;
 - Letter from M.P. Power Management Company Limited dated 4th May 2022;
 - Transmission Service Agreement of KTL with Long Term Transmission Customers ("LTTCs") dated 14th March 2016 and Tariff Adoption Order by Central Electricity Regulatory Commission ("CERC");
 - Technical Due Diligence findings by third-party technical consultant;
 - Management Representation Letter by the Investment Manager dated 2nd January 2023.
- The information provided to me by the Investment Manager in relation to the SPV included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.
 - I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.
 - Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

Section 6:

Disclaimers and Limiting Conditions

Disclaimers and Limiting Conditions

- The Report is subject to the limiting conditions detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 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 30th September 2022 ("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.
- 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 SPV till 30th September 2022.
- The Investment Manager has represented that the business activities of SPV has been carried out in normal and ordinary course between 30th September 2022 and the Report Date and that no material changes have occurred in the operations and financial position between 30th September 2022 and the Report date.
- The scope of the assignment did not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the 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 me.
- In addition, I do not take any responsibility for any changes in the information used by me to arrive at the conclusion as set out herein which may occur subsequent to the date of Report or by virtue of fact that the details provided to me are incorrect or inaccurate.
- I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of SPV or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base this Report.
- 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 Proposed Transaction. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.
- 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.

- Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.
- This Report is based on the information received from the sources mentioned in Section 6 and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of Report.
- Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.
- Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of engagement, others may place a different value on this business.
- 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.
- I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying myself to the extent possible that they are consistent with other information provided to me in the course of this engagement.
- My conclusion assumes that the assets and liabilities of the SPV, reflected in its latest balance sheet remain intact as of the Report date.
- Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.
- 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.

- 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.
- In the particular circumstances of this case, my liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter, for such valuation work.
- 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.
- 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.
- I am not advisor with respect to legal tax and regulatory matters for the proposed transaction. No investigation of the SPV's claim to title of assets has been made for the purpose of this Report and the SPV's claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 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. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or the SPV.
- I have submitted the draft valuation report to the Trust and the Investment Manager for confirmation of accuracy of factual data used in my analysis and to prevent any error or inaccuracy in the final valuation report.
- I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date. The estimates and judgement made by the Investment Manager, could vary on future developments, including, among other things, any new information concerning the impact created by the COVID-19 pandemic on the economy and consequent effect on the business and on the customer's ability to make the payment. The Investment Manager continues to monitor any material changes to future economic conditions, which will be given effect, where relevant, in the respective future period.
- By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 Pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have an impact on the valuation of the SPV.

Limitation of Liabilities

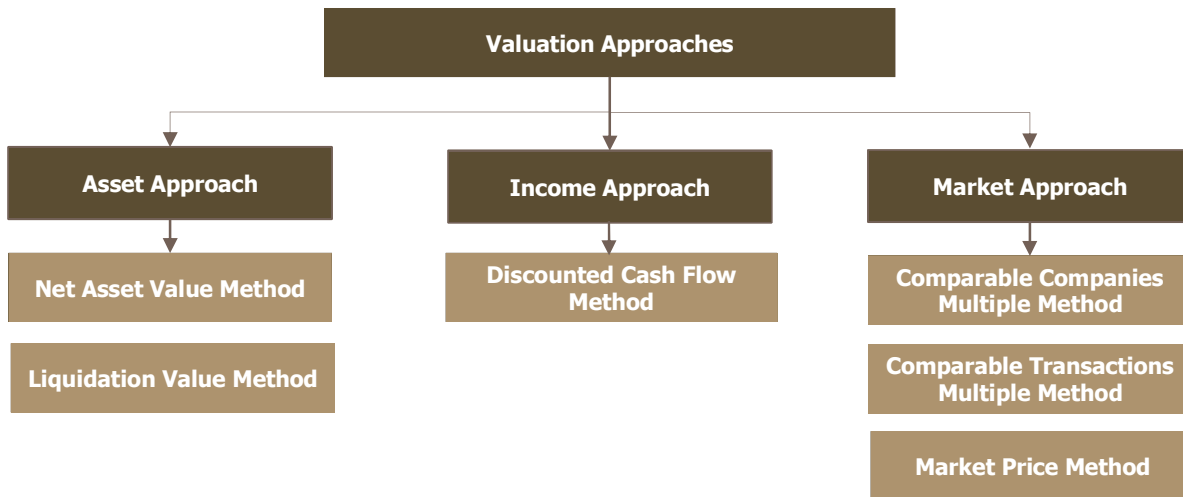
- It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsors, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of the RV's personnel personally.
- In no circumstance,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

Section 7:

Valuation Approach

Valuation Approach Overview

The three generally accepted approaches used to determine the Fair Value of a business' entity are the asset, income and market approaches. Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of each other may yield substantially different conclusions.



Asset Approach

The **Asset or Cost Approach** is generally considered to yield the minimum benchmark of value for an operating enterprise. The most common methods within this approach are Net Asset Value and Liquidation Value.

Net Asset Value ("NAV") method:

- The Net Assets Method represents the value of the business with reference to the asset base of the entity and the attached liabilities on the valuation date. The Net Assets Value can be calculated using one of the following approaches, viz.:

At Book Value

- While valuing the Shares/Business of a Company, the valuer takes into consideration the last audited financial statements and works out the net asset value. This method would only give the historical cost of the assets and may not be indicative of the true worth of the assets in terms of income generating potential. Also, in case of businesses which are not capital intensive viz. service sector companies or trading companies this method may not be relevant.

