

**STERLITE INVESTMENT MANAGERS LIMITED**

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

Date: May 07, 2019

B S E Limited

Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai — 400 001

National Stock Exchange of India Ltd

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

Scrip Code- 540565

Symbol- INDIGRID

Dear Sir/ Madam,

Sub – Notice of Extraordinary General Meeting of Unitholders of India Grid Trust and Valuation Report for the acquisition of power transmission assets

We are enclosing herewith the Notice of Extraordinary General Meeting of Unitholders of India Grid Trust to be held on May 30, 2019.

Further in reference to our intimation dated April 30, 2019 in relation to approval accorded by the Board of Directors of Sterlite Investment Managers Limited for the acquisition of the power transmission assets, please find attached the valuation report issued by the valuer i.e. Haribhakti & Co. LLP (Chartered Accountants) which are annexed to aforesaid notice.

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

For and on behalf of the Sterlite Investment Managers Limited

Representing India Grid Trust as its Investment Manager

Swapnil Patil

Company Secretary & Compliance Officer

Encl: As above

Copy to:**Axis Trustee Services Limited**

The Ruby, 2nd floor, SW, 29, Senapati Bapat Marg,
Dadar West, Mumbai-400028, Maharashtra

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING (“EGM”)** of the unitholders of India Grid Trust (the **“Unitholders”**, and such trust, **“IndiGrid”**) will be held on Thursday, May 30, 2019 at 10.30 a.m. at Hyatt Regency, Sahar Airport Road, Andheri East, Mumbai-400099, Maharashtra, India, to transact the following business:

ITEM NO. 1: TO APPROVE THE PROPOSED ACQUISITION OF POWER TRANSMISSION ASSETS FROM SPONSOR AND MATTERS RELATED THERETO

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

“RESOLVED THAT pursuant to the provisions of Regulation 18, 19, 22 and all other applicable provisions, if any, of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (**“InvIT Regulations”**), and the circulars and guidelines issued thereunder, and other applicable laws, including any statutory modifications, amendments or re-enactments to each of the foregoing, and applicable notifications, clarifications, circulars, rules and regulations issued by any competent authority in India from time to time (to the extent applicable), the requisite approvals (if any) of Securities and Exchange Board of India, the stock exchanges, any relevant governmental, statutory or regulatory authorities 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 (**“IndiGrid”**) acting through its trustee, Axis Trustee Services Limited (the **“Trustee”**) and/or its investment manager, Sterlite Investment Managers Limited (the **“Investment Manager”**) to enter into material related party transaction, being the acquisition, in one or more tranches, of 100% (one hundred percent) of the subscribed, issued and paid-up share capital of Sterlite Grid 2 Limited (**“SGL2”**) along with its subsidiary, NRSS XXIX Transmission Limited (**“NRSS”**) and 100% (one hundred percent) of the subscribed, issued and paid-up share capital of Sterlite Grid 3 Limited (**“SGL3”**) along with its subsidiary, Odisha Generation Phase-II Transmission limited (**“OGPTL”**) from Sterlite Power Grid Ventures Limited (**“Sponsor”** or **“SPGVL”**), for cash for an enterprise value not exceeding Rs. 50,390 million subject to adjustments as specified in the definitive documents to be entered into, for such acquisition and to ensure compliance with the all contractual obligations, InvIT Regulations and other applicable laws.

“RESOLVED FURTHER THAT the consent of the Unitholders be and is hereby granted for the execution of all documents, agreements, deeds in relation to the acquisition of the issued, subscribed and paid-up equity share capital of SGL2 and SGL3 including its subsidiaries held by SPGVL including, inter alia, (i) share purchase agreement entered into between SPGVL, SGL2, Sterlite Investment Managers Limited (**“SIML”**) (acting in its capacity as investment manager of IGT), NRSS and the Trustee (acting on behalf of, and its capacity as, the trustee to IGT); (ii) share purchase agreement entered into between SPGVL, SIML (acting in its capacity as investment manager of IGT), OGPTL, SGL3 and the Trustee (acting on behalf of, and its capacity as, the trustee to IGT); (iii) tripartite assignment cum amendment agreement entered into between, inter alia, SPGVL, SGL2 and Sterlite Grid 1 Limited (**“SGL1”**) for the assignment of obligations of SGL2 under the share purchase agreement entered dated February 14, 2018 into for the sale of 100% (one hundred percent) issued and paid-up share capital of Purulia & Kharagpur Transmission Company Limited by SGL2 to SGL1; (iv) tripartite assignment cum amendment agreement entered into between, inter alia, SPGVL, SGL2 and SGL1 for the assignment of obligations of SGL2 under the share purchase agreement entered dated February 14, 2018 into for the sale of 100% (one hundred percent) issued and paid-up share capital of RAPP Transmission Company Limited by SGL2 to SGL1; and (v) tripartite assignment cum agreement entered into between, inter alia, SPGVL, SGL3 and SGL1 for the assignment of obligations of SGL2 under the share purchase agreement entered dated February 14, 2018 into for the sale of 100% (one hundred percent) issued and paid-up share capital of Maheshwaram Transmission Limited by SGL3 to SGL1.”

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

“RESOLVED FURTHER THAT the board of directors of the Investment Manager and/or Trustee be and is hereby authorised to delegate all or any of the powers to any validly constituted committee of the board of directors of the Investment Manager, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, the

Compliance Officer or any other person authorized by Investment Manager and/or Trustee so as to give effect to the aforesaid resolutions.”

ITEM NO. 2: TO APPROVE THE INDUCTION OF ESOTERIC II PTE. LTD. AS A SPONSOR OF INDIGRID (ALONG WITH STERLITE POWER GRID VENTURES LIMITED)

To consider and, if thought fit, to pass with or without modifications(s), the following resolution by way of special majority (i.e. where the votes cast in favour of a resolution are required to be more than the one and a half times the votes cast against the resolution) in terms of Regulation 22 of the InvIT Regulations:

“RESOLVED THAT subject to, the requisite approvals (if any) of any relevant governmental, statutory or regulatory authorities 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 (**“IndiGrid”**) acting through its trustee, Axis Trustee Services Limited (the **“Trustee”**) and/or its investment manager, Sterlite Investment Managers Limited (the **“Investment Manager”**) to induct Esoteric II. Pte. Ltd., an affiliate of KKR & Co. Inc., (**“Esoteric”**) as the Sponsor of IndiGrid, along with SPGVL, subject to compliance with applicable law, including the SEBI InvIT Regulations.”

“RESOLVED FURTHER THAT subject to, the requisite approvals or consent of any relevant governmental, statutory or regulatory authorities, as may be required, 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 IndiGrid, acting through its Trustee and/or its Investment Manager to amend the Trust Deed dated October 21, 2016 entered into between the Sponsor and the Trustee to provide for Esoteric as a Sponsor of IndiGrid (in addition to SPGVL) and to do such acts, deeds, matters and things as it may, in its absolute discretion, consider necessary, desirable or expedient, to give effect to the above resolution.”

“RESOLVED FURTHER THAT the Board of the Investment Manager and/or Trustee be and is hereby authorized to execute all agreements, deeds, documents, publications, writings, announcements, on behalf of IndiGrid, and to do all such acts, deeds, matters and things as it may, in its absolute discretion, consider necessary, desirable or expedient, to give effect to the above resolution, including making necessary filings with the stock exchanges, the Securities and Exchange Board of India, the depositories, the Reserve Bank of India, the registrar or sub-registrar or any regulatory, statutory or governmental authorities and to represent IndiGrid before any regulatory, statutory or governmental authorities and to appoint any merchant bankers, consultants, advisors and intermediaries, as may be necessary, to give effect to the aforesaid resolutions.”

“RESOLVED FURTHER THAT the Board of the Investment Manager and/or Trustee be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of the board of directors of the Investment Manager or any of director(s) or officer(s) of the Investment Manager and to generally do all such acts, deeds, matters and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the stock exchanges, the Securities and Exchange Board of India, the depositories, the Reserve Bank of India, the registrar or sub-registrar or any regulatory, statutory or governmental authorities and execution of any documents on behalf of IndiGrid and to represent IndiGrid before any regulatory, statutory or governmental authorities and to appoint any merchant bankers, consultants, advisors and intermediaries, as may be necessary, to give effect to the aforesaid resolutions.”

ITEM NO. 3: TO APPROVE THE ACQUISITION OF THE ISSUED, SUBSCRIBED, AND PAID-UP CAPITAL OF THE INVESTMENT MANAGER BY ELECTRON IM PTE. LTD. AND THE CONSEQUENT CHANGE OF CONTROL

To consider and, if thought fit, to pass with or without modifications(s), the following resolution by way of special majority (i.e. where the votes cast in favour of a resolution are required to be more than the one and a half times the votes cast against the resolution) in terms of Regulation 22 of the InvIT Regulations:

“RESOLVED THAT subject to, the requisite approvals (if any) of Securities and Exchange Board of India, the stock exchanges (on which the Units are listed), any relevant governmental, statutory or regulatory authorities 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 the acquisition of 74% of the issued, subscribed and paid-up equity share capital of the Investment Manager by Electron IM Pte. Ltd., an affiliate of KKR & Co. Inc, in multiple tranches, and the subsequent change in control of the Investment Manager, pursuant to such acquisition.”

“RESOLVED FURTHER THAT the Board of the Investment Manager and/or Trustee be and is hereby authorized to execute all agreements, deeds, documents, publications, writings, announcements, on behalf of IndiGrid, and to do all such acts, deeds, matters and things as it may, in its absolute discretion, consider necessary, desirable or expedient, to give effect to the above resolution, including making necessary filings with the Securities and Exchange Board of India, or any regulatory, statutory or governmental authorities and to represent IndiGrid before any regulatory, statutory or governmental authorities and to appoint any merchant bankers, consultants, advisors and intermediaries, as may be necessary, to give effect to the aforesaid resolutions.”

“RESOLVED FURTHER THAT the Board of the Investment Manager and/or Trustee be and is hereby

authorized to delegate all or any of the powers herein conferred to any committee of the board of directors of the Investment Manager or any of director(s) or officer(s) of the Investment Manager and to generally do all such acts, deeds, matters and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the Securities and Exchange Board of India, or any regulatory, statutory or governmental authorities and execution of any documents and to represent IndiGrid before any regulatory, statutory or governmental authorities and to appoint any merchant bankers, consultants, advisors and intermediaries, as may be necessary, to give effect to the aforesaid resolutions.”

ITEM NO. 4: TO APPROVE THE AMENDMENT OF THE ROFO DEED

To consider and, if thought fit, to pass with or without modifications(s), the following resolution by two-thirds of the Unitholders voting (other than the Sponsor):

“RESOLVED THAT the consent of the Unitholders, be and is hereby granted to amend the ROFO Deed entered into amongst the Sponsor, SPTL, SIML and ATSL on May 5, 2017, through the amendment agreement dated April 30, 2019.”

“RESOLVED FURTHER THAT the Board of the Investment

Manager and/or Trustee be and is hereby authorized to finalise and execute the amendment to the ROFO Deed, on behalf of IndiGrid, and to do all such acts, deeds, matters and things as it may, in its absolute discretion, consider necessary, desirable or expedient, to give effect to the above resolution.”

“RESOLVED FURTHER THAT the Board of the Investment Manager and/or Trustee be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of the board of directors of the Investment Manager or any of director(s) or officer(s) of the Investment Manager and to generally do all such acts, deeds, matters and things as may be required in connection with the aforesaid resolution.”

For **India Grid Trust**
By Order of the Board
Sterlite Investment Managers Limited
(Formerly Sterlite Infraventures Limited)
(as the Investment Manager to India Grid Trust)

Swapnil Patil
Company Secretary & Compliance Officer

Mumbai, May 06, 2019

NOTES

1. **A UNITHOLDER ENTITLED TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING OF INDIGRID (THE “EGM”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE EGM, AND SUCH PROXY NEED NOT BE A UNITHOLDER OF INDIGRID.**
2. The instrument appointing the proxy must be deposited at the principal place of business of IndiGrid not less than 48 hours before the commencement of the EGM.
3. An Explanatory Statement setting out material facts and reasons for the proposed resolutions as mentioned above, is appended herein below for perusal.
4. Route map of the venue of the EGM is annexed hereto.
5. Relevant documents referred to in the accompanying Notice, if any, are open for inspection by the Unitholders at the principal place of business of IndiGrid on all working days (i.e. all days except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 5.00 p.m. up to the date of the EGM. The aforesaid documents will also be available for inspection by Unitholders at the EGM.
6. The Investment Manager, on behalf of the Trust, is providing a facility to the Unitholders as on the cut-off date, being May 24, 2019, (the “**Cut-Off Date**”) to exercise their right to vote by electronic voting systems from a place other than venue of the EGM (“**Remote e-Voting**”) on any or all of the businesses specified in the accompanying Notice. Details of the process and manner of Remote e-Voting along with the user ID and password is provided under **Annexure C**. Any person who acquires Units of IndiGrid and becomes a Unitholder of IndiGrid after the dispatch of the Notice, and holds Units as on the Cut-Off Date, may obtain the user ID and password by sending a request at evoting@karvy.com, complianceofficer@indigrid.co.in or contact M/s. Karvy Fintech Private Limited (“**Karvy**”) at toll free number 1800 345 4001. Voting by electronic mode is a convenient means of exercising voting rights and may help to increase the Unitholders’ participation in the decision-making process. It may be noted that the Remote e-Voting facility is optional. The Investment Manager, on behalf of IndiGrid, has signed an agreement with, and engaged the services of Karvy for the purpose of providing Remote e-Voting facility to the Unitholders.
7. Unitholders (such as companies or body corporates) intending to send their authorized representative(s) to attend the EGM are requested to send to the principal place of business of IndiGrid, a certified true copy of the relevant Board Resolution/Power of Attorney, together with the specimen signature(s) of the representatives authorized under the said Board Resolution/Power of Attorney to attend and vote on their behalf at the EGM.
8. In case of joint holders attending the EGM, only such joint holder who is higher in the order of names will be entitled to vote at the EGM.
9. Unitholders are requested to address all correspondence, including distribution matters, to the Registrar, **Karvy Fintech Private Limited (Unit: India Grid Trust), Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, India.**
10. Unitholders are requested to send their queries, if any, to the Investment Manager at least 10 days prior to the EGM to enable the Investment Manager to provide the required information.
11. The Securities and Exchange Board of India (“**SEBI**”) has mandated the submission of Permanent Account Number (“**PAN**”) by every participant in the securities market. Unitholders are therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.
12. IndiGrid is also making arrangement for voting by the Unitholders by physical ballot at the venue of the EGM. However, Unitholders who have cast their vote by Remote e-Voting prior to the EGM shall not be entitled to cast their vote again but may attend the EGM. Unitholders can opt for only one mode of voting, i.e. physical ballot or Remote e-Voting. If a Unitholder opts for Remote e-Voting, then he/she shall not vote by physical ballot and vice versa. In case a Unitholder casts his/her vote, both by

physical ballot and Remote e-Voting mode, then the voting done by Remote e-Voting shall prevail and the voting by physical ballot shall be treated as invalid.

13. The Results declared along with Scrutinizer's Report(s) will be available on the website of IndiGrid (www.indigrid.co.in), and on Karvy's website (<https://evoting.karvy.com>) within two days of passing of the resolutions and communication of the same to the BSE Limited and the National Stock Exchange of India Limited.
14. 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.

Registered Office and Contact Details of the Trust:

India Grid Trust

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

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

Tel: +91 11 4996 2200

Fax: +91 11 4996 2288

E-mail: complianceofficer@indigrid.co.in

Website: <http://www.indigrid.co.in>

Compliance Officer: Mr. Swapnil Patil

Registered Office and Contact Details of the Investment Manager:

Sterlite Investment Managers Limited

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

CIN: U28113MH2010PLC308857

Tel: +91 22 6225 3001

Fax: +91 11 4996 2288

Email: complianceofficer@indigrid.co.in

Contact Person: Mr. Swapnil Patil

EXPLANATORY STATEMENT

ITEM NO.1:

TO APPROVE THE PROPOSED ACQUISITION OF POWER TRANSMISSION ASSETS FROM SPONSOR AND MATTERS RELATED THERETO

Attention of the Unitholders is drawn to the fact that pursuant to the Deed of Right of First Offer among the Sterlite Power Grid Ventures Limited (“SPGVL” or “Sponsor” or “Project Manager” or “Seller”), the Sterlite Investment Managers Limited (“SIML” or “Investment Manager”) and the Axis Trustee Services Limited (“Trustee”) dated May 5, 2017 (the **“ROFO Deed”**), SPGVL had provided India Grid Trust (“IndiGrid”) with rights of first offer with respect to eight power transmission assets located in India, which are owned or developed by the Sponsor or its existing subsidiaries.

SPGVL made an Invitation of Offer (as defined under the ROFO Deed) and IndiGrid has, after conducting due diligence and completing other actions as set out in the ROFO Deed, made an irrevocable offer to purchase the following assets of SPGVL:

1. NRSS XXIX Transmission Limited (**“NRSS”**);
2. Odisha Generation Phase-II Transmission Limited (**“OGPTL”**); collectively the **“Target Assets”**

The Target Assets were awarded to bidder companies under the ‘tariff based competitive bidding’ mechanism (**“TBCB”**) on a ‘build-own-operate-maintain’ (**“BOOM”**) basis. The Target Assets earn revenue pursuant to long-term Transmission Service Agreements (**“TSA”**) and tariff orders passed by Central Electricity Regulatory Commission (**“CERC”**) in accordance with the Electricity Act, 2003 (**“Tariff Orders”**). These Target Assets receive availability-based tariffs under the TSA irrespective of the quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including the Target Assets is contracted for the period of the TSA, which is up to 35 years from the scheduled commission date of the asset, which may be renewed in accordance with the TSA and the Electricity Act, 2003.

Tariffs under these TSA are billed and collected pursuant to the ‘point of connection’ (**“PoC”**) mechanism, a regulatory payment pooling system offered to Inter State Transmission Systems (**“ISTS”**) such as the systems operated by the Target Assets. Under the PoC

mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Target Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream.

Brief particulars of the aforesaid Target Assets are provided in **Annexure A** hereto. The board of directors of the Investment Manager considered the aforesaid acquisitions and appointed various reputed independent valuers and consultants (including for technical, legal, financial and tax diligence) to carry out the necessary diligence and valuation of Target Assets.

The independent valuer of IndiGrid, Haribhakti & Co, LLP (the **“Valuer”**), has undertaken a full valuation of the Target Assets, in accordance with the InvIT Regulations, and prepared a valuation report as of April 27, 2019 (the **“Valuation Report”**). The Enterprise Valuation of the Target Assets 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 enhance the life of the portfolio of InvIT Assets.

In accordance with Regulation 2(1)(zv) of the InvIT Regulations, the Seller of the Target Assets, being SPGVL, are related parties of IndiGrid. Regulation 19(3) of the InvIT Regulations states that an approval from the Unitholders is required to be obtained (in terms of Regulation 22 of the InvIT Regulations) prior to entering into a transaction with any related party if the total value of all the related party transactions, in a financial year, pertaining to acquisition or sale of assets exceeds 5% (five per cent) of the value of the InvIT’s Assets, and voting by any person who is a related party in such transaction as well as associates of such person(s) shall not be considered on the specific issue.

