Sterlite

STERLITE INVESTMENT MANAGERS LIMITED
(Formerly Sterlite Infraventures Limited)
Regd. Office: SIPCOT Industrial Complex, Madurai Bye Pass Road, Tuticorin- 628002, Tamil Nadu
CIN: U28113TN2010PLC083718
Phone: +91-11- 49962200
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Date: October 26, 2017

B S E Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai — 400 001

Scrip Code- 540565

National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra-Kurla Complex, Bandra (East),
Mumbai — 400 051

Symbol- INDIGRID

Dear Sir/ Madam,

Sub – 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 November 20, 2017.

Further in reference to our intimation dated October 07, 2017 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).

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

Yours sincerely,
For and on behalf of the Sterlite Investment Managers Limited
(Formerly known as Sterlite Infraventures Limited)
Representing India Grid Trust as its Investment Manager

Sterlite Investment Managers Limited

Swapnil Patil
Company Secretary & Compliance Officer

Encl: As above

Copy to:

Axis Trustee Services Limited
Axis House, 2nd Floor, Bombay Dyeing
Mills Compound, Pandurang Budhkar
Marg, Worli, Mumbai, Maharashtra- 400025

Sterlite IndiGrid

INDIA GRID TRUST ("IndiGrid")

(An Infrastructure Investment Trust registered with Securities & Exchange Board of India vide registration no. IN/InvIT/16-17/0005)
Principal Place of Business: F-1, The Mira Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi 110 065
Tel: +91 11 4996 2200; Fax: +91 11 4996 2288;
Compliance Officer: Swapnil Patil E-mail: complianceofficer@indigrid.co.in; Website: www.indigrid.co.in

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting ("**EGM**") of the unitholders (the "**Unitholders**") of India Grid Trust ("**IndiGrid**") will be held on Monday, November 20, 2017 at 10.30 a.m. at Trident, Bandra Kurla, C-56, G Block, Bandra Kurla Complex, Mumbai 400 098, Maharashtra, India, to transact the following business:

ITEM NO. 1: APPROVAL OF 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 *(i.e. 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 19 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 the following material related party transactions:

1. acquisition, in one or more tranches, of 100% shareholding and beneficial ownership of both RAPP Transmission Company Limited ("**RTCL**") and Purulia & Kharagpur Transmission Company Limited ("**PKTCL**") from Sterlite Grid 2 Limited ("**SGL2**"), which is a wholly owned subsidiary of IndiGrid's sponsor, Sterlite Power Grid Ventures Limited (the "**Sponsor**"), and nominee shareholders of SGL 2 for enterprise value not exceeding Rs.373.80 Crores and Rs.618.60 Crores , respectively;

2. acquisition, in one or more tranches, of 100% shareholding and beneficial ownership of Maheshwaram Transmission Limited ("**MTL**" and together with RTCL and PKTCL, the "**Project SPVs**") from Sterlite Grid 3 Limited ("**SGL 3**"), which is a wholly owned subsidiary of the Sponsor, and nominee shareholders of SGL 3 for an enterprise value not exceeding Rs.495.70 Crores

   in accordance with the terms and conditions set out in the definitive documents (such as share purchase agreements, shareholders' agreements and any other binding agreements/ arrangements) to be entered into, separately or collectively, with SGL2, SGL3 and Sponsor and any other person(s) as may be necessary (**"Sellers of Project SPVs"**), for the acquisition of entire shareholding and beneficial ownership of Project SPVs, in one or more tranches, and to govern IndiGrid and Sellers of Project SPVs inter-se relationship as shareholders of Project SPVs and to ensure compliance with the all contractual obligations, InvIT Regulations and other applicable laws.

RESOLVED FURTHER THAT in relation to the aforesaid acquisitions, the Trustee and/or Investment Manager be and is hereby severally authorised to do all such acts, deeds, matters and things and execute, modify or amend all such deeds, agreements or other documents, as may be necessary from time to time for giving effect to the above resolution on such terms and conditions as the Trustee and/or Investment Manager may deem fit in the best interest of IndiGrid and the Unitholders, and to settle any questions, difficulty or doubt that may arise with regard to giving effect to the above resolution, as it may deem necessary in its discretion.

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 herein conferred upon the Investment Manager and/or Trustee, to any validly constituted committee of its directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and Compliance Officer or any other person authorized by Investment Manager and/or Trustee so as to give effect to the aforesaid resolution."

ITEM NO. 2: AUTHORITY TO BORROW AND CREATE CHARGE ON ASSETS AND MATTERS RELATED THERETO

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

"RESOLVED THAT in accordance with Regulation 20, 22 and all applicable provisions of 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) from Securities and Exchange Board of India, the stock exchanges, any relevant governmental, statutory or regulatory authorities including any bank or financial institutions and subject to such terms and conditions as may be prescribed by any such authority while granting such approvals as may be necessary, and subject to the Trust Deed of IndiGrid, the consent of the Unitholders, be and is hereby granted to India Grid Trust ("**IndiGrid**") and/or Holding Company/ HoldCo and/or Special Purpose Vehicle/ SPV as defined under SEBI InvIT Regulations ("**the IndiGrid Assets**") to borrow from time to time, any sum or sums of money not exceeding such amounts that, the aggregate consolidated borrowing and deferred payments of IndiGrid and IndiGrid Assets net of cash and cash equivalent, do not exceed 49% of the aggregate value of IndiGrid's Assets from time to time, in whatever form including but not limited to issuance of debentures, term loans, advances, deposits, preference shares, etc., on such terms and conditions as the Axis Trustee Services Limited (the "**Trustee**") and/or Sterlite Investment Managers Limited ("**Investment Manager**") may deem fit in the best interest of IndiGrid and the Unitholders, and on such security, including by way of mortgage, hypothecation, pledge, lien and/or charge, in addition to the mortgage, hypothecation, pledge and/ or charge already created, in such form, manner and ranking and on such terms as the Trustee and/or Investment Manager may deem fit in the best interest of IndiGrid and the Unitholders, on all or any of the movable and/or immovable properties of IndiGrid and/or IndiGrid Assets, both present and future and/ or any other assets or properties, either tangible or intangible, of IndiGrid and/or IndiGrid Assets, for securing the borrowings availed or to be availed by IndiGrid and/or IndiGrid Assets, including providing any undertakings and/or guarantees as may be required in connection therewith, and to do all such acts, deeds and things and to execute all such documents, instruments and writings, and register all charges as may be required in this regard.

RESOLVED FURTHER THAT in relation to the aforesaid acquisition, the Trustee and/or Investment Manager be and is hereby severally authorised to do all such acts, deeds, matters and things and execute, modify or amend all such deeds, agreements or other documents, as may be necessary from time to time for giving effect to the above resolution on such terms and conditions as the Trustee and/or Investment Manager may deem fit in the best interest of IndiGrid and the Unitholders, and to settle any questions, difficulty or doubt that may arise with regard to giving effect to the above resolution, as it may deem necessary in its discretion.

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 herein conferred upon the Investment Manager and/or Trustee, to any validly constituted committee of its directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and Compliance Officer or any other person authorized by Investment Manager and/or Trustee so as to give effect to 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, October 25, 2017

NOTES

1. **A UNITHOLDER ENTITLED TO ATTEND AND VOTE AT THE EXTRA ORDINARY GENERAL MEETING (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 November 10, 2017, ("**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 or contact M/s. Karvy Computershare 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 Computershare Private Limited (Unit: INDIGRID InvIT Fund), 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 (the "**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. Unitholders who have cast their vote by Remote e-Voting prior to the EGM may also attend the EGM but shall not be entitled to cast their vote again. 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 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.

EXPLANATORY STATEMENT

The following Statement sets out the material facts and reasons for the proposed resolutions in the accompanying Notice:

Item No. 1

Attention of the Unitholders is drawn to the fact that pursuant to the Deed of Right of First Offer among the Sponsor, the Investment Manager and the Trustee dated May 5, 2017 (the "**ROFO Deed**"), the Sponsor has provided 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.

Pursuant to an irrevocable invitation to offer to IndiGrid by Sponsor dated July 25, 2017, the Investment Manager has recommended acquisition of following assets post extensive diligence and commercial scrutiny:

1. RAPP Transmission Company Limited ("**RTCL**");
2. Purulia & Kharagpur Transmission Company Limited ("**PKTCL**"); and
3. Maheshwaram Transmission Limited ("**MTL**", together with RTCL and PKTCL, the "**Project SPVs**")

The proposed acquisition of the Project SPVs represents an attractive way to grow the IndiGrid platform through value-accretive acquisition strategy of Investment Manager, which is focused primarily on acquiring power transmission projects which provide long-term, regular and predictable cash flows, demonstrate potential to maintain or enhance returns to Unitholders and the potential for long-term capital growth in accordance with IndiGrid's investment objectives.

The Project SPVs were awarded to bidder companies under the 'tariff based competitive bidding' mechanism ("**TBCB**") on a 'build-own-operate-maintain' ("**BOOM**") basis. The Project SPVs 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 Project SPVs 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 Project SPVs 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. With periodic maintenance, the assets will have a useful life of 50 years according to technical due diligence advisor, Black & Veatch.

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 Project SPVs. 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 Project SPVs. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream.

Brief particulars of the aforesaid Project SPVs are provided in **Annexure A** hereto. The board of directors of the Investment Manager had noted 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 Project SPVs.

The independent valuer of IndiGrid, Haribhakti & Co, LLP (the "**Valuer**"), has undertaken a full valuation of the Project SPVs, in accordance with the relevant provisions of the InvIT Regulations, and prepared a valuation report as on June 30, 2017 that contains necessary disclosures prescribed under the InvIT Regulations (the "**Valuation Report**"). The Enterprise Valuation of Project SPVs 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 final offer price negotiated between the Investment Manager and the Sellers of Project SPVs, represents a discount of 5% to the Enterprise Valuation as per Valuation Report. The aforesaid offer has been finalised with a view to enhance the life of the portfolio of InvIT Assets, increase the returns to the Unitholders on a regular and long-term basis and reduce the overall cost of capital of IndiGrid in line with its strategy.

In accordance with Regulation 2(1)(zv) of the InvIT Regulations, the Sellers of the Project SPVs 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% 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 Board of Directors of the Investment Manager has approved the aforesaid material related party transaction on October 7, 2017, and has noted that this transaction is at arm's length.

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

Name of the Related Parties	1. Sterlite Power Grid Ventures Limited*; 2. Sterlite Grid 2 Limited*; 3. Sterlite Grid 3 Limited* **Including nominee shareholders*
Relationship with IndiGrid	1. Sterlite Power Grid Ventures Limited is Sponsor and Project Manager of IndiGrid 2. Sterlite Grid 2 Limited and Sterlite Grid 3 Limited are the subsidiaries of the Sponsor
Monetary Value	Upto Rs.1490 Crores (Rupees One Thousand Four Hundred and Ninety Crores Only) in aggregate, as consideration to be paid to the Sellers of Project SPVs for the acquisition of PKTCL, RTCL and MTL.
Nature, Material Terms, Value, Particulars of the Arrangement and any other Relevant/ Important Information	As provided in above Explanatory Note.

ANNEXURE A

Brief particulars of the Project SPVs are as under:

RAPP Transmission Company Limited

RTCL was incorporated on December 20, 2012. RTCL entered into a TSA on July 24, 2013. The RTCL project is held by Sterlite Grid 2 Limited and was awarded by the Ministry of Power on September 17, 2013 for a 35-year period from the scheduled commercial operation date of the RTCL Project, on a BOOM basis.

RTCL operates two EHV overhead transmission lines of approximately 403 ckms in the states of Rajasthan and Madhya Pradesh, comprising of one 400 kV D/C line from Kota to Shujalpur. The project was fully commissioned in February, 2016 at a total cost of INR 2,600.58 mn (as on March 31, 2016 as per Indian GAAP).

Details of RTCL's transmission line

Transmission Lines	Route Length (kms)	Circuit Length (ckMs)	Specifications	Commissioning Date	Expiry of TSA term
RAPP-Shujalpur D/C	201.5	403	400 KV D/C	February 26, 2016	February 2051

Purulia & Kharagpur Transmission Company Limited

PKTCL was incorporated on December 15, 2012. PKTCL entered into a TSA on August 6, 2013. The PKTCL project is held by SGL2 and was awarded by the Ministry of Power on September 17, 2013 for a 35-year period from the scheduled commercial operation date of the PKTCL Project, on a BOOM basis.

PKTCL operates two EHV overhead transmission lines with a total circuit length of approximately 548 ckms in the states of West Bengal and Jharkhand, comprising one 400 kV D/C line of approximately 322 ckms from Kharagpur (West Bengal) to Chaibasa (Jharkhand) and one 400 kV D/C line of approximately 226 ckms from Purulia (West Bengal) to Ranchi (Jharkhand).

Transmission Lines	Route Length (kms)	Circuit Length (cKms)	Specifications	Commissioning Date	Expiry of TSA term
Kharagpur-Chaibasa D/C	161	322	400 KV D/C	June 18, 2016	April 19, 2051
Purulia-Ranchi D/C	113	226	400 KV D/C	January 7, 2017	April 19, 2051

Maheshwaram Transmission Limited

MTL was incorporated on August 14, 2014. MTL entered into a TSA with Long Term Transmission Customers ("**LTTCs**") on June 10, 2015. The MTL project was awarded to SGL3 by the Ministry of Power on July 21, 2015 for a 35-year period from the scheduled commercial operation date of the MTL Project, on a BOOM basis.

MTL is expected to constitute a key component in enabling the Southern region of India to draw more power from the North-East-West Grid and largely address the issue of power stability in Telangana region. This improved grid connectivity is expected to facilitate power procurement from the ISTS network to meet electricity demands in southern regions of India. The project is under development and is expected to be fully commissioned and operational by June, 2018. Details of MTL's transmission lines and line bays are set forth as follows:

Transmission Lines	Route Length (kms)	Circuit Length (cKms)	Specifications	Scheduled Commissioning Date	Commissioning date	Expiry of TSA term
Maheshwaram (PG) - Mehboob Nagar D/C	99	198	400 KV D/C	June 20, 2018	In the final stages of construction	June 19, 2053
Nizamabad – Yeddumailaram (Shankarpalli) D/C	138	276	400 KV D/C	June 20, 2018	15 October 2017	June 19, 2053

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 Company is the Sponsor for the India Grid Trust ("Trust"), 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 RTCL, PKTCL and MTL from the Sponsor. For this purpose, the Investment Manager appointed Haribhakti & Co, LLP (the "**Valuer**") to undertake an independent valuation of Project SPVs at the enterprise level (including debt) as per the extant provisions of the InvIT Regulations.

b) Valuation Approach & Assumptions

The Valuer have estimated the enterprise value of Project SPVs using the discounted cash flow method on project free cash flow to firm as on June 30, 2017.

Key Assumptions:

- Transmission Revenue: The transmission revenue comprises of non escalable transmission revenue and escalable transmission revenue as provided in the 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 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%, the TSP 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 have arrived at the Fair Enterprise Value ("EV") of Project SPVs as on the valuation date

Fair Enterprise Value as on the Valuation Date (INR in Crores)

Name	Fair Enterprise Value
Maheshwaram Transmission Limited	521.80
Purulia & Kharagpur Transmission Company Limited	651.20
RAPP Transmission Company Limited	393.50

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 favour of the resolution are required to be more than the votes cast against the resolution).*

Item No. 2

In order to meet the additional fund requirements of the IndiGrid for various purposes, including as mentioned above at Item No.1 in respect of the acquisition, it is proposed by the board of directors of the Investment Manager to enable the India Grid Trust ("**IndiGrid**") and/or Holding Company/ HoldCo and/or Special Purpose Vehicle/ SPV as defined under SEBI InvIT Regulations ("**the IndiGrid Assets**") to borrow from time to time, any sum or sums of money not exceeding such amounts that, the aggregate consolidated borrowing and deferred payments of IndiGrid and IndiGrid Assets net of cash and cash equivalent, do not exceed 49% of the aggregate value of

IndiGrid's Assets from time to time, in whatever form including but not limited to issuance of debentures, term loans, advances, deposits, preference shares, etc., on such terms and conditions as the Axis Trustee Services Limited (the "**Trustee**") and/or Sterlite Investment Managers Limited ("**Investment Manager**") may deem fit in the best interest of IndiGrid and the Unitholders, and on such security, including by way of mortgage, hypothecation, pledge, lien and/or charge, in addition to the mortgage, hypothecation, pledge and/or charge already created, in such form, manner and ranking and on such terms as the Trustee and/or Investment Manager may deem fit in the best interest of IndiGrid and the Unitholders, on all or any of the movable and/or immovable properties of IndiGrid and/or IndiGrid Assets, both present and future and/ or any other assets or properties, either tangible or intangible, of IndiGrid and/or IndiGrid Assets, for securing the borrowings availed or to be availed by IndiGrid and/or IndiGrid Assets, including providing any undertakings and/or guarantees as may be required in connection therewith, and to do all such acts, deeds and things and to execute all such documents, instruments and writings, and register all charges as may be required in this regard.