At Intrinsic Value

- At times, when a transaction is in the nature of transfer of asset from one entity to another, or when the intrinsic value of the assets is easily available, the valuer would like to consider the intrinsic value of the underlying assets. The intrinsic value of assets is worked out by considering current market/replacement value of the assets.

Liquidation Value Method:

- This method considers replacement cost as an indicator of value, assuming that prudent investors will pay no more for an asset or group of assets (tangible or intangible) than the amount for which they can replace or recreate such assets. The cost approach to value is often appropriate when current or expected future operating earnings of a subject entity are insufficient to generate a return greater than that which could be generated through the sale of the assets.

Conclusion on Asset Approach

In the present case, the revenue of the SPV is either pre-determined or could be fairly estimated for the life of the projects. In such scenario, the true worth of the SPV is reflected in its future earning capacity rather than the cost of the project. Since the NAV does not capture the future earning potential of the businesses, I have not considered the Asset approach for the current valuation exercise.

Income Approach

The **Income Approach** serves to estimate value by considering the income (benefits) generated by the asset over a period of time. This approach is based on the fundamental valuation principle that the value of a business is equal to the present worth of the future benefits of ownership. The term income does not necessarily refer to income in the accounting sense but to future benefits accruing to the owner.

The most common methods under this approach are Discounted Cash Flow Method and Capitalization of Earnings Method. The Discounted Future Earnings method discounts projected future earnings back to present value at a rate that reflects the risk inherent in the projected earnings. Under the Capitalization of Earnings method, normalized historic earnings are capitalized at a rate that reflects the risk inherent in the expected future growth in those earnings.

Discounted Cash Flow ("DCF") method:

Overview:

- In Discounted Cash Flow (DCF) valuation, the value of an asset is the present value of the expected cash flows on the asset.
- The basic premise in DCF is that every asset has an intrinsic value that can be estimated, based upon its characteristics in terms of cash flows, growth and risk.

Assumptions:

- The DCF model relies upon cash flow assumptions such as revenue growth rates, operating margins, working capital needs and new investments in fixed assets for purposes of estimating future cash flows. After establishing the current value, the DCF model can be used to measure the value creation impact of various assumption changes, and the sensitivity tested.

Importance of DCF:

- Business valuation is normally done to evaluate the future earning potential of a business, and involves the study of many aspects of a business, including anticipated revenues and expenses.
- As the cash flows extend over time in future, the DCF model can be a helpful tool, as the DCF analysis for a business valuation requires the valuer to consider two important components of:
 - a) projection of revenues and expenses of the foreseeable future, and,
 - b) determination of the discount rate to be used.
- Projecting the expected revenues and expenses of a business requires domain expertise in the business being valued.
- Selecting the discount rate requires consideration of two components:
 - a) the cost of capital, and
 - b) the risk premium associated with the stream of projected net revenues.
- The cost of capital is the cost of funds collected for financing a project or purchasing an asset. Capital is a productive asset that commands a rate of return. When a business purchase is financed by debt, the cost of capital simply equals the interest cost of the debt. When it is financed by the owner's equity, the relevant cost of capital would be the

“opportunity cost” of the capital, i.e., the net income that the same capital would generate if committed to another attractive alternative.

- The choice of discount rate must consider not only the owner’s cost of capital, but also the risk of the business investment.

Application of DCF Valuation:

- DCF valuation approach is the easiest to use for assets or firms with the following characteristics:
 - a) cash flows are currently positive,
 - b) the cash flows can be estimated with some reliability for future periods, and
 - c) where a proxy for risk that can be used to obtain discount rates is available.

Capitalization of Earnings Method:

The capitalized earnings method consists of calculating the value of a company by discounting future profits with a capitalization rate adjusted to the determining date for the valuation.

- In the context of the capitalized earnings method, a company is considered as an investment. Attention is therefore focused solely on the future profits that the company will make, on the associated risks or on earnings projections. Operating assets are seen only as a way of making profits and no specific value is allocated to these.
- Capitalized earnings = (Long-term operating profit * 100) / Capitalization rate
- Calculation of the capitalization rate, particularly in the area of risks specific to the company, requires a subjective valuation of several factors.

Conclusion on Income Approach

Discounted Cash Flow (“DCF”):

- The revenues of the Transmission Asset is defined for 35 years under the TSA. In such scenario, 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.
- For Transmission Assets, the 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.

Capitalization of Earnings Method:

- In the present case, the revenue of the SPV is either pre-determined or could be fairly estimated for the life of the projects. Since the future earning can easily be estimated, I find it appropriate to not consider Capitalization of Earnings Method for the current valuation exercise.

Market Approach

In this **Market Approach**, value is determined by comparing the subject, company with its peers in the same industry of the similar size and region.

Comparable Companies Multiples ("CCM") method:

- CCM method uses the valuation ratio of a publically traded company and applies that ratio to the company being valued.
- The valuation ratio typically expresses the valuation as a function of a measure of financial performance or book value.
- Typically, the multiples are a ratio of some valuation metric (such as equity Market Capitalization or Enterprise Value) to some financial performance metric (such as Earnings/Earnings per Share (EPS), Sales, or EBITDA).
- The basic idea is that companies with similar characteristics should trade at similar multiples, all other things being equal.