The Investment Committee with 100% composition of independent directors followed by Audit Committee and Board of Directors of the Investment Manager has approved the aforesaid acquisitions and material related party transaction on April 30, 2019 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 | <ol style="list-style-type: none"> 1. Sterlite Power Grid Ventures Limited (“SPGVL”)*; 2. Sterlite Grid 2 Limited (“SGL2”)*; 3. Sterlite Grid 3 Limited (“SGL3”)*; 4. NRSS XXIX Transmission Limited (“NRSS”)*; 5. Odisha Generation Phase-II Transmission Limited (“OGPTL”)* <i>*Including nominee shareholders</i> |
| Relationship with IndiGrid | <ol style="list-style-type: none"> 1. Sterlite Power Grid Ventures Limited is the Sponsor and the Project Manager of IndiGrid. 2. SGL2, SGL3, NRSS and OGPTL are the subsidiaries of the Sponsor. |
| Monetary Value | Rs. 3,829 crs for NRSS and Rs.1,210 crs for OGPTL, as consideration to be paid to the Seller of Target Assets in the form of cash and/or for a consideration otherwise than cash subject to adjustments as specified in the definitive documents executed for such acquisition. |
| Nature, Material Terms, Value, Particulars of the Arrangement and any other Relevant/ Important Information | <p>SHARE PURCHASE AGREEMENT The Trustee, on behalf of IndiGrid, has entered into 2 securities purchase agreements for the purpose of acquiring 100% (one hundred percent) of the issued, subscribed and paid-up equity share capital of: (i) SGL2, which, in turn, holds 100% (one hundred percent) and 26% (twenty six percent) of the issued, subscribed and paid-up equity share capital of NRSS and RAPP Transmission Company Limited (“RTCL”) respectively, and (ii) SGL3, which, in turn, holds 100% (one hundred percent) and 51% (fifty one percent) of the issued, subscribed and paid-up equity share capital of OGPTL and Maheshwaram Transmission Limited (“MTL”) respectively.</p> <p>CONSIDERATION For NRSS - IndiGrid has agreed to pay a consideration amounting to the equity value of SGL2 as calculated based on the audited consolidated financial statements of SGL2 for the financial year ended on March 31, 2019 (“Closing Equity Value”), as adjusted by the difference between such Closing Equity Value and the final equity value as certified by the management of SGL2 upon satisfaction or waiver of all the conditions precedent to the transaction. Pursuant to the NRSS Securities Purchase Agreement, the Closing Equity Value will be the sum of an amount agreed in writing by the parties viz. Rs.3,829 crs (the “Enterprise Value”) and all cash, cash equivalents and other realizable assets (with necessary deductions) minus all liabilities and realizable tariff receivables outstanding as per the audited consolidated financial statements of SGL2 for the financial year ended on March 31, 2019.</p> <p>For OGPTL - IndiGrid has agreed to pay a consideration amounting to the equity value of SGL3 as calculated based on the audited consolidated financial statements of SGL3 for the financial year ended on March 31, 2019 (“Closing Equity Value”), as adjusted by the difference between such Closing Equity Value and the final equity value as certified by the management of SGL3 upon satisfaction or waiver of all the conditions precedent to the transaction. Pursuant to the OGPTL Securities Purchase Agreement, the Closing Equity Value will be the sum of an amount agreed in writing by the parties viz. Rs.1,210 crs (the “Enterprise Value”) and all cash, cash equivalents and other realizable assets (with necessary deductions) minus all liabilities and realizable tariff receivables outstanding as per the audited consolidated financial statements of SGL3 for the financial year ended on March 31, 2019.</p> <p>Further, in accordance with the NRSS and OGPTL Securities Purchase Agreement, the Sponsor has provided certain customary representations and warranties to the Trustee (acting in its capacity as the Trustee of IndiGrid) and the Investment Manager in relation to itself, SGL2 and SGL3, such as:</p> <ol style="list-style-type: none"> (a). each of the Sponsor, SGL2 and SGL3 are duly incorporated; (b). due authorization and validity of the shares being sold; (c). due accounting and finance conditions; (d). representations in relation to taxation, litigation, corporate records and material contracts; and (e). validity of approvals, licenses, permits and authorizations. <p>Pursuant to the NRSS and OGPTL Securities Purchase Agreement, the Sponsor has agreed to indemnify the Trustee, SGL2, SGL3, NRSS and OGPTL, for losses resulting from events such as breach of representations and warranties and claims in relation to certain litigations.</p> |

ANNEXURE A

Brief particulars of the Target Assets are as under:

NRSS XXIX Transmission Limited

NRSS was incorporated on July 29, 2013. NRSS entered into a TSA on January 02, 2014. The NRSS project is held by Sterlite Grid 2 Limited and was awarded by the Ministry of Power on perpetual ownership basis for a 35-year period from the scheduled commercial operation date of the NRSS Project, on a BOOM basis.

MW of electricity from Punjab to the Kashmir Valley by strengthening the transmission system in the states of Jammu and Kashmir and Punjab. The Jalandhar-Samba 400 kV D/C transmission line was commissioned in June 2016 and the Uri-Wagoora transmission line was commissioned in September 2018. The project was fully commissioned in September 2018 at a total cost of ₹28,082 million.

The NRSS project is expected to deliver over 2,000

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

| Transmission Line / Substation | Route Length (ckms) | Specifications | Commissioned Date | Expiry of TSA term |
|---------------------------------------|----------------------------|---|--------------------------|---------------------------|
| Samba—Amargarh | 547 | 400 kV D/C | September 2, 2018 | September 2053 |
| Uri—Wagoora | 14 | | September 2, 2018 | September 2053 |
| Jalandhar—Samba | 270 | 400 kV D/C | June 24, 2016 | June 2051 |
| Amargarh Substation | — | 400/220 kV D/C GIS Substation with 735 MVA of transformation capacity | September 2, 2018 | September 2053 |

Odisha Generation Phase-II Transmission Limited

OGPTL was incorporated on April 17, 2015. OGPTL entered into a TSA (the "OGPTL TSA") on November 20, 2015. The OGPTL project was awarded by the Ministry of Power on January 6, 2016 for a 35-year period from

the scheduled commercial operation date of the OGPTL project, on a BOOM basis. The Jharsuguda-OPGC 400kV D/C transmission line was commissioned in August 2017 and Raipur- Jharsuguda line was commissioned in April 2019.

Details of OGPTL's transmission lines are provided below:

| Transmission Line / Substation | Route Length (ckms) | Specifications | Commissioned Date | Expiry of TSA term |
|---------------------------------------|----------------------------|-----------------------|--------------------------|---------------------------|
| Raipur - Jharsuguda | 608 | 765kV D/C | April 6, 2019 | April 2054 |
| Jharsuguda - OPGC | 103 | 400 kV D/C | August 30, 2017 | August 2052 |

ANNEXURE B

Summary of the Full Valuation Report

(a) Background and scope

- Sterlite Power Grid Ventures Limited (“**Sponsor**”) is primarily engaged into installation and operation of electricity transmission projects.
- The India Grid Trust (the “**Trust**” or “**IndiGrid**”) is an infrastructure investment trust under the InvIT Regulations. Sterlite Investment Managers Limited (“**Investment Manager**”) has been appointed as the Investment Manager to the Trust by Axis Trustee Services Limited (“**the Trustee**”) and will be responsible to carry out the duties of such person as mentioned under the InvIT Regulations.
- The Trust intends to acquire NRSS and OGPTL from the Sponsor. For this purpose, the Investment Manager appointed Haribhakti & Co, LLP (the “**Valuer**”) to undertake an independent valuation of Target Assets 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 Assets using projected financial statement of the Target Assets as provided by the Investment Manager.

Fair Enterprise Value as on the Valuation Date

(in ₹Crores)

| Name | Fair Enterprise Value |
|---|-----------------------|
| NRSS XXIX Transmission Limited | 4162.60 |
| Odisha Generation Phase-II Transmission Limited | 1284.00 |

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

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.
- Incentives: 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.

(c) Conclusion of Value

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

ITEM NO.2:

TO APPROVE THE INDUCTION OF ESOTERIC II PTE. LTD. AS A SPONSOR OF INDIGRID (ALONG WITH STERLITE POWER GRID VENTURES LIMITED)

Esoteric II Pte. Ltd., an affiliate of KKR & Co. Inc., (“**Esoteric**”), has informed IndiGrid, the Trustee and the Investment Manager, by its letter dated April 29, 2019 (the “**Esoteric Letter**”), that Esoteric wants to invest, in the Units for an amount of up to Rs. 10,840 million, which Units will be issued by IndiGrid as part of the preferential issue that IndiGrid is proposing to undertake, subject to applicable laws, including the Securities and Exchange Board of India (Infrastructure Investment trusts) Regulations, 2014 including the rules, circulars and guidelines issued thereunder, including the SEBI circular dated June 5, 2018 on Guidelines for Preferential Issue of Units by Infrastructure Investment Trusts (**InvITs**) (the “**InvIT Regulations**”, and such issue, the “**Issue**”). The Esoteric in the concerned letter mentioned that subject to the Issue being successful and the receipt of Unitholders’, regulatory, statutory, corporate or governmental approvals, Esoteric is interested in being designated as a “sponsor” of IndiGrid along with the current Sponsor (being, Sterlite Power Grid Ventures Limited, “**SPGVL**”). Accordingly, it is proposed to amend the Trust Deed dated October 21, 2016 entered into between the Sponsor and the Trustee to induct Esoteric as a Sponsor of IndiGrid, in addition to SPGVL. Additionally, this understanding is captured in the inter-se sponsor agreement dated April 30, 2019, entered into by the Sponsor and Esoteric for the inter-se rights and obligations between the Sponsor and Esoteric as sponsors of IndiGrid and to do such acts, deeds, matters and things as it may, in its absolute discretion, consider necessary, desirable or expedient, to give effect to the above. In view of the above, it is proposed to designate Esoteric as a “sponsor” of IndiGrid (along with the current Sponsor, being SPGVL).

ITEM NO. 3:

TO APPROVE THE ACQUISITION OF THE ISSUED, SUBSCRIBED, AND PAID-UP CAPITAL OF THE INVESTMENT MANAGER BY ELECTRON IM PTE. LTD. AND THE CONSEQUENT CHANGE OF CONTROL

Electron IM Pte. Ltd., an affiliate of KKR & Co. Inc., (“**Electron**”), has informed Sterlite Investment Managers Limited (“**SIML**” or the “**Investment Manager**”), by its letter dated April 29, 2019 (the “**SIML Investment Letter**”) that Electron, either directly or indirectly or through its affiliates or associates, wishes to acquire up to 74% (seventy four per cent) of the issued, subscribed and paid-up equity share capital of the Investment Manager, subject to receipt of Unitholders’, regulatory, statutory, corporate or governmental approvals.

Accordingly, the board of directors of the Investment Manager authorized the execution of (a) share purchase

agreement dated April 30, 2019, entered into by Sterlite Power Transmission Limited (“**SPTL**”), the Investment Manager and Electron (the “**SIML SPA**”); and (b) shareholders’ agreement dated April 30, 2019, entered into by SPTL, the Investment Manager and Electron (the “**SIML SHA**”).

Pursuant to the terms of the SIML SPA, Electron has agreed to invest in the Investment Manager in the following manner:

- a. subscription of 12,49,000 equity shares of the Investment Manager (representing 19.99% (nineteen point ninety nine percent) of the share capital of the Investment Manager) (“**Subscription of Initial Tranche Shares**”) on the date of completion by the parties to the SIML SPA, of their respective initial obligations (“**Initial Closing Date**”);
- b. subsequently, the purchase of 24,99,875 equity shares of the Investment Manager (representing 40.01% (forty point zero one per cent) of the share capital of the Investment Manager as on the agreement date) from SPTL (“**Purchase of Second Tranche Shares**”); and
- c. subsequently, the purchase of 8,74,735 equity shares of the Investment Manager (representing 14% (fourteen per cent) of the share capital of the Investment Manager as on the Initial Closing Date) from SPTL (“**Purchase of Subsequent Tranche Shares**”).

As on the date of the final closing of the entire transaction contemplated under the SIML SPA, SPTL and Electron shall hold 26% (twenty six per cent) and 74% (seventy four per cent), respectively, of the issued, subscribed and paid-up equity share capital of the Investment Manager.

About KKR & Co. Inc. (“**KKR**”)*

KKR & Co. Inc. is a global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate, credit, and, through its strategic partners, hedge funds.

As on December 31, 2018, KKR has assets under management of approximately US\$ 200billion which includes infrastructure sector with ~30 investments and AUM of ~US\$12.6bn. The KKR is managed by 430 investment professionals spread across in 21 cities in 16 countries across 4 continents. The KKR has established the Asia-Pacific Infrastructure team in 2018 to focus on the increasing opportunities in the region.

Indian Outlook: The KKR has invested US\$2.6bn private equity deals in India since 2010 with 13 investments and 8 active portfolio companies. The key focus areas in India for KKR are infrastructure, financial services, consumer/ healthcare and technology/ media & telecom.

We believe that KKR's combination of industry knowledge, investment experience and operational expertise will enable IndiGrid and SIML to identify and create greater value in investment opportunities.

**Note: This section can be referred for Item No. 2 and 3.*

ITEM NO.4:

TO APPROVE THE AMENDMENT OF THE ROFO DEED

Sterlite Power Grid Ventures Limited (“**SPGVL**” or the “**Sponsor**”), Sterlite Power Transmission Limited (“**SPTL**”), Sterlite Investment Managers Limited, acting in its capacity as the Investment Manager of India Grid Trust (“**SIML**”) and Axis Trustee Services Limited (“**ATSL**”), entered into a deed of the right of first offer dated May 5, 2017 (the “**ROFO Deed**”) to enable the Investment Manager to have the right to purchase the following assets belong to the Sponsor group entities, subsequent to the listing of the units of IndiGrid

1. Purulia & Kharagpur Transmission Company Limited (“**PKTCL**”)
2. RAPP Transmission Company Limited (“**RTCL**”)
3. Maheshwaram Transmission Limited (“**MTL**”)
4. NRSS XXIX Transmission Limited (“**NRSS**”)
5. Odisha Generation Phase-II Transmission Limited (“**OGPTL**”)
6. Gurgaon-Palwal Transmission Limited (“**GPTL**”)
7. Kharagone Transmission Limited (“**KTL**”)
8. East-North Interconnection Company Limited (“**ENICL**”)

Initial Portfolio Asset: The IndiGrid as a part of its initial offer arrangements has acquired two projects from Sponsor viz. Bhopal Dhule Transmission Company Limited and Jabalpur Transmission Company Limited (the “Initial Portfolio Assets”). Pursuant to the ROFO Deed, the IndiGrid has ‘right of first offer’ to acquire aforesaid eight projects (the “ROFO Assets”).

Update on PKTCL, RTCL, MTL, NRSS and OGPTL: Pursuant to Unitholders approval conferred in extraordinary general meeting of India Grid Trust held on November 20, 2017, the IndiGrid purchased PKTCL, RTCL and MTL from Sponsor vide share purchase agreement dated February 14, 2018. The IndiGrid is seeking its Unitholders approval for acquisition of NRSS and OGPTL by resolution proposed in Item No. 1 to this notice.

Update on other assets and Framework Agreement: On April 30, 2019, the IndiGrid has entered into the agreement with Sponsor (“Framework Agreement “)

through which it is agreed to acquire the Gurgaon-Palwal Transmission Limited, Kharagone Transmission Limited and NER II Transmission Limited (“Framework Assets”) from Sponsor, subject to definitive share purchase agreements to be entered in future. The Framework Assets include two assets, GPTL and KTL, which were part of the ROFO Deed. To facilitate this, the approval of unitholders is sought to amend the ROFO Deed and as a result only the acquisition of ENICL by IndiGrid subject to definitive share purchase agreements to be entered into will be covered under the terms of the ROFO Deed following the effectiveness of the ROFO Deed Amendment and the Framework Agreement following such approval.

Proposed amendments:

1. To amend Clause 3.1.2 of the ROFO Deed to provide that the Invitation to Offer (as defined under the ROFO Deed) in relation to ENICL shall be provided within 18 (eighteen) months from the date of the amendment to the ROFO Deed.
2. To revise the schedule of ROFO Deed relating to the existing Sponsor SPVs (as defined under the ROFO Deed). Accordingly, the ROFO Deed is proposed to be amended to refer to (i) East-North Interconnection Company Limited (“**ENICL**”); (ii) Purulia & Kharagpur Transmission Company Limited (“**PKTCL**”); (iii) RAPP Transmission Company Limited (“**RTCL**”); (iv) NRSS XXIX Transmission Limited (“**NRSS**”); (v) Maheshwaram Transmission Limited (“**MTL**”); and (vi) Odisha Generation Phase-II Transmission Limited (“**OGPTL**”).
3. Clause 9.5 of the ROFO Deed provides that any termination, amendment, supplement or modification of the ROFO Deed shall be valid and effective only upon such termination, amendment, supplement or modification of the ROFO Deed being ratified by a special resolution passed by two-thirds of the Public Unitholders of IndiGrid. It is proposed to modify this Clause 9.5 to delete the above requirement. Considering such approval is not a requirement under the applicable statutory and regulatory framework governing the parties to the ROFO Deed and to align the provisions with customary contractual terms for such transactions, this modification is being undertaken to ensure operational efficiency in acquiring eligible InvIT assets from the Sponsor.

ANNEXURE C


The instruction for e-voting are as under:

- A. In case a Unitholder receives an email from Karvy [for Unitholders whose email IDs are registered with the Trust/ Depository Participants (s)]:
- i. Launch internet browser by typing the URL: <http://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e., EVENT No., User ID and password mentioned on Attendance Slip). EVENT No. followed by Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for remote e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommend that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., [IndiGrid].
 - vii. On the voting page, enter the number of Units (which represents the number of votes) as on the Cut off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together not exceed your total Unitholding as mentioned herein above. You may also choose the option ABSTAIN. If the Unitholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the Units held will not be counted under either head.
 - viii. Unitholders holding multiple folios/ demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Unitholders can login any numbers of times till they have voted on the Resolution(s).
- xii. Corporate/ Institutional Unitholders (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail bn@karvy.com with a copy marked to evoting@karvy.com. Please note that, the mail id of Scrutinizer will be used only for e-voting related matters. For any other queries, investors are requested to contact Karvy on the contact details mentioned in this notice. The scanned image of the above mentioned documents should be in the naming format "IndiGrid, Extraordinary general meeting".
- xiii. In case a person has become the Unitholder of the Trust after dispatch of EGM Notice but on or before the cut- off date i.e. May 24, 2019, may write to Karvy on the email Id: evoting@karvy.com or toll free No. 1800 345 4001 or to Karvy Fintech Private Limited [Unit: IndiGrid], Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No.(i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case a Unitholder receives physical copy of the Notice of EGM for Unitholders whose email IDs are not registered with the Trust/Depository Participants (s) or requesting physical copy.
- i. User ID and initial Password as provided on the enclosed slip.
 - ii. Please follow necessary steps mentioned above, to cast vote.

- C. In case of any queries relating to e-voting please visit Help & FAQ section of <https://evoting.karvy.com> (Karvy Website).
- D. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- E. The e-voting period commences on Monday, May 27, 2019 (10.00 AM) and ends on Wednesday, May 29, 2019 (5.00 PM) During this period Unitholders of the Trust, holding Units in dematerialized form, as on the cut-off date being Friday, May 24, 2019, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Unitholder, the Unitholder shall not be allowed to change it subsequently. Further the Unitholders who have casted their vote electronically shall not vote by way of poll, if held at the meeting.
- F. The voting rights of Unitholders shall be in proportion to their Units of the Unit capital of the Trust as on the cut-off date Friday, May 24, 2019.
- G. The Board of Directors of Investment Manager
- H. The Scrutinizer shall immediately after the conclusion of the voting at EGM, first count the votes cast at the meeting, thereafter unblock the votes in the presence of at least two (2) witnesses not in the employment of the Trust and make a Scrutinizer's Report of the votes cast in favour or against, if any, forth with to the Chairman of the Investment Manager.
- I. The Results shall be declared on or after the EGM of the Trust and the resolution will be deemed to be passed on the EGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- J. The results declared along with the Scrutinizer's report shall be placed on the Trust's website www.indigrid.co.in and on the website of the service provider (<https://evoting.karvy.com>) within two (2) days of passing of the resolutions at the EGM of the Trust and communicated to BSE Limited and National Stock Exchange of India Limited.