The resultant borrowings will be proposed to be on similar lines of existing cost of capital of the IndiGrid unless otherwise required in the interest of IndiGrid and Unitholders, and thereby provide the opportunity for an enhancement in the distributions to the Unitholders over the life of the Project SPVs. Regulation 20(2) of the InvIT Regulations states that if the aggregate consolidated borrowings and deferred payments of the Trust and the Project SPV(s), net of cash and cash equivalents, exceed 25% of the value of the Trust Assets, an approval from the Unitholders is required to be obtained (in terms of Regulation 22 of the InvIT Regulations) and a credit rating shall be obtained from a credit rating agency registered with SEBI, for any further borrowing. Further, in accordance with Regulation 20(1) of the InvIT Regulations, the aggregate consolidated borrowings and deferred payments of the Trust and the Project SPV(s), net of cash and cash equivalents shall never exceed 49% of the value of the Trust Assets.

The resolution contained in Item No. 2 of the accompanying Notice, seeks the approval of the Unitholders so as to enable the Investment Manager to complete all procedural and other formalities in connection with any borrowing that may be availed by the Trust (acting through the Investment Manager and/or the Trustee) and the creation of charge(s) on the assets of the Trust so to secure any such borrowings.

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 favour of the resolution are required to be more than the votes cast against the 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, October 25, 2017

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".

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. November 10, 2017, may write to Karvy on the email Id: evoting@karvy.com or toll free No. 1800 345 4001 or to Karvy Computershare 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 November 14, 2017 (10.00 AM) and ends on November 16, 2017 (5.00 PM). During this period Unitholders of the Trust, holding Units in dematerialized form, as on the cut-off date being November 10, 2017, 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 being November 10, 2017.

G. The Board of Directors of Investment Manager has appointed Mr. B Narsimhan, Practicing Company Secretary as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

H. The Scrutinizer shall immediately after the conclusion of the voting at EGM, first count the votes cast at the meeting, thereafter unblock the votes in the presence of at least two (2) witnesses not in the employment of the Trust and make a Scrutinizer's Report of the votes cast in favour or against, if any, forth with to the Chairman of the Investment Manager.

I. The Results shall be declared on or after the EGM of the Trust and the resolution will be deemed to be passed on the EGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).

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.

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 22 4996 2200

Fax: +91 22 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

CIN: U28113TN2010PLC083718

Malco Industries Limited, Sipcot Industrial Complex, Madurai Bye Pass Road, Tuticorin, Thoothukudi, Tamil Nadu- 628002

Tel: +91 22 4996 2200

Fax: +91 22 4996 2288

Email: complianceofficer@indigrid.co.in

Contact Person: Mr. Swapnil Patil

Registered Office and Contact Details of the KARVY

KARVY Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032

Tel: No.- 1800-3454001
E-mail Id- evoting@karvy.com

INDIA GRID TRUST

Registered Office: F-1, The Mira Corporate Suites, 1&2, Ishwar Nagar, Mathura Road, New Delhi-110065 India.
SEBI Registration Number: IN/InvIT/16-17/0005

ATTENDANCE SLIP

Extraordinary General Meeting – November 20, 2017

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

Number of units held

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

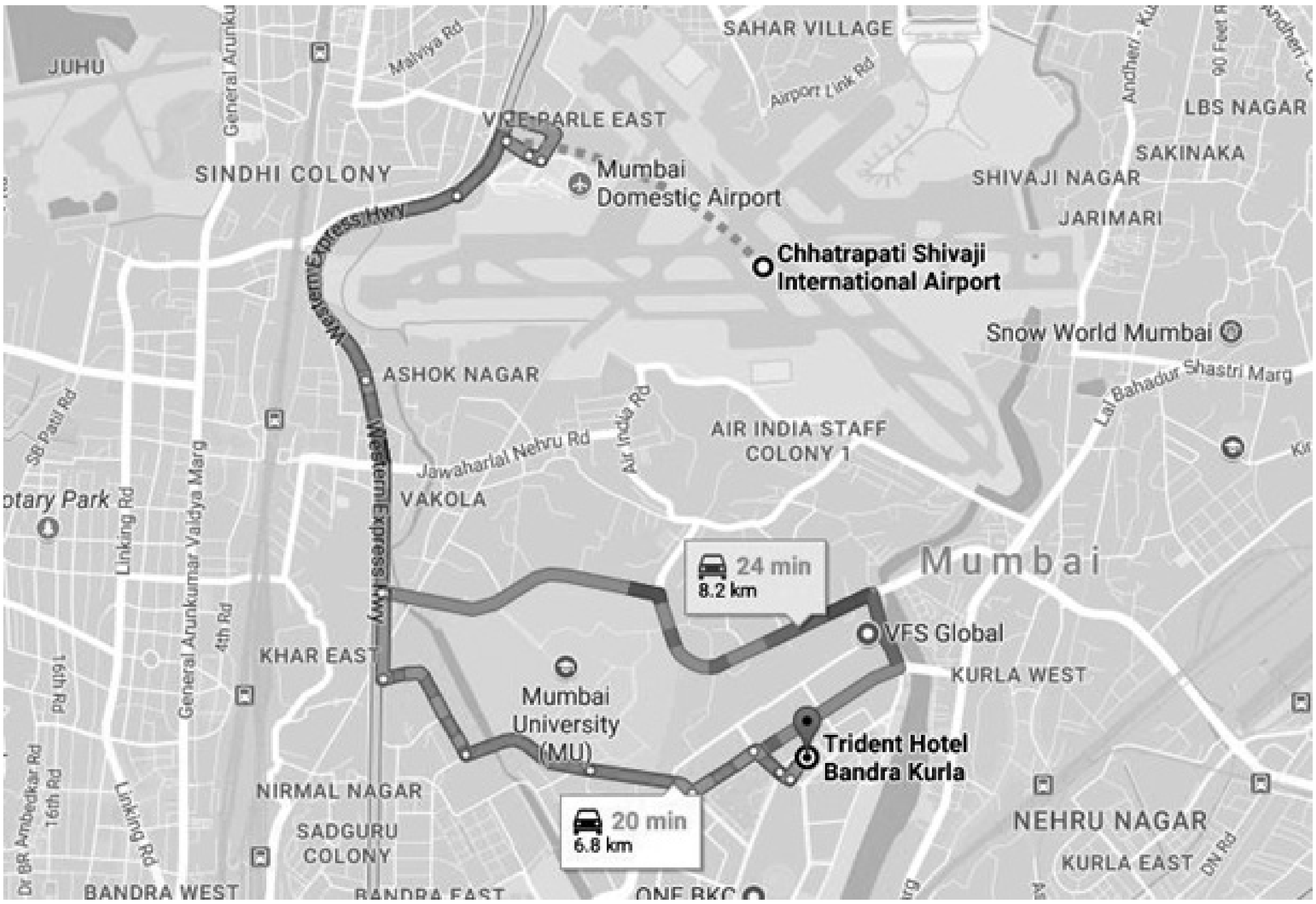
I hereby record my presence at the EXTRAORDINARY GENERAL MEETING of the Trust on November 20, 2017 on 10.30 a.m. at Trident, Bandra Kurla, C-56, G Block, Bandra Kurla Complex, Mumbai- 400 098, Maharashtra, India.

....
Signature of the Unitholder / proxy

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

Note - PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

ROUTE MAP


SAHAR VILLAGE
JUHU
VILE PARLE EAST
Mumbai
Domestic Airport
SINDHI COLONY
Chhatrapati Shivaji
International Airport
LBS NAGAR
SAKINAKA
SHIVAJI NAGAR
JARIMARI
Snow World Mumbai
Lal Bahadur Shastri Marg
ASHOK NAGAR
Western Express Hwy
Jawaharlal Nehru Rd
Air India Rd
AIR INDIA STAFF
COLONY 1
VAKOLA
Mumbai
24 min
8.2 km
VFS Global
KURLA WEST
KHAR EAST
Mumbai
University
(MU)
Trident Hotel
Bandra Kurla
NIRMAL NAGAR
20 min
6.8 km
SADGURU
COLONY
NEHRU NAGAR
KURLA EAST
BANDRA WEST
Linking Rd
General Arunkumar Vaidya Marg
16th Rd
Airport Link Rd
Malviya Rd

IndiGrid

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)

Registered Office: 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 : ....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extraordinary General Meeting of the Trust, to be held on Monday, November 20, 2017 at 10.30 a.m. Trident, Bandra Kurla, C-56, G Block, Bandra Kurla Complex, Mumbai- 400 098, 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 APPROVAL OF THE PROPOSED ACQUISITION OF POWER TRANSMISSION ASSETS FROM SPONSOR AND MATTERS RELATED THERETO		
2. AUTHORITY TO BORROW AND CREATE CHARGE ON ASSETS AND MATTERS RELATED THERETO		

Signed this .... day of 2017

Affix Revenue Stamp

Signature of Unitholder

Signature of First Proxy holder   Signature of Second Proxy holder   Signature of Third Proxy holder

Notes:

(1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office 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

Valuation Date: 30th June 2017

Date: 05th October 2017
CFAS-2/R-013/1005/C

Sterlite Investment Managers Limited
F-1, Mira Corporate Suits,
1&2, Mathura Road, Ishwar Nagar,
New Delhi – 110065

Sub: Valuation of Maheshwaram Transmission Limited ("MTL") as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations")

Dear Directors' of the Investment Manager,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), Firm Registration No. 103523W / W100048 have been appointed vide letter dated 31st July 2017, as an independent financial valuer, required as per the extant provisions of SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager of India Grid Trust ("the Trust"), registered under the SEBI InvIT Regulations, for the purpose of the financial valuation of the indirect subsidiary or special purpose vehicle - Maheshwaram Transmission Limited ("MTL" or "the SPV") of Sterlite Power Grid Ventures Limited ("SPGVL" or "the Sponsor"). The SPV to be valued is proposed to be transferred to the Trust, where 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 Sponsor, 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 Enterprise Value ("EV") of the SPV on a going concern basis as at 30th June 2017 ("Valuation Date"). 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, calculations and conclusion 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 conclusion. 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 valuation conclusion of this exercise are included herein. Our Report complies with the SEBI InvIT Regulations and guidelines, circular and 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 may be made available for the inspection to the public and filed with 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 / W100048

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Mr. Manoj Daga
Partner
Membership No. 048523
Place: Mumbai
Encl: As above

Contents

Sr. No.	Particulars	Page No.
1	Purpose and Scope of Valuation	6
2	Exclusions & Limitations	7
3	Sources of Information	10
4	Overview of the Sponsor, the Trust and the SPV	10
5	Overview of the Industry	14
6	Valuation Approach	15
7	Valuation of SPV	18
8	Valuation Conclusion	21
9	Other Mandatory Minimum Disclosures in compliance with SEBI InvIT Regulations	21
	Appendices	
10	Appendix I : WACC	23
11	Appendix II : Valuation of the SPV	24
12	Appendix III : Summary of Approvals & Licenses	25

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
SIML or Investment Manager	Sterlite Investment Managers Limited
SPGVL or the Sponsor	Sterlite Power Grid Ventures Limited
the Trust	India Grid Trust
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
MTL	Maheshwaram Transmission Limited
the Trustee	Axis Trustee Services Limited
STL	Sterlite Technologies Limited
SPTL	Sterlite Power Transmission Limited
SGL3	Sterlite Grid 3 Limited
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
LTTC	Long Term Transmission Customer
COD	Commercial Operation Date
TSP	Transmission Service Provider
BOOM	Build-Own-Operate-Maintain
TSA	Transmission Service Agreement
INR	Indian Rupees
Mn	Million
FY	Financial Year Ended 31st March
NAV	Net Asset Value Method
WOS	Wholly Owned Subsidiary
Capex	Capital Expenditure
NCA	Net Current Assets Excluding Cash and Bank Balances
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EV	Enterprise Value
CCIL	Clearing Corporation of India Limited
SPV	Special Purpose Vehicle
Ckms	Circuit Kilometers
MVA	Mega Volt Ampere
FYP	Five year Plan
EHV	Extra High Voltage
KV	Kilo Volts
MU	Million Units
MW	Mega Watts
CEA	Central Electricity Authority
T/L	Transmission Line
NOC	No Objection Certificate

1. Purpose of Valuation

1.1. SPGVL is primarily engaged into installation and operation of electricity transmission projects.

1.2. SPGVL is the sponsor for the Trust, an infrastructure investment trust under the SEBI InvIT Regulations. 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 person as mentioned under the SEBI InvIT Regulations.

1.3. We understand that the Trust intends to acquire 100% equity stake in MTL from the Sponsor. ("Proposed Transaction")

1.4. MTL is engaged the business of installation and operation of transmission lines in India. It is a wholly owned subsidiary of Sterlite Grid 3 Limited. SGL3 is a wholly owned subsidiary of the Sponsor.

1.5. 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 infrastructure investment trusts, a full valuation of the specific project shall be undertaken.

1.6. In this regard, the Investment Manager intends to appoint H&Co to undertake an independent valuation of MTL as per the extant provisions of the SEBI InvIT Regulations issued by Securities and Exchange Board of India("SEBI").

1.7. As mentioned above, the Investment Manager has appointed us, H&Co. to undertake the fair valuation of MTL at the enterprise level (including debt) as per the SEBI InvIT Regulations as at 30th June 2017.

1.8. In terms of Regulation 2(1)(zv) of the SEBI InvIT Regulations, related party is defined as under the Companies Act, 2013 or under the applicable accounting standards and shall also include: (i) Parties to India Grid Limited; and (ii) promoters, directors, and partners of the Parties to India Grid Limited. Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being IndAS 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. H&Co. declares that:

1.9.1. It is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;

1.9.2. It is independent and has prepared the Report on a fair and unbiased basis;

1.9.3. It has valued the SPV based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.

1.10. 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.

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Scope of Valuation

1.11. We have undertaken the fair valuation of MTL at the enterprise level (including debt) of the SPV.

1.12. The Valuation Date considered for this fair enterprise valuation of the SPV is 30th June 2017. Valuation analysis and results are specific to the date of this Report.

1.13. Valuation of this nature involves consideration of various macro-economic and enterprise specific factors including the financial position of the SPV as at the Valuation Date, trends in the equity stock market, government securities and other industry trends.

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

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. 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.

2.3. 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.

2.4. 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 the 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.

2.5. 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.

2.6. This Report and the information contained herein is 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 transaction proposed in in para 1.3. of this report and in accordance 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.

2.7. 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

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not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

2.8. 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.

2.9. 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.

2.10. 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. 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.

2.11. 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 may vary from these estimates and the variations may be material.

2.12. 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.

2.13. We have arrived at an indicative value based on our analysis. Any transaction price may however be significantly different as the value shall be decided by the Sponsor and the Investment Manager.

2.14. 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.

2.15. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, 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.

2.16. 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.

2.17. 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.

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

2.18. 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 is 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.

2.19. In rendering this Report, we have not provided any legal, regulatory, tax and accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

2.20. This Report does not look into the business/ commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly it does not address the relative merits of investing in the Trust as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

2.21. 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.

2.22. We have no present or planned future interest in the Trustee, Investment Manager, the Sponsor 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, the Sponsor or the SPV.

2.23. **Limitation of Liabilities**

2.23.1 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.

2.23.2 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 Sponsor/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 Sponsor/the Investment Manager and no communication by H&Co. should be treated as an invitation or inducement to engage the Sponsor to act upon the deliverable.

2.23.3 It is clarified that the Sponsor, the Investment Manager and the Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

2.23.4 H&Co. will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Sponsor, the Investment Manager 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 Sponsor and the Investment manager:

3.1. Audited financial statements of MTL for the Financial Year ("FY") ended 31st March 2016;

3.2. Provisional financial statement of MTL for the FY ended 31st March 2017;

3.3. Provisional financial statement for the three months period ended 30th June 2017;

3.4. Projected Profit & Loss Account and Working Capital requirements of MTL from 1st October 2017 to 30th September 2052;

3.5. Details of brought forward losses (as per Income Tax Act) as at 31st March 2017.

3.6. Details of WDV (as per Income Tax Act) of assets as at 31st March 2017.

3.7. As on 30th June 2017, SGL3 holds 100% equity stake in MTL. As represented to us by the Sponsor and the Investment Manager, there are no changes in the shareholding pattern from 30th June 2017 to the date of issuance of this Report.