Comparable Transactions Multiples ("CTM") method:

- CTM Method looks at recent historical M&A activity involving similar companies to get a range of valuation multiples.
- The main approach of the method is to look at similar or comparable transactions where the acquisition target has a similar client base to the company being evaluated.
- Precedent Transaction valuation can revolve around either the Enterprise Value of the company or the Market Value of the company, depending on the multiples being used.

Market Price method:

- The market price method evaluates the value on the basis of prices quoted on the stock exchange.
- Average of quoted price is considered as indicative of the value perception of the company by investors operating under free market conditions.

Conclusion on Market Approach

CCM Method:

- 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.

CTM Method:

- In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Market Price 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.

Section 8:

Key Assumptions

Note on Financial Projections | Transmission Assets

The key assumptions for transmission revenue, incentives and penalty of the SPV provided by the Investment Manager is as follows:

Non-Escalable Transmission Revenue for Transmission Assets

The Non-Escalable Revenue comprises of the fixed portion of revenue which is pre-determined in the TSA read with TAO over the project life of SPV. I have corroborated the revenue considered in the financial projections with the respective TSA read with TAO and documents provided to me by the Investment Manager.

Due to change in law (GST impact) during the construction period, KTL has been claiming increase in Non Escalable Transmission charges at the rate of ~1.57% from its Long Term Transmission Customers. I have considered such increase in transmission charges based on the representation by the Investment Manager.

Escalable Transmission Revenue:

Escalable Transmission Revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA read with TAO and documents provided to me by the Investment Manager. The escalation is to mainly compensate for the inflation factor which is represented to me by the Investment Manager.

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%.

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. In current valuation exercise, it is assumed that the annual availability will not fall below 95%.

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. 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.

Depreciation:

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 opening WDV as provided by the Investment Manager.

Tax and Tax Incentive:

As per the discussions with the Investment Manager, the new provisions of Income Tax Act, 1961 (Section 115BAA) has been considered for the projected period of the SPV for the current valuation exercise. Accordingly, the base corporate tax rate of 22% (with applicable surcharge and cess) is considered.

Capital Expenditure:

As represented by the Investment Manager, KTL shall incur one-time capital expenditure for certain repair works and towards procuring spares, amounting to ~INR 237 Mn within a year of acquisition of the SPV by the Trust.

Working Capital - Debtors:

I have obtained the working capital assumptions from the Investment Manager and have corroborated the debtor assumptions of 90 days with the past receivable collection days and other data points to extent appropriate.

Working Capital – Other Items:

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 prepaid expenses, security deposits, trade payables and capital creditors.

Impact of Ongoing Material Litigation on Valuation:

Investment Manager has informed me, to the best of their knowledge, the status of ongoing litigations as updated in Appendix 5, which inter-alia includes litigation relating to liquidated damages claimed by the lead LTTC of KTL. Investment Manager has informed me that it expects majority of the cases to be settled in favour of KTL or to be indemnified for the same by the Seller and accordingly no outflow is expected against the litigations from KTL.

Terminal Period Cash Flows:

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

I understand, based on the representation of the Investment Manager, that the SPV is expected to generate cash flow even after the expiry of concession period as the project is on BOOM model and the ownership will remain with the respective SPV even after the expiry of concession period. 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 based on the perpetuity value derivation / Gordon growth model with 0% terminal growth rate. Accordingly, for the terminal period (i.e. after the expiry of 35 years), a terminal growth rate of 0% has been applied on cash flows based on Investment Manager's estimate for the SPV.

Note on WACC

Parameters	Notation	Explanation
Risk Free Rate	Rf	Risk Free Rate has been considered based on zero coupon yield curve as on 30 th September 2022 of Government Securities having maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.
Beta	β	Based on my analysis of the listed InvITs and other companies in power and infrastructure sectors, I find it appropriate to consider the beta of Power Grid Corporation of India Limited ("PGCIL") for the Transmission Assets.
Equity Risk Premium	ERP	ERP = Rm-Rf Based on the historical realised returns on equity investments over a risk-free rate (as represented by 10 year G-sec bonds), a 7% equity risk premium is considered appropriate for India.
Base Cost of Equity		Ke = Rf + β x (ERP)
Company Specific Risk Premium	Ksp	Risk Premium/Discount Specific to the SPV. In the present case, considering the length of the explicit period, the basis of deriving the underlying cash flows, past operational history of the SPV and basis my discussion with Investment Manager, I found it appropriate to consider 0% CSR in the present case.
Cost of Equity	Ke	Ke = Rf + β x (ERP) + Ksp Cost of Equity 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 company.
Cost of Debt	8.5%	Investment Manager estimates considering inter-alia existing credit rating of the SPV, existing debt of the SPV, prevailing interest rate for similarly rated bonds in India, etc.
Tax Rate	t	Based on the respective average tax rate for the life of the SPV.
Cost of Debt (Post Tax)	Kd	Kd = Cost of Debt x (1 - t)
Debt/(Debt+Equity) Ratio	D/(D+E)	The debt - equity ratio computed as [D/(D+E)] is considered as 70% as per industry standard.
WACC		WACC = [Ke*(1-D/(D+E))]+[Kd*(D/(D+E))]

Assignment Approach

I have performed the valuation analysis, to the extent applicable, in connection with this analysis, I have adopted the following procedures to carry out the review of valuation analysis:

- Requested and received financial and qualitative information relating to the SPV.
- Obtained and analyzed data available in public domain, as considered relevant by me.
- Discussions with Investment Manager:
 - i. Understanding the businesses of the SPV – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance.
- Undertook industry analysis:
 - i. Research publicly available, market data including economic factors and industry trends that may impact the valuation.
 - ii. Analysis of key trends and valuation multiples of comparable companies/comparable transactions, market price, if any, using proprietary databases subscribed by me.
- Analysis of other publicly available information
- Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by me.
- Determination of fair EV of the SPV.