ROUTE MAP



Attendance Slip

INDIA GRID TRUST

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

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

Extra-ordinary General Meeting, May 30, 2019

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

| | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Number of units held

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|--|--|--|--|--|--|--|--|


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

I hereby record my presence at the EXTRAORDINARY GENERAL MEETING of IndiGrid on May 30, 2019 at 10.30 a.m. at Hyatt Regency, Sahar Airport Road, Andheri East, Mumbai-400099, Maharashtra, India

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

.....
Name of the Unitholder / proxy

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



**INDIA GRID TRUST
PROXY FORM
India Grid Trust**

(An irrevocable trust set up under the Indian Trusts Act, 1882, and registered as an infrastructure investment trust with the Securities and Exchange Board of India)
Principal Place of Business: F-1, The Mira Corporate Suites, 1&2, Ishwar Nagar, Mathura Road, New Delhi-110065 India
SEBI Registration Number: IN/InvIT/16-17/0005

| |
|------------------------------|
| Name of the Unitholder (s) : |
| Registered address : |
| E-mail Id : |
| Folio No./Client Id : |
| DP ID : |

I/We, being the Unitholder(s) of Units of India Grid Trust, hereby appoint
 1. of having e-mail Id : or failing him
 2. of having e-mail Id : or failing him
 3. of having e-mail Id : or failing him
 and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extraordinary General Meeting of the Trust, to be held on May 30, 2019 at 10.30 a.m. at Hyatt Regency, Sahar Airport Road, Andheri East, Mumbai-400099, Maharashtra, India and at any adjournment thereof in respect of such resolutions as are indicated below:

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

| Resolutions | For | Against |
|---|-----|---------|
| 1. TO APPROVE THE PROPOSED ACQUISITION OF POWER TRANSMISSION ASSETS FROM SPONSOR AND MATTERS RELATED THERETO | | |
| 2. TO APPROVE THE INDUCTION OF ESOTERIC II PTE. LTD. AS A SPONSOR OF INDIGRID (ALONG WITH STERLITE POWER GRID VENTURES LIMITED) | | |
| 3. TO APPROVE THE ACQUISITION OF THE ISSUED, SUBSCRIBED, AND PAID-UP CAPITAL OF THE INVESTMENT MANAGER BY ELECTRON IM PTE. LTD. AND THE CONSEQUENT CHANGE OF CONTROL | | |
| 4. TO APPROVE THE AMENDMENT OF THE ROFO DEED | | |

Signed this day of 2019

Signature of Unitholder

Affix
Revenue
Stamp

Signature of First Proxy holder

Signature of Second Proxy holder

Signature of Third Proxy holder

Notes:

(1) This form of proxy in order to be effective should be duly completed and deposited at the Principal Place of Business of the Trust not less than 48 hours before the commencement of the meeting.

(2) A Proxy need not be a Unitholder of the Trust.

** (3) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

(4) Appointing a proxy does not prevent a Unitholder from attending the meeting in person if he so wishes.

(5) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

Strictly Private and Confidential

HARIBHAKTI & CO. LLP

Chartered Accountants

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

**SPV: Northern Region Strengthening Scheme
XXIX Transmission Limited (“NRSS”)**

Valuation Date: 31st March 2019



Date: 27th April 2019

CFAS/2019-20/9

Sterlite Investment Managers Limited

Maker Maxity, 5th North Avenue,
Level 5, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051.

India Grid Trust

(Axis Trustee Services Limited acting on behalf of the Trust)

F-1, Mira Corporate Suits,
1&2, Mathura Road, Ishwar Nagar,
New Delhi – 110065.

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

Dear Sirs/Madams,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), have been appointed vide letter dated 2nd May 2018, as an independent valuer, as defined under the SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager for India Grid Trust ("the Trust") and Axis Trustee Services Limited ("the Trustee") acting as the trustee for the Trust mentioned above, for the purpose of the financial valuation of the Special Purpose Vehicle - Northern Region Strengthening Scheme XXIX Transmission Limited ("NRSS" or "the SPV") of Sterlite Power Grid Ventures Limited ("SPGVL" or "the Sponsor"). The SPV to be valued is proposed to be acquired by the Trust, SIML is acting as the investment manager and SPGVL as the sponsor to the Trust within the meaning of the SEBI InvIT Regulations.

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

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



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

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

Please note that all comments in our Report must be read in conjunction with the caveats to the Report, which are contained in Section 2 of this Report. This letter, the Report and the summary of valuation included herein can be provided to the 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.

We draw your attention to the limitation of liability clauses in Section 2 of the Report.

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

Yours faithfully,

For **Haribhakti & Co. LLP,**

Chartered Accountants

Firm Registration Number: 103523W



S. Sundararaman

Partner

Membership No. 028423

Place: Chennai

Encl: As above



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Definition, abbreviation & glossary of terms

| Abbreviations | Meaning |
|----------------------------|---|
| BDTCL | Bhopal Dhule Transmission Company Limited |
| BOOM | Build-Own-Operate-Maintain |
| Capex | Capital Expenditure |
| CCIL | Clearing Corporation of India Limited |
| CERC | Central Electricity Regulatory Commission |
| Ckms | Circuit Kilometres |
| COD | Commercial Operation Date |
| DCF | Discounted Cash Flow |
| EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortisation |
| EV | Enterprise Value |
| FCFF | Free Cash Flow to the Firm |
| FY | Financial Year Ended 31 st March |
| FYP | Five year Plan |
| H&Co. or We | Haribhakti & Co. LLP, Chartered Accountants |
| INR | Indian Rupees |
| ISTS | Inter State Transmission System |
| IVS | Indian Valuation Standards, 2018 |
| JTCL | Jabalpur Transmission Company Limited |
| kV | Kilo Volts |
| LTTC | Long Term Transmission Customer |
| Mn | Million |
| NRSS or the SPV | Northern Region Strengthening Scheme XXIX Transmission Limited |
| 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 |
| PKTCL | Purulia & Kharagpur Transmission Company Limited |
| PTCL | Patran Transmission Company Limited |
| RTCL | RAPP Transmission Company Limited |
| SEBI | Securities and Exchange Board of India |
| SEBI InvIT Regulations | SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended |
| SGL 2 | Sterlite Grid 2 Limited |
| SIML or Investment Manager | Sterlite Investment Managers Limited |
| SPGVL or the Sponsor | Sterlite Power Grid Ventures Limited |
| SPV | Special Purpose Vehicle |
| T&D | Transmission & Distribution |
| the Trust or InvIT | India Grid Trust |
| the Trustee | Axis Trustee Services Limited |
| TSA | Transmission Service Agreement |
| WACC | Weighted Average Cost of Capital |



1. Background

The Sponsor

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

The Infrastructure Investment Trust

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

Investment Manager

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

Target Financial Asset to be Valued

- 1.4. Northern Region Strengthening Scheme XXIX ("NRSS" or "the SPV") is engaged in the business of installation and operation of transmission lines on a Build-Own-Operate and Maintain ("BOOM") basis. The asset is owned 100% by SGL 2, the wholly owned subsidiary of the Sponsor.
- 1.5. NRSS XXIX Transmission Limited project is expected to deliver over 2,000 MW of electricity from Punjab to the Kashmir Valley by strengthening the transmission system in these two states. The Jalandar-Samba 400 kV D/C transmission line was commissioned in June 2016. NRSS XXIX Transmission Limited has commissioned the Samba-Amargarh 400 kV double circuit transmission lines and one 400/220 kV GIS sub-station in September 2018. The SPV would operate and maintain these for a minimum tenure of 35 years.

Proposed Transaction

- 1.6. We understand that the Trust is proposing to acquire NRSS XXIX Transmission Limited from the Sponsor.

Purpose of Valuation

- 1.7. 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 SPVs, for publicly offered InvITs, a full valuation of the specific project shall be undertaken.
- 1.8. In terms of Regulation 2(1)(zv) of the SEBI InvIT Regulations, related party shall be as defined as under the Companies Act, 2013 or under the applicable accounting standards and shall also include: (I) Parties to India Grid Trust; and (II) Promoters, directors, and partners of the Parties to India Grid Trust. Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being Indian Accounting Standard ("Ind AS") 24 on "Related Party Disclosures". As per Regulation 2(1)(zk), "Parties to the InvIT" shall include the sponsor(s), investment manager, project manager(s) and the trustee. Accordingly, the Proposed Transaction between the Trust and the Sponsor is a related party transaction.
- 1.9. In this regard, the Investment Manager has appointed us, H&Co to undertake the Fair operating enterprise valuation of NRSS as per the SEBI InvIT Regulations as at 31st March 2019.



- 1.10. H&Co. declares that:
- 1.10.1. It is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- 1.10.2. It is independent and has prepared the Report on a fair and unbiased basis;
- 1.10.3. It has valued the SPV based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 1.11. This Report covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

Scope of Valuation

1.12. **Nature of the Asset to be Valued**

We have been mandated by the Investment Manager to arrive only at the operating EV of the SPV. 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.

1.13. **Valuation Base**

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

Fair Value

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

1.14. **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 operating enterprise valuation of the SPV is 31st March 2019 ("Valuation Date"). The attached Report is drawn up by reference to accounting and financial information as on 31st March 2019. We are not aware of any other events having occurred since 31st March 2019 till date of this Report which we deem to be significant for our valuation analysis.

1.15. **Premise of Value**

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

Going Concern Value

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

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



2. Exclusions and Limitations

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



- 2.10. This Report is based on the information received from the sources mentioned in para 3 and discussions with the Investment Manager. We have assumed that no information has been withheld that could have influenced the purpose of our Report.
- 2.11. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. We have arrived at an indicative operating EV based on our analysis. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.
- 2.12. Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.
- 2.13. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 2.14. We do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- 2.15. Our conclusion assumes that the assets and liabilities of the SPV, reflected in their respective latest balance sheets remain intact as of the Report date.
- 2.16. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither ourselves, nor any of our partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. We are not liable to any third party in relation to the issue of this Report.
- 2.17. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we 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.
- 2.18. For the present valuation exercise, we have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 2.19. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us, as laid out in the engagement letter, for such valuation work.
- 2.20. In rendering this Report, we have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 2.21. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.



- 2.22. We are not advisors 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.
- 2.23. We have no present or planned future interest in the Trustee, Investment Manager or the SPV and the fee for this Report is not contingent upon the values reported herein. Our valuation analysis should not be construed as investment advice; specifically, we 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.
- 2.24. We have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of factual data used in our analysis and to prevent any error or inaccuracy in the final valuation report.
- 2.25. Limitation of Liabilities**
- 2.25.1. It is agreed that, having regard to the H&Co.'s interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of the H&Co.'s personnel personally.
- 2.25.2. In no circumstances H&Co. 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 H&Co. the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by H&Co. should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable.
- 2.25.3. It is clarified that the SIML and Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 2.25.4. H&Co. will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by SIML or the Trustee.

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3. Sources of Information

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

- 3.1. Audited financial statements of NRSS for the Financial Year ("FY") ended 31st March 2018 and 31st March 2017;
- 3.2. Provisional Profit & Loss Account and Balance Sheet for the financial year ended 31st March 2019.
- 3.3. Projected Profit & Loss Account and Working Capital requirements of NRSS from 1st April 2019 to 1st September 2053.
- 3.4. Details of brought forward losses (as per Income Tax Act, 1961) as at 31st March 2019.
- 3.5. Details of Written Down Value (as per Income Tax Act, 1961) of assets as at 31st March 2019.
- 3.6. Details of projected Repairs and Capital Expenditure ("Capex") as represented by the Investment Manager.
- 3.7. As on 31st March 2019, SPGVL holds 100% equity stake in NRSS through Sterlite Grid Limited 2 ("SGL 2"). As represented to us by the Investment Manager, there are no changes in the shareholding pattern from 31st March 2019 to the date of issuance of this Report.
- 3.8. Transmission Service Agreement ("TSA") of NRSS dated 2nd January 2014 with Long Term Transmission Customers ("LTTCS") and Tariff Adoption Order ("TAO") dated 10th December 2014 issued by Central Electricity Regulatory Commission ("CERC").
- 3.9. Physical inspection of the SPV on 31st May 2018.
- 3.10. Draft Technical Due Diligence Report specific to NRSS, have been noted by us. We have relied only upon the technical life of transmission lines of NRSS and historical operational availability of assets set forth in the technical report.
- 3.11. Management Representation Letter by Investment Manager dated 26th April 2019.

4. Procedures adopted for current valuation exercise

- 4.1. We have performed the valuation analysis, to the extent applicable, in accordance with Indian Valuation Standards, 2018 ("IVS") issued by the Institute of Chartered Accountants of India read with sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 4.2. In connection with this analysis, we have adopted the following procedures to carry out the valuation analysis:
 - 4.2.1. Requested and received financial and qualitative information relating to the SPV;
 - 4.2.2. Obtained and analyzed data available in public domain, as considered relevant by us;
 - 4.2.3. Discussions with the Investment Manager on:
 - Understanding of 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;
 - 4.2.4. Undertook industry analysis:
 - Research publicly available market data including economic factors and industry trends that may impact the valuation using proprietary database subscribed by us;
 - 4.2.5. Analysis of other publicly available information



- 4.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by us.
- 4.2.7. Determination of fair operating EV of the SPV.

5. Overview of the InvIT and the SPV

The Trust

- 5.1. The Trust is registered with the SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2018 by SPGVL/ the Sponsor to own inter-state power transmission assets in India. The units of the trust are listed on the National Stock Exchange (NSE) of India Limited and Bombay Stock Exchange (BSE) of India Limited since 6th June 2017.
- 5.2. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL") from its Sponsor on 30th May 2017. On 15th February 2018, the Trust acquired three additional revenue generating projects from its Sponsor, namely, Maheshwaram Transmission Limited ("MTL"), Purulia Kharagpur Transmission Company Limited ("PKTCL") and RAPP Transmission Limited ("RTCL"). Further, the Trust had signed definitive agreements on 19th February 2018 to acquire Patran Transmission Company Limited ("PTCL") from Techno Electric & Engineering Company Limited
- 5.3. The Trust, pursuant to the 'Right of First Offer' deed has a 'right of first offer' to acquire eight projects of the Sponsor out of the three are acquired and five can still be acquired pursuant to 'Right of First Offer'.
- 5.4. Following is the financial summary of the projects which the Trust had acquired BDTCL, JTCL, MTL, RTCL and PKTCL from the Sponsor and PTCL from Techno Electric & Engineering Company Limited:

| Asset Name | Enterprise Value (INR Mn) | | | | | | Acquisition Value |
|------------|---------------------------|-----------|-----------|-----------|-----------|-----------|-------------------|
| | 30-Sep-18 | 31-Mar-18 | 30-Sep-17 | 31-Mar-17 | 31-Mar-16 | 31-Mar-15 | |
| BDTCL | 19,694 | 20,319 | 21,431 | 21,541 | 21,812 | 20,113 | 37,020* |
| JTCL | 14,937 | 15,431 | 15,988 | 16,125 | 19,407** | 14,295 | |
| MTL | 5,423 | 5,564 | 5,218 | | NA | | 4,697 |
| RTCL | 4,084 | 4,054 | 3,935 | | NA | | 3,542 |
| PKTCL | 6,481 | 6,618 | 6,512 | | NA | | 5,861 |
| PTCL | 2,401 | | | NA | | | 2,320 |

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

**For JTCL, the Investment Manager had previously projected the incremental revenue to be at 40% of the non escalable revenue charges during the valuation exercise of 31st March 2016, however the same was subsequently reduced to 9.8903% of non escalable charges during the valuation exercise of 31st March 2017 as per the CERC order dated 8th May 2017.

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NRSS or the SPV:

5.5. Summary of details are as follows:

| Parameters | Details |
|--|--------------------------------|
| Project Cost | INR 28,082 Mn |
| Total Length | 830 ckms/ 415 kms |
| TSA Agreement Date | 2 nd January 2014 |
| Scheduled COD as per TSA | 4 th October 2018 |
| Expiry Date | 35 years from Actual COD |
| Actual COD as represented by Management | |
| - Jalandar Samba Line | 24 th June 2016 |
| - Samba Amargarh Line | 2 nd September 2018 |
| Shareholding as on 31 st March 2019 | 100% by SPGVL through SGL 2 |

Source: Investment Manager

5.6. The NRSS project was awarded by the Ministry of Power on 2nd January 2014 for a 35 years period from the scheduled commercial operation date on a BOOM basis.

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

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

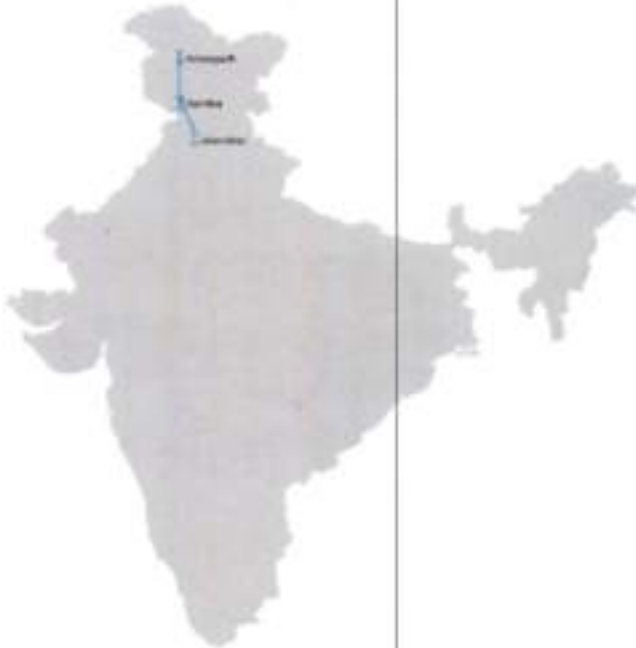
| Transmission line / Sub-Station | Location | Route length (kms) | Specifications | Commission date | Contribution to total tariff |
|---------------------------------|-------------|--------------------|---|--------------------------------|------------------------------|
| Jalandar - Samba | Punjab, J&K | 135 | 400 kV D/C line | 24 th June 2016 | 22% |
| Samba Amargarh | J&K | 280 | Two 400 kV D/C, One 400/220 kV GIS sub-station | 2 nd September 2018 | 78% |

Source: Investment Manager

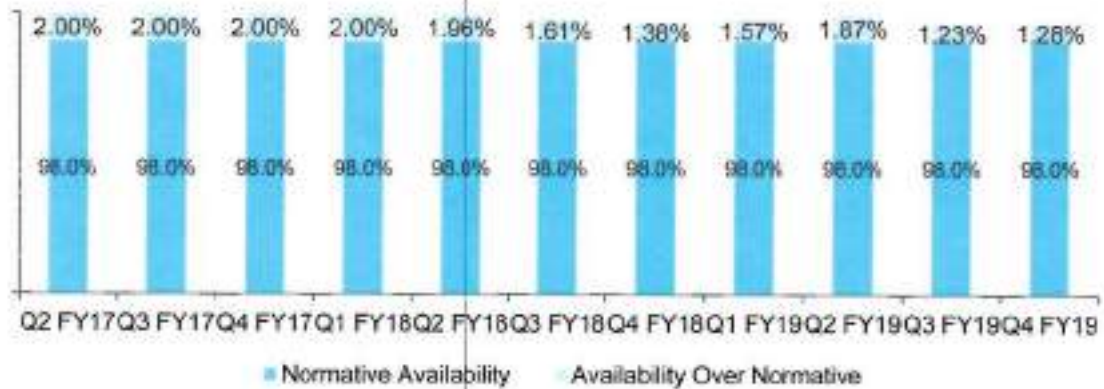
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5.9. Following is the map showing area covered by the SPV (not drawn to scale):



5.10. Operating Efficiency history of the SPV:



Source: Investment Manager

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5.11. Pictures of the SPV:6. Overview of the Industry6.1. **Introduction:**

- 6.1.1. India is the third largest producer and third largest consumer of electricity in the world, with the installed power capacity reaching 356.1 GW as of March 2019. The country also has the fifth largest installed capacity in the world.
- 6.1.2. Per capita electricity consumption in the country grew at a CAGR of 4.96 per cent, during FY11-FY18, reaching 1,149 KWh in FY18.