3.8. CERC Tariff adoption order for MTL dated 24th November 2015.

3.9. Physical inspection of the SPV on 04th and 05th September 2017.

3.10. Technical Report of MTL prepared by Black and Veatch Private Limited for amongst others in relation to technical life of asset, quality of the asset and historical operational availability of assets ("Technical Report").

3.11. The Technical Report is a technical report specific to MTL, have been noted and relied upon by us, and the contents of the technical reports have been factored into the preparation of the valuation report. In particular, we have relied upon the technical life of each asset, quality of the asset and historical operational availability of assets set forth in the report.

3.12. Management Representation Letter dated 4th October 2017.

4. Overview of the Sponsor, InvIT and MTL

The Sponsor or SPGVL

4.1. SPGVL is primarily engaged into power transmission business whereby it executes power transmission system projects and provides fiber-to-the-premise networks on lease to carriers of high speed internet, voice, video and value added services through separate SPV for each project.

4.2. SPGVL owns 9 inter-state power transmission projects with a total network of 31 power transmission lines of approximately 5,797 ckms and seven substations having approximately 7,890 MVA of transformation capacity.

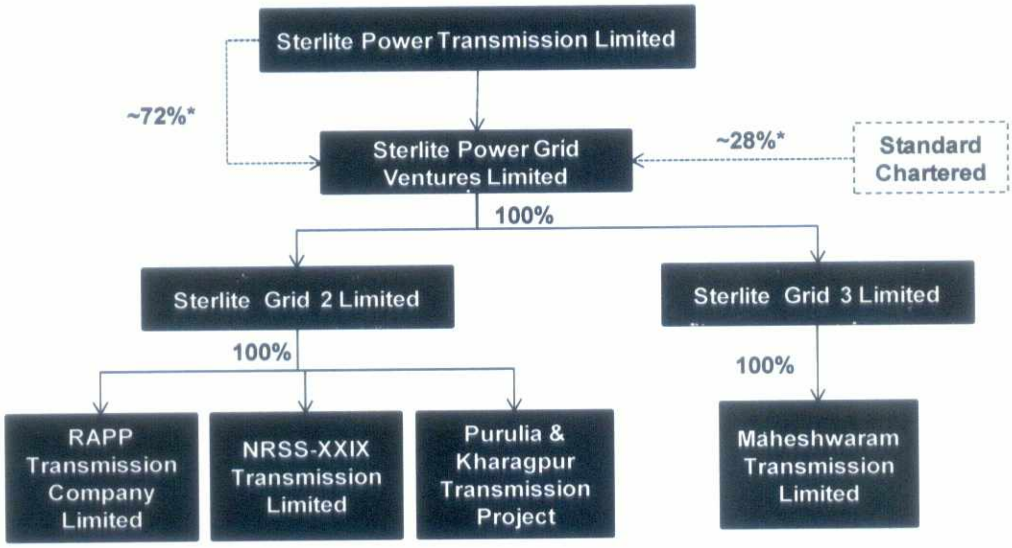
4.3. As at 30th June 2017, ~72% of the equity stake in SPGVL (on a fully diluted basis) was held by Sterlite Power Transmission Limited ("SPTL") and the balance equity stake (on a fully diluted basis) was held by Standard Chartered Private Equity group.

4.4. SPTL is the holding company of SPGVL and it is also engaged in the business of providing power products and engaging in transmission grid business which it had acquired from Sterlite Technologies Limited ("STL") by virtue of Scheme of Arrangement under the

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

provision of section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956, wherein the power products and transmission business of STL was transferred to SPTL with effect from 1st April 2015.

The group structure is as follow;



**the above shareholding of SPGVL is on a fully diluted basis*

4.5. STL, incorporated in 2000, was formerly known as Sterlite Optical Technologies Limited and changed its name to Sterlite Technologies Limited in 2007. STL is currently listed on the National Stock Exchange of India Limited and BSE Limited in India.

India Grid Trust or the Trust

4.6. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on October 21, 2016 by SPGVL, the Sponsor. 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 and BSE Limited since 6th June 2017.

4.7. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL"), from its Sponsor.

4.8. Following is the financial summary of the projects which the Trust had acquired from the Sponsor;

INR Mn

Particulars	BDTCL	JTCL
Valuation Date	31-Mar-17	31-Mar-17
Fair Market Value	21,541	16,125
Purchase Price *	37,020	

* Consolidated Purchase Price paid by India Grid Trust to purchase the abovementioned SPV's

4.9. The valuation for past three financial years for BDTCL and JTCL is given below;

Asset Name	Enterprise Value (INR Mn)		
	31-Mar-17	31-Mar-16	31-Mar-15
BDTCL	21,541	21,812	20,113
JTCL	16,125	19,407	14,295

Maheshwaram Transmission Limited ("MTL")

4.10. Summary of details are as follows:

Parameters	Details
Project Cost	INR 3,841 Mn
Total Length	477 ckms
CERC Tariff adoption order date	24th November, 2015
Scheduled COD as per CERC order for adoption of tariff for MTL	June, 2018
Project COD as represented by Management	1st October 2017
Expiry Date	35 years from the scheduled COD
SPGVL's stake	100%

4.11. The MTL project was awarded to SGL3 by the Ministry of Power for a 35 year period from the scheduled commercial operation date on a BOOM basis. MTL will create a key component to enable Southern region to draw more power from North-East-West (NEW) Grid and address the issue of power stability in Telangana region. The improved grid connectivity shall facilitate power procurement from the Inter State Transmission System (ISTS) network to the beneficiary states Telangana, Tamil Nadu, Seemandhra and Karnataka to meet their electricity demands. The project is envisaged to provide grid connectivity for Maheshwaram 765/400 kV Pooling Substation and Nizamabad 765/400 kV Substation.

4.12. Currently the project is under construction. As per the CERC order for adoption of transmission charges for MTL, the scheduled COD is 30th May 2018. However, the Investment Manger and the Sponsor have represented that the COD is 1st October 2017.

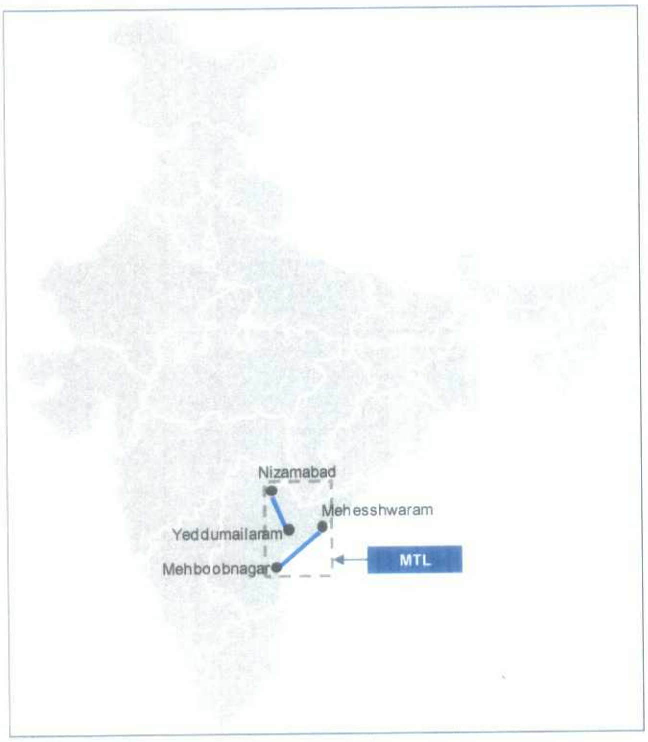
4.13. As informed by the Investment Manager, the Proposed Transaction will take place only after the COD of the project, i,e. 1st October 2017.

4.14. It consists of the following transmission lines and substations implemented on multiple contracts basis:

Transmission line / Sub-Station	Location	Route length (kms)	Specifications	Commission date	Contribution to total tariff
Maheshwaram – Mehboob Nagar	Telangana	100	400 kV D/C	1st Oct 2017	34%
Nizamabad – Yeddumailaram	Telangana	139	400 kV D/C	1st Oct 2017	66%

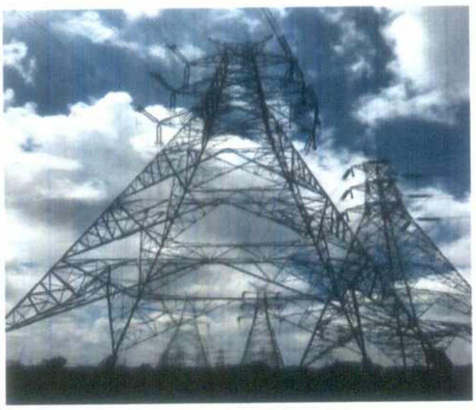
(This space has been intentionally left blank)

4.15. Following is the MAP showing area covered by the SPV.



4.16. **Pictures of the site**:



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5. Overview of the Industry

5.1. Introduction:

5.1.1. The power industry forms the basis of any economy as it meets the energy requirement of several other industries. India was the third highest energy consumer after China and the US, with a global share of 5.3% in 2015. India was also the third largest producer of electricity, after Japan and Russia, in 2013, with over 5% global share in electricity generation in 2015.

5.1.2. Despite such healthy growth, the per-capita electricity consumption in India was only 1,010 kWh in 2015 (as per CEA), which is significantly lower than the world average and the lowest among the BRICS (Brazil, Russia, India, China and South Africa). This indicates the strong growth potential of the Indian power sector.

5.2. Demand and Supply

5.2.1. 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.

5.2.2. Supply: India has seen a robust growth in the installed power generation capacity in the past four years. The installed power generation capacity of ~ 302 GW in FY 16 is expected to increase to ~ 306 GW by the end of FY 17.

5.3. India's economic outlook

5.3.1. 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 7.6% to 7.9% until 2018. India's growth rate is significantly higher than the world average of around 3% and is also higher than other developing economies, such as China, Brazil, Indonesia and sub-Saharan African nations.

5.3.2. 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 INR 2.6 trillion in 2015-16 from INR 1.3 trillion in 2012-13. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 55 in 2015-16 from 71 in 2014-15. Also, compared with other large emerging economies, India's purchasing-manager index for 2016, published by World Bank, has been reflecting more buoyant sentiment. In essence, India is in a sweet spot compared with other major global economies.

5.4. Power transmission network in India

5.4.1. 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.

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5.4.2. 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 PGCIL, which facilitates the transfer of power from a surplus region to the ones with deficit.

5.4.3. 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 increased from 358,580 ckm in 2006-07 to around 554,774 ckm in 2015-16.

5.4.4. PGCIL has remained the single largest player in these additions, contributing to 45-50% of the total investment in the sector. With a planned capital expenditure outlay of INR 1.1 trillion for the 12th five year plan, PGCIL has spent around INR 0.9 trillion over 2013-16.

5.4.5. Of the total capacity-addition projects in transmission during the 12th five year plan, 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.

5.4.6. However, the share of private sector in the power transmission segment has been rising. In fact, it has risen from nil in FY 2007 to almost 6% (in ckm) as on end FY 2016, but is still far behind the private sector penetration in the power generation sector which increased considerably from ~13% in FY 2007 to 40% as on March 2016. Although to encourage private-sector participation in building transmission capacity, the central government notified power-transmission schemes to be undertaken through tariff-based competitive bidding (TBCB), but still lower private player penetration in the transmission sector necessitates higher allotment of transmission lines to private players by the central transmission utilities.

5.4.7. 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.

5.4.8. Thus, going forward, the share of power sector investments are expected to steer 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 Power Transmission Report – November 2016

6. Valuation Approach

6.1. The present valuation exercise is being undertaken in order to derive the EV of the SPV.

6.2. 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.

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6.3. There are three generally accepted approaches to valuation:

(a) "Cost" approach
(b) "Market" approach
(c) "Income" approach

6.4. **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, net asset value represents the minimum benchmark value of an operating business.

6.5. **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 Enterprise Value ("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

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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.

6.6. **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 (DCF) 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.

6.7. **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 have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPV. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPV, and other factors which generally influence the valuation of companies and their assets.

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

Cost Approach

In the present case, since the SPV has entered into TSA, the revenue of the 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 Net Asset value does not capture the future earning potential of the businesses, we have not considered the cost approach for the current valuation exercise.

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Market Approach

The present valuation exercise is to undertake a fair EV of the SPV engaged in the power transmission business for a specific tenure. Further, the tariff revenue and 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 SPV are not listed on any recognized stock exchange of India. Hence, we are unable to apply market price method.

Income Approach

This is a Build Own Operate and Maintain (BOOM) model based project. The cash inflows of the projects are defined for 35 years under the TSA. Hence, the growth potential of SPV and the true worth of the 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. Further, considering the present valuation exercise is to derive the fair enterprise value of the SPV, we have considered the DCF method using the Free Cash Flow to Firm ("FCFF") method as it considers cash flow available for distribution to both, the owners and the lenders of the company.

7. Valuation of SPV

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

7.1. Key Assumption

7.1.1. **Transmission Revenue**: The transmission revenue comprises of non escalable transmission revenue and escalable transmission revenue as provided in the CERC tariff adoption order for the life of the project.

7.1.1.1. **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 of the respective CERC tariff adoption order and documents provided to us by the Sponsor and the Investment Manager.

7.1.1.2. **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 CERC tariff adoption order and documents provided to us by the Sponsor and the Investment Manager. The escalation is to mainly compensate for inflation factor. CERC notifies the relevant escalation to be considered for tariff escalation.

7.1.2. **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%. Since the project is under construction, no historical availability data is available. However, based on

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general industry trend it is assumed that the availability for the SPV will be above 98%.

7.1.3. **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 7.1.2 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.

7.1.4. **Operations & Maintenance ("O&M"):** O&M expenditure estimated by the Sponsor for the projected period is based on the escalation rate determined for SPV. We have relied on the estimated O&M expenditure as provided by the Sponsor and the Investment Manager.

7.1.5. **Depreciation:** The book depreciation has been calculated using Straight Line Method over the life of the project. For calculating depreciation as per Income Tax Act for the projected period, we have considered depreciation rate specified in the Income Tax Act and WDV as per the provisional depreciation working provided by the Sponsor and the Investment Manager.

7.1.6. **Capex:** As represented by the Sponsor and the Investment Manager, the SPV is not expected to incur any capital expenditure in the projected period.

7.1.7. **Tax Incentive**: As per the Finance Bill 2016, profit linked deduction shall not be available to an infrastructure facility which is commenced after 1st April 2017. Since the scheduled COD for MTL is 1st October 2017, MTL is not eligible for deduction under section 80IA of Income Tax Act.

7.1.8. **Working Capital**: The Sponsor has envisaged the working capital requirement of the SPV for the projected period. The operating working capital comprises of trade receivables for transmission revenue and trade payables for O&M expenses.

7.2. Calculation of Weighted Average Cost of Capital

7.2.1. Cost of Equity:

Cost of Equity (Ke) 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.

K(e) = Rf + (RP* Beta)

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

7.2.2. Risk Free Rate:

We have applied a risk free rate of return of 6.92% on the basis of the relevant zero coupon yield curve as on 30th June 2017 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

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7.2.3. **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 = 6.92% as explained in para 7.2.2.

7.2.4. **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. However, since neither the shares of SPGVL nor of the SPV are not publicly quoted, we have sought to estimate the relevant Beta with respect to benchmark numbers. It is impossible to identify a company with exactly same characteristics as the SPV. Therefore, we have sought to use the beta of Power Grid Corporation Limited since its business operations is similar to those of the SPV.

We have 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 the beta based on industry average debt-equity of 70:30 using the following formula:

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

7.2.5. **Cost of Debt (Kd):**

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

K(d) = K(d) 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 standard.

7.2.6. **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)}]

7.2.7. Accordingly, we have arrived at the WACC of 7.54%. (Refer appendix I)

7.3. We have relied on the projected financials of MTL as provided by the Sponsor and the Investment Manager for the period from 1st October 2017 to 30th September 2052.

7.4. We understand from the representation of the Sponsor and 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.

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

7.6. As on valuation date, we have discounted the free cash flows of MTL using the WACC of 7.54% to arrive at the EV by aggregating the present value of cash flows for explicit period and terminal period at INR 5,218 Million. (Refer Appendix II)

8. Valuation Conclusion

8.1. 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 businesses, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

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

8.3. Based on the above analysis the EV as on the Valuation Date of MTL is INR 5,218 Million. (Refer Appendix II)

8.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

9. Other Mandatory Minimum Disclosures in compliance with SEBI InvIT Regulations

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 shall include following information, so as to provide the investors with the adequate information about the valuation and other aspects of the SPV;

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

We have verified the validity of various permits and clearances obtained or to be obtained as per the list provided in Technical Report and the documents provided to us by the management. Refer Appendix III for status of the same.