Section 9:

Additional Procedures as per SEBI InvIT Regulations

Scope of Work

- The Schedule V of the SEBI InvIT Regulations prescribes the minimum set of mandatory disclosures to be made in the valuation report. 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 SPV is as follows:
 - List of one-time sanctions/approvals which are obtained or pending;
 - List of up to date/overdue periodic clearances;
 - Statement of assets;
 - Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;
 - Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;
 - On-going material litigations including tax disputes in relation to the assets, if any;
 - Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

Limitations

- 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 me. I have not verified the information independently with any other external source.
- I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as original, and the conformity of the copies or extracts submitted to me with that of the original documents.
- I have assumed that the documents submitted to me by the Investment Manager in connection with any particular issue are the only documents related to such issue.
- I have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and I do not express any opinion as to the legal or technical implications of the same.

Analysis of Additional Set of Disclosures for SPV

I. List of one-time sanctions/approvals which are obtained or pending;

As informed by the Investment Manager there are no applications for government sanctions/licenses obtained by KTL related to CERC / Transmission line for which approval is pending as on 30th September 2022. The list of sanctions/approvals obtained by KTL till 30th September 2022 is provided in Appendix 4.

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

I have included the periodic clearances obtained by KTL in Appendix 4.

III. Statement of assets;

As at 30th September 2022, details of the asset of the SPV is as follows: -

Asset Type	Gross Block	Depreciation	INR Mn	
			Net Block	% of asset depreciated
Property, Plant and Equipment	16,626	1,996	14,630	14%

Source: Provisional Financials as at 30th September 2022

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

I noted in the financial statements that KTL has incurred INR 21 Mn during the period ended 30th September 2022 for the maintenance charges of Transmission Lines. I have relied on the operation and maintenance expenses as provided by the Investment Manager for the projected period.

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

Investment Manager has informed me that to the best of their knowledge there are no dues including local authority taxes pending to be payable to the Government authorities with respect to proposed InvIT asset.

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

Investment Manager has informed me, to the best of their knowledge, the status of ongoing litigations as updated in Appendix 5, which inter-alia includes litigation relating to liquidated damages claimed by the lead LTTC of KTL, and status of Tax notices received by KTL as updated in Appendix 6.

Investment Manager has informed me that it expects majority of the cases to be settled in favour of KTL or to be indemnified for the same by the Seller and accordingly no outflow is expected against the litigations from KTL.

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

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

Section 10: Valuation Conclusion

Enterprise Value of the SPV

I have carried out the Enterprise of the SPV as of 30th September 2022 considering inter-alia historical performance of the SPV, Business plan/ Agreements/ Projected financial statements of the SPV and other information provided by the Investment Manager, industry analysis and other relevant factors.

I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact of the same has been factored in to arrive at EV of the SPV.

Sensitivity Analysis

Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the following unobservable inputs (Refer Appendix 3 for detailed annexure):

1. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 0.50%
2. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 1.00%
3. Total Expenses considered during the projected period by increasing / decreasing it by 20%
4. Terminal period value considered for the SPV increasing / decreasing it by 20%

I understand that there are various other unobservable valuation inputs like regulatory changes, tax changes, capital expenditure etc. which are difficult to estimate and run sensitivity on the same and based on which there can be an impact on fair enterprise valuation.

Based on the above analysis, the EV as on the Valuation Date of the SPV is as mentioned below (Refer Appendix 2 for detailed annexure):

SPV	Explicit Projection Period		Enterprise Value (INR Mn)		
	End Date	Balance Period	Explicit Period (A)	Terminal Value (B)	Fair EV (C=A+B)
KTL	30 th July 2054	~32 years	14,618	823	15,441

Yours faithfully,

PRADHAN
PRIYA
DASS
DASS

Digitally signed by
PRADHAN PRIYA
DASS
Date: 2023.01.09
19:41:12 +05'30'

Pradhan Priya Dass

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2022/14558

Place: Bangalore

UDIN: 23219962BGSXCZ2486

Section 11: Appendices

Weighted Average Cost of Capital

Appendix 1: Weighted Average Cost of Capital of the SPV as on 30th September 2022

Particulars	KTL	Remarks
Risk Free Rate (Rf)	7.3%	Risk Free Rate has been considered based on zero coupon yield curve as at 30 th September 2022 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Equity Risk Premium (ERP)	7.0%	Based on the historical realized returns on equity investments over a risk free rate of as represented by 10 year government bonds, a 7% equity risk premium is considered appropriate for India.
Beta (re-levered)	0.66	Beta has been considered based on the beta of companies operating in the similar kind of business in India.
Base Cost of Equity	11.9%	Base Ke = Rf + (β x ERP)
Company Specific Risk Premium (CSRP)	0.0%	Risk Premium/Discount Specific to the SPV
Adjusted Cost of Equity (Ke)	11.9%	Adjusted Ke = Rf + (β x ERP) + CSRP
Pre-tax Cost of Debt	8.5%	Investment Manager estimates considering inter-alia existing credit rating of the SPV, existing debt of the SPV, prevailing interest rate for similarly rated bonds in India.
Effective tax rate of SPV	19.8%	Average tax rate for the life of the SPV has been considered
Post-tax Cost of Debt (Kd)	6.8%	Kd = Pre tax Kd * (1-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.
WACC Adopted	8.3%	WACC = $[Ke*(1-D/(D+E))]+[Kd*(1-t)*(D/(D+E))]$