6.2. **Demand and Supply**

- 6.2.1. Demand: India continues to be a power deficient country even after an increasing trend in demand in the past. It is expected that energy requirement will continue to grow at healthy CAGR of 7.5% to 8% over FY 17 to FY 21. The primary growth drivers for rapid expansion in India's energy demand include investments in industrial and infrastructure development, rising per capita energy consumption levels etc.

Supply: India has seen a robust growth in the installed power generation capacity in the past four years. The installed power generation capacity has grown at a CAGR of ~9.06% from ~243 GW in FY 14 to ~ 347.22 GW as of December 2018 (Source: IBEF)

6.3. **India's economic outlook**

- 6.3.1. According to World Bank, India has retained its position as the fastest-growing economy in the world in 2015, after overtaking China in the previous year. Based on its estimates, India will continue to occupy *the top slot* among major economies with a growth rate of



7.7% to 7.8% until 2019. India's growth rate is significantly higher than the world average of around 4% and is also higher than other developing economies, such as China, Brazil, Indonesia and sub-Saharan African nations.

- 6.3.2. Power is one of the key sectors attracting FDI inflows into India.
- 6.3.3. From April 2000 to June 2018, India recorded FDI of US\$ 6.8 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.
- 6.3.4. Cumulative FDI inflows into the sector from April 2000–December 2018 were US\$ 14.22 billion.
- 6.3.5. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014. The FDI inflow has doubled to \$ 44.8 billion in fiscal 2018 from \$ 22 billion in around 2014. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 58 in 2017-18 from 71 in 2014-15.

6.4. Power transmission network in India

- 6.4.1. The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the Transmission and Distribution ("T&D") system is a three-tier structure comprising distribution networks, state grids and regional grids.
- 6.4.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by Power Grid Corporation of India Limited ("PGCIL"), which facilitates the transfer of power from a surplus region to the ones with deficit.
- 6.4.3. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 4,07,569 Ckms in FY 11 to around 6,04,193 Ckms in FY 18.
- 6.4.4. As on January 2019 approx. 7.2% of total transmission network is owned by private players which show cases the need of more private sector participation in this space. India has been underinvested as far as transmission is concerned, however; recently government has been encouraging investments in transmission with approximately projects worth INR 30,000 crores being awarded in last 2 years.
- 6.4.5. PGCIL has spent around INR 0.9 trillion over 2013-16.
- 6.4.6. Of the total capacity-addition projects in transmission during the 12th FYP, about 42% can be attributed to the state sector. The share of private sector in transmission line and substation additions since the beginning of 12th FYP is 14% and 7%, respectively, as the majority of high-capacity, long-distance transmission projects were executed by PGCIL and state transmission utilities during this period.
- 6.4.7. In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-



supply mismatches, upgradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.

- 6.4.8. Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, we expect transmission segments investments to increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period.

Source: CRISIL Opportunities in Power Transmission in India – March 2019 and IBEF report on Power sector in India- January 2019 and Central Electricity Authority Data as mentioned in PGCIL and Adani Transmission Limited Annual Report 2017-18.

7. Valuation Approach

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

7.4. Cost Approach

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

Net Asset Value ("NAV")

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

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

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

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



7.5. Market Approach

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

Comparable Companies Multiples ("CCM") Method

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

Comparable Transactions Multiples ("CTM") Method

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

Market Price Method

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

7.6. Income Approach

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

Discounted Cash Flow ("DCF") Method

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

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



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

7.7. Conclusion on Valuation Approach

It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPV. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPV, and other factors which generally influence the valuation of companies and their assets.

Accordingly, we have summarized the application of valuation method for the current valuation exercise as under:

Cost Approach

The existing book value of operating EV of the SPV comprising of its Net fixed assets and operating working capital (Trade receivable and Trade payable) is INR 28,524 Mn as at 31st March 2019.

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

Market Approach

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

Income Approach

The SPV is operating as BOOM model based project. The cash inflows of the projects are defined for 35 years under the TSA. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.



8. Valuation of the SPV

We have estimated the value of SPV using the DCF Method. While carrying out this engagement, we have relied extensively on the information made available to us by the Investment Manager. We have considered projected financial statement of the SPV as provided by the Investment Manager.

Valuation

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

Key Assumption

8.1.1. **Transmission Revenue:** The transmission revenue of the SPV comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA read with TAO dated 10th December 2014 for the life of the project.

- **Non Escalable Transmission Revenue:** The Non Escalable Transmission revenue remains fixed for the entire life of the project. We have corroborated the revenue considered in the financial projections with the respective TSA read with TAO dated 10th December 2014 and documents provided to us 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 dated 10th December 2014 and documents provided to us by the Investment Manager. The escalation is to mainly compensate for the inflation factor.

8.1.2. **Incentives:** As provided in the respective TSA, if the annual availability exceeds 98%, the SPV shall be entitled to an annual incentive as provided in TSA. Provided no incentives shall be payable above the availability of 99.75%. Based on the past track record of the asset and the general industry standard, the annual availability is estimated to be above 98% in which case the SPV shall be entitled to the incentives as provided in the TSA.

8.1.3. **Penalty:** If the annual availability in a contract year falls below 95%, the SPV shall be liable for an annual penalty as provided in the TSA. Based on our analysis in Para 8.1.2. in the present case it is assumed that the annual availability will not fall below 95% and hence penalty is not considered in the financial projections.

8.1.4. **Expenses:** Expenses are estimated by the Investment Manager for the projected period based on the escalation rate as determined for the SPV. We have relied on the projections provided.

- **Operations & Maintenance ("O&M"):** O&M expenditure is estimated by the Investment Manager for the projected period based on the escalation rate as determined for the SPV. The Investment Manager has projected expenses to be incurred for the O&M of the SPV including, but not limited to, transmission line maintenance expenses, rates and taxes, legal and professional fees and other general and administration expenses. We have relied on the projections provided by Investment Manager on the operating and maintenance expenses for the projected period.
- **Insurance Expenses:** We understand from the Investment Manager that the insurance expenses of the SPV will not escalate for the projected period. We have relied on the projections provided by the Investment Manager on the insurance expenses for the projected period.



- 8.1.5. **Depreciation:** The book depreciation has been calculated as provided by the Investment Manager. For calculating depreciation as per the Income Tax Act, 1961, we have considered depreciation rate as specified in the Income Tax Act, 1961 and WDV as provided by the Investment Manager.
- 8.1.6. **Capex:** As represented by the Investment Manager, the SPV is not expected to incur any Capex in the projected period.
- 8.1.7. **Tax Incentive:** The SPV is eligible for tax holiday under section 80IA of the Income Tax Act, 1961 for JS line. Such tax holiday shall be available for any 10 consecutive years out of 15 years beginning from the date of COD.
- 8.1.8. **Working Capital:** The Investment Manager has envisaged the working capital requirement of the SPV for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade receivables and trade payables to the extent realizable as considered appropriate by the Investment Manager.
- 8.2. **Impact of Ongoing Material Litigation on Valuation**
- 8.2.1. As represented by Investment Manager, there are no ongoing material litigations that will affect the valuation exercise. In addition, we understand the litigations are likely to be an indemnified event under the definitive documentation.
- 8.3. **Calculation of Weighted Average Cost of Capital for the SPV**
- 8.3.1. **Cost of Equity:**
- Cost of Equity (CoE) is a discounting factor to calculate the returns expected by the equity holders depending on the perceived level of risk associated with the business and the industry in which the business operates.
- For this purpose, we have used the Capital Asset Pricing Model (CAPM), which is a commonly used model to determine the appropriate cost of equity for the SPV.
- $$K(e) = R_f + (R_p \times \text{Beta}) + \text{CSR P}$$
- Wherein:
- K(e) = cost of equity
- R_f = risk free rate
- R_p = risk premium i.e. market risk premium over and above risk free rate
- Beta = a measure of the sensitivity of assets to returns of the overall market
- CSR P = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).
- For our valuation exercise, we have arrived at adjusted cost of equity of 12.24%.
- 8.3.2. **Risk Free Rate:**
- We have applied a risk free rate of return of 7.43% on the basis of the relevant zero-coupon yield curve as on 29th March 2019 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited ("CCIL").



8.3.3. Risk Premium:

Risk premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. A risk premium is calculated as follows:

Risk premium = Equity market return – Risk free rate

Wherein:

Equity market return = the average historical market return is estimated at 15.00%.

Risk free rate = 7.43% as explained in para 8.3.2.

Hence, risk premium is derived as 7.57%.

8.3.4. Beta:

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. Normally, we would take a relevant number from a quoted stock and the market on which it trades. In the present case, we find it appropriate to consider the beta of companies in similar business/ industry to that of the SPV.

We have further unlevered that beta based on debt-equity of the respective company using the following formula:

Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

Further we have re-levered it based on debt-equity of the industry standard using the following formula:

Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(1-T)]

For our valuation exercise, re-levered beta has been estimated as 0.63.

8.3.5. Cost of Debt:

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

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

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

In present valuation exercise, we have considered debt:equity at 70:30 based on industry standards. We understand that NRSS has made a recent issue of Non-Convertible Debentures bearing a coupon rate of 9.57% p.a. However, we understand from the Investment Manager that going forward estimated cost of debt after refinancing is expected to be 8.92% p.a. Accordingly, for current valuation exercise, pre tax cost of debt has been considered as 8.92% p.a.

8.3.6. Weighted Average Cost of Capital (WACC):

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

Formula for calculation of WACC:

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

8.3.7. Accordingly, as per above, we have arrived the WACC of 8.12% for NRSS. (Refer appendix I)



8.4. We understand from the representation of the Investment Manager that the SPV will generate cash flow even after the expiry of concession period of 35 years as the project is on BOOM model and the ownership will remain with the SPV even after the expiry of 35 years. Accordingly, we have considered Terminal Value after the expiry of 35 years.

8.5. Valuation of NRSS

8.5.1. We have relied on the projected financials of NRSS as provided by the Investment Manager for the period from 1st April 2019 to 1st September 2053.

8.5.2. WACC arrived at for the purpose of valuation is 8.12% (Refer Appendix I).

8.5.3. For the terminal period, we have considered 0% constant growth rate for FCFF.

8.5.4. As on Valuation Date, we have discounted the free cash flows of NRSS using the WACC of 8.12% to arrive at the operating EV by aggregating the present value of cash flows for explicit period and terminal period at INR 41,626 Mn (Refer Appendix II)

9. Valuation Conclusion

9.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

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

9.3. Based on the above analysis the operating EV as on the Valuation Date of the SPV is INR 41,626 Mn (Appendix II).

9.4. The fair operating Enterprise Value of the SPV is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.

9.5. 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.

9.6. Accordingly, we have conducted sensitivity analysis on the following model inputs:

| WACC | Decrease by 0.50% | Fair Value | Increase by 0.50% |
|--------------------------|-------------------|------------|-------------------|
| Implied WACC | 7.62% | 8.12% | 8.62% |
| Operating EV (in INR Mn) | 43,626 | 41,626 | 39,821 |
| Total Expenses | Decrease by 20% | Fair Value | Increase by 20% |
| Operating EV (in INR Mn) | 42,201 | 41,626 | 41,082 |



10. Additional Procedures to be complied with in accordance with InvIT regulations

Scope of Work

10.1. The Schedule V of the SEBI InvIT Regulations prescribes the minimum set of mandatory disclosures to be made in the valuation report. In this reference, the minimum disclosures in valuation report may include following information as well, so as to provide the investors with the adequate information about the valuation and other aspects of the underlying assets of the InvIT. The additional set of disclosures, as prescribed under Schedule V of InvIT Regulations, to be made in the valuation report of NRSS are as follows:

- List of one-time sanctions/approvals which are obtained or pending;
- List of up to date/overdue periodic clearances;
- Statement of assets included;
- Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;
- Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;
- On-going and closed material litigations including tax disputes in relation to the assets, if any;
- Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

Limitations

- 10.2. This Report is based on the information provided by the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to us. We have not verified the information independently with any other external source.
- 10.3. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as original, and the conformity of the copies or extracts submitted to us with that of the original documents.
- 10.4. We have assumed that the documents submitted to us by the Investment Manager in connection with any particular issue are the only documents related to such issue.
- 10.5. We have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and we do not express any opinion as to the legal or technical implications of the same.
- 10.6. Analysis of Additional Set of Disclosures for NRSS

A. List of one-time sanctions/approvals which are obtained or pending. [To be Confirmed]

As informed by the Investment Manager, there have been no additional sanctions/ approvals obtained by NRSS between the period 1st January 2019 to 31st March 2019. Further, we were informed that there were no applications for which approval is pending. The list of sanctions/ approvals obtained by the Company as on 31st March 2019 is provided in Appendix III.



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

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

C. Statement of assets included;

As at 31st March 2019, details of the asset of the SPV are as follows:

| Asset Type | Gross Block | Depreciation | Net Block | INR Million |
|--------------------|-----------------|--------------|-----------------|------------------------|
| | | | | % of asset depreciated |
| Transmission Lines | 28,070.0 | 690.9 | 27,379.1 | 2% |
| Other Assets | 12.2 | 5.8 | 6.4 | 47% |
| TOTAL | 28,082.2 | 696.7 | 27,385.5 | |

Source: Provisional Financials of 31st March 2019

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

We noted in the provisional financial statements that NRSS has incurred INR 26.55 million during the year ended 31st March 2019 for the maintenance charges of Transmission Lines. Based on the confirmation provided by Investment Manager we expect an increase of c.4.08% per annum in the cost of operation and maintenance expenses to be incurred in the future period.

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

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

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

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

As informed by the Investment Manager, the status of ongoing litigations above INR 0.5 million is updated in Appendix IV. Investment Manager has informed us that it expects majority of the cases to be settled in favour of NRSS and accordingly no outflow is expected against the litigations.

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

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

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Appendix I – Weighted Average Cost of Capital (WACC)

| Particulars | % | Remarks |
|---------------------------|--------------|---|
| Market Return | 15.00% | Market Return has been considered based on the long term average returns earned by an equity investor in India. |
| Risk Free Rate | 7.43% | Risk Free Rate has been considered based on zero coupon yield curve as at 29th March 2019 of Government Securities having maturity period of 10 years, as quoted on CCIL's website. |
| Market Risk Premium | 7.57% | Market Premium = Market Return – Risk Free Rate |
| Beta (relevered) | 0.63 | Beta has been considered based on the beta of companies |
| Cost of Equity | 12.24% | $K_e = R_f + \beta \times (R_m - R_f) + \text{CSRP}$ |
| Pre-tax Cost of Debt | 8.92% | As represented by the Investment Manager |
| Effective tax rate of SPV | 28.73% | Average tax rate for the life of the project has been considered |
| Post-tax Cost of Debt | 6.36% | Effective cost of debt. $K_d = \text{Pre tax } K_d \times (1 - \text{Effective Tax Rate})$ |
| Debt/(Debt+Equity) | 70.00% | The debt – equity ratio computed as $[D/(D+E)]$ is considered as 70% as per industry standard. |
| WACC | 8.12% | $WACC = [K_e \times (1 - D/(D+E))] + [K_d \times (1 - t) \times (D/(D+E))]$ |



Appendix II – Valuation of NRSS as on 31st March 2019

| WACC | | 8.12% | | | | | | | | |
|---|---------|--------|---------------|-------|----------------|----------|-------|---------------------|--------------------|------------------|
| | | | | | | | | | | INR Mn |
| FY | Revenue | EBITDA | EBITDA Margin | Capex | Changes in NCA | Taxation | FCFF | Cash Accrual Factor | Discounting Factor | PV of Cash Flows |
| FY20 | 5,021 | 4,838 | 96% | - | 84 | 878 | 3,876 | 0.50 | 0.96 | 3,727 |
| FY21 | 5,020 | 4,830 | 96% | - | 0 | 877 | 3,954 | 1.50 | 0.89 | 3,517 |
| FY22 | 5,020 | 4,822 | 96% | - | (1) | 875 | 3,948 | 2.50 | 0.82 | 3,248 |
| FY23 | 5,019 | 4,813 | 96% | - | (1) | 873 | 3,941 | 3.50 | 0.76 | 2,999 |
| FY24 | 5,018 | 4,804 | 96% | - | (2) | 871 | 3,935 | 4.50 | 0.70 | 2,769 |
| FY25 | 5,017 | 4,795 | 96% | - | (0) | 869 | 3,928 | 5.50 | 0.65 | 2,555 |
| FY26 | 5,017 | 4,785 | 95% | - | (1) | 867 | 3,919 | 6.50 | 0.60 | 2,359 |
| FY27 | 5,016 | 4,774 | 95% | - | (1) | 865 | 3,911 | 7.50 | 0.56 | 2,177 |
| FY28 | 5,015 | 4,764 | 95% | - | (2) | 862 | 3,903 | 8.50 | 0.51 | 2,010 |
| FY29 | 5,014 | 4,752 | 95% | - | (0) | 860 | 3,893 | 9.50 | 0.48 | 1,854 |
| FY30 | 5,012 | 4,740 | 95% | - | (1) | 857 | 3,884 | 10.50 | 0.44 | 1,711 |
| FY31 | 4,684 | 4,401 | 94% | - | (82) | 784 | 3,898 | 11.50 | 0.41 | 1,507 |
| FY32 | 4,682 | 4,388 | 94% | - | (2) | 781 | 3,808 | 12.50 | 0.38 | 1,360 |
| FY33 | 3,527 | 3,220 | 91% | - | (285) | 530 | 2,976 | 13.50 | 0.35 | 1,037 |
| FY34 | 3,525 | 3,206 | 91% | - | (1) | 527 | 2,881 | 14.50 | 0.32 | 864 |
| FY35 | 3,523 | 3,191 | 91% | - | (2) | 545 | 2,647 | 15.50 | 0.30 | 789 |
| FY36 | 3,521 | 3,175 | 90% | - | (2) | 1,040 | 2,137 | 16.50 | 0.28 | 589 |
| FY37 | 3,518 | 3,159 | 90% | - | (1) | 1,045 | 2,115 | 17.50 | 0.26 | 539 |
| FY38 | 3,516 | 3,141 | 89% | - | (2) | 1,048 | 2,095 | 18.50 | 0.24 | 494 |
| FY39 | 3,513 | 3,123 | 89% | - | (2) | 1,049 | 2,076 | 19.50 | 0.22 | 453 |
| FY40 | 3,510 | 3,105 | 88% | - | (3) | 1,049 | 2,058 | 20.50 | 0.20 | 415 |
| FY41 | 3,507 | 3,085 | 88% | - | (2) | 1,047 | 2,039 | 21.50 | 0.19 | 381 |
| FY42 | 3,503 | 3,064 | 87% | - | (2) | 1,045 | 2,022 | 22.50 | 0.17 | 349 |
| FY43 | 3,499 | 3,042 | 87% | - | (2) | 1,041 | 2,004 | 23.50 | 0.16 | 320 |
| FY44 | 3,495 | 3,019 | 86% | - | (3) | 1,038 | 1,986 | 24.50 | 0.15 | 293 |
| FY45 | 3,491 | 2,995 | 86% | - | (2) | 1,031 | 1,967 | 25.50 | 0.14 | 269 |
| FY46 | 3,486 | 2,970 | 85% | - | (3) | 1,024 | 1,949 | 26.50 | 0.13 | 246 |
| FY47 | 3,480 | 2,944 | 85% | - | (3) | 1,017 | 1,930 | 27.50 | 0.12 | 225 |
| FY48 | 3,475 | 2,916 | 84% | - | (4) | 1,009 | 1,911 | 28.50 | 0.11 | 206 |
| FY49 | 3,468 | 2,887 | 83% | - | (3) | 1,001 | 1,890 | 29.50 | 0.10 | 189 |
| FY50 | 3,461 | 2,857 | 83% | - | (4) | 991 | 1,869 | 30.50 | 0.09 | 173 |
| FY51 | 3,454 | 2,825 | 82% | - | (4) | 981 | 1,847 | 31.50 | 0.09 | 158 |
| FY52 | 3,446 | 2,791 | 81% | - | (5) | 970 | 1,825 | 32.50 | 0.08 | 144 |
| FY53 | 3,437 | 2,762 | 80% | - | (3) | 961 | 1,805 | 33.50 | 0.07 | 132 |
| FY54* | 1,447 | 1,153 | 80% | - | (4) | 399 | 757 | 34.21 | 0.07 | 52 |
| TV | 3,430 | 2,733 | 80% | - | - | 955 | 1,778 | 34.21 | 0.07 | 123 |
| Present Value of Explicit Period Cash Flows | | | | | | | | | | 40,111 |
| Present Value of Terminal Year Cash Flow | | | | | | | | | | 1,515 |
| Operating Enterprise Value | | | | | | | | | | 41,626 |