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

Based on the review of information provided, there are no overdue periodic clearances.

9.3. Statement of assets included;

As at 31 March 2017, Details of the assets are as below;

INR Mn

Asset Type	Gross Block	Depreciation	Net Block	% of asset Depreciated
Freehold Land	0.61	0	0.61	0%
Data Processing Equipments	0.05	0.01	0.04	20%
Furniture & Fittings	0.28	0.07	0.21	25%
Office & IT Equipment	0.51	0.13	0.38	25%
Total	**1.45**	**0.21**	**1.24**	**14%**

As informed by the Sponsor and the Investment Manager, there are no additions in assets as at 30th June 2017. Accordingly no separate fixed assets schedule is prepared for the same.

MTL has CWIP of INR 3,441.96 million as at 30 June 2017 and INR 3,053.30 million as at 31 March 2017. As informed by the management the asset wise breakup of CWIP is not available.

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Below is the details of Capital Commitment based on the information provided;

Particulars	INR Mn
PO Value	3,450
Billing	3,139
Balance billing (a)	311
Advance (b)	73
Capital Commitment (a-b)	237

As informed by the Investment Management, the expected date of capitalization is Mid September 2017.

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

The entity is not yet operational and therefore there are no such repairs and maintenance carried out during the period under exercise. Further, it is observed that no major repair and maintenance expenses are estimated in the projections as provided by the Sponsor and the Investment Manager.

9.5. Revenue pendencies including local authority taxes associated with the SPV and compounding charges, if any;

Based on the information provided by the Sponsor and the Investment Manager and our review of the same, there are no dues including local authority taxes pending to be payable to the government authorities with respect to the SPV.

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

As per information provided and based on review of information there are no ongoing or closed material litigations including Tax liabilities.

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

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	6.92%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th June 2017 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Market Risk Premium	8.08%	Market Premium = Market Return – Risk Free Rate
Beta (relevered)	0.64	Beta has been considered based on the betas of the comparable companies operating in the similar kind of business in India.
Cost of Equity	12.07%	Ke = Rf + β x (Rm-Rf) + CSRP
Pre-tax Cost of Debt	8.00%	As represented by the Sponsor and Investment Manager
Effective tax rate of SPV	30.00%	Average tax rate for the life of the project has been considered
Post-tax Cost of Debt	5.60%	Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)
Debt/(Debt+Equity)	70.00%	The debt – equity ratio computed as [D/(D+E)] is considered as 70% as per industry standard.
WACC	**7.54%**	**WACC = [Ke*(1-D:(D+E))]+[Kd*(1-t)*(D:(D+E))]**

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Appendix II – Valuation of MTL as on 30th June 2017

FY ended	Revenue	EBITDA	EBITDA Margin	Less : Capex	Less : Incremental NCA	Less: Taxation	FCFF	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
FY18*	286	267	93.22%	-	75.22	44	148	0.375	0.97	144
FY19	575	534	93.0%	-	69.36	87	377	1.25	0.91	345
FY20	575	533	92.7%	-	-0.01	87	446	2.25	0.85	378
FY21	576	532	92.4%	-	-0.00	87	445	3.25	0.79	351
FY22	576	530	92.0%	-	-0.00	87	444	4.25	0.73	326
FY23	577	529	91.7%	-	0.00	86	443	5.25	0.68	302
FY24	578	528	91.4%	-	0.01	86	442	6.25	0.63	280
FY25	578	527	91.0%	-	0.01	86	441	7.25	0.59	260
FY26	579	525	90.7%	-	0.01	86	440	8.25	0.55	241
FY27	580	524	90.3%	-	0.02	85	438	9.25	0.51	224
FY28	581	522	89.9%	-	0.03	85	437	10.25	0.47	208
FY29	582	521	89.5%	-	0.03	85	436	11.25	0.44	192
FY30	583	519	89.0%	-	0.04	122	397	12.25	0.41	163
FY31	584	517	88.6%	-	0.04	155	362	13.25	0.38	138
FY32	585	516	88.1%	-	0.05	158	358	14.25	0.35	127
FY33	586	514	87.7%	-	0.06	160	353	15.25	0.33	117
FY34	588	512	87.2%	-	0.07	162	350	16.25	0.31	107
FY35	589	510	86.6%	-	0.08	164	346	17.25	0.29	99
FY36	591	509	86.1%	-	0.09	165	343	18.25	0.27	91
FY37	592	507	85.6%	-	0.10	166	340	19.25	0.25	84
FY38	594	505	85.0%	-	0.12	167	338	20.25	0.23	77
FY39	596	503	84.4%	-	0.13	167	335	21.25	0.21	72
FY40	598	501	83.8%	-	0.14	168	333	22.25	0.20	66
FY41	600	499	83.2%	-	0.16	168	331	23.25	0.18	61
FY42	602	496	82.5%	-	0.18	168	329	24.25	0.17	56
FY43	604	494	81.8%	-	0.20	168	326	25.25	0.16	52
FY44	606	492	81.2%	-	0.22	167	324	26.25	0.15	48
FY45	609	490	80.4%	-	0.24	167	323	27.25	0.14	44
FY46	612	488	79.7%	-	0.26	167	321	28.25	0.13	41
FY47	615	485	78.9%	-	0.29	166	319	29.25	0.12	38
FY48	618	483	78.2%	-	0.32	166	317	30.25	0.11	35
FY49	621	480	77.4%	-	0.35	165	315	31.25	0.10	32
FY50	625	478	76.5%	-	0.38	164	313	32.25	0.10	30
FY51	628	476	75.7%	-	0.42	164	312	33.25	0.09	28
FY52	632	473	74.8%	-	0.45	163	310	34.25	0.08	26
FY53	319	236	73.9%	-	0.50	81	154	35.00	0.08	12
TV	636.7	470.6	73.9%	-	-	163	308	35.00	0.08	24
Present Value of Explicit Period Cash Flows										4,898
Present Value of Terminal Year Cash Flow										320
Enterprise Value										5,218

* for 9 months period ended 31st March 2018

** for the period ended 30th September 2051

Appendix III – Summary of Approvals & Licenses (1/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Company Registration	14-Aug-14	Valid	Ministry of Corporate Affairs
2	**Aviation Clearance**			
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	16-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	21-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	21-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	21-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	21-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
3	Approval under section 68(1) of Electricity Act, 2003	27-Jul-15	Valid	Ministry of Power
4	Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	20-Sep-16	25	Ministry of Power
5	Approval from CERC under section 17(3)	4-Jun-16	Valid	Central Electricity Regulatory Commission
6	Approval under section 14 of Electricity Act, 2003	23-Nov-15	25	Central Electricity Regulatory Commission
7	Approval for Energisation under regulation 43 of CEA	15-May-17	Valid	Central Electricity Authority
8	**Forest Clearance**			
	Nizambad- Yeddumailaram Transmission Line at Nizamabad - Stage I (in Principal Approval)	14-Oct-16	5	Ministry of Environment, Forests & Climate Change
	Nizambad- Yeddumailaram Transmission Line at Nizamabad - Stage I (Working approval)	6-Jan-17	1	Forest Department (Government of Telangana)
9	**Power & Telecommunication Coordination Committee ("PTCC") Clearance**			
	Nizambad- Yeddumailaram Transmission Line	11-Apr-17	Valid	PTCC, Government of India
	Maheshwaram-MahabubNagar Transmission Line	14-Jun-17	Valid	PTCC, Government of India

Source: Investment Manager

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

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
10	**Road Crossing**			
	Nizamabad-Shankarpali over NH 44 between AP 8/0 and AP 9/0	27-Jan-17	Valid	National Highway Authority of India
	Nizamabad-Shankarpali over NH 9 (Hyderabad to Mumbai)	3-Mar-17	Valid	Ministry of Road Transport & Highways
	Maheshwaram-MahabubNagar Transmission Line	10-Mar-17	Valid	National Highway Authority of India
11	**Defence Clearance**			
	NOC from aviation angle for Construction of Maheshwaram Mahabubnagar Line.	26-May-17	Valid	Ministry of Defence
	NOC from aviation angle for Construction of Nizambad- Shankarpali Line	29-May-17	Valid	Ministry of Defence
12	**Power Line Crossing Approval**			
	Raichur Line Tower (Provisional Permission)	6-Jul-16	Valid	Power Grid Corporation of India Ltd
	Maheshwaram-MahabubNagar 132 KV & 220 KV	12-Sep-16	Valid	Transmission Corporation of Telangana Limited
	Maheshwaram-MahabubNagar (Provisional Permission)	8-Dec-16	Valid	Power Grid Corporation of India Ltd
	Maheshwaram- Veltoor	26-May-17	Valid	Transmission Corporation of Telangana Limited
	Nizamabad-Sharkarpally Transmission Line crossing 132KV Kandi)	3-Mar-17	Valid	Transmission Corporation of Telangana Limited
	Nizamabad-Yeddumaillaram Transmission Line crossing 132KV & 220 KV	9-Aug-16	Valid	Transmission Corporation of Telangana Limited
	Nizamabad-Yeddumaillaram Transmission Line crossing 132KV & 220 KV in Medak Circle	10-Oct-16	Valid	Transmission Corporation of Telangana Limited
	Nizamabad-Sharkarpally 400KV Gajwel-Shankaraplly DC line	19-Oct-16	Valid	Transmission Corporation of Telangana Limited
	Nizamabad-Sharkarpally Transmission Line (Provisional Permission)	23-Jan-17	Valid	Power Grid Corporation of India Ltd
	Nizamabad-Sharkarpally 220 KV Sadasivpet- Shankarpally Line	4-Aug-17	Valid	Transmission Corporation of Telangana Limited
13	**Railway Crossing**			
	400kv D/C Nizambad-Shankarpali	13-Feb-17	Valid	South Central Railway
14	**Transmission Service Agreement**			
	Transmission Service Agreement between MTL & Long Term Transmission Customers	10-Jun-15	35	
	Transmission Service Agreement between MTL & Power Grid Corporation of India Ltd	27-Apr-17	Valid	
15	**Approval for adoption of Tariff**			
	Approval for adoption of Tariff	24-Nov-15	35	
	Revised approval for adoption of Tariff	12-Jun-17	35	

Source: Investment Manager

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Chartered Accountants

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

Valuation Date: 30th June 2017

Date: 05th October 2017
CFAS-2/R-013/1005/D

Sterlite Investment Managers Limited
F-1, Mira Corporate Suits,
1&2, Mathura Road, Ishwar Nagar,
New Delhi – 110065

Sub: Valuation of Purulia & Kharagpur Transmission Company Limited ("PKTCL") as per the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations")

Dear Directors' of Investment Manager,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), Firm Registration No: 103523W / W100048 have been appointed vide letter dated 31st July 2017, as an independent financial valuer, required as per the extant provisions of SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager of India Grid Trust ("the trust"), registered under the SEBI InvIT Regulations, for the purpose of the financial valuation of the indirect subsidiary or special purpose vehicle - Purulia & Kharagpur Transmission Company Limited ("PKTCL" or "the SPV") of Sterlite Power Grid Ventures Limited ("SPGVL" or "the Sponsor"). The SPV to be valued is proposed to be transferred to the Trust, SIML is acting as the investment manager and SPGVL as the sponsor to the Trust within the meaning of the SEBI InvIT Regulations.

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 Sponsor, 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 Enterprise Value ("EV") of the SPV on a going concern basis as at 30th June 2017 ("Valuation Date"). 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, calculations and conclusion 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 the factors and analysis together could create a misleading view of the process underlying the valuation conclusion. 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 the conclusion of the exercise are included herein. Our Report complies with the SEBI InvIT Regulations and guidelines, circular and 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 may be made available for the inspection to the public and filed with 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 / W100048

Mr. Manoj Daga
Partner
Membership No. 048523
Place: Mumbai
Encl: As above

HARIBHAKTI & CO. LLP
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Contents

Sr. No.	Particulars	Page No.
1	Purpose and Scope of Valuation	6
2	Exclusions & Limitations	7
3	Sources of Information	10
4	Overview of the Sponsor, the Trust and the SPV	10
5	Overview of the Industry	15
6	Valuation Approach	16
7	Valuation of the SPV	19
8	Valuation Conclusion	22
9	Other Mandatory Minimum Disclosures in compliance with SEBI InvIT Regulations	22
	Appendices	
10	Appendix I : WACC	24
11	Appendix II : Valuation of the SPV	25
12	Appendix III – Summary of Approvals & Licenses	26

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
SIML or the Investment Manager	Sterlite Investment Managers Limited
SPGVL or the Sponsor	Sterlite Power Grid Ventures Limited
the Trust	India Grid Trust
SGL2	Sterlite Grid 2 Limited
PKTCL	Purulia & Kharagpur Transmission Company Limited
Trustee	Axis Trustee Services Limited
STL	Sterlite Technologies Limited
SPTL	Sterlite Power Transmission Limited
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
LTTC	Long Term Transmission Customer
COD	Commercial Operation Date
TSP	Transmission Service Provider
BOOM	Build-Own-Operate-Maintain
TSA	Transmission Service Agreement
INR	Indian Rupees
Mn	Million
FY	Financial Year Ended 31st March
NAV	Net Asset Value Method
WOS	Wholly Owned Subsidiary
Capex	Capital Expenditure
NCA	Net Current Assets Excluding Cash and Bank Balances
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortization
EV	Enterprise Value
CCIL	Clearing Corporation of India Limited
SPV	Special Purpose Vehicle
Ckms	Circuit Kilometers
MVA	Mega Volt Ampere
FYP	Five year Plan
EHV	Extra High Voltage
KV	Kilo Volts
MU	Million Units
MW	Mega Watts
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
T/L	Transmission Line
NOC	No Objection Certificate

1. Purpose of Valuation

1.1. SPGVL is primarily engaged into installation and operation of electricity transmission projects.

1.2. SPGVL is the sponsor for the Trust, an infrastructure investment trust under the SEBI InvIT Regulations. 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 person as mentioned under the SEBI InvIT Regulations.

1.3. We understand that the Trust intends to acquire 100% equity stake in PKTCL from the Sponsor.

1.4. PKTCL is engaged the business of installation and operation of transmission lines in India. It is a wholly owned subsidiary of Sterlite Grid 2 Limited ("SGL2"). SGL2 is a wholly owned subsidiary of the Sponsor.

1.5. 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 infrastructure investment trusts, a full valuation of the specific project shall be undertaken.

1.6. In this regard, the Investment Manager intends to appoint H&Co to undertake an independent valuation of PKTCL as per the extant provisions of the SEBI InvIT Regulations issued by Securities and Exchange Board of India ("SEBI").

1.7. As mentioned above, the Investment Manager has appointed us, H&Co to undertake the fair valuation of PKTCL at the enterprise level (including debt) as per the SEBI InvIT Regulations as at 30th June 2017.

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 IndAS 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. H&Co declares that:

1.9.1. It is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;

1.9.2. It is independent and has prepared the Report on a fair and unbiased basis;

1.9.3. It has valued the SPV based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.

1.10. 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.

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Scope of Valuation

1.11. We have undertaken the fair valuation of PKTCL at the enterprise level (including debt) of the SPV.

1.12. The Valuation Date considered for this fair enterprise valuation of the SPV is 30th June 2017. Valuation analysis and results are specific to the date of this Report.

1.13. Valuation of this nature involves consideration of various macro-economic and enterprise specific factors including the financial position of the SPV as at the Valuation Date, trends in the equity stock market, government securities and other industry trends.

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

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. 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.

2.3. 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.

2.4. 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 the 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.

2.5. 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.

2.6. This Report and the information contained herein is 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 transaction proposed in in para 1.3. of this report and in accordance 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.

2.7. 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

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not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

2.8. 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.

2.9. This Report is based on the information received from the sources mentioned in para 3 and discussions with the Sponsor and the Investment Manager. We have assumed that no information has been withheld that could have influenced the purpose of our Report.

2.10. 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. 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.

2.11. 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 may vary from these estimates and the variations may be material.

2.12. 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.

2.13. We have arrived at an indicative value based on our analysis. Any transaction price may however be significantly different as the value shall be decided by the Sponsor and the Investment Manager.

2.14. 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.

2.15. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, 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.

2.16. 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.

2.17. For the present valuation exercise, we have also relied on information available in public domain; however the accuracy and timeliness of the same has not been independently verified by us.

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2.18. 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 is caused, shall be limited to the amount of fees actually received by us from the Sponsor and Investment Manager, as laid out in the engagement letter, for such valuation work.

2.19. In rendering this Report, we have not provided any legal, regulatory, tax and accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

2.20. This Report does not look into the business/ commercial reasons behind the proposed transaction nor the likely benefits arising out of the same. Similarly it does not address the relative merits of investing in the Trust as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

2.21. 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.