Discounted Cash Flow of SPV

Appendix 2: Valuation of KTL as on 30th September 2022 under the DCF Method

WACC		8.3%									INR Mn
Year	Revenue	EBITDA	EBITDA Margin	Capex	Changes in WC	Tax	FCFF	CAF	DF	PV of Cash Flows	
6M FY23	939	875	93%	59	112	-	703	0.25	0.98	689	
FY24	1,838	1,710	93%	178	(14)	-	1,546	1.00	0.92	1,427	
FY25	1,797	1,665	93%	-	(11)	-	1,676	2.00	0.85	1,427	
FY26	1,756	1,620	92%	-	(11)	-	1,631	3.00	0.79	1,282	
FY27	1,717	1,577	92%	-	(10)	-	1,587	4.00	0.73	1,152	
FY28	1,679	1,534	91%	-	(10)	-	1,544	5.00	0.67	1,035	
FY29	1,642	1,493	91%	-	(10)	-	1,502	6.00	0.62	929	
FY30	1,605	1,452	90%	-	(10)	123	1,338	7.00	0.57	764	
FY31	1,570	1,412	90%	-	(9)	216	1,205	8.00	0.53	635	
FY32	1,536	1,372	89%	-	(9)	227	1,154	9.00	0.49	561	
FY33	1,502	1,334	89%	-	(9)	235	1,108	10.00	0.45	497	
FY34	1,470	1,296	88%	-	(9)	241	1,064	11.00	0.41	441	
FY35	1,438	1,259	88%	-	(8)	244	1,023	12.00	0.38	391	
FY36	1,427	1,243	87%	-	(3)	251	995	13.00	0.35	351	
FY37	1,429	1,239	87%	-	0	259	980	14.00	0.33	319	
FY38	1,432	1,236	86%	-	0	266	969	15.00	0.30	291	
FY39	1,434	1,232	86%	-	0	272	960	16.00	0.28	266	
FY40	1,437	1,228	85%	-	0	277	951	17.00	0.26	244	
FY41	1,439	1,225	85%	-	0	281	944	18.00	0.24	223	
FY42	1,442	1,221	85%	-	0	284	937	19.00	0.22	204	
FY43	1,445	1,217	84%	-	0	286	930	20.00	0.20	187	
FY44	1,448	1,213	84%	-	0	288	924	21.00	0.19	172	
FY45	1,452	1,209	83%	-	0	290	919	22.00	0.17	158	
FY46	1,455	1,205	83%	-	0	291	914	23.00	0.16	145	
FY47	1,459	1,201	82%	-	0	292	909	24.00	0.15	133	
FY48	1,462	1,197	82%	-	0	292	904	25.00	0.13	122	
FY49	1,466	1,192	81%	-	0	293	899	26.00	0.12	112	
FY50	1,471	1,188	81%	-	0	293	895	27.00	0.11	103	
FY51	1,475	1,184	80%	-	0	293	891	28.00	0.11	95	
FY52	1,480	1,179	80%	-	0	292	887	29.00	0.10	87	
FY53	1,484	1,174	79%	-	0	292	882	30.00	0.09	80	
FY54	1,484	1,165	78%	-	(1)	290	876	31.00	0.08	73	
FY55*	498	388	78%	-	(1)	95	294	31.67	0.08	23	
Present Value of explicit period cash flows										14,618	
Present Value of terminal period cash flows										823	
Enterprise Value										15,441	

*30th July 2054

Appendix 3: Sensitivity Analysis

Particulars	Lower Range	Base Range	Higher Range
	INR Mn	INR Mn	INR Mn
WACC	1.00%	8.3%	-1.00%
	14,136	15,441	17,066
WACC	0.50%	8.3%	-0.50%
	14,755	15,441	16,206
Total Expenses	20%	128	-20%
	15,083	15,441	15,799
Terminal Period Value	-20%	823	20%
	15,277	15,441	15,606

In my opinion the above represents a reasonable range of fair enterprise valuation of the SPV.