* for the period ended 1st September 2053



Appendix III – Summary of Approvals & Licenses (1/4)

| Sr. No. | Approvals | Date of issue | Validity (in years) | Issuing Authority |
|---------|---|---------------|---------------------|--|
| 1 | Company Related Registrations | | | |
| | Certificate of Incorporation | 25-07-2013 | Valid | Registrar of Companies |
| | Certificate for Commencement of Business | 18-10-2013 | Valid | Registrar of Companies |
| | Transmission License | 14-11-2014 | 25 | Central Electricity Regulatory Commission |
| 2 | Power Line Clearance (Crossing Proposal) | | | |
| | 400 KV S/C Jalandhar-Amritsar, 400 KV DVC Jalandhar - Moga LILO, 400 KV DVC Chamra - Jalandhar LILO, 400 KV DVC Chamra - Jalandhar, 800 KV S/C Krishnagar - Moga ckt-11, 400 KV DVC banala - Amritsar Transmission Lines by proposed 400 KV DVC Jalandhar - Samba Line. | 04-06-2015 | Valid | Power Grid Corporation Of India Ltd |
| | Overhead crossing of 800 KV KIMTL-I by 400KV Jalandhar-Samba TL. | 06-07-2015 | Valid | Power Grid Corporation Of India Ltd |
| | Underneath crossing of 400KV DVC Jalandhar - Samba Line with existing 400 KV DVC Kurushetra - Jalandhar | 25-07-2015 | Valid | Power Grid Corporation Of India Ltd |
| | 400 KV power line over 132 KV DVC Pattan Magam & 220 KV Zainakote - Amargrah Transmission Line | 08-05-2017 | Valid | J&K Power Development Department |
| | 400 KV, DVC Transmission Line between location No. 39 & 40 of 132 KV - Basm Jounian Transmission Line | 17-02-2016 | Valid | Power Development Department (Jammu & Kashmir) |
| | Electrical clearance between span 179-180 existing line of 220KV DVC Bishmah - Hiranagar Transmission Line | 11-03-2016 | Valid | Power Development Department (Jammu & Kashmir) |
| | 400KV DVC Jalandhar-samba-Amargrah Transmission Line | 15-01-2016 | Valid | Power Development Department (Jammu & Kashmir) |
| | 400KV DVC Samba-Amargrah Transmission Line | 10-02-2016 | Valid | Power Development Department (Jammu & Kashmir) |
| | Overhead power line crossing of 400 KV S/C UH-11-Waapora TL by 400 KV Samba - Amargrah TL | 04-04-2017 | Valid | Power Grid Corporation Of India Ltd |
| 3 | Transmission Service Agreement | | | |
| | Transmission Service Agreement between NRSS & Long Term Transmission Customers | 02-01-2014 | 35 | Central Electricity Regulatory Commission |
| | Transmission Service Agreement between NRSS & Power Grid Corporation of India Ltd | 22-12-2015 | Valid | Central Electricity Regulatory Commission |

Source: Investment Manager



Appendix III – Summary of Approvals & Licenses (2/4)

| Sr. No. | Approvals | Date of Issue | Validity (in years) | Issuing Authority |
|---------|--|--|--|---|
| 4 | River Crossing 400 KV Double circuit Jalandhar-Samba Transmission Line | 11-05-2015 | Valid | Executive Engineer, Gurdaspur Division A.B.D.N |
| 5 | Forest Clearance 400 KV D/C Samba-Amargarh Transmission Line passing through Kathau, Jammu, Retai, Nowshera, Rajpout, Poonch, shopian & Pir-panjal Forest Divisions 400 KV substation Jalandhar to Samba under Forest division and Districts Gurdaspur, Jalandhar and Pathankot, Punjab. | 16-09-2015 28-09-2015 | Valid Valid | Department of Forest, Environment & Ecology Department of Forest, Environment & Ecology |
| 6 | Railway Clearance 400 KV electric overhead transmission crossing line between Telegraph post No. 5819 and telegraph post No. 5910 and between Ghagwal and Samba Railway station on PKT-JAT section. 400 KV electric overhead transmission crossing line between Telegraph post No. 7618-B and telegraph post No. 7619 and between Gurdaspur and Dhanagar Railway station on AST-PKT section. 400 KV electric overhead transmission crossing line between KM No. 6000 and KM No. 6011 and between Ghagwal and Samba Railway station on PKT-JAT section. | 25-02-2016 25-02-2016 06-05-2016 | Valid Valid Valid | Northern Railways Northern Railways Northern Railways |
| 7 | Aviation/Defence Clearance NOC for 400KV D/C Jalandhar - Samba Transmission Line Application for NOC for 400kv D/C L.L.O of Uri-Wagora Transmission Line NOC for 400kv D/C L.L.O of Uri-Wagora Transmission Line NOC for construction of 400KV D/C Samba to Amargarh Transmission line NOC of height clearance for construction of 400KV D/C Jalandhar to Samba Transmission line | 22-02-2016 08-01-2018 15-02-2016 | Valid In process In process 7 | Air Force Station Adampur Airport Authority of India Group Captain, Defence Airport Authority of India |

Source: Investment Manager



Appendix III – Summary of Approvals & Licenses (3/4)

| Sr. No. | Approvals | Date of Issue | Validity (in years) | Issuing Authority |
|---------|--|--|---|---|
| 8 | Road Crossing NOC for crossing proposal of NH-15 at Km. 26.168 for laying of 400KV DVC Jalandhar-Samba Transmission Line NOC for crossing proposal of NH-01 at Km. 394+440 for laying of 400KV DVC Jalandhar-Samba Transmission Line NOC for crossing proposal of NH-01 at Km. 395+204 for laying of 400KV DVC Jalandhar-Samba Transmission Line Road crossing proposal 400KV DVC Line near Karhama | 20-02-2016 20-02-2016 20-02-2016 | Valid Valid Valid | Ministry of Road Transport and Highways Ministry of Road Transport and Highways Ministry of Road Transport and Highways |
| | NOC for road crossing proposal 400KV DVC line near Karhama. Crossing of Transmission Line over Jammu - RS Pura Road | 14-02-2017 27-05-2017 | Valid Valid | Office of the Suprintending Engineer, PWD (R&B) Circle Baramulla/ Kupwara Office of Chief Engineer PW (R&B) Department, KMR Office of Chief Engineer PW (R&B) Department, Jammu |
| 9 | Power Telecommunication Coordination Committee ("PTCC") Clearances 400 KV DVC Jalandhar-Samba Transmission Line 400 KV DVC LILo- URI-wagora Line 400 KV DVC Samba Amargraha Transmission Line 400 KV DVC Jalandhar-Samba Transmission Line LILo of both circuit of Uri-Wagora 400 KV DVC Line at Amargraha Substation. | 12-02-2018 23-03-2018 03-11-2016 14-02-2017 04-10-2018 | Valid Valid Valid Valid Valid | PTCC, Government of India PTCC, Government of India PTCC, Government of India PTCC, Government of India PTCC, Government of India |
| 10 | Energisation Clearances Approval under regulation 43 of CEA Regulations 2010 for energisation 400/220 kv GIS Sub Station. Approval under regulation 43 of CEA Regulations 2010 for energisation 400KV DVC Jalandhar-Samba Line. Approval under regulation 43 of CEA Regulations 2010 for energisation LILo of both circuits of Uri-Wagora 400 kv DVC line at 400/220 kv GIS at Amargraha, Srinagar. Approval under regulation 43 of CEA Regulations 2010 for energisation 400KV DVC Samba-Amargraha Line. | 09-03-2018 17-06-2016 09-03-2018 20-08-2016 | 2 2 2 2 | Central Electricity Authority Central Electricity Authority Central Electricity Authority Central Electricity Authority |

Source: Investment Manager



Appendix III – Summary of Approvals & Licenses (4/4)

| Sr. No. | Approvals | Date of Issue | Validity (in years) | Issuing Authority |
|---------|--|---|--|---|
| 11 | <p>Approval under Electricity Act, 2003</p> <p>Approval from GOI under section 164 of Electricity Act, 2003</p> <p>Approval u/s 68 of the Electricity Act, 2003 for laying overhead transmission line.</p> <p>Approval from CERC under section 17(3)</p> | <p>17-09-2015</p> <p>19-09-2013</p> <p>08-01-2016</p> | <p>25</p> <p>Valid</p> <p>Valid</p> | <p>Central Electricity Authority</p> <p>Ministry of Power</p> <p>Central Electricity Regulatory Commission</p> |
| 12 | <p>Approval for adoption of Tariff</p> <p>Approval for adoption of Tariff</p> <p>Revised approval for adoption of Tariff</p> | <p>10-12-2014</p> <p>12-06-2017</p> | <p>Valid</p> <p>Valid</p> | <p>Central Electricity Regulatory Commission</p> <p>Central Electricity Regulatory Commission</p> |
| 13 | <p>Trial run certificate</p> <p>400 KV Jalandhar-Samba lines I & II (Interim Charging)</p> <p>400 KV Jalandhar-Samba lines I & II</p> <p>400/220 KV, 315 MVA-1 (3X105 MVA) along with associated 400 KV bay 403(main) & 220 KV bay no 203 at Amargarth,</p> <p>400/220 KV, 315 MVA-2 (3X105 MVA) along with associated 400 KV bay 405(main) & 220 KV bay no 208 at Amargarth.</p> <p>220 KV bay no 202 at Zainkote-Amargarth at Amargarth,</p> <p>220 KV bay no 206 at Deline-Amargarth at Amargarth.</p> | <p>02-06-2016</p> <p>28-12-2016</p> <p>20-03-2018</p> | <p>Valid</p> <p>Valid</p> <p>Valid</p> | <p>Power System Operation Corporation Limited</p> <p>Power System Operation Corporation Limited</p> <p>Power System Operation Corporation Limited</p> |
| | <p>400 KV, 3-Ph MVAR Bus Reactor-1 along with associated 400 KV bay 415(main)& 414(tie) at Amargarth.</p> <p>400 KV, 3-Ph 63 MVAR Bus Reactor-2 at Amargarth.</p> <p>400 KV Ur1(NHPC)-Amargarth-1 and associated bays 410(main) & 411(tie) at Amargarth,</p> <p>400 KV Amargarth-Wagooora(PG)-1 and associated bays 409(main) & 408(tie) at Amargarth.</p> | <p>04-07-2018</p> <p>22-05-2018</p> | <p>Valid</p> <p>Valid</p> | <p>Power System Operation Corporation Limited</p> <p>Power System Operation Corporation Limited</p> |
| | <p>400 KV Amargarth-Samba (PG)-1 along with 50 MVAR Non-switchable line reactors at Amargarth end and associated bays 401(main) & 402(tie) at Amargarth end.</p> | <p>20-08-2018</p> | <p>Valid</p> | <p>Power System Operation Corporation Limited</p> |

Source: Investment Manager



Appendix IV – Summary of Ongoing Litigations (1/2)

| Matter | Pending Before | Details of the case | Amount Involved (INR Million) | Amount Deposited (INR Million) |
|--|--|--|----------------------------------|-----------------------------------|
| Appeal against the suit and order restraining erection of towers | Court of the Ld. Sub Judge, Rajouri | <p>Background of the case: Shabir Ahmed had filed a suit for restraining the Secretary PDD (J&K) & others (Defendants) from installing the Electric towers. Interim order was passed. The defendants have filed the preliminary objections against which the plaintiff has replied.</p> <p>Current Status: The Matter was disposed off from the Court of Sub Judge, Rajouri on 24 October 2017. Appeal has been filed in the court of Ld. District Judge by the petitioner but no stay order passed in favour of appellant. Court has appointed PDD as commissioner to furnish report pertaining to height of conductor. Commissioner report is awaited.</p> | 0.5 | |
| Suit for compensation | Honourable Court of District Judge at Budgam | <p>Background of the case: Ghulam Mohammad Lane (Plaintiff) filed the plaint on the ground that MRSS without adopting due course of law, plaintiff without his consent and without acquiring the land under the Land Acquisition Act, is trying to construct the tower on his land which he owns jointly with his brothers and sisters equally. Plaintiff is claiming that compensation is being released only in name of one of his brothers and not in his name however, his name also appears in the revenue record. Written submissions were filed on 6 June 2017.</p> <p>INR 0.64 million has already been deposited as per the decided rate under the PNC sheet. There is no further implication expected by MRSS.</p> <p>Current Status: Appearance caused on 6 June 2017. No stay order passed by the court. Fresh summons are issued to defendants. Next date of hearing was 16 April 2019.</p> | 0.64 | 0.64 |
| Suit for restraining order and compensation | High Court of J&K at Srinagar | <p>Background of the case: Ghulam Mohammad Lane (Petitioner) along with several others filed a writ petition in the High Court of Srinagar claiming that the entire process of land acquisition for installation of towers and laying of transmission lines by the respondents is illegal and that the land of the petitioners has lost its commercial value due to construction of the transmission lines. The petitioners have prayed the Court to direct respondents to pay fair compensation to the petitioners, settle and rehabilitate the petitioners and bring the petitioners and their family members under insurance cover.</p> <p>Current Status: Writ petition has been filed. Pending to be listed.</p> | 1.2* | |

Source: Investment Manager



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

| Matter | Pending Before | Details of the case | Amount Involved (INR Million) | Amount Deposited (INR Million) |
|--|---|---|----------------------------------|-----------------------------------|
| Damage due to Acquisition of agricultural land, | High Court of Jammu & Kashmir | <p>Background of the case: Abdul Majid (Petitioner) is the owner of the land has filed the suit for forcible and unlawful acquisition of his agricultural land. He demands to find out alternative non-agricultural and non cultivated land for the construction of tower.</p> <p>Current Status: Out of court settlement has reached with the owner and work has started over the location. They will be filing the reply to this effect before the court. The matter was listed for hearing on 3 February 2017 but did not come for hearing and was adjourned. The matter is to be listed for further hearing.</p> | 1* | 0.55 |
| Suit for compensation | Sub-Judge, Soprian | <p>Background of the case: Owner is claiming that his land is coming in between the corridor at village Watied and no compensation has been given to him. Further, ground clearance of transmission line is not enough.</p> <p>Current Status: Written Statements filed. Pending for report of commissioner - PDD. No stay order as on date. The matter is currently pending</p> | 1* | |
| Damage due to Acquisition of forest land and suit for compensation | Jammu & Kashmir Human Rights Commission, Srinagar | <p>Background of the case: The complainant has alleged that 40,000 forest trees and other fruit and non fruit bearing trees have been cut in last two years. people have been put to several health hazards. People living near to line have not been compensated adequately and have been put to risk of several health issues. he has also given one list of people who have not been compensated property. In his prayer, he is asking for status report from different departments, especially, forest dept and why FAC is giving directions for cutting of trees every year. People nearer to line must be compensated adequately and rehabilitated at some other places.</p> <p>Current Status: Reply filed. Matter adjourned to 22 March 2019.</p> | 1* | 2.5* |
| TDS Default | Income Tax Authority | As per the screenshot provided from the TRACES (tdscpc.gov.in) website, an amount of INR 0.6 million is outstanding as TDS Default for FY 18-19. | | 0.6 |

Source: Investment Manager

* As per the estimates provided by the Investment Manager

Note: There were 14 cases which were below materiality level of INR 0.5 million as per the Investment Manager, hence not included in the above summary



Strictly Private and Confidential

HARIBHAKTI & CO. LLP

Chartered Accountants

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

SPV: Odisha Generation Phase – II Transmission Limited (“OGPTL”)

Valuation Date: 31st March 2019



Date: 27th April 2019

CFAS/2019-20/8

Sterlite Investment Managers Limited

Maker Maxity, 5th North Avenue,
Level 5, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051.

India Grid Trust

(Axis Trustee Services Limited acting on behalf of the Trust)

F-1, Mira Corporate Suits,
1&2, Mathura Road, Ishwar Nagar,
New Delhi – 110065.

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

Dear Sirs/Madams,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), have been appointed vide letter dated 21st September 2018, as an independent valuer, as defined under the SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager for India Grid Trust ("the Trust") and Axis Trustee Services Limited ("the Trustee") acting as the trustee for the Trust mentioned above, for the purpose of the financial valuation of the Special Purpose Vehicle – Odisha Generation Phase - II Transmission Limited ("OGPTL" or "the SPV") of Sterlite Power Grid Ventures Limited ("SPGVL" or "the Sponsor"). The SPV to be valued is proposed to be acquired by the Trust, SIML is acting as the investment manager and SPGVL as the sponsor to the Trust within the meaning of the SEBI InvIT Regulations.

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

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



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

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

Please note that all comments in our Report must be read in conjunction with the caveats to the Report, which are contained in Section 2 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.

We draw your attention to the limitation of liability clauses in Section 2 of the Report.

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

Yours faithfully,

For **Haribhakti & Co. LLP,**

Chartered Accountants

Firm Registration Number: 103523W



S. Sundararaman

Partner

Membership No. 028423

Place: Chennai

Encl: As above

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Definition, abbreviation & glossary of terms

| Abbreviations | Meaning |
|----------------------------|---|
| BDTCL | Bhopal Dhule Transmission Company Limited |
| BOOM | Build-Own-Operate-Maintain |
| Capex | Capital Expenditure |
| CCIL | Clearing Corporation of India Limited |
| CERC | Central Electricity Regulatory Commission |
| Ckms | Circuit Kilometres |
| COD | Commercial Operation Date |
| DCF | Discounted Cash Flow |
| EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortisation |
| EV | Enterprise Value |
| FCFF | Free Cash Flow to the Firm |
| FY | Financial Year Ended 31 st March |
| FYP | Five year Plan |
| H&Co. or We | Haribhakti & Co. LLP, Chartered Accountants |
| INR | Indian Rupees |
| ISTS | Inter State Transmission System |
| IVS | Indian Valuation Standards, 2018 |
| JTCL | Jabalpur Transmission Company Limited |
| KV | Kilo Volts |
| LTTCs | Long Term Transmission Customers |
| Mn | Million |
| NAV | Net Asset Value Method |
| NCA | Net Current Assets Excluding Cash and Bank Balances |
| O&M | Operation & Maintenance |
| OGPTL or the SPV | Odisha Generation Phase – II Transmission Limited |
| PGCIL | Power Grid Corporation of India Limited |
| PKTCL | Purulia & Kharagpur Transmission Company Limited |
| PTCL | Patran Transmission Company Limited |
| RTCL | RAPP Transmission Company Limited |
| SEBI | Securities and Exchange Board of India |
| SEBI InvIT Regulations | SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended |
| SGL 3 | Sterlite Grid 3 Limited |
| SIML or Investment Manager | Sterlite Investment Managers Limited |
| SPGVL or the Sponsor | Sterlite Power Grid Ventures Limited |
| SPV | Special Purpose Vehicle |
| T&D | Transmission & Distribution |
| the Trust or InvIT | India Grid Trust |
| the Trustee | Axis Trustee Services Limited |
| TSA | Transmission Service Agreement |
| WACC | Weighted Average Cost of Capital |



1. Background

The Sponsor

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

The Infrastructure Investment Trust

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

Investment Manager

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

Target Financial Asset to be Valued

- 1.4. Odisha Generation Phase – II Transmission Limited ("OGPTL" or "the SPV") is engaged in the business of installation and operation of transmission lines on a Build-Own-Operate and Maintain ("BOOM") basis. The asset is owned 100% by SGL 3, the wholly owned subsidiary of the Sponsor.
- 1.5. OGPTL is incorporated for providing grid connectivity for Common Transmission System for Phase – II Generation projects in Odisha and Immediate Evacuation System for Odisha Power Generation Corporation (OPGC). The 400 kV D/C transmission line of approximately 51 kms from OPGC to Jharsuguda was commissioned in August 2017 and 765 kV D/C transmission line of approximately 304 kms from Jharsuguda to Raipur by April 2019. The SPV would operate and maintain these for a minimum tenure of 35 years.