2.22. We have no present or planned future interest in the Trustee, the Investment Manager, the Sponsor 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, the Sponsor or the SPV.

Limitation of Liabilities

2.23. 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.

2.24. 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. 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 Sponsor had contemplated and communicated to H&Co the likelihood of such damages. Any decision to act upon the deliverables is to be made by Sponsor and no communication by H&Co. should be treated as an invitation or inducement to engage Sponsor to act upon the deliverable.

2.26. It is clarified that Sponsor, the Investment Manager and the Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.

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2.27. H&Co will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Sponsor, the Investment Manager 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 Sponsor and Investment Manager:

3.1. Audited financial statements of PKTCL for the financial year ("FY") ended 31st March 2016 and 31st March 2017;

3.2. Provisional financial statement for the three months period ended 30th June 2017;

3.3. Projected Profit & Loss Account and Working Capital requirements of PKTCL from 1st July 2017 to 10th March 2051;

3.4. Details of brought forward losses (as per Income Tax Act) as at 31st March 2017.

3.5. Details of WDV (as per Income Tax Act) of assets as at 31st March 2017.

3.6. As on 30th June 2017, Sterlite Grid 2 Limited ("SGL2") holds 100% equity stake in PKTCL. As represented to us by the Sponsor and Investment Manager, there are no changes in the shareholding pattern from 30th June 2017 to the date of issuance of this Report.

3.7. TSA of PKTCL with Long Term Transmission Customers (LTTC) dated July, 2013.

3.8. Physical inspection of the SPV on 04th and 05th September 2017.

3.9. Technical Report of PKTCL prepared by Black and Veatch Private Limited for amongst others in relation to technical life of asset, quality of the asset and historical operational availability of assets.("Proposed Transaction")

3.10. The Technical Report which is a technical report specific to PKTCL, have been noted and relied upon by us, and the contents of the technical report has been factored into the preparation of the valuation report. In particular, we have relied upon the technical life of each asset, quality of the asset and historical operational availability of assets set forth in the report.

3.11. Management Representation Letter dated 4th October 2017.

4. Overview of the Sponsor, InvIT and PKTCL

The Sponsor or SPGVL

4.1. SPGVL is primarily engaged into power transmission business whereby it executes power transmission system projects and provides fiber-to-the-premise networks on lease to carriers of high speed internet, voice, video and value added services through separate SPV for each project.

4.2. SPGVL owns 9 inter-state power transmission projects with a total network of 31 power transmission lines of approximately 5,797 ckms and seven substations having approximately 7,890 MVA of transformation capacity.

4.3. As at 30th June 2017, ~72% of the equity stake in SPGVL (on a fully diluted basis) was held by Sterlite Power Transmission Limited ("SPTL") and the balance equity stake (on a fully diluted basis) was held by Standard Chartered Private Equity group.

4.4. SPTL is the holding company of SPGVL and it is also engaged in the business of providing power products and engaging in transmission grid business which it had acquired from Sterlite Technologies Limited ("STL") by virtue of Scheme of Arrangement under the

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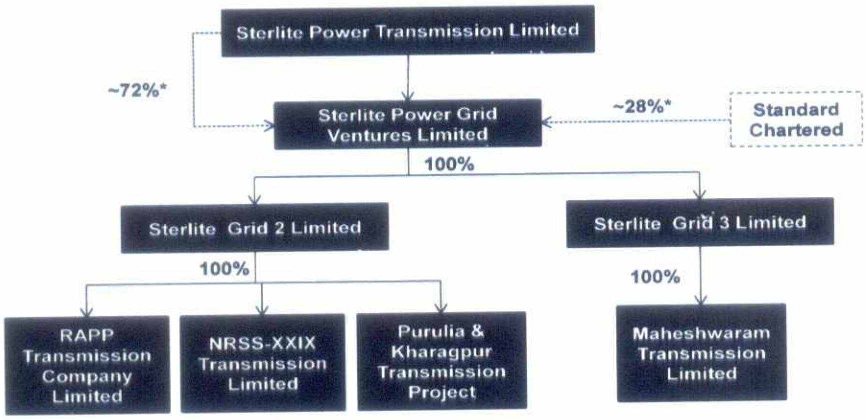
provision of section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956, wherein the power products and transmission business of STL was transferred to SPTL with effect from 1st April 2015.

The group structure is as follow:



**the above shareholding of SPGVL is on a fully diluted basis*

4.5. STL, incorporated in 2000, was formerly known as Sterlite Optical Technologies Limited and changed its name to Sterlite Technologies Limited in 2007. STL is currently listed on the National Stock Exchange of India Limited and BSE Limited in India.

India Grid Trust or the Trust

4.6. India Grid Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2016 by SPGVL, the Sponsor. 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 and BSE Limited since 6th June 2017.

4.7. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL"), from its Sponsor.

4.8. Following is the financial summary of the projects which the Trust had acquired from the Sponsor:

INR Mn

Particulars	BDTCL	JTCL
Valuation Date	31-Mar-17	31-Mar-17
Fair Market Value	21,541	16,125
Purchase Price *	37,020	

* Consolidated Purchase Price paid by India Grid Trust to purchase the abovementioned SPV's

4.9. The valuation for past three financial years for BDTCL and JTCL is given below;

	Enterprise Value (INR Mn)		
Asset Name	31-Mar-17	31-Mar-16	31-Mar-15
BDTCL	21,541	21,812	20,113
JTCL	16,125	19,407	14,295

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Purulia & Kharagpur Transmission Company Limited ("PKTCL")

4.10. Summary of details are as follows:

Parameters	Details
Project Cost	INR 4,405 Mn
Total Length	272Kms/545 ckms
TSA Agreement Date	6h August,2013
Scheduled COD	April, 2016
Project COD	
-Kharagpur-Chaibasa	18th June 2016
-Purulia-Ranchi	7th January 2017
Expiry Date	35 years from the scheduled COD
SPGVL's stake	100%

4.11. The PKTCL project was awarded to SGL2 by the Ministry of Power for a 35 year period from the scheduled commercial operation date on a BOOM basis.

The PKTCL project has been brought into existence, keeping in view the growing generation capacity in the Eastern region. It was much needed to strengthen the interconnection of the state grids with regional grids to facilitate exchange of additional power between them. Its route length is 372 Kms/550 cKms.

4.12. The project is complete and all the elements of the project have been commissioned and are operational. It consists of the following transmission lines and substations implemented on multiple contracts basis:

Transmission line / Sub-Station	Location	Route length (kms)	Specifications	Commission date	Contribution to total tariff
Kharagpur – Chaibasa	West Bengal, Jharkhand	161	400 kV D/C	June,2016	54%
Purulia – Ranchi	West Bengal, Jharkhand	111	400 kV D/C	January,2017	46%

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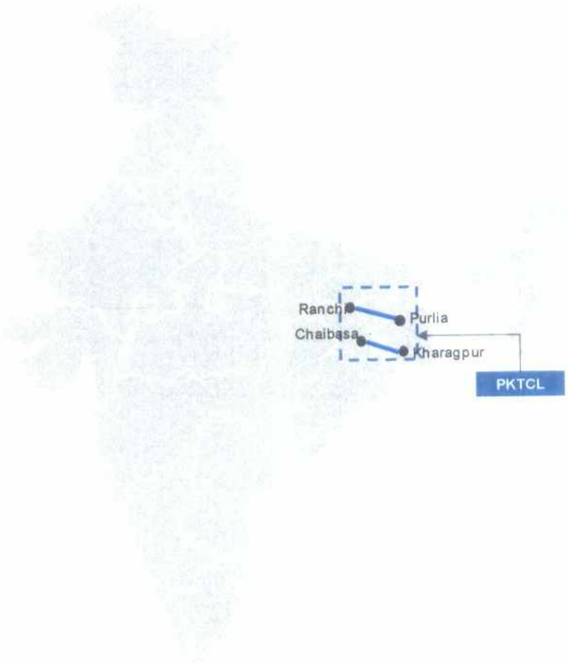
4.13. Following is the map showing area covered by the SPV :



4.14. Operating Efficiency history of the SPV:

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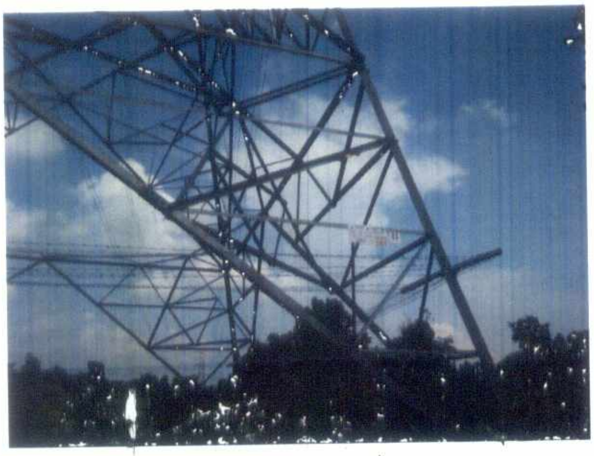
4.15. **Pictures of the site:**



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5. Overview of the Industry

5.1. Introduction:

5.1.1. The power industry forms the basis of any economy as it meets the energy requirement of several other industries. India was the third highest energy consumer after China and the US, with a global share of 5.3% in 2015. India was also the third largest producer of electricity, after Japan and Russia, in 2013, with over 5% global share in electricity generation in 2015.

5.1.2. Despite such healthy growth, the per-capita electricity consumption in India was only 1,010 kWh in 2015 (as per CEA), which is significantly lower than the world average and the lowest among the BRICS (Brazil, Russia, India, China and South Africa). This indicates the strong growth potential of the Indian power sector.

5.2. Demand and Supply

5.2.1. 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.

5.2.2. Supply: India has seen a robust growth in the installed power generation capacity in the past four years. The installed power generation capacity of ~ 302 GW in FY 16 is expected to increase to ~ 306 GW by the end of FY 17.

5.3. India's economic outlook

5.3.1. 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 7.6% to 7.9% until 2018. India's growth rate is significantly higher than the world average of around 3% and is also higher than other developing economies, such as China, Brazil, Indonesia and sub-Saharan African nations.

5.3.2. 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 INR 2.6 trillion in 2015-16 from INR 1.3 trillion in 2012-13. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 39 in 2016-17 from 55 in 2015-16. Also, compared with other large emerging economies, India's purchasing-manager index for 2016, published by World Bank, has been reflecting more buoyant sentiment. In essence, India is in a sweet spot compared with other major global economies.

5.4. Power transmission network in India

5.4.1. The transmission segment plays a key role in transmitting power continuously from the power 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.

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5.4.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission Utilities or the 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.

5.4.3. 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 increased from 358,580 ckm in 2006-07 to around 554,774 ckm in 2015-16.

5.4.4. PGCIL has remained the single largest player in these additions, contributing to 45-50% of the total investment in the sector. With a planned capital expenditure outlay of INR 1.1 trillion for the 12th five year plan, PGCIL has spent around INR 0.9 trillion over 2013-16.

5.4.5. Of the total capacity-addition projects in transmission during the 12th five year plan, 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.

5.4.6. However, the share of private sector in the power transmission segment has been rising. In fact, it has risen from nil in FY 2007 to almost 6% (in ckm) as on end FY 2016, but is still far behind the private sector penetration in the power generation sector which increased considerably from ~13% in FY 2007 to 40% as on March 2016. Although to encourage private-sector participation in building transmission capacity, the central government notified power-transmission schemes to be undertaken through tariff-based competitive bidding (TBCB), but still lower private player penetration in the transmission sector necessitates higher allotment of transmission lines to private players by the central transmission utilities.

5.4.7. 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.

5.4.8. 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 Power Transmission Report – November 2016

6. Valuation Approach

6.1. The present valuation exercise is being undertaken in order to derive the EV of the SPV.

6.2. 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.

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6.3. There are three generally accepted approaches to valuation:

(a) "Cost" approach
(b) "Market" approach
(c) "Income" approach

6.4. **<u>Cost Approach</u>**

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.

<u>Net Asset Value ("NAV")</u>

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, net asset value represents the minimum benchmark value of an operating business.

6.5. **<u>Market Approach</u>**

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.

<u>Comparable Companies Multiples ("CCM") Method</u>

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.

<u>Comparable Transactions Multiples ("CTM") Method</u>

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 Enterprise Value ("EV") / Earnings before Interest, Taxes, Depreciation & Amortization ("EBITDA") multiple and EV / Revenue multiple.

<u>Market Price Method</u>

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

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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.

6.6. **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 (DCF) 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.

6.7. **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 have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPV. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPV, and other factors which generally influence the valuation of companies and their assets.

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

Cost Approach

In the present case, since the SPV has entered into TSA, the revenue of the 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 Net Asset value does not capture the future earning potential of the businesses, we have not considered the cost approach for the current valuation exercise.

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Market Approach

The present valuation exercise is to undertake a fair enterprise value of the SPV engaged in the power transmission business for a specific tenure. Further, the tariff revenue and 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 SPV are not listed on any recognized stock exchange of India. Hence, we are unable to apply market price method.

Income Approach

This is a Build Own Operate and Maintain (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. Further, considering the present valuation exercise is to derive the fair enterprise value of the SPV, we have considered the DCF method using the Free Cash Flow to Firm ("FCFF") method as it considers cash flow available for distribution to both, the owners and the lenders of the company.

7. Valuation of the SPV

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

7.1. Key Assumption

7.1.1. **Transmission Revenue**: The transmission revenue comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA for the life of the project.

7.1.1.1. **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 of the respective TSA and documents provided to us by the Sponsor and the Investment Manager.

7.1.1.2. **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 us by the Sponsor and Investment Manager. The escalation is to mainly compensate for inflation factor. CERC notifies the relevant escalation to be considered for tariff escalation.

7.1.2. **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 historical availability of the SPV, the SPV is expected to provide annual availability of

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more than 98% for the projected period based on its past track record and the general industry trend.

7.1.3. **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 7.1.2 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.

7.1.4. **Operations & Maintenance ("O&M"):** O&M expenditure estimated by the Sponsor and the Investment Manager for the projected period is based on the escalation rate determined for the SPV. We have relied on the O&M expenses as provided by the Sponsor and Investment Manager.

7.1.5. **Depreciation:** The book depreciation has been calculated using Straight Line Method over the life of the project. For calculating depreciation as per Income Tax Act, for the projected period, we have considered depreciation rate as specified in the Income Tax Act and WDV as per the provisional depreciation working provided by the Sponsor and the Investment Manager. The SPV is not expected to incur any capital expenditure in the projected period.

7.1.6. **Capex:** As represented by the Sponsor and the Investment Manager, the SPV is not expected to incur any capital expenditure in the projected period.

7.1.7. **Tax Incentive**: The SPV is eligible for tax holiday under section 80IA of Income Tax Act. Such tax holiday shall be available for any 10 consecutive years out of 15 years beginning from the date of COD.

7.1.8. **Working Capital**: The Sponsor and Investment Manager has envisaged the working capital requirement of the SPV for the projected period. The operating working capital comprises of trade receivables for transmission revenue and trade payables for O&M expenses.

7.2. Impact of Ongoing Material Litigation on Valuation

PKTCL has received a demand notice for VAT payment of INR 104.3 Million (i.e. three times the amount of tax of INR 34.8 million). Out of the total demand it has paid INR 26.1 Million under protest and the case is currently pending with Hon'ble High Court of Jharkhand. As represented by the management of the Sponsor, there is no potential devolvement on account of the aforesaid contingent liability.

7.3. Calculation of Weighted Average Cost of Capital

7.3.1. Cost of Equity:

Cost of Equity (Ke) 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.

K(e) = Rf + (RP* Beta)

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

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7.3.2. **Risk Free Rate:**

We have applied a risk free rate of return of 6.92% on the basis of the relevant zero coupon yield curve as on 30th June 2017 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

7.3.3. **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 = 6.92% as explained in para 7.3.2.

7.3.4. **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. However, since neither the shares of SPGVL nor of the SPV are not publicly quoted, we have sought to estimate the relevant Beta with respect to benchmark numbers. It is impossible to identify a company with exactly same characteristics as the SPV. Therefore, we have sought to use the beta of Power Grid Corporation Limited since its business operations is similar to those of the SPV.

We have 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 the industry standard debt-equity of 70:30 using the following formula:

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

7.3.5. **Cost of Debt (Kd):**

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

K(d) = K(d) 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 standard.

7.3.6. **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))]

7.3.7. Accordingly, we have arrived at the WACC of 7.98% for valuation under (Refer appendix I)

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7.4. We have relied on the projected financials of PKTCL as provided by Sponsor and the Investment Manager for the period from 1st July 2017 to 10th March 2051.