Appendix 4: Summary of Approvals and Licenses (1/3)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Company Registration	28-Nov-15	Valid	Ministry of Corporate Affairs
2	Transmission License	17-Nov-16	25	Central Electricity Regulatory Commission
3	Approval under section 68 of Electricity Act, 2003	02-Feb-16	Valid	Ministry of Power
4	Approval from GOI under section 164 of Electricity Act, 2003	03-Jul-17	25	Ministry of Power
5	Approval from CERC under section 17(3)	13-Jul-17	Valid	Central Electricity Regulatory Commission
6	Forest Clearance			
	Approval for 0.828 Hectare of forest land proposed to be diverted in favour of khargone transmission limited for Construction of 400 KV D/C Quad Khargone TPP-Khandwa pooling transmission line	11-Jan-17	Valid	Collector, Khargone, MadhyaPradesh
	Approval for 3.956 Hectare of forest land proposed to be diverted in favour of khargone transmission limited for Construction of 400 KV D/C Twin Khargone-Khargone TPP LILo Transmission Line	11-Jan-17	Valid	Collector, Khargone, MadhyaPradesh
	Approval for 11.866 Hectare of forest land proposed to be diverted in favour of khargone transmission limited, for construction of 765 KV D/C Hexa Khandwa-dhule Transmission line	11-Jan-17	Valid	Collector, Khargone, MadhyaPradesh
	Approval for 40.233 Hectare of forest land proposed to be diverted in favour of khargone transmission limited, for construction of 765 KV D/C Hexa Khandwa-dhule Transmission line	11-Jan-17	Valid	Collector, Khargone, MadhyaPradesh
	Approval for 72.449 Hectare of forest land proposed to be diverted in favour of khargone transmission limited, for laying 765 KV D/C hexa Khandwa - Indore Transmission line	03-Feb-17	Valid	Collector, Indore, MadhyaPradesh
	Approval for 25.571 Hectare of forest land proposed to be diverted in favour of khargone transmission limited for Construction of 765 KV D/C Hexa Khandwa-Dhule Transmission line.	24-Apr-17	Valid	Collector, Barwani, MadhyaPradesh
	Approval for Diversion of 3.956 ha Forest land for laying of 400 KV D/C twin LILo transmission line from Khargone to Khargone TPP in favour of project head, Khargone Transmission limited, Sanawad at Khrgone District of Madhya Pradesh	20-Jul-17	Valid	Ministry of Environment, Forest and Climate change
	Approval for Diversion of 0.828 ha Forest land for laying 400 KV D/C quad Khargone TPP- Khandwa Pooling Transmission Line at Forest Division- badwah in favour of project head, Khargone Transmission limited	02-Aug-17	Valid	Ministry of Environment, Forest and Climate change
	Approval for 119.689 Hectare of forest land proposed to be diverted in favour of sterile power, khargone transmission limited, jatapur, Khargone (MadhyaPradesh)	19-Aug-17	Valid	Collector, Dhule, Maharashtra
	Approval for diversion of 112.672 ha of forest land for laying of 755 KV D/C Khadwa / Indore Transmission line at Khargone and indore districts in favour of project head, khargone transmission Ltd.	30-Oct-17	valid	Ministry of Environment, Forest and Climate change
	Approval for diversion of 39.437 ha Reserved Forest land for construction of 765 KV D/C Hexa Khandwa-Dhule Transmission line in favour of Project Head, khargone Transmission Limited, Khargone& Barwani District of Madhya pradesh.	07-Nov-17	Valid	Ministry of Environment, Forest and Climate change
	Approval for diversion of 119.689 ha of Reserved forest land in favour of Khargaon Transmission ltd, sanawad for laying of 765 KV DC Hexa Khandwa- Dhule Transmission line in dhule district in state of maharashtra	09-Feb-18	Valid	Ministry of Environment, Forest and Climate change
	Approval for 21.466 Hectare of forest land proposed to be diverted in favour of sterile power, khargone transmission limited, jatapur, Khargone (MadhyaPradesh)	27-Dec-19	Valid	Collector, Dhule, Maharashtra
	Approval for Additional diversion of 21.466 ha forest land for Khargone transmission Ltd required Due to Proposed Dam (Sulwade jamfal kanoli Lift irrigation Scheme) Falling in existing route alignment of 765 KV D/C Hexa Khandwa-Dhule Transmission line in dhule district, maharashtra	15-Mar-21	Valid	Ministry of Environment, Forest and Climate change
	Stage II Approval of central government under forest (Conservation) Act 1980 for proposed diversion of 3.956 ha forest land	27-Jun-21	Valid	Ministry of Environment, Forest and Climate change