Proposed Transaction

- 1.6. We understand that the Trust is proposing to acquire Odisha Generation Phase – II Transmission Limited from the Sponsor.

Purpose of Valuation

- 1.7. 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 SPVs, for publicly offered InvITs, a full valuation of the specific project shall be undertaken.
- 1.8. In terms of Regulation 2(1)(zv) of the SEBI InvIT Regulations, Related Party shall be as defined as under the Companies Act, 2013 or under the applicable accounting standards and shall also include: (i) Parties to InvIT; and (ii) Promoters, directors, and partners of the Parties to InvIT. Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being Indian Accounting Standard ("Ind AS") 24 on "Related Party Disclosures". As per Regulation 2(1)(zk), "Parties to the InvIT" shall include the sponsor(s), investment manager, project manager(s) and the trustee. Accordingly, the Proposed Transaction between the Trust and the Sponsor is a related party transaction.
- 1.9. In this regard, the Investment Manager has appointed us, H&Co. to undertake the fair operating enterprise valuation of OGPTL as per the SEBI InvIT Regulations as at 31st March 2019.

- 1.10. H&Co. declares that:
- 1.10.1. It is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
 - 1.10.2. It is independent and has prepared the Report on a fair and unbiased basis;
 - 1.10.3. It has valued the SPV based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 1.11. This Report covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

Scope of Valuation

1.12. **Nature of the Asset to be Valued**

We have been mandated by the Investment Manager to arrive only at the operating EV of the SPV. 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.

1.13. **Valuation Base**

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

Fair Value

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

1.14. **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 operating enterprise valuation of the SPV is 31st March 2019 ("Valuation Date"). The attached Report is drawn up by reference to accounting and financial information as on 31st March 2019. We are not aware of any other events having occurred since 31st March 2019 till date of this Report which we deem to be significant for our valuation analysis.

1.15. **Premise of Value**

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, we have determined the fair operating 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.



2. Exclusions and Limitations

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



- 2.10. This Report is based on the information received from the sources mentioned in para 3 and discussions with the Investment Manager. We have assumed that no information has been withheld that could have influenced the purpose of our report.
- 2.11. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. We have arrived at an indicative operating EV based on our analysis. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.
- 2.12. Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.
- 2.13. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 2.14. We do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- 2.15. Our conclusion assumes that the assets and liabilities of the SPV, reflected in their respective latest balance sheets remain intact as of the Report date.
- 2.16. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither ourselves, nor any of our partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. We are not liable to any third party in relation to the issue of this Report.
- 2.17. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we 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.
- 2.18. For the present valuation exercise, we have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 2.19. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us from the Investment Manager, as laid out in the engagement letter, for such valuation work.
- 2.20. In rendering this Report, we have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 2.21. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.



- 2.22. We are not advisors 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.
- 2.23. We have no present or planned future interest in the Trustee, Investment Manager or the SPV and the fee for this Report is not contingent upon the values reported herein. Our valuation analysis should not be construed as investment advice; specifically, we 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.
- 2.24. We have submitted the draft valuation report to the Investment Manager for confirmation of accuracy of factual data used in our analysis and to prevent any error or inaccuracy in the final valuation report.

2.25. Limitation of Liabilities

- 2.25.1. It is agreed that, having regard to the H&Co.'s interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of the H&Co.'s personnel personally.
- 2.25.2. In no circumstances H&Co. 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 H&Co. the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by H&Co. should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable.
- 2.25.3. It is clarified that the SIML and Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 2.25.4. H&Co. will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by SIML or the Trustee.

3. Sources of Information

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

- 3.1. Audited financial statements of OGPTL for the Financial Year ("FY") ended 31st March 2018 and 31st March 2017;
- 3.2. Provisional Profit & Loss Account and Balance Sheet for the Financial Year ended 31st March 2019.
- 3.3. Projected Profit & Loss Account and Working Capital requirements of OGPTL from 1st April 2019 to 5th April 2054.
- 3.4. Details of brought forward losses (as per Income Tax Act, 1961) as at 31st March 2019;



- 3.5. Details of Written Down Value (as per Income Tax Act, 1961) of assets as at 31st March 2019;
- 3.6. Details of projected Repairs and Capital Expenditure ("Capex") as represented by the Investment Manager.
- 3.7. As on 31st March 2019, SPGVL holds 100% equity stake in OGPTL through Sterlite Grid Limited 3 ("SGL3"). As represented to us by the Investment Manager, there are no changes in the shareholding pattern from 31st March 2019 to the date of issuance of this Report.
- 3.8. Transmission Service Agreement ("TSA") of OGPTL dated 20th November 2015 with Long Term Transmission Customers ("LTTCS") and Tariff adoption order dated 31st May 2016 issued by Central Electricity Regulatory Commission, New Delhi ("CERC").
- 3.9. Physical inspection of the SPV was conducted on 28th December 2018.
- 3.10. Draft Technical Due Diligence Report specific to OGPTL, have been noted by us. We have relied only upon the technical life of transmission lines of OGPTL and historical operational availability of assets set forth in the technical report.
- 3.11. Management Representation Letter by Investment Manager dated 26th April 2019.

4. Procedures adopted for current valuation exercise

- 4.1. We have performed the valuation analysis, to the extent applicable, in accordance with Indian Valuation Standards, 2018 ("IVS") issued by the Institute of Chartered Accountants of India read with sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 4.2. In connection with this analysis, we have adopted the following procedures to carry out the valuation analysis:
- 4.2.1. Requested and received financial and qualitative information relating to the SPV;
- 4.2.2. Obtained and analyzed data available in public domain, as considered relevant by us;
- 4.2.3. Discussions with the Investment Manager on:
- Understanding of 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;
- 4.2.4. Undertook industry analysis:
- Research publicly available market data including economic factors and industry trends that may impact the valuation
- 4.2.5. Analysis of other publicly available information
- 4.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by us.
- 4.2.7. Determination of fair operating EV of the SPV.

5. Overview of the InvIT and the SPV

The Trust

- 5.1. The Trust is registered with the SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2016 by SPGVL/ the Sponsor to own inter-state power transmission



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

- 5.2. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL") from its Sponsor on 30th May 2017. On 15th February 2018, the Trust acquired three additional revenue generating projects from its Sponsor, namely, Maheshwaram Transmission Limited ("MTL"), Purulia Kharagpur Transmission Company Limited ("PKTCL") and RAPP Transmission Limited ("RTCL"). Further, the Trust had signed definitive agreements on 19th February 2018 to acquire Patran Transmission Company Limited ("PTCL") from Techno Electric & Engineering Company Limited.
- 5.3. The Trust, pursuant to the 'Right of First Offer' deed has a 'right of first offer' to acquire eight projects of the Sponsor out of the same three are acquired and five can still be acquired pursuant to 'Right of First Offer'.

| Asset Name | Enterprise Value (INR Mn) | | | | | | Acquisition Value |
|------------|---------------------------|-----------|-----------|-----------|-----------|-----------|-------------------|
| | 30-Sep-18 | 31-Mar-18 | 30-Sep-17 | 31-Mar-17 | 31-Mar-16 | 31-Mar-15 | |
| BDTCL | 19,694 | 20,319 | 21,431 | 21,541 | 21,812 | 20,113 | 37,020* |
| JTCL | 14,937 | 15,431 | 15,988 | 16,125 | 19,407** | 14,295 | |
| MTL | 5,423 | 5,564 | 5,218 | NA | | | 4,697 |
| RTCL | 4,084 | 4,054 | 3,935 | NA | | | 3,542 |
| PKTCL | 6,481 | 6,618 | 6,512 | NA | | | 5,861 |
| PTCL | 2,401 | NA | | | | | 2,320 |

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

**For JTCL, the Investment Manager had previously projected the incremental revenue to be at 40% of the non escalable revenue charges during the valuation exercise of 31st March 2016, however the same was subsequently reduced to 9.8903% of non escalable charges during the valuation exercise of 31st March 2017 as per the CERC order dated 8th May 2017.

OGPTL or the SPV

- 5.4. Summary of details are as follows:

| Parameters | Details |
|--|--------------------------------|
| Project Cost | INR 12,200 Mn |
| Total Length | 710 ckms/355 kms |
| TSA Agreement | 20 th November 2015 |
| Scheduled COD as per TSA | 08 th August 2019 |
| Project COD as represented by Management | |
| Line I - Jharsuguda to Raipur | 6 th April 2019 |
| Line II - OPGC to Raipur | 30 th August 2017 |
| Expiry Date | 35 years from Project COD |
| Line I - Jharsuguda to Raipur | 5 th April 2054 |
| Line II - OPGC to Raipur | 29 th August 2052 |
| Shareholding as on 31 st March 2019 | 100% by SPGVL through SGL3 |

Source: Investment Manager

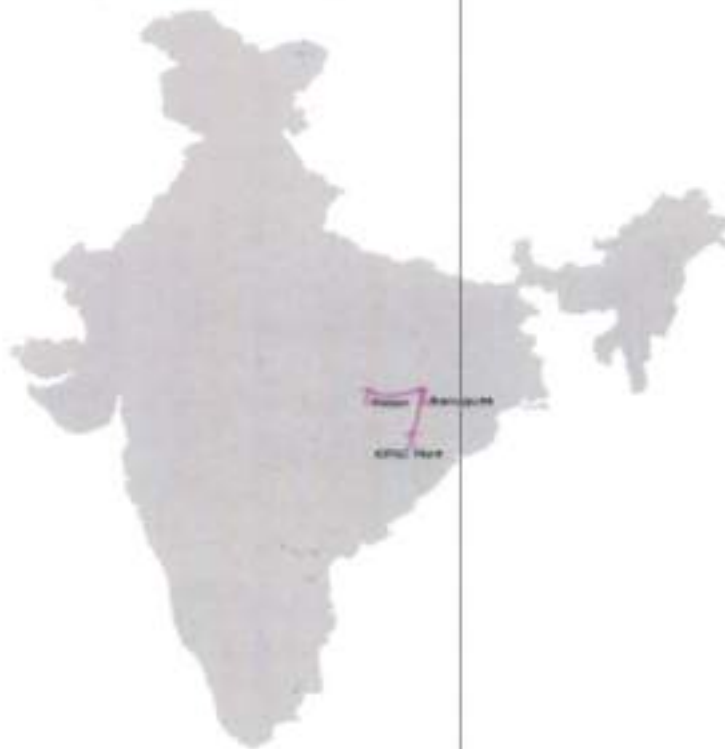


- 5.5. The OGPTL project was awarded to SGL 3 by the Ministry of Power on 19th January 2011 for a 35 years period from the scheduled commercial operation date on a BOOM basis.
- 5.6. The OGPTL project is a part of Common Transmission System for Phase – II Generation Projects and Immediate Evacuation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

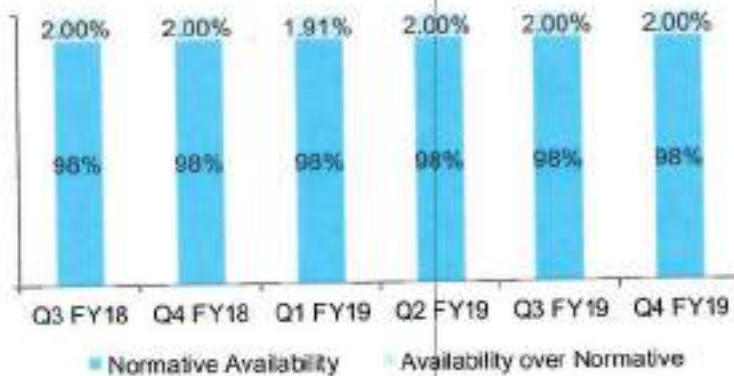
| Transmission Line / Sub-Station | Location | Route Length (kms) | Specifications | Commission Date | Contribution to Total Tariff |
|---------------------------------|----------|--------------------|----------------|------------------------------|------------------------------|
| Jharsuguda - Raipur | Odisha | 304 | 765 kV D/C | 6 th April 2019 | 94% |
| OPGC – Jharsuguda | Odisha | 51 | 400 kV D/C | 30 th August 2017 | 6% |

Source: Investment Manager

- 5.8. Following is the map showing area covered by the SPV (not drawn to scale).



5.9. **Operating Efficiency history of the SPV:**



Source: Investment Manager

5.10. **Pictures of the SPV:**



6. **Overview of the Industry**

6.1. **Introduction:**

- 6.1.1. India is the third largest producer and third largest consumer of electricity in the world, with the installed power capacity reaching 356.1 GW as of March 2019. The country also has the fifth largest installed capacity in the world.
- 6.1.2. Per capita electricity consumption in the country grew at a CAGR of 4.96 per cent during FY11-FY18, reaching 1,149 KWh in FY18.



6.2. Demand and Supply

- 6.2.1. Demand: India continues to be a power deficient country even after an increasing trend in demand in the past. It is expected that energy requirement will continue to grow at healthy CAGR of 7.5% to 8% over FY 17 to FY 21. The primary growth drivers for rapid expansion in India's energy demand include investments in industrial and infrastructure development, rising per capita energy consumption levels etc.
- 6.2.2. Supply: India has seen a robust growth in the installed power generation capacity in the past four years. The installed power generation capacity has grown at a CAGR of ~9.08% from ~243 GW in FY 14 to ~347.22 GW as of December 2018 (Source: IBEF).

India's economic outlook

- 6.2.3. According to World Bank, India has retained its position as the fastest-growing economy in the world in 2015, after overtaking China in the previous year. Based on its estimates, India will continue to occupy the top slot among major economies with a growth rate of 7.7% to 7.8% until 2019. India's growth rate is significantly higher than the world average of around 4% and is also higher than other developing economies, such as China, Brazil, Indonesia and sub-Saharan African nations.
- 6.2.4. Power is one of the key sectors attracting FDI inflows into India.
- 6.2.5. From April 2000 to June 2018, India recorded FDI of US\$ 6.8 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.
- 6.2.6. Cumulative FDI inflows into the sector from April 2000–December 2018 were US\$ 14.22 billion.
- 6.2.7. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014. The FDI inflow has doubled to \$ 44.8 billion in fiscal 2018 from \$ 22 billion in around 2014. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 58 in 2017-18 from 71 in 2014-15.

6.3. Power transmission network in India

- 6.3.1. The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the Transmission and Distribution ("T&D") system is a three-tier structure comprising distribution networks, state grids and regional grids.
- 6.3.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by Power Grid Corporation of India Limited ("PGCIL"), which facilitates the transfer of power from a surplus region to the ones with deficit.
- 6.3.3. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 4,07,569 Ckms in FY 11 to around 6,04,193 Ckms in FY 18.



- 6.3.4. As on January 2019 approx. 7.2% of total transmission network is owned by private players which show cases the need of more private sector participation in this space. India has been underinvested as far as transmission is concerned, however; recently government has been encouraging investments in transmission with approximately projects worth INR 30,000 crores being awarded in last 2 years.
- 6.3.5. PGCIL has spent around INR 0.9 trillion over 2013-16.
- 6.3.6. Of the total capacity-addition projects in transmission during the 12th FYP, about 42% can be attributed to the state sector. The share of private sector in transmission line and substation additions since the beginning of 12th FYP is 14% and 7%, respectively, as the majority of high-capacity, long-distance transmission projects were executed by PGCIL and state transmission utilities during this period.
- 6.3.7. In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-supply mismatches, upgradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.
- 6.3.8. Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, we expect transmission segments investments to increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period.

Source: CRISIL Opportunities in Power Transmission in India – March 2019 and IBEF report on Power sector in India- January 2019 and Central Electricity Authority Data as mentioned in PGCIL and Adani Transmission Limited Annual Report 2017-18.

7. Valuation Approach

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

7.4. Cost Approach

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



Net Asset Value ("NAV")

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

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

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

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

7.5. Market Approach

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

Comparable Companies Multiples ("CCM") Method

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

Comparable Transactions Multiples ("CTM") Method

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

Market Price Method

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

7.6. Income Approach

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



Discounted Cash Flow ("DCF") Method

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

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

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

7.7. Conclusion on Valuation Approach

It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPV. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPV, and other factors which generally influence the valuation of companies and their assets.

Accordingly, we have summarized the application of valuation method for the current valuation exercise as under:

Cost Approach

The existing book value of operating EV of the SPV comprising of its Net fixed assets, Capital work in progress and operating working capital (Trade receivable and Trade payable) is INR 12,189 Mn as at 31st March 2019.

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

Market Approach

The present valuation exercise is to undertake a fair operating EV of the SPV engaged in the power transmission business for a specific tenure. Further, the tariff revenue expenses are very specific to the SPV depending on the nature of their geographical location, stage of project, terms of profitability. In the absence of any exactly comparable listed companies with characteristics and



parameters similar to that of the SPV, we have not considered CCM method in the present case. In the absence of adequate details about the Comparable Transactions, we were unable to apply the CTM method. Currently, the equity shares of the SPV are not listed on any recognized stock exchange of India. Hence, we are unable to apply market price method.

Income Approach

The SPV is operating as BOOM model based project. The cash inflows of the projects are defined for 35 years under the TSA. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.

8. Valuation of the SPV

We have estimated the value of SPV using the DCF Method. While carrying out this engagement, we have relied extensively on the information made available to us by the Investment Manager. We have considered projected financial statement of the SPV as provided by the Investment Manager.

Valuation

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

Key Assumption

- 8.1.1. **Transmission Revenue:** The transmission revenue of the SPV comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA read with Tariff adoption order dated 31st May 2016.
- **Non Escalable Transmission Revenue:** The Non Escalable Transmission revenue remains fixed for the entire life of the project. We have corroborated the revenue considered in the financial projections with the respective TSA read with Tariff adoption order Dated 31st May 2016 and documents provided to us 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 Tariff adoption order dated 31st May 2016 and documents provided to us by the Investment Manager. The escalation is to mainly compensate for the inflation factor.
- 8.1.2. **Incentives:** As provided in the respective TSA, if the annual availability exceeds 98%, the SPV shall be entitled to an annual incentive as provided in TSA. Provided no incentives shall be payable above the availability of 99.75%. Based on the past track record of the asset and the general industry standard, the annual availability is estimated to above 98% where the SPV shall be entitled to the incentives as provided in the TSA.
- 8.1.3. **Penalty:** If the annual availability in a contract year falls below 95%, the SPV shall be liable for an annual penalty as provided in the TSA. Based on our analysis in Para 8.1.2 in the present case it is assumed that the annual availability will not fall below 95% and hence penalty is not considered in the financial projections.