7.5. We understand from the representation of the Sponsor and 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.

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

7.7. As on valuation date, we have discounted the free cash flows of PKTCL using the WACC of 7.98% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 6,512 Million. (Refer Appendix II)

8. Valuation Conclusion

8.1. 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 businesses, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

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

8.3. Based on the above analysis the EV as on the Valuation Date of PKTCL is INR 6,512 Million. (Refer Appendix II)

8.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

9. Other Mandatory Minimum Disclosures in compliance with SEBI InvIT Regulations

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 shall include following information, so as to provide the investors with the adequate information about the valuation and other aspects of the SPV.

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

We have verified the validity of various permits and clearances obtained or to be obtained as per the list provided in Technical Report and the documents provided by the Sponsor and Investment Manager. Refer Appendix III for status of the same.

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

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

9.3. Statement of assets included;

As at 30th June 2017, details of the assets of the SPV are as follows:

Asset Type	Gross Block	Depreciation	Net Block	% of asset, Depreciated
Transmission Lines	4405	113	4291.92	3%
Furniture & Fittings	0.25	0.12	0.13	48%
Office & IT Equipment	0.11	0.06	0.05	55%
Total	**4405.36**	**113**	**4292.1**	**3%**

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

There are no major repairs and maintenance carried out during the period under exercise. Further, it is observed that no major repair and maintenance expenses are estimated in the projections as provided by the Sponsor and Investment Manager.

9.5. Revenue pendencies including local authority taxes associated with the SPV and compounding charges, if any;

Based on the information provided by the Sponsor and the Investment Manager and our review of the same, there are no dues including local authority taxes pending to be payable to the government authorities with respect to the SPV.

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

PKTCL had purchased material amounting to INR 695.2 million for captive consumption during FY16; however, the Assessing Officer ("AO") treated such purchases as materials purchased for resale and raised a demand of Value Added Tax ("VAT") of INR 104.3 million (i.e. three times the amount of tax of INR 34.8 million). Out of the total demand, PKTCL has already paid INR 26.1 million under protest. The case is currently pending with the Hon'ble High Court of Jharkhand. As represented by the management of the Sponsor, there is no potential devolvement on account of the aforesaid contingent liability.

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

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	6.92%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th June 2017 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Market Risk Premium	8.08%	Market Premium = Market Return – Risk Free Rate
Beta (relevered)	0.67	Beta has been considered based on the betas of the comparable companies operating in the similar kind of business in India.
Cost of Equity	12.36%	Ke = Rf + β x (Rm-Rf) + CSRP
Pre-tax Cost of Debt	8.00%	As represented by the Sponsor and Investment Manager
Effective tax rate of SPV	23.68%	Average tax rate for the life of the project has been considered
Post-tax Cost of Debt	6.11%	Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)
Debt/(Debt+Equity)	70.00%	The debt – equity ratio computed as [D/(D+E)] is considered as 70% as per industry standard.
WACC	**7.98%**	**WACC = [Ke*(1-D:(D+E))]+[Kd*(1-t)*(D:(D+E))]**

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Appendix II – Valuation of PKTCL as on 30th June 2017

FY ended	Revenue	EBITDA	EBITDA Margin	Less : Capex	Less : Incremental NCA	Less: Taxation	FCFF	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
FY18*	400.80	375.69	94%	-	-50.39	56.53	370	0.38	0.97	359
FY19	748.64	714.14	95%	-	54.14	121.95	538	1.25	0.91	489
FY20	748.79	712.19	95%	-	-0.13	121.54	591	2.25	0.84	497
FY21	748.97	710.14	95%	-	-0.14	121.10	589	3.25	0.78	459
FY22	749.15	707.95	95%	-	-0.15	120.63	587	4.25	0.72	424
FY23	749.35	705.65	94%	-	-0.16	120.14	586	5.25	0.67	391
FY24	749.57	703.20	94%	-	-0.17	119.62	584	6.25	0.62	361
FY25	749.80	700.61	93%	-	-0.18	119.06	582	7.25	0.57	333
FY26	750.05	697.87	93%	-	-0.18	118.48	580	8.25	0.53	308
FY27	750.33	694.96	93%	-	-0.19	117.86	577	9.25	0.49	284
FY28	750.62	691.89	92%	-	-0.20	117.20	575	10.25	0.46	262
FY29	750.94	688.63	92%	-	-0.21	116.51	572	11.25	0.42	241
FY30	751.28	685.18	91%	-	-0.23	115.77	570	12.25	0.39	222
FY31	751.67	681.54	91%	-	-0.24	114.99	567	13.25	0.36	205
FY32	752.07	677.66	90%	-	-0.25	114.17	564	14.25	0.33	189
FY33	752.50	673.57	90%	-	-0.27	113.29	561	15.25	0.31	174
FY34	752.97	669.23	89%	-	-0.28	112.37	557	16.25	0.29	160
FY35	753.48	664.64	88%	-	-0.29	111.39	554	17.25	0.27	147
FY36	628.66	534.41	85%	-	-31.22	83.59	482	18.25	0.25	119
FY37	534.25	434.26	81%	-	-23.75	62.22	396	19.25	0.23	90
FY38	534.89	428.81	80%	-	-0.34	61.06	368	20.25	0.21	78
FY39	535.57	423.02	79%	-	-0.36	59.82	364	21.25	0.20	71
FY40	536.30	416.91	78%	-	-0.38	58.52	359	22.25	0.18	65
FY41	537.10	410.44	76%	-	-0.40	57.14	354	23.25	0.17	59
FY42	537.96	403.58	75%	-	-0.42	55.67	348	24.25	0.16	54
FY43	538.88	396.32	74%	-	-0.44	54.12	343	25.25	0.14	49
FY44	539.88	388.63	72%	-	-0.47	52.48	337	26.25	0.13	45
FY45	540.94	380.48	70%	-	-0.49	50.74	330	27.25	0.12	41
FY46	542.10	371.87	69%	-	-0.52	126.56	246	28.25	0.11	28
FY47	543.34	362.74	67%	-	-0.55	123.72	240	29.25	0.11	25
FY48	544.67	353.08	65%	-	-0.58	120.65	233	30.25	0.10	23
FY49	546.11	342.84	63%	-	-0.61	117.34	226	31.25	0.09	21
FY50	547.64	332.00	61%	-	-0.64	113.79	219	32.25	0.08	18
FY51	517.70	302.09	58%	-	0.41	103.60	198	33.21	0.08	15
TV	549.31	320.53	58%	-	-	110.93	210	33.21	0.08	16
Present Value of Explicit Period Cash Flows										6,307
Present Value of Terminal Year Cash Flow										205
Enterprise Value										6,512

* for 9 months period ended 31st March 2018

** for the period ended 10th March 2051

HARIBHAKTI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Appendix III – Summary of Approvals & Licenses (1/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	**Aviation Clearance**			
	- No Objection Certificate for Height Clearance:			
	JAMS/EAST/P/090716/170575	22-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/2	22-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/3	26-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/4	26-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/5	26-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/6	22-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/7	22-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/8	22-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/9	22-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/10	26-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/11	22-Sep-16	7	Airports Authority of India
	JAMS/EAST/P/090716/170575/12	26-Sep-16	7	Airports Authority of India
2	**Energisation of Plants**			
	400 Kv Kharagpur - Chibasa D/C transmission line of PKTCL	13-May-16	Valid	Central Electricity Authority
	400 Kv Puralia - Ranchi D/C transmission line of PKTCL	27-Dec-16	Valid	Central Electricity Authority
3	**Forest Clearance**			
	Jharkhand - Saraikela and East Singhbhum	24-Sep-15	Valid	Ministry of Environment, Forests & Climate Change
	Kharagpur to Chaibasa	17-Jul-15	Valid	Ministry of Environment, Forests & Climate Change
	Rairangpur Forest Division in Mayurbhanj district of Odisha	4-Sep-15	Valid	Ministry of Environment, Forests & Climate Change
	Ranchi & Khunti district of Jharkhand	24-Sep-15	Valid	Ministry of Environment, Forests & Climate Change
	Purulia - Ranchi	22-Sep-16	Valid	Ministry of Environment, Forests & Climate Change
4	**Road Crossing**			
	NH-6, Kharagpur to Behragora	5-Nov-15	Valid	National Highway Authority of India
	NH-23, Tengriya Village	27-Feb-16	Valid	National Highway Authority of India
	NOC for NH-75, Ranchi - Chaibasa - Jaintgarh	25-May-16	Valid	National Highway Authority of India
	Overhead crossing of 132 Kv D/C Gola Chandil transmission line	29-Jan-16	Valid	Damodar Valley Corporation Electricity Department
	Overhead crossing of 220 Kv D/C BTPS-Jamshedpur transmission line	29-Jan-16	Valid	Damodar Valley Corporation Electricity Department
	NH-33, Ranchi-Tata, near village Darbul.	9-Dec-15	Valid	National Highway Authority of India

Source: Investment Manager

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

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

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
5	**Power Line Crossing**			
	Kharagpur-Chaibasa line over KTPP-Kharagpur line	11-May-16	Valid	West Bengal State Electricity Transmission Company Limited
	Kharagpur-Chaibasa line over Jamshedpur-Joda line	31-Dec-16	Valid	Damodar Valley Corporation Electricity Department
	Kharagpur-Chaibasa line over RCP-Joda line	30-Dec-15	Valid	Jharkhand Urja Sancharan Nigam Limited
	Kharagpur-Chaibasa line over Jamshedpur-Baripada line	4-Dec-15	Valid	Power Grid Corporation of India Limited
	Kharagpur-Chaibasa line over Chaibasa Mini Grid Substation to our Chaliyama Steel Plant	29-Jul-15	Valid	Rungta Mines Limited
	Ranchi-Chandwa line near village-Bero	7-Mar-16	Valid	Power Grid Corporation of India Limited
	Bero-Patratu line near village-Bero	17-Mar-16	Valid	Power Grid Corporation of India Limited
	Purulia-Ranchi line over Chandil line of Power Grid Corporation of India Limited	16-Feb-16	Valid	Power Grid Corporation of India Limited
	Purulia-Ranchi line over Gola-Chandil line	29-Jan-16	Valid	Damodar Valley Corporation Electricity Department
	Purulia-Ranchi line over BTPS-Jamshedpur line	29-Jan-16	Valid	Damodar Valley Corporation Electricity Department
	Purulia-Ranchi line over Hatia-Kamdara line	26-Feb-16	Valid	Jharkhand Urja Sancharan Nigam Limited
	Purulia-Ranchi line over Ranchi Bero line of Power Grid	7-Mar-16	Valid	Power Grid Corporation of India Limited
	Purulia-Ranchi line over Ranchi-Rourkela line	31-Dec-15	Valid	Power Grid Corporation of India Limited
6	**Power Telecommunication Co-ordination Committee ("PTCC") Clearance**			
	Kharagpur to Chaibasa line	10-May-16	Valid	Power Telecommunication Co-ordination Committee
	Purulia to Ranchi Line	16-Jun-16	Valid	Power Telecommunication Co-ordination Committee
7	**Railway Crossing**			
	Haludpukur - Bahalda Road Railway Station	17-Feb-16	Valid	South Eastern Railway
	Purulia-Ranchi line over Suisa-Torang stations	8-Jul-16	Valid	South Eastern Railway
	Purulia-Ranchi line over Lodhma-Baisiring stations	8-Jul-16	Valid	South Eastern Railway
8	**Transmission License**	16-Jun-14	25	Central Electricity Regulatory Commission
9	**Diversion of Forest Land/ Permission for felling of trees**			
	Kharagpur Division	24-Sep-15	Valid	Government of West Bengal - Directorate of Forest
	Rairangpur Division	8-Oct-15	Valid	Office of the Divisional Forest Officer - Rairangpur Division
	Saraikela and Jamshedpur Division	21-Dec-15	Valid	Government of Jharkhand - Directorate of Forest
	Baghmundi Range	28-Oct-16	Valid	Government of West Bengal - Directorate of Forest
	Ranchi and Khunti Division	6-Jan-16	Valid	Government of Jharkhand - Directorate of Forest
10	**Transmission Service Agreement**			
	Power Grid Corporation of India Ltd. - Kharagpur-Chaibasa Line	22-Dec-15	Valid	
	Long Term Transmission Customers (Various Parties)	6-Aug-13	35	
11	Approval for adoption of Tariff	20-Aug-14		
12	Company Registration	15-Dec-12	Valid	Ministry of Corporate Affairs
13	River Crossing	Not Applicable		
14	Approval from GOI under section 164 of Electricity Act, 2003- Under Gazette of India	7-May-15	25	Ministry of Power
15	Approval under section 68 of Electricity Act, 2003	29-May-13	Valid	Ministry of Power
16	Approval from CERC under section 17(3)	1-Apr-15	Valid	Central Electricity Regulatory Commission
17	Defence Clearance	Application Made		

Source: Investment Manager

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Strictly Private and Confidential

HARIBHAKTI & CO. LLP
Chartered Accountants

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

Valuation Date: 30th June 2017

Strictly Private and Confidential

HARIBHAKTI & CO. LLP

Chartered Accountants

Date: 05th October 2017

CFAS-2/R-013/1005/A

Sterlite Investment Managers Limited

F-1, Mira Corporate Suits,

1&2, Mathura Road, Ishwar Nagar,

New Delhi – 110065

Sub: Valuation of RAPP Transmission Company Limited ("RTCL") as per the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations")

Dear Directors' of Investment Manager,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), Firm Registration No. 103523W / W100048 have been appointed vide letter dated 31st July 2017, as an independent financial valuer, required as per the extant provisions of SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager of India Grid Trust ("the Trust"), registered under the SEBI InvIT Regulations, for the purpose of the financial valuation of the indirect subsidiary or special purpose vehicle - RAPP Transmission Company Limited ("RTCL" or "the SPV"), of Sterlite Power Grid Ventures Limited ("SPGVL" or "the Sponsor"). The SPV to be valued is proposed to be transferred to the Trust, SIML is acting as the investment manager and SPGVL as the sponsor to the Trust within the meaning of the SEBI InvIT Regulations.

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 Sponsor, 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 Enterprise Value ("EV") of the SPV on a going concern basis as at 30th June 2017 ("Valuation Date"). 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, calculations and conclusion 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 conclusion. 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 the conclusion of this exercise are included herein. Our Report complies with the SEBI InvIT Regulations and guidelines, circulars and/or notifications 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 may be made available for the inspection to the public and filed with 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 / W100048

Mr. Manoj Daga
Partner
Membership No. 048523
Place: Mumbai
Encl: As above

Contents

Sr. No.	Particulars	Page No.
1	Purpose and Scope of Valuation	6
2	Exclusions & Limitations	7
3	Sources of Information	10
4	Overview of the Sponsor, the Trust and the SPV	10
5	Overview of the Industry	14
6	Valuation Approach	15
7	Valuation of the SPV	18
8	Valuation Conclusion	21
9	Other Mandatory Minimum Disclosures in compliance with SEBI InvIT Regulations	22
	Appendices	
10	Appendix I : WACC	23
11	Appendix II : Valuation of the SPV	24
12	Appendix III : Summary of Approvals & Licenses	25
13	Appendix IV : Summary of ongoing litigations	27

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
SIML or the Investment Manager	Sterlite Investment Managers Limited
SPGVL or the Sponsor	Sterlite Power Grid Ventures Limited
the Trust	India Grid Trust
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
RTCL or the SPV	RAPP Transmission Company Limited
the Trustee	Axis Trustee Services Limited
STL	Sterlite Technologies Limited
SPTL	Sterlite Power Transmission Limited
SGL2	Sterlite Grid 2 Limited
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
LTTC	Long Term Transmission Customer
COD	Commercial Operation Date
TSP	Transmission Service Provider
BOOM	Build-Own-Operate-Maintain
TSA	Transmission Service Agreement
INR	Indian Rupees
Mn	Million
FY	Financial Year Ended 31st March
NAV	Net Asset Value Method
WOS	Wholly Owned Subsidiary
Capex	Capital Expenditure
NCA	Net Current Assets Excluding Cash and Bank Balances
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EV	Enterprise Value
CCIL	Clearing Corporation of India Limited
SPV	Special Purpose Vehicle
Ckms	Circuit Kilometers
MVA	Mega Volt Ampere
FYP	Five year Plan
EHV	Extra High Voltage
KV	Kilo Volts
MU	Million Units
MW	Mega Watts
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
T/L	Transmission Line
NOC	No Objection Certificate

1. Purpose of Valuation

1.1. SPGVL is primarily engaged into installation and operation of electricity transmission projects.

1.2. SPGVL is the sponsor for the Trust, an infrastructure investment trust under the SEBI InvIT Regulations. 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 person as mentioned under the SEBI InvIT Regulations.