Source: Investment Manager

Appendix 4: Summary of Approvals and Licenses (2/3)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
7	<p>Railway Crossing</p> <p>Approval for crossing of 765kV D/C HEXA Khandwa - Dhule Overhead Transmission line in between station Hol - Naradana of Tapi Valley Branch Broad Gauge Electrified Double Track Line</p> <p>Approval for crossing of 765kV D/C HEXA Khandwa - Indore Overhead Transmission line in between "station Barwah - Mukhtira Bahwara of Khandwa-Ratlam-Ajmer Branch Meter Gauge Non-Electrified Single Track Line"</p> <p>Approval for crossing of 765kV D/C HEXA Khandwa - Indore Overhead Transmission line in between "station Mangliya - Barlai of section Khandwa-Dewas-Ujjain Broad Meter Gauge Electrified Single Track Line"</p> <p>Approval for crossing of 765 KV Hexa Khandwa-Dhule OH transmission line between STN Hol & Naradana of Tapi Valley.</p>	<p>22-May-17</p> <p>12-Jul-17</p> <p>12-Jul-17</p> <p>12-Mar-18</p>	<p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p>	<p>Western Railway Mumbai</p> <p>Western Railway Ratlam</p> <p>Western Railway Ratlam</p> <p>Western Railway</p>
8	<p>Power Line Crossing</p> <p>Approval for Overhead Crossing of 400 KV D/C Twin Khargone TPP - Khargone line by 765 KV D/C Khandwa-Dhule Transmission line & Earthwire Delta Arrangement</p> <p>Approval for Over head crossing of 765 KV D/C Hexa Khandwa - Dhule Transmission line to existing 132 KV Shirpur-Dondaicha SCDC Line at LOC.no. 123-124, Near Village sakwad Tal. Shirpur Dist. Dhule .</p> <p>Approval for Installation of 765 KV D/C & 400 KV D/C Transmission lines through Khargone Transmission Limited under western Region System Strengthening Scheme-Overhead crossing of PCCL existing 400 KV D/C Khandwa-Indore & 400 KV D/C Khandwa-Indore & 400 KV D/C Khandwa- Rajgarh Transmission Lines</p> <p>Approval for Over Head crossing of various 400/220/132 KV line of MPPTCL by proposed 765 KV D/C Hexa Khandwa-Dhule line of Khargone Transmission limited</p> <p>Approval For Overhead crossing of various lines of MPPTCL By proposed 765 KV D/C Hexakhandwa-Indore & Hexa Khandwa Dhule line of Khargone Transmission Ltd.</p> <p>Approval of power line crossing proposal for 765 KV D/C Hexa Khandwa-Dhule line from 765KV S/C Dhule-Aurangabad & 765 KV S/C Dhule-Vadodara line</p> <p>Approval for Over Head crossing of various 132 KV & 400KV line of MPPTCL by proposed 765 KV DCDS Hexa Zebra Khandwa-Dhule line of M/S Khargone Transmission limited</p> <p>Approval for overhead crossing of 132 KV Barwaha-Chhhegaon tap sanawad DCDS line of MPPTCL by proposed 765 KV D/C Hexa Khandwa-dhule line of KTL</p> <p>Approval for Over head crossing of 132 KV Juliwamia-shahpura line of MPPTCL By Proposed 765 KV DCDC Hexa Zebra Khandwa-Dhule line of M/S Khargone Transmission Limited</p> <p>Approval for crossing of 400 KV saint singhaji TPS Stage 2 pithampur PCDS line of MPPTCL (Under Construction) by proposed 400 KV Quad khargone (TPP) Khandwa line of M/S Khargone transmizssio Co ltd.</p> <p>Approval order for various power line crossings of MPPTCL</p> <p>Approval for crossing EVH lines of MPPTCL by 400KV D/C Quad Khargone (TPP)- Khandw (Pooling) transmission line (Under construction) of M/S Khargone Transmission Co Ltd.</p> <p>Approval for OverHead crossing of various line of MPPTCL by proposed 765 KV D/C Hexa Khandwa-Dhule line of Khargone Transmission Ltd</p> <p>Approval for Over Head Crossing of POWERGRID's 400 KV D/C Khandwa-Indore by KTL's 765 KV D/C Hexa Khandwa-Dhule line</p>	<p>30-Jun-17</p> <p>29-Jul-17</p> <p>29-Aug-17</p> <p>16-Oct-17</p> <p>20-Nov-17</p> <p>27-Dec-17</p> <p>26-Feb-18</p> <p>31-Oct-18</p> <p>31-Oct-18</p> <p>22-Jan-19</p> <p>01-Feb-19</p> <p>01-Feb-19</p> <p>22-Jul-20</p> <p>03-Dec-20</p>	<p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p> <p>Valid</p>	<p>KEC International Ltd</p> <p>Maharashtra State Electricity Transmission Company Ltd</p> <p>Power Grid Corporation of india limited</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Bhopal Dhule Transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Madhya Pradesh Power transmission Company Ltd</p> <p>Power Grid Corporation of india limited</p>