- 8.1.4. **Expenses:** Expenses are estimated by the Investment Manager for the projected period based on the escalation rate as determined for the SPV. We have relied on the projections provided.
- **Operations & Maintenance ("O&M"):** O&M expenditure is estimated by the Investment Manager for the projected period based on the escalation rate as determined for the SPV. The Investment Manager has projected expenses to be incurred for the O&M of the SPV including, but not limited to, transmission line maintenance expenses, rates and taxes, legal and professional fees and other general and administration expenses. We have relied on the projections provided by Investment Manager on the operations and maintenance expenses for the projected period.
 - **Insurance Expenses:** We understand from the Investment Manager that the insurance expenses of the SPV will not escalate for the projected period. We have relied on the projections provided by the Investment Manager on the insurance expenses for the projected period.
- 8.1.5. **Depreciation:** The book depreciation has been provided by the Investment Manager. For calculating depreciation as per the Income Tax Act, 1961 for the projected period, we have considered depreciation rate as specified in the Income Tax Act, 1961 and WDV as provided by the Investment Manager.
- 8.1.6. **Capex:** As represented by the Investment Manager, the SPV is not expected to incur any Capex in the projected period.
- 8.1.7. **Tax Incentive:** The SPV is not eligible for tax holiday under section 80IA of the Income Tax Act, 1961 as represented by the Investment Manager.
- 8.1.8. **Working Capital:** The Investment Manager has envisaged the working capital requirement of the SPV for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade receivables and trade payables to the extent realizable as considered appropriate by the Investment Manager.

8.2. Impact of Ongoing Material Litigation on Valuation

- 8.2.1. As represented by Investment Manager, there are no ongoing material litigations that will affect the valuation exercise. In addition, we understand the litigations are likely to be an indemnified event under the definitive documentation.

8.3. Calculation of Weighted Average Cost of Capital for the SPV

8.3.1. Cost of Equity:

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

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

$$K(e) = R_f + (R_p \times \text{Beta}) + \text{CSRP}$$

Wherein:

K(e) = cost of equity



Rf = risk free rate

Rp = risk premium i.e. market risk premium over and above risk free rate

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

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

For our valuation exercise, we have arrived at adjusted cost of equity of 12.41%.

8.3.2. Risk Free Rate:

We have applied a risk free rate of return of 7.43% on the basis of the relevant zero coupon yield curve as on 29th March 2019 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited ("CCIL").

8.3.3. Risk Premium:

Risk premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. A risk premium is calculated as follows:

Risk premium = Equity market return – Risk free rate

Wherein:

Equity market return = the average historical market return is estimated at 15.00%.

Risk free rate = 7.43% as explained in para 8.3.2.

Hence, risk premium is derived as 7.57%.

8.3.4. Beta:

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. Normally, we would take a relevant number from a quoted stock and the market on which it trades. In the present case, we find it appropriate to consider the beta of companies in similar business/ industry to that of the SPV.

We have further unlevered that beta based on debt-equity of the respective company using the following formula:

Unlevered Beta = Levered Beta / [1 + (Debt / Equity) * (1-T)]

Further we have re-levered it based on debt-equity of the industry standard using the following formula:

Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) * (1-T)]

For our valuation exercise, re-levered beta has been estimated as 0.66.

8.3.5. Cost of Debt:

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

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

Wherein:

K(d) = Cost of debt

T = Tax rate as applicable

In present valuation exercise, we have considered debt:equity at 70:30 based on industry standards. We understand that OGPTL being under construction asset has outstanding Indian rupee term loan from banks & financial Institutions bearing interest at the rate of 11.50% p.a. However, we understand from the Investment Manager that going forward estimated pre-tax cost of debt after refinancing is expected to be 8.92% p.a.



Accordingly, for current valuation exercise, pre tax cost of debt has been considered as 8.92% p.a.

8.3.6. Weighted Average Cost of Capital (WACC):

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

Formula for calculation of WACC:

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

8.3.7. Accordingly, as per above, we have arrived the WACC of 8.42% for OGPTL (Refer appendix I)

8.4. We understand from the representation of the Investment Manager that the SPV will generate cash flow even after the expiry of concession period of 35 years as the project is on BOOM model and the ownership will remain with the SPV even after the expiry of 35 years. Accordingly, we have considered Terminal Value after the expiry of 35 years.

8.5. Valuation of OGPTL

8.5.1. We have relied on the projected financials of OGPTL as provided by the Investment Manager for the period from 1st April 2019 to 5th April 2054.

8.5.2. WACC arrived at for the purpose of valuation is 8.42% (Refer Appendix I).

8.5.3. For the terminal period, we have considered 0% constant growth rate for FCFF.

8.5.4. As on Valuation Date, we have discounted the free cash flows of OGPTL using the WACC of 8.42% to arrive at the operating EV by aggregating the present value of cash flows for explicit period and terminal period at INR 12,840 Mn (Refer Appendix II).

9. Valuation Conclusion

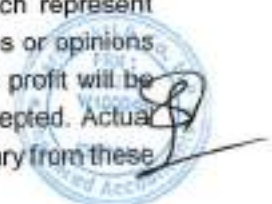
9.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

9.2. We have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of Valuation Date; hence no impact of contingent liability has been factored in to arrive at operating EV of the SPV.

9.3. Based on the above analysis the operating EV as on the Valuation Date of the SPV is INR 12,840 Mn (Appendix II).

9.4. The fair operating EV of the SPV is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.

9.5. 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.



9.6. Accordingly, we have conducted sensitivity analysis on the following model inputs:

| WACC | Decrease by 0.5% | Fair Value | Increase by 0.5% |
|-----------------------|------------------|------------|------------------|
| Implied WACC | 7.92% | 8.42% | 8.92% |
| Operating EV (INR Mn) | 13,505 | 12,840 | 12,241 |
| Total Expenses | Decrease by 20% | Fair Value | Increase by 20% |
| Operating EV (INR Mn) | 13,035 | 12,840 | 12,632 |

10. Additional Procedures to be complied with in accordance with InvIT regulations

Scope of Work

10.1. The Schedule V of the SEBI InvIT Regulations prescribes the minimum set of mandatory disclosures to be made in the valuation report. In this reference, the minimum disclosures in valuation report may include following information as well, so as to provide the investors with the adequate information about the valuation and other aspects of the underlying assets of the InvIT. The additional set of disclosures, as prescribed under Schedule V of InvIT Regulations, to be made in the valuation report of OGPTL are as follows

- List of one-time sanctions/approvals which are obtained or pending;
- List of up to date/overdue periodic clearances;
- Statement of assets included;
- Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;
- Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;
- On-going and closed material litigations including tax disputes in relation to the assets, if any;
- Vulnerability to natural or induced hazards that may not have been covered in town planning/building control.

Limitations

- 10.2. This Report is based on the information provided by the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to us. We have not verified the information independently with any other external source.
- 10.3. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as original, and the conformity of the copies or extracts submitted to us with that of the original documents.
- 10.4. We have assumed that the documents submitted to us by the Investment Manager in connection with any particular issue are the only documents related to such issue.



10.5. We have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and we do not express any opinion as to the legal or technical implications of the same.

10.6. Analysis of Additional Set of Disclosures for OGPTL.

A. List of one-time sanctions/approvals which are obtained or pending:

As informed by the Investment Manager and information provided to us, we have verified the validity of various sanctions/ approvals obtained by OGPTL. Further, we were informed that there were no applications for which approval is pending. The list of sanctions/ approvals obtained by OGPTL as on 31st March 2019 is provided in Appendix III.

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

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

C. Statement of assets included:

As at 31st March 2019, details of the asset of the SPV are as follows:

| Asset Type | Gross Block | Depreciation | Net Block | INR Million | |
|--------------------|-----------------|--------------|-----------------|------------------------|--|
| | | | | % of asset depreciated | |
| Transmission Lines | 1,171.7 | 334.7 | 837.0 | 29% | |
| CWIP | 11,227.5 | 0.0 | 11,227.5 | 0% | |
| TOTAL | 12,399.2 | 334.7 | 12,064.5 | | |

Source: Provisional Financials of 31st March 2019

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

We noted in the provisional financial statements that OGPTL has incurred INR 2.38 million for the period 1st April 2018 to 31st March 2019 for the maintenance charges of Transmission Lines. Based on the confirmation provided by investment manager we expect an increase of 3.33% per annum in the cost of operating expenses to be incurred in the future period.

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

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

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

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

As informed by the Investment Manager, the status of ongoing litigations is updated in Appendix IV. Investment Manager has informed us that it expects majority of the cases to be settled in favour of OGPTL and accordingly no outflow is expected against the litigations.

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

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



Appendix I – Weighted Average Cost of Capital (WACC)

| Particulars | % | Remarks |
|---------------------------|--------------|---|
| Market Return | 15.00% | Market Return has been considered based on the long term average returns earned by an equity investor in India. |
| Risk Free Rate | 7.43% | Risk Free Rate has been considered based on zero coupon yield curve as at 29th March 2019 of Government Securities having maturity period of 10 years, as quoted on CCIL's website. |
| Market Risk Premium | 7.57% | Market Premium = Market Return – Risk Free Rate |
| Beta (relevered) | 0.66 | Beta has been considered based on the beta of companies |
| Cost of Equity | 12.41% | $K_e = R_f + \beta \times (R_m - R_f) + CSR_P$ |
| Pre-tax Cost of Debt | 8.92% | As represented by the Investment Manager |
| Effective tax rate of SPV | 24.70% | Average tax rate for the life of the project has been considered |
| Post-tax Cost of Debt | 6.72% | Effective cost of debt. $K_d = \text{Pre tax } K_d \times (1 - \text{Effective Tax Rate})$ |
| Debt/(Debt+Equity) | 70.00% | The debt – equity ratio computed as $[D/(D+E)]$ is considered as 70% as per industry standard. |
| WACC | 8.42% | $WACC = [K_e \times (1 - D/(D+E))] + [K_d \times (1 - t) \times (D/(D+E))]$ |



Appendix II – Valuation of OGPTL as on 31st March 2019

| WACC | | 8.42% | | | | | | | | | INR Mn |
|---|---------|--------|---------------|-------|----------------|----------|-------|---------------------|--------------------|------------------|--------|
| FY | Revenue | EBITDA | EBITDA Margin | Capex | Changes in NCA | Taxation | FCFF | Cash Accrual Factor | Discounting Factor | PV of Cash Flows | |
| FY 20 | 1,632 | 1,559 | 95% | - | 392 | 265 | 902 | 0.50 | 0.96 | 866 | |
| FY 21 | 1,652 | 1,576 | 95% | - | 5 | 269 | 1,303 | 1.50 | 0.89 | 1,154 | |
| FY 22 | 1,615 | 1,536 | 95% | - | (9) | 260 | 1,286 | 2.50 | 0.82 | 1,050 | |
| FY 23 | 1,578 | 1,497 | 95% | - | (9) | 252 | 1,255 | 3.50 | 0.75 | 945 | |
| FY 24 | 1,543 | 1,459 | 95% | - | (9) | 243 | 1,225 | 4.50 | 0.69 | 851 | |
| FY 25 | 1,508 | 1,422 | 94% | - | (9) | 235 | 1,195 | 5.50 | 0.64 | 766 | |
| FY 26 | 1,474 | 1,385 | 94% | - | (9) | 227 | 1,166 | 6.50 | 0.59 | 689 | |
| FY 27 | 1,442 | 1,349 | 94% | - | (8) | 220 | 1,138 | 7.50 | 0.55 | 620 | |
| FY 28 | 1,410 | 1,314 | 93% | - | (8) | 212 | 1,110 | 8.50 | 0.50 | 558 | |
| FY 29 | 1,379 | 1,280 | 93% | - | (8) | 205 | 1,083 | 9.50 | 0.46 | 502 | |
| FY 30 | 1,349 | 1,247 | 92% | - | (8) | 198 | 1,057 | 10.50 | 0.43 | 452 | |
| FY 31 | 1,319 | 1,214 | 92% | - | (8) | 190 | 1,031 | 11.50 | 0.39 | 407 | |
| FY 32 | 1,291 | 1,182 | 92% | - | (7) | 184 | 1,006 | 12.50 | 0.36 | 366 | |
| FY 33 | 1,263 | 1,151 | 91% | - | (7) | 177 | 981 | 13.50 | 0.34 | 329 | |
| FY 34 | 1,237 | 1,121 | 91% | - | (7) | 170 | 957 | 14.50 | 0.31 | 296 | |
| FY 35 | 1,213 | 1,092 | 90% | - | (6) | 164 | 935 | 15.50 | 0.29 | 267 | |
| FY 36 | 1,204 | 1,080 | 90% | - | (2) | 162 | 921 | 16.50 | 0.26 | 242 | |
| FY 37 | 1,207 | 1,078 | 89% | - | 0 | 161 | 917 | 17.50 | 0.24 | 223 | |
| FY 38 | 1,209 | 1,077 | 89% | - | 0 | 161 | 915 | 18.50 | 0.22 | 205 | |
| FY 39 | 1,212 | 1,075 | 89% | - | 0 | 161 | 914 | 19.50 | 0.21 | 189 | |
| FY 40 | 1,214 | 1,073 | 88% | - | 0 | 160 | 912 | 20.50 | 0.19 | 174 | |
| FY 41 | 1,217 | 1,071 | 88% | - | 0 | 299 | 772 | 21.50 | 0.18 | 136 | |
| FY 42 | 1,220 | 1,069 | 88% | - | 0 | 300 | 769 | 22.50 | 0.16 | 125 | |
| FY 43 | 1,224 | 1,068 | 87% | - | 0 | 301 | 766 | 23.50 | 0.15 | 114 | |
| FY 44 | 1,227 | 1,066 | 87% | - | 0 | 302 | 763 | 24.50 | 0.14 | 105 | |
| FY 45 | 1,231 | 1,064 | 86% | - | 0 | 303 | 761 | 25.50 | 0.13 | 97 | |
| FY 46 | 1,235 | 1,062 | 86% | - | 0 | 303 | 758 | 26.50 | 0.12 | 89 | |
| FY 47 | 1,239 | 1,061 | 86% | - | 1 | 304 | 756 | 27.50 | 0.11 | 82 | |
| FY 48 | 1,243 | 1,059 | 85% | - | 1 | 304 | 754 | 28.50 | 0.10 | 75 | |
| FY 49 | 1,247 | 1,057 | 85% | - | 1 | 304 | 752 | 29.50 | 0.09 | 69 | |
| FY 50 | 1,252 | 1,056 | 84% | - | 1 | 304 | 751 | 30.50 | 0.08 | 64 | |
| FY 51 | 1,257 | 1,054 | 84% | - | 1 | 304 | 749 | 31.50 | 0.08 | 59 | |
| FY 52 | 1,263 | 1,053 | 83% | - | 1 | 304 | 748 | 32.50 | 0.07 | 54 | |
| FY 53 | 1,268 | 1,051 | 83% | - | 1 | 304 | 746 | 33.50 | 0.07 | 50 | |
| FY 54 | 1,274 | 1,050 | 82% | - | 1 | 304 | 745 | 34.50 | 0.06 | 46 | |
| FY 55* | 17 | 14 | 82% | - | (1) | 4 | 11 | 35.01 | 0.06 | 1 | |
| TVG | 1,274 | 1,050 | 82% | - | - | 303 | 746 | 35.01 | 0.06 | 44 | |
| Present Value of Explicit Period Cash Flows | | | | | | | | | | 12,318 | |
| Present Value of Terminal Year Cash Flows | | | | | | | | | | 522 | |
| Operating Enterprise Value | | | | | | | | | | 12,840 | |

*for the period ended 5th April 2054



Appendix III – OGPTL – Summary of Approvals & Licences (1/7)

| Sr. No | Approvals | Date of Issue | Validity (in years) | Issuing Authority |
|--------|--|--|---|---|
| 1 | Transmission License Transmission License | 30-Jun-16 | 25 | Central Electricity Regulatory Commission |
| 2 | Forest Clearance FRA- Jharsuguda: OGPTL transmission line in Lakharpur Tehsil and Jharsuguda tehsil FRA- Sundargarh: NOC against forest diversion proposal FRA Revised- Jharsuguda: OGPTL transmission line in Lakharpur Tehsil and Jharsuguda tehsil OGPTL Raipur Transmission Line in Bematra OGPTL Raipur Transmission Line in Bilaspur OGPTL Raipur Transmission Line in Jangir District OGPTL Raipur Transmission Line in Kharsia tehsil NOC against forest diversion proposal, Tangarpali NOC against forest diversion proposal, Lehpura NOC against forest diversion proposal, Hemgir | 13-Oct-16 24-Oct-16 02-May-17 20-Jan-17 04-Feb-17 10-Feb-17 27-Apr-17 - 20-Mar-17 03-Mar-17 | Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid | District Collector, Jharsuguda (Govt. of Odisha) Ministry of Environment and Forests District Collector, Jharsuguda (Govt. of Odisha) Ministry of Environment and Forests Ministry of Environment and Forests Ministry of Environment, Forests & Climate Changes Ministry of Environment, Forests & Climate Changes Tehsildar, Tangarpali Tehsildar, Lehpura Tehsildar, Hemgir |
| 3 | Power & Telecommunication Coordination Committee ("PTCC") Clearance Approval to the route of Power transmission line of 400 KV D/C Sundargarh - Jharsuguda (OPGC) Approval to the route of Power transmission line of 765KV D/C Raipur - Jharsuguda (For Chattisgarh Portion) Approval to the route of Power transmission line of 765KV D/C Raipur - Jharsuguda (For Odisha Portion) | 16-Jun-17 18-Apr-18 05-Sep-17 | Valid Valid Valid | Power Telecommunication Co-ordination Committee Power Telecommunication Co-ordination Committee Power Telecommunication Co-ordination Committee |
| 4 | Railway Crossing 400 KV Double Circuit over head transmission line of M/s OGPTL Jharsuguda crossing over the railway track in between Malidh - Kechnobahal station in Chakradharpur division (Drg No. OGPTL/400/RLY/26-29-REV-01) 400 KV Electrical track crossing at KM 522/7-522/10 in between Jharsuguda & IB Railway Stations (Drg No. OGPTL/400/RLY/38-39) | 10-Aug-17 22-Jun-17 | Valid Valid | Senior Divisional Electrical Engineer (S. E. Railway) Senior Divisional Electrical Engineer, SEC Railway |

Source: Investment manager

Appendix III – OGPTL – Summary of Approvals & Licences (2/7)

| Sr. No | Approvals | Date of issue | Validity (in years) | Issuing Authority |
|--------|--|--|----------------------------------|--|
| | 400 KV D/C IBTPS - OPGC Jharsuguda (Sundergarh) Transmission Line - Spotting of dead end tower & railway crossing approval in line of the tower between 58/0 & 60/0 | 06-Dec-16 | Valid | Odisha Power Generation Corporation Limited |
| | 765 KV Cover Over head power line crossing in between Hathbandh and Bhatapara stations (Dig No. OGPTL/RLY/38-39 REV-2) | 11-Dec-17 | Valid | South East Central Railway |
| | 765 KV Cover Over head power line crossing in between Nipaniya Railway and Lafarge Cement plant (DRG no-OGPTL/RLY/56-59). | 11-Dec-17 | Valid | South East Central Railway |
| | 765 KV Sundergarh - Raipur D/C transmission line of OGPTL over SEC Railway line crossing in between station Kharsia and Jhantni at AP 96-97 | 01-May-17 | Valid | South East Central Railway |
| | 765 KV Electrical track at AP 102 & AP-103 in between Dharamjaygarh & Kharsia railway stations. | 24-Mar-17 | Valid | South East Central Railway |
| 5 | Road Crossing Permission of Overhead crossing over NH-49 near village Budipur Permission of Overhead crossing over NH-49 AP-99 AP-99A reg Permission of Overhead crossing over NH-200 AP-100 AP-101 reg Permission of Overhead crossing over NH-200 AP-105 AP-106 reg | 20-Jan-17 05-Aug-16 05-Aug-16 05-Aug-16 | Valid Valid Valid Valid | Office of Chief Engineer, National Highways Public works department Public works department Public works department |
| | OGPTL Highway crossing at AP72-AP73 Power Line crossing with highway at AP90-AP81 | 13-Jul-16 20-Jul-16 | Valid Valid | Public works department Chattisgarh Road Development Authority |
| 6 | Power Line Crossing Approval for Power line Crossing of 400 KV - Jharsuguda line of OGPTL over IBEUL 400 KV line between tower Loc no:41 and 42 and between Loc no.46.5 at Sundergarh. Approval of proposal for underneath crossing of your 400 KV D/C OPGC-Sundergarh transmission line between Loc no.12/2 and 13/0 under 765KV D/C Jharsuguda(Sundergarh)>Derlipalli of PGCIL at Kenapalli village, Thasli-Tangarpalli, Dist-Sundergarh. | 02-Feb-17 25-Jun-17 | Valid Valid | Ind-Barath Energy (Utkal) Limited Power Grid Cooperation of India Ltd. |