1.3. We understand that the Trust intends to acquire 100% equity stake in RTCL from the Sponsor.("Proposed Transaction")

1.4. RTCL is engaged the business of installation and operation of transmission lines in India. It is a wholly owned subsidiary of Sterlite Grid 2 Limited ("SGL2"). SGL2 is a wholly owned subsidiary of the Sponsor.

1.5. 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 infrastructure investment trusts, a full valuation of the specific project shall be undertaken.

1.6. In this regard, the Investment Manager intends to appoint H&Co to undertake an independent valuation of RTCL as per the extant provisions of the SEBI InvIT Regulations issued by SEBI.

1.7. As mentioned above, the Investment Manager has appointed us, H&Co., to undertake the fair valuation of RTCL at the enterprise level (including debt) as per the SEBI InvIT Regulations as at 30th June 2017.

1.8. In terms of Regulation 2(1)(zv) of the SEBI InvIT Regulations, related party is 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 IndAS 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. H&Co. declares that:

1.9.1. It is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;

1.9.2. It is independent and has prepared the Report on a fair and unbiased basis;

1.9.3. It has valued the SPV based on the valuation standards as specified under Sub-regulation 10 of Regulation 21 of SEBI InvIT Regulations.

1.10. 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.

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Scope of Valuation

1.11. We have undertaken the fair valuation of RTCL at the enterprise level (including debt).

1.12. The Valuation Date considered for this fair enterprise valuation of the SPV is 30th June 2017. Valuation analysis and results are specific to the date of this Report.

1.13. Valuation of this nature involves consideration of various macro-economic and enterprise specific factors including the financial position of the SPV as at the Valuation Date, trends in the equity stock market, government securities and other industry trends.

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

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. 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 its regulatory filings or in submissions, oral or written, made to us.

2.3. 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 the fact that the details provided to us are incorrect or inaccurate.

2.4. 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 the 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.

2.5. 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.

2.6. This Report and the information contained herein are 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 transaction proposed in para 1.3. of this report and in accordance with the provisions of SEBI InvIT Regulations. However, we shall 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.

2.7. 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.

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

2.8. 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.

2.9. This Report is based on the information received from the sources mentioned in Para 3 and discussions with the Sponsor and the Investment Manager. We have assumed that no information has been withheld that could influence the purpose or output of our Report.

2.10. 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. 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.

2.11. 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 may vary from these estimates and the variations may be material.

2.12. 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.

2.13. We have arrived at an indicative value based on our analysis. Any transaction price may however be significantly different as the value shall be decided by the Sponsor and the Investment Manager.

2.14. Our conclusion assumes that the assets and liabilities of the SPV, reflected in its latest balance sheet remain intact as of the Report date.

2.15. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, 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.

2.16. 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.

2.17. For the present valuation exercise, we have also relied on information available in public domain; however, the accuracy and timeliness of the same has not been independently verified by us.

2.18. 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 is caused, shall be limited to the amount of fees

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actually received by us from the Sponsor and the Investment Manager, as laid out in the engagement letter, for such valuation work.

2.19. 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.

2.20. This Report neither looks into the business/ commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of investing in the Trust as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

2.21. We are not advisors with respect to legal tax or regulatory matters for the Proposed Transaction. No investigation of the SPV's claim to the 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 books of accounts. Therefore, no responsibility is assumed for matters of a legal nature.

2.22. We have no present or planned future interest in the SPV or any other entity mentioned in this Report 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 the SPV or any other entity mentioned in this Report.

2.23. **Limitation of Liabilities**

2.23.1 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, the Trust or the SPV will not bring any claim in respect of any damage against any of the H&Co's personnel personally.

2.23.2 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 Sponsor and 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 Sponsor and the Investment Manager and no communication by H&Co. should be treated as an invitation or inducement to engage the Sponsor and the Investment Manager to act upon the deliverable.

2.23.3 It is clarified that the Sponsor, the Investment Manager and the Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.

2.23.4 H&Co. will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Sponsor, the Investment Manager or the Trustee.

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

3. Sources of Information

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

3.1. Audited financial statements of RTCL for the FY ended 31st March 2016 and FY ended 31st March 2017;

3.2. Provisional financial statements for the three months period ended 30th June 2017;

3.3. Projected Profit & Loss Account and Working Capital requirements of RTCL from 1st July 2017 to 28th February 2051;

3.4. Details of brought forward losses (as per Income Tax Act) as at 31st March 2017.

3.5. Details of WDV (as per Income Tax Act) of assets as at 31st March 2017.

3.6. As on 30th June 2017, SGL2 holds 100% equity stake in RTCL. As represented to us by the Investment Manager and the Sponsor, there are no changes in the shareholding pattern from 30th June 2017 to the date of issuance of this Report.

3.7. TSA of RTCL with Long Term Transmission Customers (LTTC) dated July, 2013.

3.8. Physical inspection of the SPV on 04th and 05th September 2017.

3.9. Technical report of RTCL prepared by Black and Veatch Private Limited for amongst others in relation to technical life of asset, quality of the asset and historical operational availability of assets. ("Technical Report")

3.10. The Technical Report which is a technical report specific to RTCL, has been noted and relied upon by us, and the contents of the technical report have been factored into the preparation of the valuation report. In particular, we have relied upon the technical life of each asset, quality of the asset and historical operational availability of assets set forth in the report.

3.11. Management Representation Letter dated 4th October 2017.

4. Overview of the Sponsor, the Trust and the SPV

The Sponsor or SPGVL

4.1. SPGVL is primarily engaged in power transmission business whereby it executes power transmission system projects and provides fiber-to-the-premise networks on lease to carriers of high speed internet, voice, video and value added services through separate SPV for each project.

4.2. SPGVL owns 9 inter-state power transmission projects with a total network of 31 power transmission lines of approximately 5,797 ckms and seven substations having approximately 7,890 MVA of transformation capacity.

4.3. As at 30th June 2017, ~72% of the equity stake in SPGVL (on a fully diluted basis) was held by SPTL and the balance equity stake (on a fully diluted basis) was held by Standard Chartered Private Equity group.

4.4. SPTL is the holding company of SPGVL and it is also engaged in the business of providing power products and engaging in transmission grid business which it had acquired from STL by virtue of Scheme of Arrangement under the provision of section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956, wherein the power products and transmission business of STL was transferred to SPTL with effect from 1st April 2015.

The group structure is as follow;

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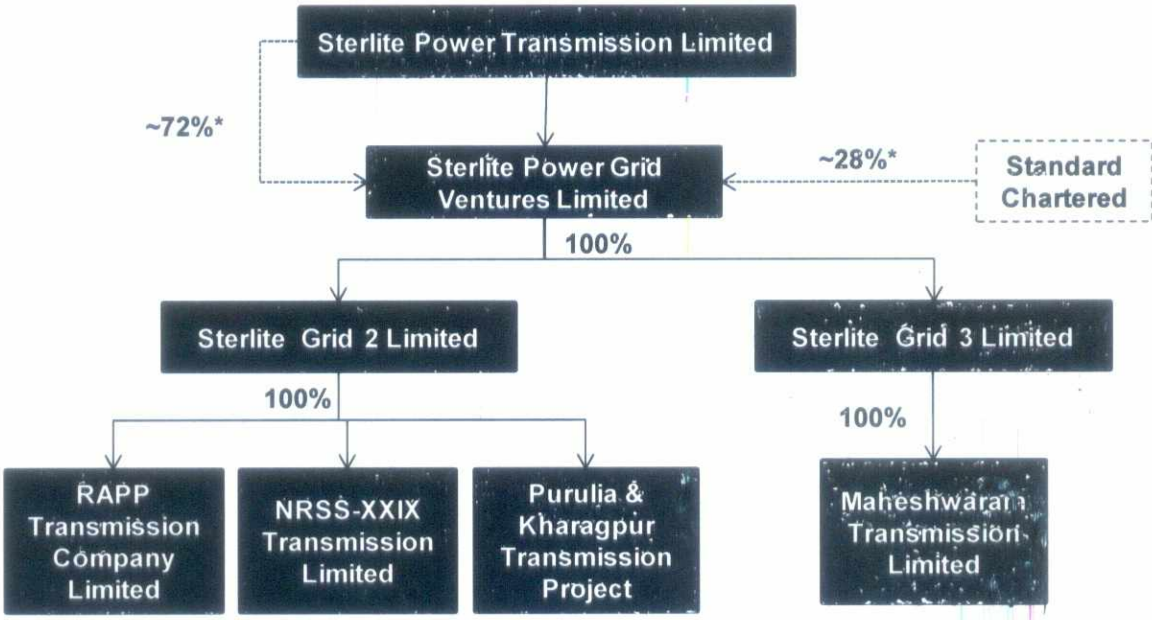

**the above shareholding of SPGVL is on a fully diluted basis*

4.5. STL, incorporated in 2000, was formerly known as Sterlite Optical Technologies Limited and changed its name to Sterlite Technologies Limited in 2007. STL is currently listed on the National Stock Exchange of India Limited and BSE Limited in India.

India Grid Trust or the Trust

4.6. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on October 21, 2016 by SPGVL, the Sponsor. 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.

4.7. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL"), from its Sponsor.

4.8. Following is the financial summary of the projects which the Trust had acquired from the Sponsor:

INR Mn

Particulars	BDTCL	JTCL
Valuation Date	31-Mar-17	31-Mar-17
Fair Market Value	21,541	16,125
Purchase Price *	37,020	

* Consolidated Purchase Price paid by India Grid Trust to purchase the abovementioned SPV's

4.9. The valuation for past three financial years for BDTCL and JTCL is given below;

Asset Name	Enterprise Value (INR Mn)		
	31-Mar-17	31-Mar-16	31-Mar-15
BDTCL	21,541	21,812	20,113
JTCL	16,125	19,407	14,295

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RAPP Transmission Company Limited ("RTCL")

4.10. Summary of details are as follows:

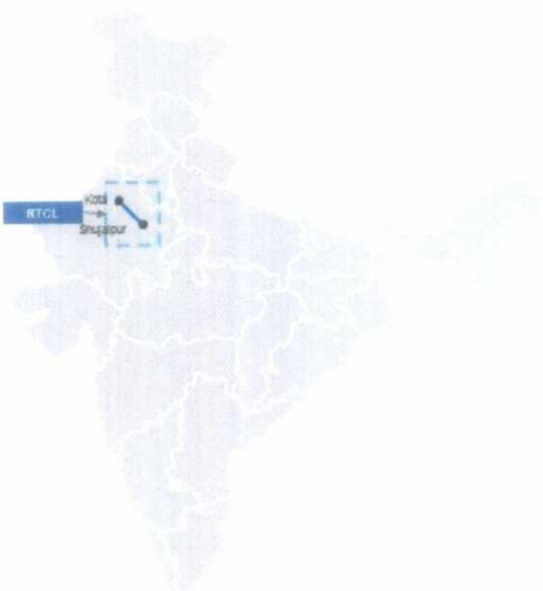
Parameters	Details
Project Cost	INR 2,601 Mn
Total Length	403 ckms/201 Kms
TSA Agreement Date	July 2013
Scheduled COD as per TSA	1st March, 2016
Project COD	26th December, 2015
Expiry Date	35 years from the scheduled COD
SPGVL's stake	100%

4.11. The RTCL project was awarded to SGL2 by the Ministry of Power for a 35 year period from the scheduled commercial operation date on a BOOM basis. RTCL project transfers power from the atomic power plant near Kota in Rajasthan to Shujalpur in Madhya Pradesh to provide the path for the evacuation of electricity generated at RAPP-7 and 8. Its route length is 201 Kms.

4.12. The project is complete and all the elements of the project have been commissioned and are operational. It consists of the following transmission line:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Commission date	Contribution to total tariff
RAPP-Shujalpur	Rajasthan and Madhya Pradesh	403	400 kV D/C	December 2015	100%

4.13. Following is the MAP showing area covered by the SPV.



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4.14. Operating Efficiency history of RTCL;

4.15. **Pictures of the site**:

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5. Overview of the Industry

5.1. Introduction:

5.1.1. The power industry forms the basis of any economy as it meets the energy requirement of several other industries. India was the third highest energy consumer after China and the US, with a global share of 5.3% in 2015. India was also the third largest producer of electricity, after Japan and Russia, in 2013, with over 5% global share in electricity generation in 2015.

5.1.2. Despite such healthy growth, the per-capita electricity consumption in India was only 1,010 kWh in 2015 (as per CEA), which is significantly lower than the world average and the lowest among the BRICS (Brazil, Russia, India, China and South Africa). This indicates the strong growth potential of the Indian power sector.

5.2. Demand and Supply

5.2.1. 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.

5.2.2. Supply: India has seen a robust growth in the installed power generation capacity in the past four years. The installed power generation capacity of ~ 302 GW in FY 16 is expected to increase to ~ 306 GW by the end of FY 17.

5.3. India's economic outlook

5.3.1. 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 7.6% to 7.9% until 2018. India's growth rate is significantly higher than the world average of around 3% and is also higher than other developing economies, such as China, Brazil, Indonesia and sub-Saharan African nations.

5.3.2. 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 INR 2.6 trillion in 2015-16 from INR 1.3 trillion in 2012-13. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 39 in 2016-17 from 55 in 2015-16. Also, compared with other large emerging economies, India's purchasing-manager index for 2016, published by World Bank, has been reflecting more buoyant sentiment. In essence, India is in a sweet spot compared with other major global economies.

5.4. Power transmission network in India

5.4.1. The transmission segment plays a key role in transmitting power continuously from the power 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.

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5.4.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission Utilities or the 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.

5.4.3. 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 increased from 358,580 ckm in 2006-07 to around 554,774 ckm in 2015-16.

5.4.4. PGCIL has remained the single largest player in these additions, contributing to 45-50% of the total investment in the sector. With a planned capital expenditure outlay of INR 1.1 trillion for the 12th five year plan, PGCIL has spent around INR 0.9 trillion over 2013-16.

5.4.5. Of the total capacity-addition projects in transmission during the 12th five year plan, 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.

5.4.6. However, the share of private sector in the power transmission segment has been rising. In fact, it has risen from nil in FY 2007 to almost 6% (in ckm) as on end FY 2016, but is still far behind the private sector penetration in the power generation sector which increased considerably from ~13% in FY 2007 to 40% as on March 2016. Although to encourage private-sector participation in building transmission capacity, the central government notified power-transmission schemes to be undertaken through tariff-based competitive bidding (TBCB), but still lower private player penetration in the transmission sector necessitates higher allotment of transmission lines to private players by the central transmission utilities.

5.4.7. 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.

5.4.8. 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 Power Transmission Report – November 2016

6. Valuation Approach

6.1. The present valuation exercise is being undertaken in order to derive the EV of the SPV.

6.2. 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.

6.3. There are three generally accepted approaches to valuation:

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(a) "Cost" approach
(b) "Market" approach
(c) "Income" approach

6.4. **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, net asset value represents the minimum benchmark value of an operating business.

6.5. **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 Enterprise Value ("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

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traded. The market value generally reflects the investors' perception about the true worth of the company.

6.6. **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 (DCF) 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.

6.7. **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 have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPV. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPV, and other factors which generally influence the valuation of companies and their assets.

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

Cost Approach

In the present case, since the SPV has entered into TSA, the revenue of the 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 Net Asset Value does not capture the future earning potential of the businesses, we have not considered the cost approach for the current valuation exercise.

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Market Approach

The present valuation exercise is to undertake a fair EV of the SPV engaged in the power transmission business for a specific tenure. Further, the tariff revenue and 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

This is a Build Own Operate and Maintain (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 the 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. Further, considering the present valuation exercise is to derive the fair enterprise value of the SPV, we have considered the DCF method using the Free Cash Flow to Firm ("FCFF") method as it considers cash flow available for distribution to both, the owners and the lenders of the company.

7. Valuation of the SPV

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

7.1. Key Assumption

7.1.1. **Transmission Revenue**: The transmission revenue comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA for the life of the project.

7.1.1.1. **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 of the respective TSA and documents provided to us by the Sponsor and the Investment Manager.

7.1.1.2. **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 us by the Sponsor and the Investment Manager. The escalation is to mainly compensate for inflation factor. CERC notifies the relevant escalation to be considered for tariff escalation.

7.1.2. **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 historical availability of the SPV, the SPV is expected to provide annual availability of

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more than 98% for the projected period based on its past track record and the general industry trend.

7.1.3. **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 7.1.2 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.

7.1.4. **Operations & Maintenance ("O&M"):** O&M expenditure estimated by the Sponsor and the Investment Manager for the projected period is based on the escalation rate determined for SPV. We have relied on the estimated O&M expenditure as provided by the Sponsor and the Investment Manager.