Source: Investment Manager

Appendix 4: Summary of Approvals and Licenses (3/3)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
9	Road Crossing Approval of overhead crossing proposal of NH-59(A), Indore- harda, near Khudel Village (in between PWD km 9-917 for 765 kv D/C Hexa indore-betul transmission line under khargone transmission limited Madhya pradesh Approval for overhead power line crossing of NH-3, near village palaasner at Km 175.638 for 765 kv D/C hexa Khandwa - Dhule transmission line - Release of Original bank Guarantee Approval for overhead crossing proposal of NH-3, Agra Bombay near Khispra village (in between KM store, 583 and 584 , CH 584+520 Mts from Agra) for 765 KV D/C hexa Khandwa indore transmission line under Khargore Transmission limited	09-Dec-17 16-Jan-19 28-Dec-19	Valid Valid Valid	National Highways Authority of India National Highways Authority of India National Highways Authority of India
9	Power & Telecommunication Coordination Committee ("PTCC") Clearance PTCC Route Approval. 765KV double circuit Khandwa-Dhule transmission line for Maharashtra Portion. 765 kv Double circuit khandwa-Dhule for Maharashtra portion 765 kv Double circuit khandwa-Dhule for Madhya pradesh portion 400 kv Double circuit L1LO Khandwa - Rajgarh 765 kv Double circuit khandwa-Indore 400 kv Double circuit khargone TPP - Khandwa PTCC Route Approval. 765 KV Hexa Khandwa-Dhule transmission line	11-May-17 06-Nov-17 06-Nov-17 06-Nov-17 30-Nov-17 30-Nov-17 28-Sep-21	Valid Valid Valid Valid Valid Valid Valid	Power And Telecommunication Coordination Committee Power And Telecommunication Coordination Committee Power And Telecommunication Coordination Committee Power And Telecommunication Coordination Committee Power And Telecommunication Coordination Committee Power And Telecommunication Coordination Committee Power And Telecommunication Coordination Committee
10	Approvals issued by the CEA, for energisation of: Approval of the Government under section 68 of the Electricity Ac, 2003 for "Transmission System Strengthening in WR associated with Khargone TPP (1320 MW)" Electronic Installation of L1LO of one dkt of 400KV DC Khandwa-Rajgarh line at Khargone TPP 765 kv bays for Khandwa Pool- Dhule 765kv D/C line at Dhule 765/400KV S/s of BDTCL 765 kv D/C Khandwa Pool- Indore Transmission line of Khargone Transmission Ltd Electronic Installations of 400KV Khargone TPP Switch yard-Khandwa Pool Transmission line in the premises of M/s Khargone Transmission Ltd Electronic Installations of 765/400KV Khandwa Substation in the premises of M/s Khargone Transmission Ltd 765KV line reactors (80 MVAr) R, Y and B Phase and Spare reactor of KTL Bay Extension due to long outage at Dhule S/s of BDTCL 765 kv D/C Khandwa Pool- Dhule Transmission line of Khargone Transmission Ltd	25-Jan-16 23-Feb-18 31-Oct-18 06-Feb-20 13-Mar-20 26-Nov-20 27-Nov-20 04-Dec-21 03-Aug-17 16-Oct-19 26-Jul-19 26-Dec-19 28-Aug-20	Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid	Central Electricity Authority, Electrical Inspectorate Division Central Electricity Authority, Electrical Inspectorate Division Central Electricity Authority, Electrical Inspectorate Division Central Electricity Authority, Electrical Inspectorate Division Central Electricity Authority, Electrical Inspectorate Division Central Electricity Authority, Electrical Inspectorate Division Central Electricity Authority, Electrical Inspectorate Division Central Electricity Authority, Electrical Inspectorate Division Directorate General of Signals Airport Authority of India Tehsildar, Khandwa Tehsildar, Khandwa Government of Madhya Pradesh
11	Approval for installation of 765KV D/C & 400KV D/C transmission line.			
12	Aviation Clearance - NOC for Transmission Line			
13	Approval for Deposit of Tax for Khandwa S/S Land		7	
14	Approval of demolishing borewell at Khandwa			
15	Approval of Building Plan of 765/400KV substation at Mortakka Mafi Punasa			

Sources: Investment Manager

Appendix 5: Summary of Ongoing Litigations

Sr. No.	Petitioner	Pending Before	Details of the Case	Amount Involved (INR Mn)
1	KTL	CERC	<p>Background of the case: KTL ("Petitioner") has filed a petition before CERC (Petition No. 237/MP/2021) seeking extension of the SCOD of the transmission assets, claiming that the delay was on account of various force majeure, change in law events such as route diversion for Dhule line, delay in land acquisition for sub-station, delay in obtaining approval from MPPTCL for power lines etc & company further states that no penalties shall be imposed on account of delay in commissioning of the project as the same has been covered under the ambit of force majeure events as per TSA agreement.</p> <p>Current status: CERC in the hearing dated 24th November 2022 directed the parties to file their Written Submissions by 28th October 2022. KTL has submitted the reply, and the matter is currently pending with CERC.</p>	-
2	KTL	CERC	<p>Background of the case: KTL ("Petitioner") has filed a petition before CERC, such that Long-Term Transmission Customer (LTTTC), MPPMCL dated 4th May 2022, demanded the payment of liquidated damages amounting to approximately Rs. 1,580 Mn within a period of 10 days, failing which initiation of action as per the Transmission Service Agreement (TSA), the Petitioner had filed an interlocutory application ("IA") with CERC [IA (Diary) No. 178/2022 in Petition No 237/MP/2021] dated 6th May 2022 for restraining MPPMCL and other LTTTCs from taking any coercive steps against the Petitioner including the invocation/ encashment of the Contract Performance Guarantee submitted under the TSA. CERC vide Record of Proceedings for the hearing dated 17th May 2022 directed no coercive action will be taken against the Petitioner till the time IA is decided by CERC.</p> <p>Current status: The matter is currently pending with CERC.</p>	1,580

Source: Investment Manager

Appendix 6: Summary of Tax Notices

Sr. No.	Notice Ref No.	Period	Details of the Notice
1	ZD2305220035133	Apr 2021 - Jan 2022	<ol style="list-style-type: none"> 1) Notice issued on account of difference between GSTR 3B ITC VS 2A ITC and detailed answer required by officer why ITC was not used (in case when ITC available). 2) Detailed response to the notice has been filed.
2	ZD2305220035034	Apr 2020 - Mar 2021	<ol style="list-style-type: none"> 1) Notice issued on account of difference between GSTR 3B ITC VS 2A ITC and detailed answer required by officer why ITC was not used (in case when ITC available). 2) Detailed response to the notice has been filed.
3	ZD230522003486SS	Apr 2019 - Mar 2020	<ol style="list-style-type: none"> 1) Notice issued on account of difference between GSTR 3B ITC VS 2A ITC and detailed answer required by officer why ITC was not used (in case when ITC available). 2) Detailed response to the notice has been filed.
4	CGST/R-II/ E-invoice/03/2022-23	NA	Reasons for not generating e-invoices

Source: Investment Manager