Source: Investment manager



Appendix III – OGPTL – Summary of Approvals & Licences (3/7)

| Sr. No | Approvals | Date of Issue | Validity (in years) | Issuing Authority |
|--------|--|---------------|---------------------|---|
| | Power line crossing proposal -Over crossing by 400 KV D/C OPGC-Sundergarh TL of 400 KV D/C Rourkela-Raipur D/C TL -1 and 2. | 20-Oct-16 | Valid | Power Grid Cooperation of India Ltd. |
| | Approved profile and detailed survey report of power line crossing over 400 KV OPGC-Jharsuguda D/C of Odisha Generation Phase-II. | 24-Oct-16 | Valid | Odisha Power Transmission Corporation Ltd. |
| | Approval of Overhead crossing of 400 KV D/C OPGC Jharsuguda line in between loc no 6 and 7 with existing 220 KV s/c Budhapatker-Korba 3 line. | 22-Nov-16 | Valid | Power Grid Cooperation of India Ltd. |
| | EHV Power Line overhead crossing of existing (i) 400 KV DCDS Khedamara -Korba West and Khedamara Manwa PH Circuit (ii) 220 KV DCSS Khedamara - Bemelara line of CSPTCL by under construction 765 KV D/C Sundergarh (Jharsuguda)-Raipur Transmission line of M/s Odisha Generation Phase II Transmission Ltd. | 16-Dec-16 | Valid | Chhattisgarh Power Transmission Company Limited |
| | Overhead Crossing of the following Powergrids Tr Lines: 765 KV D/C Durg-Korba 1&2 765 KV D/C Durg-Champa 1&2 400KV S/c Korba -Bhilai 1 400KV S/c Korba -Bhilai 1 400KV d/c Sipat -Raipur 3 | 07-Sep-16 | Valid | Power Grid Cooperation of India Ltd. |
| | EHV Power Line overhead crossing of existing (i) 400 KV DCDS Khedamara -Korba West and Khedamara Manwa PH Circuit (ii) 220 KV DCSS Khedamara - Bemelara line of CSPTCL by under construction 765 KV D/C Sundergarh (Jharsuguda)-Raipur Transmission line of M/s | 05-Oct-16 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | EHV Power Line overhead crossing of existing (i) 400 KV Korba-Raika and Raika-Khedamara DCDS line of CSPTCL by under construction 765 KV D/C Sundergarh (Jharsuguda)-Raipur Transmission line of M/s Odisha Generation Phase II Transmission Ltd. | 06-Jan-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Provisional Approval of overhead crossing of 765 KV TL line of PGOL by under construction 765Kv D/C Sundergarh-Raipur line of M/s OGPTL | 29-Oct-16 | Valid | Power Grid Cooperation of India Ltd. |
| | Approval of overhead crossing of existing 132 KV DCDS Simga-Bhilai line of CSPTCL by under construction 765KV Raipur-Sundergarh (Jharsuguda) D/C Transmission line of OGPTL | 02-Aug-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Approval for overhead crossing of existing 132 KV Simga Century Cement line of CSPTL by under construction 765 KV D/C Sundergarh - Raipur Transmission line of OGPTL. | 23-Dec-16 | Valid | Chhattisgarh State Power Transmission Company Limited |

Source: Investment manager



Appendix III – OGPTL – Summary of Approvals & Licences (4/17)

| Sr. No | Approvals | Date of issue | Validity (in years) | Issuing Authority |
|--------|--|---------------|---------------------|---|
| | Approval for overhead crossing of existing 132 KV DCDS Birga-Tulsi line of CSPTCL by under construction 765 KV D/C Sundargarh - Raipur Transmission line of OGPTL | 28-Mar-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | EHV Power line overhead crossing of existing 400 KV DCDS Marwa-Rajita line of CSPTCL by under construction 765 KV D/C Sundargarh - Raipur Transmission line of OGPTL | 05-Jun-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | EHV Power Line overhead crossing of existing 220 KV DCDS Suhela-Bemetara line of CSPTCL by under construction 765 KV D/C Sundargarh(Jharsuguda) - Raipur Transmission line. | 13-Feb-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | EHV Power Line overhead crossing of existing 220 KV DCDS Suhela-Bemetara line of CSPTCL by under construction 765 KV D/C Sundargarh(Jharsuguda) - Raipur Transmission line. | 16-Dec-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | EHV Power Line overhead crossing of existing 220 KV DCDS Korba-Banan-Suhela line of CSPTCL by under construction 765 KV D/C Sundargarh(Jharsuguda) - Raipur Transmission line. | 28-Mar-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Approval of 765KV Over Head Power line crossing at Km AC 9/10 end-AC post-in-between-Bhatapara-Railway-station-and-Ambuja cement plant. | 13-Dec-17 | Valid | South East Central Railway |
| | Approval of overhead crossing of existing 132 KV DCDS Bhatapara-Balodabazar line and 132 KV S/C Chitthai-Bhatapara line of CSPTCL by under construction 765 KV Raipur -Sundargarh of OGPTL | 28-Mar-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Construction of 765KV D/C Sundargarh-Raipur Transmission Line- Power Line of OGPTL crossing approval req. | 21-Jul-16 | Valid | Sai Lilagar Power Ltd. |
| | Approval for overhead crossing of existing 132 KV S/C Aresmetla-Bharatpura line of CSPTCL by under construction of 765 KVD/C Sundargarh-Raipur Transmission line of OGPTL. | 21-Oct-16 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Approval for overhead crossing by 765 HV D/C Sundargarh-Raipur Transmission Line of 400 KV KSK LILO Line 1 and 2 Transmission Line. | 02-Jul-16 | Valid | KSK Mahanadi Power Company Ltd. |
| | Approval for overhead crossing of existing 132 KV DCDS Jajapur LILO line of CSPTCL by under construction 765 KV D/C Sundargarh-Raipur Transmission line | 05-Oct-16 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Conditional approval of crossing proposal for CWRTL's KV S/C Raigarh to Champa Transmission Line by OGPTL's 765 KV D/C Sundargarh to Raipur Transmission Line. | 04-Nov-16 | Valid | Chhattisgarh-WR Transmission Ltd |
| | Approval towards overhead crossing of 765 KV D/C Sundargarh - Raipur TL of M/s OGPTL with 400 KV D/C Lara-Champa TL | 11-Jul-17 | Valid | Power Grid Cooperation of India Ltd |
| | Approval of overhead crossing of 765 KV D/C Jharsuguda - Raipur Transmission Line in between 100 no 141 and 42 with existing 765 KV Kotra-Champa Line. | 05-Jan-17 | Valid | Power Grid Cooperation of India Ltd |

Source: Investment manager



Appendix III – OGPTL – Summary of Approvals & Licences (5/7)

| Sr. No | Approvals | Date of Issue | Validity (in years) | Issuing Authority |
|--------|---|---------------|---------------------|---|
| | Approval of overhead crossing of existing 132 KV DCDS Champachapley line of CSPTL by under construction 765 KV Raipur-Sundargarh DVC Transmission line of OGPTL | 10-Jul-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Approval of overhead crossing of 765 Kv DVC Jhansuguda - Raipur Transmission Line in between loc no 345 and 346 with 220 Kv Kotba-Budhipadar Line. | 29-Apr-17 | Valid | Power Grid Cooperation of India Ltd. |
| | Approval of overhead crossing of 765 Kv DVC Jhansuguda - Raipur Transmission Line in between loc no AP110 and AP111 | 12-Jan-17 | Valid | Power Grid Cooperation of India Ltd. |
| | Approval for crossing of proposed 765 KV line over 400KV DCDS Tannar-Raipur line of M/s Jindal Power Ltd. Between Loc. No. 63 and 64. | 06-Oct-16 | Valid | Jindal Power |
| | EHV Power Line overhead crossing of existing 132 KV S/C Gerweni - Gharghoda line of CSPTCL by under construction 765 KV DVC Sundargarh-Raipur Transmission Line. | 24-Nov-16 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Approval of overhead crossing of existing 220 KV DCDS Tannar-Raipur line of CSPTCL by under construction 765 KV Raipur-Sundargarh DVC Transmission line | 24-Apr-17 | Valid | Chhattisgarh State Power Transmission Company Limited |
| | Approval for crossing of proposed 765KV line over 220 KV LIC line of M/S JSPL DOPP to Purjipatra line Loc-AP-55 and 55/1 village Parkphani, Tannar. | 19-Jan-17 | Valid | Jindal Power |
| | Approval of Overhead Line Crossing of JSPL 220 kv/d/c DOPP to Purjipatra JSPL Transmission bu OGPTL 765 KV DVC LIC Transmission Line Sundargarh. | 12-Jan-17 | Valid | Jindal Power |
| | Provisional Approval of 765 KV Sundargarh - Raipur DVC transmission Line of OGPTL OVER s.e.c Railway line crossing at chainage 24/200 and 24/250 and in between Lara and Talajpali coal mine at AP 118-AP 119 of OGPTL | 24-Mar-17 | Valid | S. E. C. Railway |
| | Proposal for Power Line under crossing of 765 KV DVC Jhansuguda Dhaerajgarh Transmission line of PCWERCORID BY 765 KV DVC Raipur-Jhansuguda Transmission line of M/s OGPTL | 04-Oct-17 | Valid | Power Grid Cooperation of India Ltd. |
| | Approval for the proposal for crossing of 765KV DVC Sundargarh-Raipur Transmission line of OGPTL over the 400KV DVC Sundargarh-Ind-Barrath, Sahabahal TPS Tr lines between Loc 3 and Loc 4 at Mahupali Village, Tehasil-Tangarpalli in Dist-Sundargarh at AP-141 and 142 of OGPTL | 25-Aug-16 | Valid | Ind-Barrath Energy (Utkal) Limited |
| | Approval for power line crossing of 765KV Sundargarh-Raipur DVC Transmission Line of Vedanta Ltd. crossing between tower no 1 and 2 in village Mahupali of Tehasil Tangarpalli in District Sundargarh at AP. 141 to AP. 142 of OGPTL. | 22-Aug-16 | Valid | Vedanta |

Source: Investment Manager

Appendix III – OGPTL – Summary of Approvals & Licences (6/7)

| Sr. No | Approvals | Date of Issue | Validity (in years) | Issuing Authority |
|--------|---|--|---|--|
| 7 | Aviation Clearance NOC for Height Clearance JHAR/EAST/121216/186256/2 NOC for Height Clearance JHAR/EAST/121216/186256/3 NOC for Height Clearance JHAR/EAST/121216/186256/5 NOC for Height Clearance JHAR/EAST/121216/186256/4 NOC for Height Clearance JHAR/EAST/121216/186256/6 NOC for Height Clearance JHAR/EAST/121216/186256/7 NOC for Height Clearance JHAR/EAST/121016/185844 NOC for Height Clearance JHAR/EAST/121016/185844/2 NOC for Height Clearance JHAR/EAST/121016/185844/3 NOC for Height Clearance JHAR/EAST/121316/186287/2 NOC for Height Clearance JHAR/EAST/121316/186287/3 NOC for Height Clearance JHAR/EAST/121316/186287/4 NOC for Height Clearance JHAR/EAST/121316/186287/5 NOC for Height Clearance JHAR/EAST/121316/186287/6 NOC for Height Clearance JHAR/EAST/121316/186287/7 NOC for Height Clearance JHAR/EAST/121016/185844/5 | 20-Dec-16 20-Dec-16 20-Dec-16 19-Dec-15 19-Dec-16 19-Dec-16 14-Dec-16 14-Dec-16 14-Dec-16 19-Dec-16 19-Dec-16 19-Dec-16 20-Dec-16 20-Dec-16 20-Dec-16 19-Dec-16 | 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 | Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India Airport Authority of India |
| 8 | Defence Clearance NOC from aviation angle for construction of Transmission line from Raipur to Sundergarh | 10-Mar-17 | Valid | Ministry of Defence |
| 9 | Transmission Licence order Transmission Licence order | 30-Jun-16 | Valid | Central Electricity Regulatory Commission |
| 11 | Approval for adoption of Tariff Approval for adoption of Tariff (Approval uis 63 of Electricity Act, 2003) | 31-May-16 | Valid | Central Electricity Regulatory Commission |
| 12 | Trial Operation Approval Trial Operation Approval - 400kv OPGC - Jharsuguda Line Trial Operation Approval - 765kv Raipur - Jharsuguda Line Source: Investment manager | 04-Jan-18 | Valid In Process | Power System Operation Corporation Limited Power System Operation Corporation Limited |



Appendix III – OGPTL – Summary of Approvals & Licences (7/7)

| Sr. No | Approvals | Date of Issue | Validity (in years) | Issuing Authority |
|--------|--|--|--|--|
| 13 | Tree Cutting Permission Diversion of 30.134 ha of forest land for construction of 400 KV D/C OPGC Ltd, Jharsuguda - Sundargarh transmission line in Jharsuguda and Sundargarh district in Odisha. Diversion of 30.134 ha of forest land for construction of 400 KV D/C transmission line from OPGC Barharpali IB Thermal Power plant in Jharsuguda District to 765 KV/400 KV PGCIL switchyard at Kenapali in Sundargarh District Diversion of 71.761 ha of forest land for construction of 765 KV double circuit transmission line from Jharsuguda (Sundargarh) - Raipur Poding station in Raigarh, Durg, Bilaspur, Jangir Champa and Bemetara districts in the state of Chhattisgarh. Diversion of 96.666 ha of forest land Sundargarh forest division for construction of 765 KV D/C Transmission line from 765 KV/400KV PGCIL switchyard at Kenapali in Sundargarh District, Odisha. | 27-Jun-17 06-Jul-17 30-Jan-18 20-Apr-18 | Valid Valid Valid Valid | Office of the divisional forest officer, Jharsuguda forest division Office of the divisional forest officer, Jharsuguda forest division Office of the divisional forest officer, Raipur Office of the divisional forest officer, Chhattisgarh |
| 14 | Transmission service agreement Transmission service agreement with Power Grid Corporation of India Li Transmission service agreement with Customers | 27-Apr-18 20-Nov-15 | Valid 35 | Central Electricity regulatory Commission (CERC) Central Electricity regulatory Commission (CERC) |
| 15 | Energisation Clearance 400 kV D/C OPGC - Jharsuguda Transmission line (length = 51.35 Km) | 23-Aug-17 | | Central Electricity Authority, Ministry of power |
| 16 | Approval under Electricity Act, 2003 Approval from GOI under section 164 of Electricity Act, 2003 Approval u/s 68 of the Electricity Act, 2003 for laying overhead transmis Approval u/s 61 of Electricity Act, 2003 Approval u/s 79 of Electricity Act, 2003 Source: Investment manager | 06-Mar-17 03-Jun-15 NA In Process | 25 Valid NA In Process | Central Electricity Authority Ministry of Power Central Electricity Regulatory Commission Central Electricity Regulatory Commission |



Appendix IV – OGPTL – Summary of Ongoing Litigations (1/2)

| Matter | Pending Before | Details of the case | Amount Involved (INR Million) | Amount Deposited (INR Million) |
|-------------------------------|--|---|-------------------------------|--------------------------------|
| Corridor issue | Malikharoda Civil Court | <p>Background of the case: Jeetan Singh has a corridor issue between loc.92/14 and loc.92/15. The petitioner has asked for divergence of line. The petitioner has sought an injunction restraining from laying the transmission wire and tower.</p> <p>Current Status: The Company has filed written statement and offered to pay compensation to the Petitioner. The matter is currently pending.</p> | | |
| Restraining erection of tower | High Court of Chattishgadh at Bilaspur | <p>Background of the case: Raju Singh (Petitioner) the owner of the land has filed the writ petition to restrain the respondent to not install/ place electric tower over the fly ace brick factory of the petitioner. Petitioner states that respondent without acquisition of land, without issuance of notice, have placed tower over the land where bricks industry is being run by the industry. The Petitioner has sought a direction from the High Court for the installation of the electricity tower be stopped.</p> <p>Current Status: The reply is filed. However the hearing date is yet to be scheduled. The matter is pending.</p> | 7.17* | |
| Erection of Towers | High Court of Orissa | <p>Background of the case: Bikash Lakhra and 32 others (Petitioners) have filed application under articles 226 of the Constitution of India to direct the opposite party to immediately remove the illegal installations of high tension electricity towers and transmission lines in Barijichhhar/ Jamkina Forest without consent of Gram Sabha and its members and allow the Local villagers to exercise their rights, use and access to their community forest to maintain their livelihood. Further, the petition is being filed in the interest of general public of Laphripada and Hemgiri Blocks in the district of Sundargarh in the state of Odisha.</p> <p>Current Status: The matter is currently pending.</p> | | |

Source: Investment manager

* As per the estimates provided by the Investment Manager.



Appendix IV – OGPTL – Summary of Ongoing Litigations (2/2)

| Matter | Pending Before | Details of the case | Amount Involved (INR Million) | Amount Deposited (INR Million) |
|------------------------------------|--|---|-------------------------------|--------------------------------|
| Installation of Transmission lines | High Court of Orissa at Cuttack | <p>Background of the case: Narayan Prasad Das and 2 others (Petitioners) have filed an application under Articles 226 and 227 of Constitution of India, 1950 challenging the installation of Electric Transmission of 400 KV over the ancestral land of the petitioners without issuing any prior notice to them.</p> <p>It was directed that opposite party shall maintain status quo with respect to the suit land till next date. The Opposite Party also filed petition for lifting of the status quo order otherwise they will incur huge loss. Further, petitioner is only entitled to receive compensation against damages in accordance with Sec 10 of Indian Telegraph Act, 1885</p> <p>Current Status: Status quo passed vide WPC no . 14866 of 2017 vacated. Awaiting for final hearing, date of hearing yet to confirmed as High Court strike was there. The matter is currently pending.</p> | | |
| Closed Matters | | | | |
| Erection of Towers | Additional District Court Bhalapara, Dist-Baloda Bazar | <p>Background of the case: Jeevendras Jogi (Petitioner) have filed suit against Odisha General Phase-II Transmission Limited opposing the construction of Transmission tower on agricultural land of petitioner. Construction of tower has hampered all agricultural activities of the petitioner and the digging done has blocked the entrance to petitioners land. Also, trees under ownership of petitioner are damaged. Petitioner has demanded compensation of INR 5.26 million for loss of land and INR 0.08 million for loss of trees. Landowner never accepted the actual compensation and earlier also went to Dist Court and High court where both courts had rejected his please.</p> <p>Current status - The case has rejected the please filed.</p> | 5.34 | |

Source: Investment manager.

* As per the estimates provided by the Investment Manager.