7.1.5. **Depreciation:** The book depreciation has been calculated using Straight Line Method over the life of the project. For calculating depreciation as per Income Tax Act for the projected period, we have considered depreciation rate specified in the Income Tax Act and WDV as per the provisional depreciation working provided by the Sponsor and the Investment Manager.

7.1.6. **Capex:** As represented by the Sponsor and the Investment Manager, the SPV is not expected to incur any capital expenditure in the projected period.

7.1.7. **Tax Incentive**: The SPV is eligible for tax holiday under section 80IA of Income Tax Act. Such tax holiday shall be available for any 10 consecutive years out of 15 years beginning from the COD.

7.1.8. **Working Capital**: The Sponsor and the Investment Manager has envisaged the working capital requirement of the SPV for the projected period. The operating working capital comprises of trade receivables for transmission revenue and trade payables for O&M expenses.

7.2. Impact of Ongoing Material Litigation on Valuation

7.2.1. Nuclear Power Corporation of India Limited has filed an appeal before the Appellate Tribunal for Electricity ("APTEL") under section 111 of Electricity Act 2003, challenging the order passed by CERC in favor of RTCL. As per CERC order dated 21st September 2016, RTCL is entitled to transmission charges of INR 221.70 Million for early commissioning the transmission project in accordance with order passed by MoP dated 15th July 2015, "Policy for Incentivizing Early Commissioning of Transmission Projects". (Refer Appendix IV for case summary). RTCL has recognised the said transmission charges in its books and the same is disclosed as receivables in its financial statement. In our valuation analysis, we have not considered any inflow on account of said receivable in projected period.

7.2.2. The Commercial Tax Department, Government of Madhya Pradesh, has raised an Entry Tax demand of INR 4.47 Million and penalty thereon of INR 1.79 million on RTCL under the provisions of Entry Tax Act 1976.

7.2.3. However, RTCL is of the opinion that imposition of Entry Tax by the Commercial Tax Department is outside the purview of section 3 (charging section) of Entry Tax Act 1976.

7.2.4. As discussed with the management of the Sponsor and our analysis of the case, we have not considered any potential devolvement for the same in the projected period.

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7.3. **Calculation of Weighted Average Cost of Capital**

7.3.1. **Cost of Equity:**

Cost of Equity (Ke) 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.

K(e) = Rf + (RP* Beta) + 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

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

7.3.2. **Risk Free Rate:**

We have applied a risk free rate of return of 6.92% on the basis of the relevant zero coupon yield curve as on 30th June 2017 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

7.3.3. **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 = 6.92% as explained in para 7.3.2.

7.3.4. **Beta:**

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. Generally, the process is to take a relevant number from a quoted stock and the market on which it trades. However, since shares of the SPV are not publicly quoted, we have sought to estimate the relevant beta with respect to benchmark numbers. It is next to impossible to identify a company with exactly same characteristics as the SPV. Therefore, we have sought to use the beta of Powergrid Corporation of India Limited since its business operations is similar to those of the SPV.

We have 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 the beta based on industry average debt-equity ratio of 70:30 using the following formula:

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

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7.3.5. **Company Specific Risk Premium:** We have not considered any company specific risk premium for to the cost of equity.

7.3.6. **Cost of Debt (Kd):**

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

K(d) = K(d) pre tax * (1 - t)

Wherein:

K(d) = Cost of debt

t = tax rate as applicable

7.3.7. **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))]

7.3.8. Accordingly, we have arrived at the WACC of 8.05%. (Refer appendix I)

7.4. We have relied on the projected financials of RTCL as provided by the Sponsor and the Investment Manager for the period from 1st July 2017 to 28th February 2051.

7.5. We understand from the representation of the Sponsor and 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.

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

7.7. As on valuation date, we have discounted the free cash flows of RTCL using the WACC of 8.05% to derive the EV by aggregating the present value of cash flows for explicit period and terminal period at INR 3,935 Million. (Refer Appendix II)

8. Valuation Conclusion

8.1. 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 businesses, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

8.2. We have been represented by the Sponsor and the Investment Manager that there is no potential devolvement on account of contingent liability as of valuation date; hence no impact of contingent liabilities has been factored in to derive the EV of the SPV.

8.3. Based on the above analysis, the EV as on the Valuation Date of RTCL is INR 3,935 Million. (Refer Appendix II)

8.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

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9. Other Mandatory Minimum Disclosures in compliance with SEBI InvIT Regulations

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 shall include following information, so as to provide the investors with the adequate information about the valuation and other aspects of the SPV:

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

We have verified the validity of various permits and clearances obtained or to be obtained as per the list provided in Technical Report and the documents provided to us by the management. Refer Appendix III for status of the same.List of up to date/ overdue periodic clearances;

Based on the review of information provided, there are no overdue periodic clearances.

9.2. Statement of assets included;

Details of the assets as at 31st March 2017 are as below (INR Mn);

Fixed Asset	As at 31 March 2017 (INR Mn)			
Particulars	Gross Block	Depreciation	Net Block	% Depreciated
Transmission Line	2,600	107	2,493	4%
Data Processing Equipments	0.02	0.01	0.01	66%
Furniture and Fitting	0.13	0.05	0.08	41%
Office Equipment	0.30	0.20	0.10	68%
TOTAL	**2,601**	**107**	**2,494**	4%

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

There are no major repairs and maintenance carried out during the period under exercise. Further, it was observed that no major repair and maintenance expenses were estimated in the projections as provided by the management of Sponsor.

9.4. Revenue pendencies including local authority taxes associated with SPV and compounding charges, if any;

Based on the information provided by the Sponsor and the Investment Manager and our review of the same, there are no dues including local authority taxes pending to be payable to the government authorities with respect to the SPV.

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

For the status of ongoing litigations, please refer Appendix IV.

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

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	6.92%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th June 2017 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Market Risk Premium	8.08%	Market Premium = Market Return – Risk Free Rate
Beta (relevered)	0.68	Beta has been considered based on the betas of the comparable companies operating in the similar kind of business in India.
Cost of Equity	12.40%	Ke = Rf + β x (Rm-Rf) + CSRP
Pre-tax Cost of Debt	8.00%	As represented by the Sponsor and Investment Manager
Effective tax rate of SPV	22.66%	Average tax rate for the life of the project has been considered
Post-tax Cost of Debt	6.19%	Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)
Debt/(Debt+Equity)	70.00%	The debt – equity ratio computed as [D/(D+E)] is considered as 70% as per industry standard.
WACC	**8.05%**	**WACC = [Ke*(1-D:(D+E))]+[Kd*(1-t)*(D:(D+E))]**

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Appendix II – Valuation of RTCL as on 30th June 2017

In INR Mn

FY ended	Revenue	EBITDA	EBITDA Margin	Less : Capex	Less : Incremental NCA	Less: Taxation	FCFF	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
FY18*	244	228	93.29%	6.40	10.77	33.76	**177**	0.38	0.97	**172**
FY19	455	429	94.2%	-	32.89	73.27	**323**	1.25	0.91	**293**
FY20	455	427	93.9%	-	-0.10	72.96	**355**	2.25	0.84	**298**
FY21	455	426	93.5%	-	-0.11	72.63	**353**	3.25	0.78	**275**
FY22	455	424	93.2%	-	-0.11	72.28	**352**	4.25	0.72	**253**
FY23	455	423	92.8%	-	-0.12	71.92	**351**	5.25	0.67	**234**
FY24	456	421	92.3%	-	-0.13	71.53	**349**	6.25	0.62	**215**
FY25	456	419	91.9%	-	-0.14	71.11	**348**	7.25	0.57	**198**
FY26	456	417	91.4%	-	-0.14	70.68	**346**	8.25	0.53	**183**
FY27	456	415	90.9%	-	-0.15	70.22	**345**	9.25	0.49	**168**
FY28	456	412	90.4%	-	-0.16	69.74	**343**	10.25	0.45	**155**
FY29	456	410	89.8%	-	-0.17	69.22	**341**	11.25	0.42	**143**
FY30	457	407	89.2%	-	-0.18	68.68	**339**	12.25	0.39	**131**
FY31	457	405	88.6%	-	-0.18	68.11	**337**	13.25	0.36	**121**
FY32	457	402	87.9%	-	-0.19	67.50	**335**	14.25	0.33	**111**
FY33	457	399	87.2%	-	-0.21	66.85	**332**	15.25	0.31	**102**
FY34	458	396	86.4%	-	-0.21	66.18	**330**	16.25	0.28	**94**
FY35	458	392	85.7%	-	-0.23	65.46	**327**	17.25	0.26	**86**
FY36	458	389	84.8%	-	-0.24	64.70	**324**	18.25	0.24	**79**
FY37	459	385	83.9%	-	-0.25	63.90	**321**	19.25	0.23	**72**
FY38	459	381	83.0%	-	-0.27	63.05	**318**	20.25	0.21	**66**
FY39	459	377	82.0%	-	-0.28	62.15	**315**	21.25	0.19	**61**
FY40	460	372	81.0%	-	-0.29	61.20	**311**	22.25	0.18	**56**
FY41	460	368	79.9%	-	-0.31	60.20	**308**	23.25	0.17	**51**
FY42	461	363	78.7%	-	-0.32	59.13	**304**	24.25	0.15	**46**
FY43	366	262	71.5%	-	-23.95	37.58	**248**	25.25	0.14	**35**
FY44	328	218	66.4%	-	-9.78	28.24	**199**	26.25	0.13	**26**
FY45	329	212	64.5%	-	-0.38	26.98	**185**	27.25	0.12	**22**
FY46	329	206	62.5%	-	-0.40	58.41	**148**	28.25	0.11	**17**
FY47	330	199	60.3%	-	-0.42	56.65	**143**	29.25	0.10	**15**
FY48	331	192	58.1%	-	-0.44	54.77	**138**	30.25	0.10	**13**
FY49	332	185	55.7%	-	-0.46	52.75	**133**	31.25	0.09	**12**
FY50	333	177	53.2%	-	-0.48	50.60	**127**	32.25	0.08	**10**
FY51**	305	155	50.6%	-	-0.51	44.20	**111**	33.21	0.08	**8**
TV	334	169	50.6%	-	-	48.72	**120**	33.21	0.08	**9**
Present Value of Explicit Period Cash Flows										**3,821**
Present Value of Terminal Year Cash Flow										**114**
Enterprise Value										**3,935**

* for 9 months period ended 31st March 2018

** For the period ended 28th February 2051

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Appendix III – Summary of Approvals & Licenses

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Company Registration	20-Dec-12	Valid	Ministry of Corporate Affairs
2	Transmission License	27-Oct-11	25	Central Electricity Regulatory Commission
3	Environment (Forest) Clearance			
	FRA Certificate and District level Committee Meeting	22-Jun-15	Valid	Office of District Collector, Chittorgarh, Government of Rajasthan
	400 KV/ D/C RAPP to Shujalpur	19-Aug-15	Valid	Ministry of Environment, Forests & Climate Change Regional Office (Central Region)
4	Approval under section 68 of Electricity Act, 2003	16-May-13	Valid	Central Electricity Regulatory Commission
5	Approval from GOI under section 164 of Electricity Act, 2003- Under Gazette of India	17-Jan-15	25	Central Electricity Regulatory Commission
6	Implementation of transmission lines	25-Nov-10	Not Available	Ministry of Power, Government of India
7	Approval under section 14 of Electricity Act, 2003	26-Sep-13	25	Central Electricity Regulatory Commission
8	Approval under section 17 (3) of Electricity Act, 2003	6-Apr-16	Valid	Central Electricity Regulatory Commission
9	Power Telecommunication Coordination Committee ("PTCC") Clearance			
	PTCC route approval for 400KV D/C RAPP (Rawatbhata Atomic power plant) - Sujalpur T/L (For Rajasthan Portion)	14-Dec-15	Valid	PTCC, Government of India
	PTCC route approval for 400KV Double Circuit Transmission line from RAPP- Sujalpur (Length 101 km) (For Madhya Pradesh Portion)	19-Dec-15	Valid	PTCC, Government of India
10	Railway Clearance			
	Nagda- Kota section railway	21-Apr-15	Valid	West Central Railway
	RTA-MKC section	12-Jun-15	35	West Central Railway

Source: Investment Manager

HARIBHAKTI & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

Appendix III – Summary of Approvals & Licenses

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
11	**Power Line Clearance**			
	RVPN Transmission Lines: =>132 KV D/C Kota to Gandhisagar =>220 KV D/C Kota - Barod =>132 KV S/C Morak to Bhiwanimandi =>132 KV S/C Bhiwanimandi to Kanwari	30-Apr-15	Valid	Office of The Superintending Engineer (TCC V) Kota
	220 KV Shujalpur-Rajgarh and 132KV Sarangpur-Khilchipur Line of MPPTCL	8-May-15	Valid	Office Of The Superintending Engineer Eht(Maint.) Circle Mp Power Transmission Co.Ltd
	Powergrid 400KV D/C Shujalpur- Nagda TL to RTCL	29-Jul-15	Valid	Power Grid Corporation of India Limited
12	Application for Civil Aviation	29-Apr-15	Not Available	Airport Authority of India Limited
13	Civil Defence Clearance	8-Apr-16	5	Directorate of Operations, Air Traffic Services
14	Transmission Service Agreement between RAPP and Power Distribution companies	24-Jul-13	35	
15	Transmission Service Agreement between RAPP and Power Grid Corporation India Limited	17-Dec-15		
16	Transmission license order	31-Jul-14	25	Central Electricity Regulatory Commission
17	Approval for adoption of tariff	23-Jul-14	Valid	Central Electricity Regulatory Commission
18	Energisation of 400KV D/C (Twin Moose) RAPP- Shujalpur transmission line	18-Dec-15	Valid	Central Electricity Authority (Measures relating to safety and electric supply) Regulations, 2010
19	National Highway Crossing	12-May-15	Not Available	Ministry of Road Transport and Highway

Source: Investment Manager

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Appendix IV – Summary of Ongoing Litigations

Matter	Against	Pending Before	Status of the case	Details of the case	Amount Involved (INR Million)	Amount Deposited (INR Million)
Nuclear Power Corporation of India Limited	CERC	APTEL	Open	**Background of the case:** RTCL had filed a petition before CERC against Power Grid Corporation of India Ltd & Others on the basis of RTCL's Transmission Service Agreement, the Revenue sharing Agreement and the order dated 15 July 2015 issued by the Ministry of Power, Government of India, "Policy for Incentivizing Early Commissioning of Transmission Projects" seeking payment of monthly Transmission charges w.e.f. 26 December 2015 onwards which is the actual date of commercial operations for RTCL. CERC passed an order dated 21 September 2016 allowing the petition partly in favour of RTCL w.e.f 1 March 2016, holding that they are entitled to transmission charges till the completion of 'RAPP end bay' for termination of RAPP-Shujalpur 400kv transmission line as developed by NPCIL is ready. Further, the liability of payment of said transmission charges was imposed on the Nuclear Power Corporation of India Limited ("NPCIL") on the ground that there was delay on the part of the NPCIL in commissioning. **Current Status:** Hence, the present appeal is filed by NPCIL ("Appellant") under the provision of Sec 111 of Electricity Act, 2003 challenging the order passed by CERC.	221.70	-
Entry Tax	RTCL	MP - High court - Jabalpur MP	Open	The Commercial Tax Department, Government of Madhya Pradesh sent a notice of demand of Entry Tax on RTCL for payment of entry tax of INR 4.47 million and penalty of INR 1.79 million. As per the Entry Tax Act,1976 dealer is liable to pay Entry tax during the course of business. However, RTCL is in the opinion that since the business is in construction phase entry tax is not payable. Further, RTCL filed a writ petition (3759/2017) in the Madhya Pradesh High Court in which conditional stay was granted by the court on 7 March 2017. As per the order, RTCL needs to deposit 50% of the amount.	6.20	2.24
Shobharam	RTCL	High Court of Madhya Pradesh		Shobharam (hereinafter the Petitioner) filed a Writ Petition dated 8 March 2016 before the High Court of Madhya Pradesh, bench at Indore (hereinafter the Court) challenging construction of transmission line by RTCL on his land (hereinafter the Respondent) and demanding payment of adequate compensation. A settlement agreement dated 4 August 2016 was entered between the parties and was placed before the Court based on which the Court dismissed the said writ by an order dated 9 September 2016	0.36	
Rameshwar Dayal Sharma	RTCL	Lok Adalat, Jhalawad	Closed	Rameshwar Dayal Sharma (Applicant) filed a complaint before the Lok Adalat, Jhalawad (hereinafter the "Court") dated 25.7.2016 demanding payment of adequate compensation by RTCL. A settlement agreement dated 4.8.2016 was entered between the parties and INR 0.24 million was paid to the Applicant thereafter the said matter was closed	0.24	

Source: Investment Manager

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS