

Date: November 14, 2017

B S E Limited

Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai — 400 001

Security Code- 540565

National Stock Exchange of India Ltd

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

Symbol- INDIGRID

Subject: Submission of Half-yearly Report of India Grid Trust as on September 30, 2017

Dear Sir/ Madam,

Pursuant to Regulation 23 of Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 read with all the Schedules and Circulars, as amended from time to time, please find attached Half-yearly Report of India Grid Trust as on September 30, 2017.

You are requested to take the same on record.

Thanking you,

For and on behalf of the Sterlite Investment Managers Limited

(Formerly known as Sterlite Infraventures Limited)

Representing India Grid Trust as its Investment Manager



Swapnil Patil

Company Secretary & Compliance Officer



**CREATE.
NURTURE.
GROW.**

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Glossary





CREATE. NURTURE. GROW.

India Grid Trust (“IndiGrid”) was **created** last year to acquire operating power transmission assets. It is India’s first infrastructure investment trust in the power sector. IndiGrid was established on one hand to provide investors an opportunity to invest directly in operating power transmission assets and on the other hand provide infrastructure developers a robust platform to monetize their operating projects. This new financial instrument in the Indian capital market is backed by a conducive regulatory regime in a burgeoning economy in need of large infrastructure spending.

IndiGrid is sponsored by Sterlite Power Grid Ventures Limited (“Sponsor”), one of India’s leading private power transmission companies with proven credentials in bidding, designing, financing, constructing and maintaining power transmission assets across multiple geographies. The Sponsor has played and continues to play a critical role in **nurturing** IndiGrid to fulfil its aspiration of becoming the most admired yield vehicle in Asia Pacific.

IndiGrid aspires to capitalise on the significant infrastructure needs of India and **grow** into an INR 300 Billion platform. This growth will lead to superior and stable returns to unit holders. IndiGrid has already taken its first step in this direction with the announcement of the acquisition of three power transmission assets from the Sponsor. IndiGrid will further fuel its growth inorganically by pursuing third party operating transmission assets. This journey is just beginning.

EVOLUTION OF INDIGRID



2014

Standard Chartered Private Equity invests INR 5 Billion in Sterlite Power Transmission business

Sterlite commissions ENICL

2015

Sterlite commissions JTCL

Ahead of the pack: Sterlite enters into technical partnership with Burns and McDonnell; Join hands for Technical Engineering expertise of NRSS XXIX project

2016


First in India: Sterlite becomes the first developer to commission a TBCB project ahead of schedule (RTCL). Commissioned a transmission component (Jalandhar Samba line) of NRSS XXIX project nearly a year ahead of schedule

Another first: Sterlite Power raises India's 1st First Private AAA (SO) rated transmission bonds for ENICL

Sterlite partners with Finnish firm Sharper Shape for UAV technology

Yet another first in India: Sterlite deploys air cranes to install transmission towers in Northern India by partnering with US based Erickson Inc.

Sterlite Technology completes demerger of power business

2016 

IndiGrid is formed as a registered trust

IndiGrid files DRHP

2017

Sterlite Power commissions PKTCL

Sterlite power commissions one line of MTL (second line expected to commission by end of year)

2017 

SEBI approves DRHP

IndiGrid lists on Indian Stock Exchanges; Sterlite Power, as Sponsor, grants ROFO over 8 assets

THE INDIGRID ADVANTAGE



Near 100% Availability

Perpetual Ownership

Strong Industry Fundamentals and Prospects

Predictable Long-Term Cash Flows

No Price or Volume Risk

No Construction Risk

Very Low Counter Party Risk

Conservative Capital Structure



Success

Diversified Investor Base

AAA Rated

Maximize Distribution

Clear Growth Guidance

Strong Growth Pipeline

Strong Corporate Governance

Focus on Power Transmission

Vision of INR 300 Billion AUM

BRIEF OVERVIEW

India's First Power Sector Infrastructure Investment Trust

- Owns operational, revenue generating inter-state power transmission assets
- Focused on stable and sustainable distribution

~INR 37.4 Billion AUM*



2 Project SPVs

1,936 circuit KM
6000 MVA



8 lines and 2
Substations

AAA Rated Perpetual
Ownership



~33 years of residual
contract life

* Based on independent valuation reports by Haribhakti Co. & LLP as on September 30, 2017



VISION

To become the most admired yield vehicle in Asia which is built upon solid fundamentals of transparency, governance & providing superior risk-adjusted returns to unitholders



MISSION

INR 300 Billion AUM

Best in class corporate governance

Deliver Predictable DPU and growth



FROM THE CEO'S DESK



Dear Unitholders,

On behalf of Sterlite Investment Managers Limited, it gives me immense pleasure to present the first half yearly report of India Grid Trust (“IndiGrid”), India’s first power sector Infrastructure Investment Trust (“InvIT”).

At the outset, I would also like to congratulate the Government of India (“GoI”), SEBI and other regulators without whose mentorship and guidance InvITs would not have been a success. I am confident that InvITs will provide superior returns to its unitholders as well as transform the landscape of infrastructure financing in India on a sustainable basis.

As one of the first few yield vehicles in India, IndiGrid was listed on June 6, 2017 on the National Stock Exchange and Bombay Stock Exchange. It commenced the journey towards its vision to become the most admired yield vehicle in Asia by acquiring stable, cash generating power transmission assets with long term contracts. It set a target to achieve assets under management of INR 300 Billion by the year 2022 with a focus on transparency, governance and providing stable risk adjusted returns to its unit holders.

India’s power consumption remains substantially lower in comparison to its global peers. GoI is striving to transform the power sector with programs like UDAY scheme, e-Auction of coal, expansion of renewable capacity to 175 GW, 100% Electric Vehicle implementation by 2030 and unbundling of power distribution.

India's power consumption remains substantially lower in comparison to its global peers. Gol is striving to transform the power sector with programs like UDAY scheme, e-Auction of coal, expansion of renewable capacity to 175 GW, 100% Electric Vehicle implementation by 2030 and unbundling of power distribution. We feel that these programs will certainly transform the power landscape in India and can truly achieve affordable power for all.

These initiatives from Gol will act as key drivers to grow investments in transmission assets in India. Total investment in the 13th 5-year plan is expected to be between INR 3.1 to 3.2 Trillion. Further the share of private player in the freshly bid transmission lines are expected to be over 50%. India is also one of the few countries in the world where the entire power transmission segment is opened up for private sector competition, thus offering a unique opportunity to platforms like IndiGrid to scale up. Combining this with the sheer size of the Indian opportunity, power transmission space in India offers huge opportunities for private sector participation.

Moving on to the actual performance during the four months of H1 FY18, our consolidated revenue stood at INR 1.73 Billion based on the two fully contracted transmission assets - Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Limited ("JTCL"). IndiGrid has perpetual ownership of these assets which have a useful life of upto 50 years. These assets yield annuity-type long term cash flows, are rated AAA and have minimal counterparty risk. Their operational availability is above 99.5%. The EBITDA during the period stood at INR 1.59 Billion. In line with the quarterly Distribution per Unit ("DPU") policy adopted by us, we have declared and paid a total of INR 3.67/ unit, 2% higher than the H1 guidance of INR 3.6 / unit.

I am very excited about the prospects of IndiGrid and the speed with which it is pursuing its growth aspirations. IndiGrid has proposed acquisition of three power transmission assets worth INR 14.90 Billion from Sterlite Power Grid Ventures Limited ("Sponsor") in FY18. The strength of our balance sheet would enable us to acquire these assets entirely through debt and increase the distribution going forward.

We have declared and paid a total of INR 3.67/ unit in H1 FY18. With the completion of the announced acquisitions, annualised distribution should grow 4% from INR 11 / unit to INR 11.44 / unit and the AUM will increase by 40% from INR 37 Billion to INR 52 Billion.

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As we traverse the path of delivering growing, consistent and predictable returns to our unit holders, I would like to express my gratitude to the Board for their valuable and deep insights. I would also like to extend my vote of thanks to our team for their passion and commitment to excellence. We have created something truly unique which is being nurtured to reach its growth potential. I look forward to your continued support in this new journey.

Yours Truly,
Pratik Agarwal,
CEO

FINANCIAL & OPERATIONS OVERVIEW

Key Figures for H1 FY18*

REVENUE

INR 1,729 Million

EBITDA

INR 1,592 Million

NDCF

INR 1,272 Million

Net distributable cash flow available

DPU

INR 3.67/unit**

Distribution per unit to Unitholders

NAV

INR 100.78/unit

Net asset value of the IPAs (including additional units of INR 1,359.92 Million to SPGVL)

GEARING

23%

Net Debt to total assets ratio at IndiGrid level

* For partial period from May 30, 2017 onwards

** Annualised DPU of INR 11/unit for FY18



APPRAISAL VALUE

INR **37.4** Billion

Enterprise value of the IPAs based on the valuation carried out by Haribhakti & Co. LLP as on September 30, 2017

NUMBER OF ASSETS

2

Number of assets held by IndiGrid as on September 30, 2017

SPONSOR ASSETS

9

Assets owned by the Sponsor in India (includes 8 ROFO assets and 1 non-ROFO asset)

AVAILABILITY

BDTCL : 99.9%

JTCL : 99.8%

Availability for the period between April - September 2017



YEAR IN REVIEW



June 21

Guidance for distribution of IndiGrid for FY18

- Expected DPU for FY18 to be around INR 9.2/unit
- Annualised DPU of INR 11.0/unit

July 25

Outcome of Board Meeting

- Approved unaudited consolidated financial results for IndiGrid for the quarter ended June 30
- The Board decided to amend the distribution policy and adopt a quarterly distribution instead of semi-annual distribution
- The Board took note of "Invitation to Offer" received from Sterlite Power Grid Ventures Limited offering 4 assets on sale as per the provisions of ROFO Deed

August 4

Record date for Dividend corresponding to Q1 FY18

August 10

Dividend Distribution for Q1 FY18

Material Events post the Report Date

October 7

Acquisition of 3 ROFO assets approved by the Board

October 26

Outcome of Board Meeting

- Approved un-audited consolidated financial results for Q2 FY18,
- Declared a distribution of INR 2.75/unit for Q2 FY18,
- Intimated allotment of units to Sponsor pertaining to JTCL arrears

EGM Notice given to unitholders

November 7

Record date for Dividend corresponding to Q2 FY18

November 9

Dividend Distribution for Q2 FY18

November 14-16

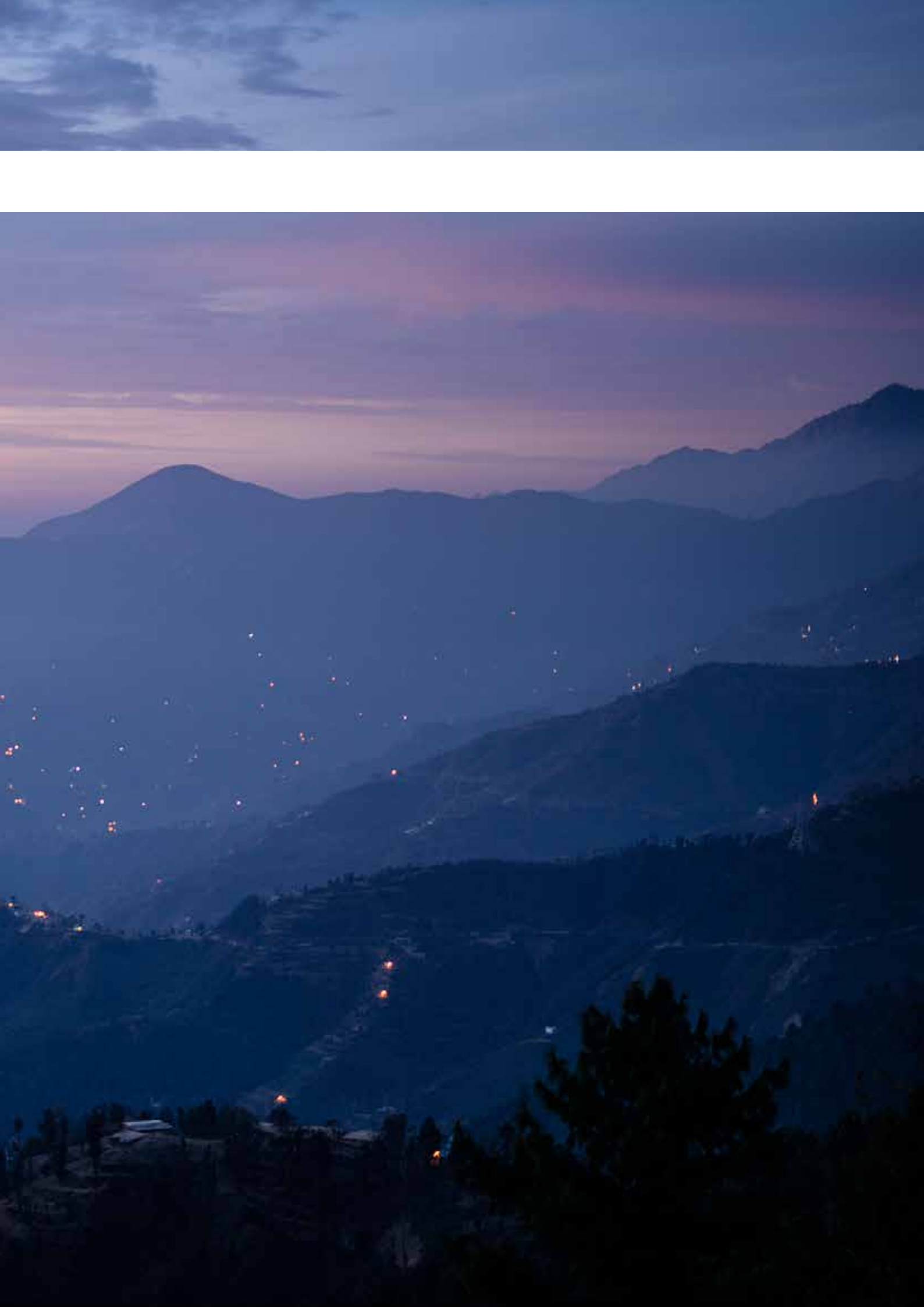
e-Voting for unitholders approval on EGM Matters and approval of acquisition of 3 ROFO assets

November 20

EGM meeting of unitholders of IndiGrid to be held in Mumbai, India

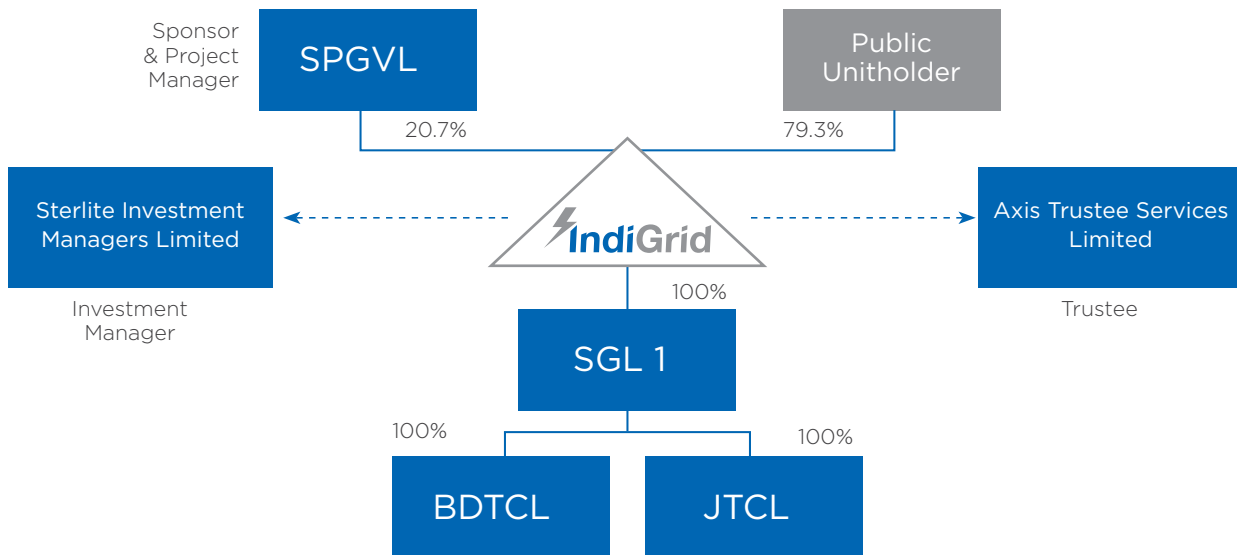
CORPORATE OVERVIEW





ABOUT INDIGRID

Structure

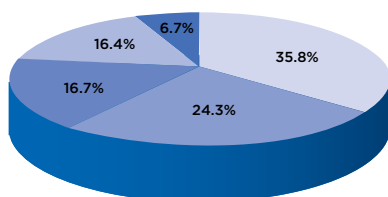


Unitholding Pattern

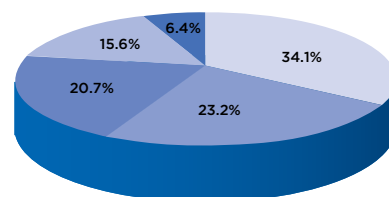
Unitholding Pattern: SPGVL, Sponsor of IndiGrid held 16.7% stake in IndiGrid as on September 29, 2017, more than the threshold of 15% to be held by the Sponsor for a period of three years from listing. Additionally post the month of September, SIML’s board of directors approved the issuance of 13.6 Million units to SPGVL in lieu of tariff increase in JTCL. According to the standard project and implementation agreement between IndiGrid and SPGVL (as seller), SPGVL was supposed to get 80% of approved Project Cost Escalation by

CERC. CERC approved project cost escalation of INR 1.7 Billion for JTCL resulting in 9.89% tariff increase in non – escalable transmission charges over the life of TSA retrospectively since CoD (along with any incentive earned on the same). In line with this understanding, India Grid Trust issued INR 1.36 Billion worth units (80% of 1.7 Billion) at an issue price of INR 100/ unit on October 26, 2017 date to the Project Manager. Post this issuance of units SPGVL holds 20.7% stake in IndiGrid.

Before allotment of additional units to Project Manager (Sep 29, 2017)



Post allotment of additional units to Project Manager



■ FIIs ■ DIIIs ■ Sponsor (SPGVL) ■ Public ■ Others

■ FIIs ■ DIIIs ■ Sponsor (SPGVL) ■ Public ■ Others

Key Stakeholders

Sponsor

IndiGrid's sponsor, Sterlite Power Grid Ventures Limited (SPGVL) is one of the leading independent power transmission companies operating in the private sector. SPGVL has extensive experience in bidding, designing, financing, constructing and maintaining power transmission projects across India. SPGVL owns 9 inter-state power transmission assets in India. In April 2017, the sponsor won two transmission assets in Brazil, in auctions conducted by the Brazilian electricity regulatory authority.

Sterlite Power Transmission Limited (SPTL), is the parent company of SPGVL.

Board of Directors

Mr. Pravin Agarwal

Mr. Pratik Agarwal

Mr. A R Narayanswamy

Ms. Avaantika Kakkar

Mr. Udai Dhawan

Mr. Ved Mani Tiwari serves as the CEO of Sponsor. He has over three decades of experience in senior management capacity across general management, policy making, program management and project execution. He holds a bachelor's degree in Electrical Engineering, master's in business administration from Indian School of Business, Hyderabad and has done Executive Programs from Kellogg School of Management and Wharton Business School.

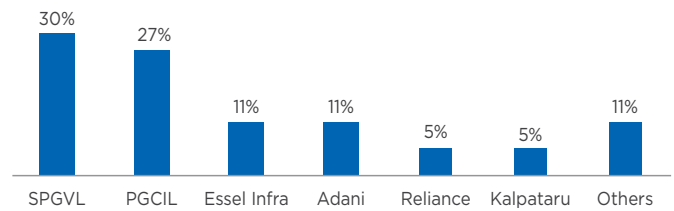
SPGVL is a developer with many firsts to its account...



- One of the leading independent power transmission companies in the private sector, with market share of 29.4% under the TBCB system

- Issued India's first AAA (SO) rated Transmission Bonds for its subsidiary East North Interconnection Company (ENICL) in January 2016
- Set a new benchmark by becoming the first company to commission a project under TBCB regime, RAPP Transmission Company Limited (RTCL), ahead of schedule.
- First private company to commission a transmission element nearly a year ahead of schedule when it commissioned Jalandhar - Samba Transmission Line in June 2016
- Innovative execution: In partnership with Erickson Inc, Sterlite deployed Aircrane to install 160 transmission towers in Northern India despite the challenging terrain. SPGVL has also partnered with Sharper Shape to introduce UAV technology in India

Share in inter-state projects awarded under TBCB



Source: Monthly progress Report of Transmission Projects awarded through Tariff Based Competitive Bidding (TBCB) Route (CEA) (as on 30.09.2017)

Project Manager

Sterlite Power Grid Ventures Limited (SPGVL), also serves as the Project Manager for IndiGrid. SPGVL entered into the Project Implementation and Management Agreement on November 10, 2016, as per the provisions of InvIT regulations.

Scope of Services

- Operate, maintain and manage IndiGrid's assets as per the terms and conditions of the O&M agreements of the Portfolio Assets and the InvIT Regulations, either directly or through the appointment and supervision of appropriate agents by the Portfolio Assets
- Provide additional services to IndiGrid's assets on the terms and conditions set out in the Project Implementation and Management Agreement, including in relation to accounting, billing and collections, administrative functions, procurement, legal support, regulatory support and engineering

Trustee

Axis Trustee Services Limited, registered under as an intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, serves as the trustee for IndiGrid.

Board of Directors

Mr. Srinivasan Varadarajan

Mr. M. Raghuraman

Mr. Ram Bharoseylal Vaish

Mr. Rajaraman Vishwanathan

Mr. Sidharth Rath

The Trustee, independent of Sponsor and Investment Manager is entrusted with the custody of the assets ensuring highest corporate governance standards.

The Trustee has signed a trust deed with IndiGrid on October 21, 2016. As per the provisions of trust, trustee is supposed to:

- Approve distributions to Unitholders and other rights attached to the Units in compliance with the InvIT Regulations, oversee voting of Unitholders
- Ensure that the Investment Manager takes investment decisions and the best interest of the unitholders
- Employ and pay at the expense of IndiGrid, any agent in any jurisdiction whether attorneys, solicitors, brokers, banks, trust companies or other agents
- Ensure the investment manager performs its obligations in accordance with the InvIT Regulations, oversee activities of the project manager and received relevant records and information from the project manager

Duties of the Trustee

The trustee shall perform duties as per the provision of the trust deed including but not limited to

- The Trustee shall, on behalf of IndiGrid, enter into various agreements, including the Investment

Management Agreement, Project Implementation and Management Agreement and other documents

- The Trustee shall appoint an investment manager and project manager in terms of the InvIT Regulations and may delegate its responsibilities to the investment manager and project manager in writing

Please refer to the IndiGrid Offer Document for detailed information on the rights and duties of the Trustee

Investment Manager

Sterlite Investment Managers Limited (SIML), a wholly owned subsidiary of Sterlite Power Transmission Limited (“SPTL”), is the Investment Manager for IndiGrid. Investment Manager is responsible for the operations of the Trust and key decisions such as distribution of cash flows, acquisition/ divestment of assets in addition to activities such as Investor Relations.

Board of Directors

Mr. Tarun Kataria

Mr. Shashikant H Bhojani

Mr. Kuldip K Kaura

Mr. Pratik Agarwal

SIML executed Investment Management Agreement with IndiGrid on November 10, 2016. As per the provisions of the Investment Management Agreement, SIML is empowered to:

- Take all decisions in relation to the management and administration of IndiGrid’s assets and the investments of IndiGrid
- Oversee activities of the Project Manager in terms of the InvIT Regulations and Applicable Law.
- Issue and allot Units, accept subscriptions to Units of IndiGrid and issue transfer and allot Units to Unitholders or such other persons and undertake all related activities
- Exercise all rights of unitholders in IndiGrid’s assets, including voting rights, right to appoint directors

BOARD OF DIRECTORS

(Investment Manager)



Mr. Tarun Kataria

Independent Director

Over 30 years of experience in banking and capital markets in New York, Hong Kong. Independent Non-Executive Director of Mapletree Logistics Trust Management (manager of Mapletree Logistics Trust) and Audit Committee of HSBC Bank (Singapore) Ltd. Previously CEO of Religare Capital Markets Limited, Managing Director and head of global banking and markets at HSBC India and Vice Chairman of HSBC Securities and Capital Markets Private Limited.

MBA in Finance from the Wharton School of the University of Pennsylvania and is a Chartered Accountant.



Mr. Shashikant H Bhojani

Independent Director

Over 28 years of experience with ICICI Bank Limited, starting as Law Officer and reaching Board of Directors. Ranked as senior statesman and notable practitioner in banking and finance sphere by Chambers Asia Pacific (2017 and 2016) and rated as a 'leading lawyer' for banking by IFLR1000 (2016). Independent director on the board of directors of L&T Infrastructure Finance Company Limited and has been a member of various committees and working groups established by the Government of India and SEBI.

Lawyer by profession. Partner at Cyril Amarchand Mangaldas since 2001.



Mr. Kuldip K Kaura

Non-Executive Director

Rich experience in cement, natural resources and power sectors. Currently interim CEO of Vedanta Group, previously CEO & MD of ACC, CEO of Vedanta Limited, COO of Vedanta Resources, Managing Director of Sterlite Industries India Limited and Managing Director of ABB India Limited. Served as a member of the National Council of Confederation of Indian Industries.

Holds a bachelor's degree in Mechanical Engineering from Birla Institute of Technology & Science, Pilani.



Mr. Pratik Agarwal

Chief Executive Officer

MD & CEO of Sterlite Power, 10+ years of experience in building core infrastructure businesses in ports, power transmission and broadband. Chairman of the Transmission Task Force constituted by FICCI. Bachelor's degree from the Wharton Business School and MBA from the London Business School

KEY MANAGERIAL PERSONNEL

(Investment Manager)

In addition to Pratik Agarwal, the Chief Executive Officer of SIML, other key managerial personnel of SIML as per Companies Act, 2013 are:



Mr. Harsh Shah

Chief Financial Officer

10 years of experience in private equity financing, mergers and acquisitions, infrastructure financing, regulatory and macroeconomic policy issues with a focus on the infrastructure sector

Holds a bachelor's degree in Electrical Engineering from the Nirma Institute of Technology, Gujarat University and a masters' degree in Business Administration from the National University of Singapore



Mr. Aditya Mehra

Vice President- M&A and Investor Relations

Over 15 years of experience in Corporate Finance, Corporate Development and Mergers & Acquisitions across geographies

Qualified Chartered Accountant and Post Graduate in Management for Indian School of Business, Hyderabad. Holds a master's degree in Finance from London School of Economics and Political Science



Mr. Swapnil Patil

Company Secretary & Compliance Officer

7 years of experience in corporate secretarial function including statutory compliances, mergers and acquisitions, corporate restructuring, governance, corporate codes and policies, compliance management

Member of institute of Company Secretaries of India. Holds a bachelor's degree in commerce and master's degree in Law from University of Pune



Mr. Vishesh Pachnanda

Lead- Investor Relations

10 years of experience in Investor Relations, Equity Research, and Corporate transactions across Oil & Gas, Metal & Mining and Utility sectors. Qualified Chartered Accountant and bachelors in commerce from Jiwaji University



Mr. Ashish Gupta

Business Growth and Strategy Lead

8 years of experience in private equity, mergers and acquisition, corporate strategy, business planning and investment research across infrastructure and education sectors

Holds a bachelor's degree in Manufacturing Processes and Automation Engineering from the Netaji Subhas Institute of Technology, University of Delhi and a post graduate diploma in Management from Indian Institute of Management, Calcutta



Mr. Ayush Goyal

M&A and Strategy

8 years of experience in mergers and acquisitions, fund raising, transaction advisory and information technology across infrastructure, real estate and telecom sectors

Holds a bachelor's degree in Computer Science from National Institute of Technology, Bhopal and masters' degree in Business Administration from Indian Institute of Foreign Trade, Delhi

INDIGRID'S STRATEGY

IndiGrid's objective is to provide superior risk adjusted returns to unitholders through investment in long term stable cash generating power transmission assets.

FOCUSED BUSINESS MODEL

IndiGrid will own power transmission assets with long term contracts, low operating risks and stable cash flows. These assets under TBCB regime are offered on pre-contracted availability based tariffs with perpetual ownership rights. The counter party risk is minimal resulting in AAA rated cash flows. IndiGrid believes that by focusing on this asset class, it can generate superior returns for its unitholders.

With increasing private sector participation in India's power transmission sector, IndiGrid is well positioned to capture this growth using its Sponsor's existing relationships and proven track record of identifying, developing, constructing and acquiring critical power transmission assets.

VALUE ACCRETIVE GROWTH

IndiGrid intends to increase DPU by 3%-5% on an annual basis by following a value accretive acquisition strategy. It will pursue growth through three routes:

- Acquisition of ROFO assets from the Sponsor: In addition to the Initial Portfolio Assets, the Sponsor has signed a ROFO Deed with IndiGrid for eight assets. Four of these assets are already in operation and the remaining four assets are expected to be operational over the next two to three years. These assets offer immediate short term visibility to IndiGrid to achieve its growth targets.
- Non-ROFO assets from Sponsor: The Sponsor is a leader in acquiring, developing and constructing transmission assets in India. It is well positioned to win several bids in the transmission space. IndiGrid expects that it will be competitive in acquiring these non-ROFO assets thus leading to further growth visibility.

COMPETITIVE STRENGTHS AND RISKS

IndiGrid is well positioned to operate and grow in India's power transmission industry. It has numerous

- Acquisition of third party assets: In addition to potentially acquiring assets from the Sponsor, IndiGrid will also pursue acquisition of assets owned by third parties.

All acquisitions in IndiGrid are based on a detailed valuation exercise carried out by an independent valuer. In addition, a two-step approval process ensures acquisitions are value accretive. Any acquisition in IndiGrid is approved by an Investment Committee, comprising of 100% Independent Directors. Post that approval, any acquisition from Sponsor representing more than 5% existing value of IndiGrid's assets requires unitholders approval. In addition, any third party acquisition at a price more than 110% of independent valuation need unitholder approval as well.

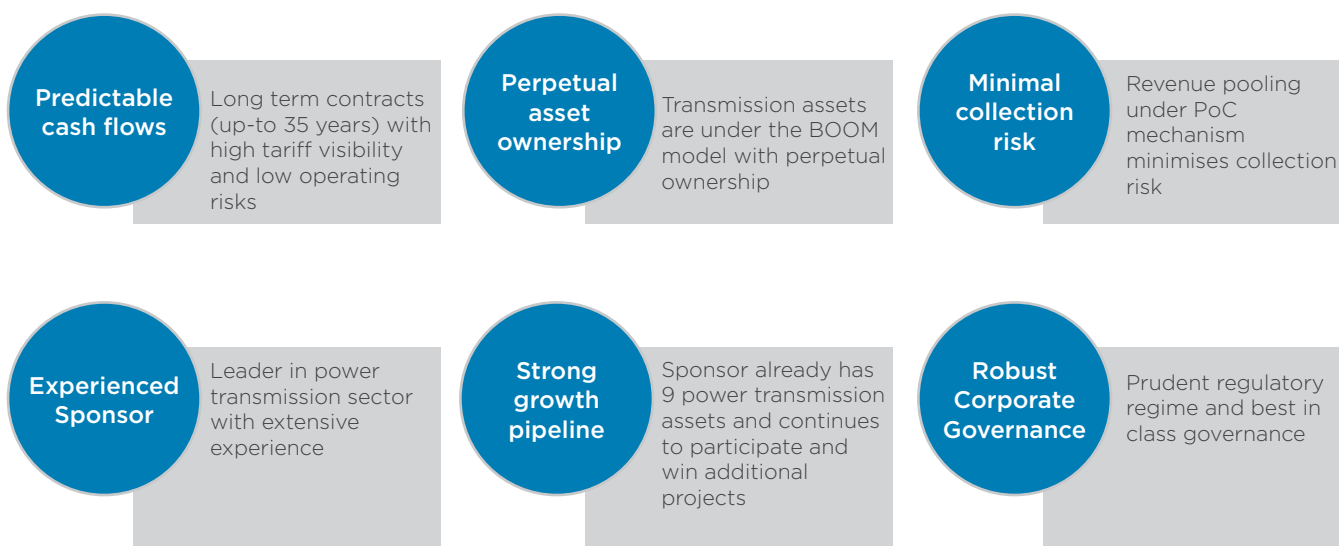
IndiGrid will maintain a balanced capital structure to ensure stable and predictable cash flows. Currently, the consolidated borrowings and deferred payments net of cash and cash equivalents is 23% of the total value of IndiGrid's assets. The industry standard debt to equity ratio for inter-state power transmission assets is 70% debt. However, InviT regulations caps the debt limit to 49% to the value of asset on consolidated basis.

IndiGrid remains committed to maintain optimal capital to ensure (i) compliance with the InviT regulations (ii) maximise distribution to its investors and (iii) lower the cost of capital by ensuring AAA credit rating for its borrowings both at SPV and Trust level.

IndiGrid intends to consider both private and public markets for debt capital to provide the most balanced and optimal capital structure to acquire additional power transmission assets. In addition, it will follow appropriate risk policies to manage foreign currency exchange and market risks.

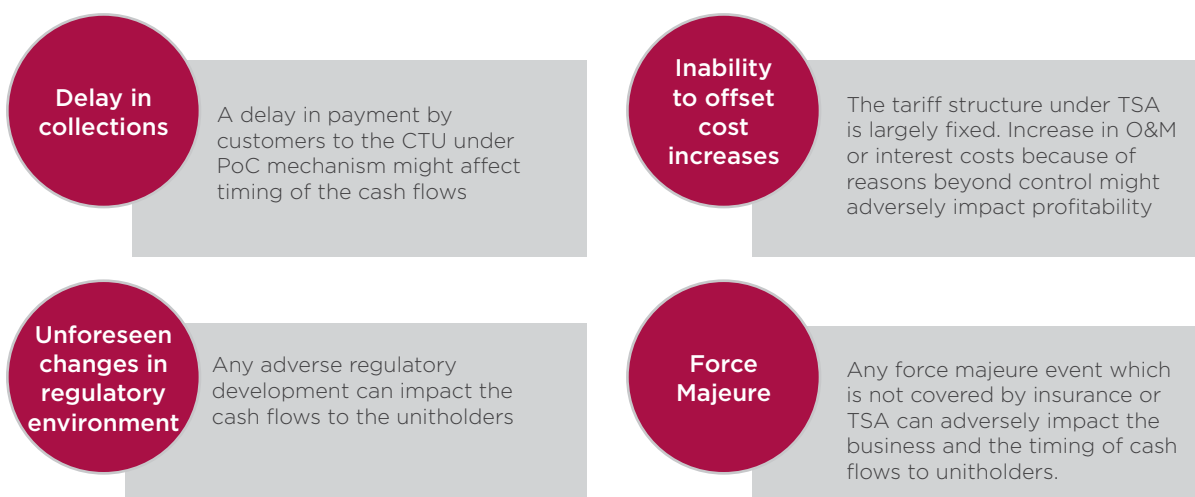
IndiGrid has adopted a policy to distribute cash flow quarterly in addition to a mandatory requirement of distributing 90% of the net cash flow to unitholders.

sustainable competitive strengths which it will leverage to achieve its vision.



IndiGrid is well aware of the risk associated with its business. These risks are constantly monitored and steps are taken to mitigate these risks. There are robust

internal control mechanisms to identify and manage these risks in a timely manner.



Future Growth Outlook

IndiGrid is focused on maximizing distribution to the unitholders by following prudent asset management practices and value accretive acquisitions.

The existing sponsor assets have the ability to provide

4x growth in revenue for IndiGrid over the next few years. As depicted in the chart, the acquisition of sponsor assets (8 ROFO assets and 1 non-ROFO asset) provide significant growth potential for the existing and prospective unitholders.

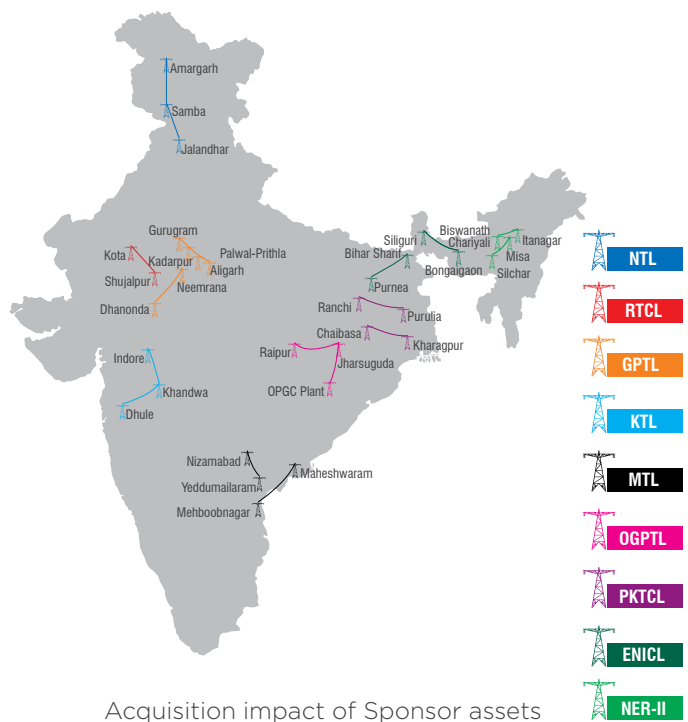
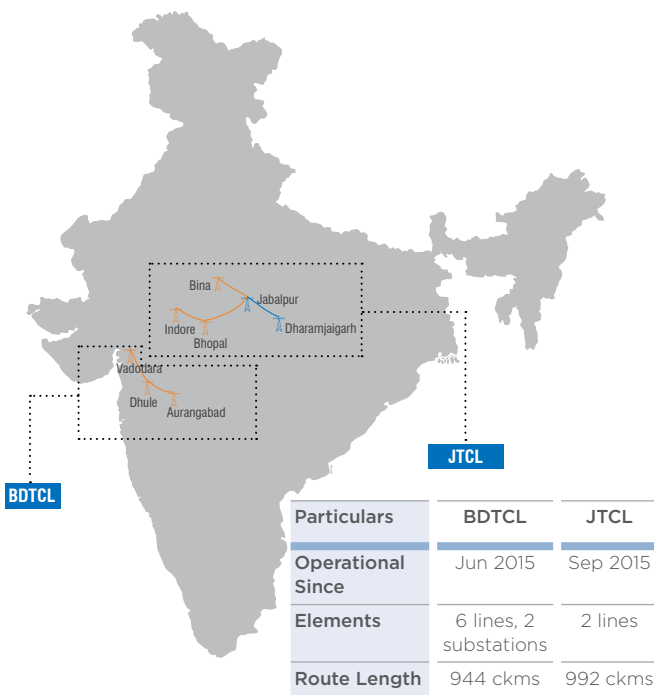
OVERVIEW OF ASSET PORTFOLIO

IndiGrid owns 2 commissioned transmission assets, Bhopal Dhule Transmission Company Limited (BDTCL) and Jabalpur Transmission Company Limited (JTCL).

The assets operate on Build Own Operate and Maintain (BOOM) Model with a residual contract life of ~32.5 years and a useful life of upto 50 years.

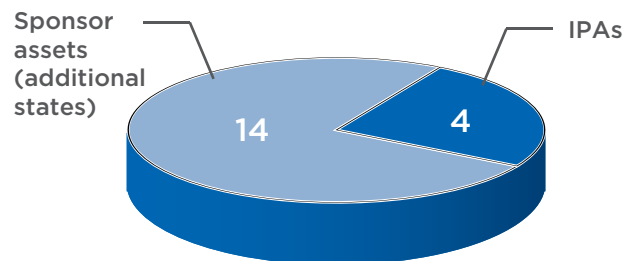
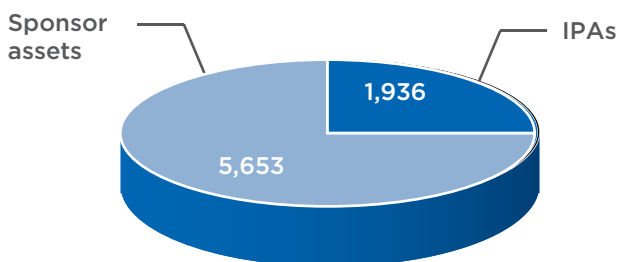
IPAs

Other Sponsor Assets



Portfolio split by route length (ckms)

Presence across states



INITIAL PORTFOLIO ASSETS

Bhopal Dhule Transmission Company Limited

Bhopal Dhule Transmission Company Limited (BDTCL) was incorporated on September 8, 2009. BDTCL entered into a TSA dated December 7, 2010 and a transmission services agreement dated November 12, 2013 with PGCIL. The BDTCL project was awarded to SGL1 by the Ministry of Power on January 31, 2011 for a 35-year period from the scheduled commercial operation date of the BDTCL Project, on a BOOM basis.

BDTCL facilitates the transfer of electricity from coal-fired power generation sources from the states of Odisha and Chhattisgarh to power load centres in India's western and northern regions. As IndiGrid's largest power transmission project, BDTCL operates six EHV overhead transmission lines of approximately 944 ckms comprising four 765 kV single circuit lines of approximately 891 ckms and two 400 kV double circuit lines of approximately 53 ckms.



EPC Sub-contractors

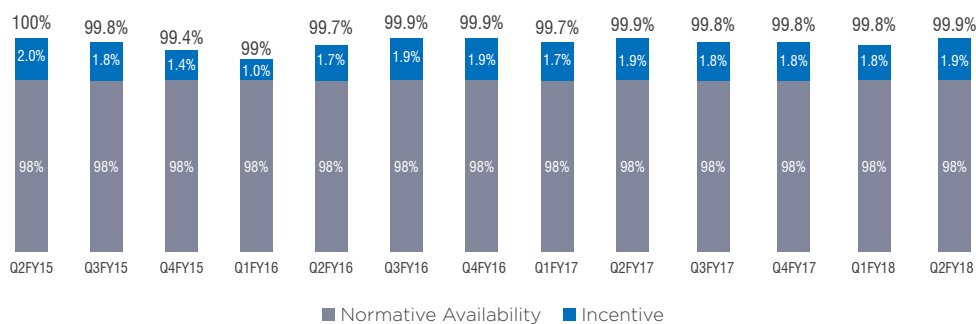
- Bhopal region: Simplex Infrastructures Ltd
- Dhule region: KEC International

Details of BDTCL Transmission Lines

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Commission Date	Contribution to total tariff (%)
Jabalpur - Bhopal	Madhya Pradesh	260	765 kV S/C	June 9, 2015	22%
Bhopal - Indore	Madhya Pradesh	176	765 kV S/C	November 19, 2014	12%
Bhopal - Bhopal (MPPTCL)	Madhya Pradesh	17	400 kV D/C	August 12, 2014	2%
Aurangabad - Dhule (IPTC)	Maharashtra	192	765 kV S/C	December 5, 2014	10%
Dhule (IPTC) - Vadodara	Maharashtra, Gujarat	263	765 kV S/C	June 13, 2015	16%
Dhule (IPTC) - Dhule (MSETCL)	Maharashtra	36	400 kV D/C	December 6, 2014	4%
Bhopal Sub-station	Madhya Pradesh	-	2 x 1,500 MVA 765/400 kV	September 30, 2014	17%
Dhule Sub-station	Maharashtra	-	2 x 1,500 MVA 765/400 kV	December 6, 2014	17%

As on September 30, 2017, the BDTCL TSA has a remaining term of over 32.5 years. The average availability of BDTCL since commissioning is ~99.7% with an availability of ~99.9% for YTD FY18.

Quarter-on-quarter availability of BDTCL



Jabalpur Transmission Company Limited

Jabalpur Transmission Company Limited (JTCL) was incorporated on September 8, 2009. JTCL entered into a TSA dated December 1, 2010 and a transmission services agreement dated November 12, 2013 with PGCIL. The JTCL project was awarded to SGL1 by the Ministry of Power on January 19, 2011 for a 35- year period from the scheduled commercial operation date of the JTCL Project, on a BOOM basis.

JTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the east of India. The corridors thus created are crucial links, on the basis of which the CTU has entered long-term open-access agreements with several generation companies in the eastern region of India.



EPC Sub-contractors

- J-D line: Simplex Infrastructures Ltd & LANCO
- J-B line: Unitech Power Transmission Ltd

JTCL operates two EHV overhead transmission lines of approximately 992 ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV double circuit line of approximately 757 ckms from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one

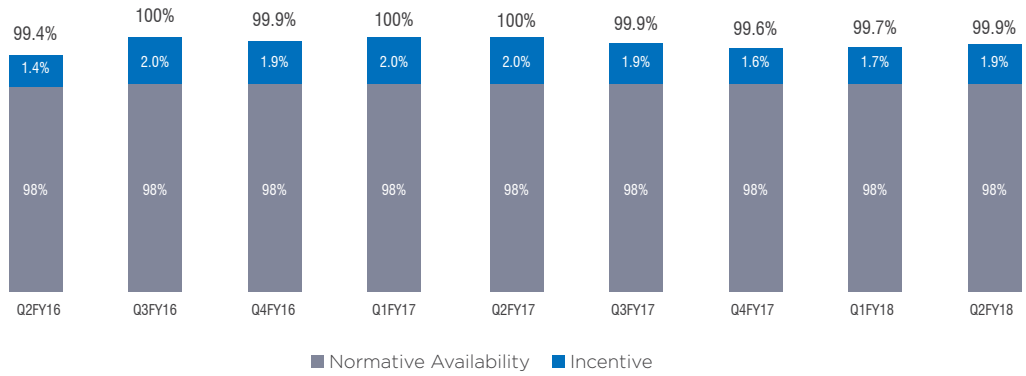
765 kV single circuit line of approximately 235 ckms from Jabalpur to Bina in Madhya Pradesh. The Jabalpur - Bina line of JTCL is the first 765 kV transmission line developed by a private company in India

Details of JTCL Transmission Lines

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Commission Date	Contribution to total tariff (%)
Jabalpur- Dharamjaygarh	Chhattisgarh, Madhya Pradesh	757	765 kV D/C	September 14, 2015	72%
Jabalpur-Bina	Madhya Pradesh	235	765 kV S/C	July 1, 2015	28%

As of September 30, 2017, the JTCL TSA had a term of 32.5 years. The average availability of JTCL since commissioning is -99.8% with an availability of -99.8% for YTD FY18.

Quarter on quarter availability of JTCL



STRONG GROWTH PIPELINE

The Sponsor has a strong pipeline of 9 inter-state transmission assets which are located in strategically important areas. Pursuant to the ROFO Deed, IndiGrid has a 'right of first offer' to acquire 8 of these assets, the remaining asset being a non-ROFO asset.

Of the 8 ROFO assets, 3 have been fully commissioned, 2 are partially operational and revenue generating and other 3 are under various stages of development. The non-ROFO asset is under development stage.

The portfolio growth in IndiGrid will be in phased manner, with the proposed acquisition of 3 ROFO assets offering immediate growth. Acquisition of other ROFO assets and third party assets, subject to acceptance by Sponsor, will offer medium term growth visibility to IndiGrid

Phase 1 : Acquisition of PKTCL, RTCL, and MTL

Two of the three projects are already commissioned, while MTL will be commissioned in Q3 FY 18. The two operational projects have availability in excess of 99.5%. All three projects have more than 33 years in residual contractual life, offering long term cash flow visibility to IndiGrid.

Description of Sponsor assets



Purulia & Kharagpur Transmission Company Ltd (PKTCL)

Overview

2 x 400 kV D/C lines

Scheduled COD

Commissioned

Length

545 ckms

Revenue (5 yr. avg.)

INR 750 Mn



RAPP Transmission Company Ltd (RTCL)

Overview

1x400/220 kV D/C line

Scheduled COD

Commissioned

Length

403 ckms

Revenue (5 yr. avg.)

INR 460 Mn



Maheshwaram Transmission Ltd (MTL)

Overview

2 x 400 kV D/C lines

Scheduled COD

Partially Operational (Nov 2017)

Length

477 ckms

Revenue (5 yr. avg.)

INR 580 Mn

The proposed offer price to the Sponsor for the three ROFO assets is c. INR 14.9 Billion, at a discount of 5% to NAV.

Pre-acquisition (portfolio of 2 IPO Assets)	Post proposed acquisition (portfolio of 5 Assets)
AUM: INR 37.4 Billion	AUM: -INR 52 Billion (+40%)
1,936 cKms	3,361 cKms (+75%)
Presence in 4 states across India	Presence in 8 states across India (+ 4 states)

Phase 2: Growth from acquisition of other Sponsor ROFO and non ROFO assets

IndiGrid will continue to pursue the remaining ROFO assets post completion, ensuring that the construction risk is completely eliminated. In addition, Sponsor will continue to win new bids in the transmission sector, further offering potential growth opportunities to IndiGrid in a medium term timeframe.

Description of Sponsor assets



ROFO ASSET
East North Interconnection Ltd (ENICL)
Overview
 2 x 400 kV D/C lines
Scheduled COD
 Commissioned
Length
 909 ckms
Revenue (5 yr. avg.)
 INR 1,420 Mn



ROFO ASSET
NRSS XXIX Transmission Ltd (NTL)
Overview
 3x400 kV D/C lines, 1x400/220 kV D/C GIS sub-station
Scheduled COD
 Oct 2018 (Partially operational)
Length
 887 ckms
Revenue (5 yr. avg.)
 INR 5,303 Mn



ROFO ASSET
Odisha Generation Phase Transmission Ltd (OGPTL)
Overview
 1x765 kV D/C line, 1x400 kV D/C line
Scheduled COD
 Aug 2019
Length
 715 ckms
Revenue (5 yr. avg.)
 INR 1,590 Mn



ROFO ASSET

Gurgaon-Palwal Transmission Ltd (GPTL)

Overview

5x400kV D/C lines and 3x400/220 kV substations

Scheduled COD

Sep 2019

Length

271 ckms

Revenue (5 yr. avg.)

INR 1,440 Mn



ROFO ASSET

Khargone Transmission Ltd (KTL)

Overview

2x765 kV D/C lines, 1x400 kV D/C line and 1x765/400 kV substation

Scheduled COD

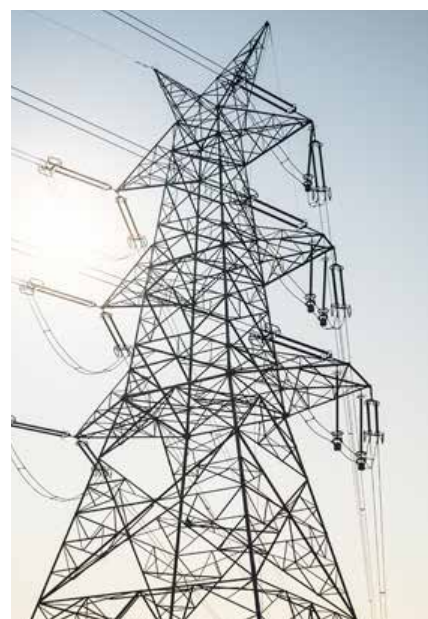
Jul 2019

Length

624 ckms

Revenue (5 yr. avg.)

INR 1,860 Mn



NON-ROFO ASSET

NER-II Transmission Limited

Overview

2x400 kV D/C lines, 2x132 kV D/C lines and 2x400/132 kV substations

Scheduled COD

Nov 2020

Length

821 ckms

Revenue (5 yr. avg.)

INR 4,520 Mn

Post-acquisition of the ROFO assets, subject to acceptance of IndiGrid's offer by the Sponsor, the portfolio will increase further from 8 states to a total of 15 states across India

Post proposed acquisition of MTL, RTCL and PKTCL	Post proposed acquisition of other Sponsor assets
3,361 circuit kms	7,588 circuit kms (+126%)
Presence in 8 states across India	Presence in 18 states across India (+ 10 states)

Phase 3: Inorganic growth

In addition to the Sponsor assets, IndiGrid will continue to pursue acquisition of third party assets which offer a risk - return profile in line with IndiGrid's investment strategy.

BRIEF ON SPONSOR ASSETS

Purulia & Kharagpur Transmission Company Limited

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 supports the growing interconnection of the

West Bengal state grid and the Inter-State Transmission System and facilitates the exchange of additional power between them. PKTCL is intended to strengthen the transmission system in the states of West Bengal and Jharkhand. PKTCL operates two EHV overhead transmission lines with a total circuit length of approximately 545 cKms in the states of West Bengal and Jharkhand. The project was fully commissioned by January, 2017.

Elements in PKTCL

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
Kharagpur-Chaibasa	West Bengal, Jharkhand	322	400 kV D/C	June 18, 2016	April 19, 2051
Purulia-Ranchi	West Bengal, Jharkhand	223	400 kV D/C	January 7, 2017	April 19, 2051

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 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 RTCL Project, on a BOOM basis.

RTCL is expected to strengthen power transfer capability between the northern and western sectors of India's power grid by evacuating electricity from two new nuclear reactors near RAPP (Rajasthan), known as

Unit 7 and Unit 8, to the central Madhya Pradesh state grid. The project was undertaken in conjunction with the Nuclear Power Corporation of India's Rajasthan Atomic Power Project.

RTCL operates one EHV overhead transmission line of approximately 403 ckms in the states of Rajasthan and Madhya Pradesh, comprised of one 400 kV D/C line from Kota to Shujalpur. The project was fully commissioned in December, 2015.

Elements in RTCL

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
RAPP-Shujalpur	Rajasthan, Madhya Pradesh	403	400 kV D/C	February 26, 2016	February, 2051

Maheshwaram Transmission Limited

Maheshwaram Transmission Limited (MTL) was incorporated on August 14, 2014. MTL entered into a TSA with 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 partially operational with the Nizamabad-Yeddumailaram (Shankarapali) line commissioned in October, 2017. Details of MTL's transmission lines and line bays are set forth as follows:

Elements in MTL

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
Maheshwaram (PG)- Mehboob Nagar	Telangana	199	400 kV D/C	June 20, 2018	June 19, 2053
2 Nos. of 400 kV line bays at Mehboob Nagar S/S of TSTRANSCO	Telangana	-			
Nizamabad-Yeddumailaram (Shankarapali)	Telangana	278	400 kV D/C	June 20, 2018	June 19, 2053
2 Nos. of 400 kV line bays at Yeddumailaram (Shankarapali) S/S of TSTRANSCO	Telangana	-		October 4, 2018	

East North Interconnection Company Limited

East North Interconnection Company Limited (ENICL) was incorporated on February 1, 2007. ENICL entered into a TSA dated August 6, 2009 and a transmission services agreement dated January 28, 2013 with PGCIL. The ENICL project was awarded to STL by the Ministry of Power on January 7, 2010 for a 25-year period from

the date of issue of the license by CERC, on a BOOM basis.

ENICL operates two EHV overhead transmission lines of approximately 909 ckms in the states of Assam, Bihar and West Bengal. The project was fully commissioned in November 2014.

Elements in ENICL

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
Bongaigaon-Siliguri	Assam, Bihar	443	400 kV D/C	November 12, 2014	April, 2035
Purnia-Biharsharif	West Bengal	466	400 kV D/C	September 16, 2013	April, 2035

NRSS XXIX Transmission Limited

NRSS XXIX Transmission Limited (NTL) was incorporated on July 29, 2013. NTL entered into a TSA on January 2, 2014. The NTL project is held by SGL2 and was awarded by the Ministry of Power on May 23, 2014 for a 35-year period from the scheduled commercial operation date of the NTL Project, on a BOOM basis.

The NTL project is expected to deliver over 2,000 MW

of electricity from Punjab to the Kashmir Valley by strengthening the transmission system in the states of Jammu and Kashmir and Punjab. The Jalandhar-Samba 400 kV D/C transmission line was commissioned in June, 2016. NTL is expected to commission the other two '400 kV double circuit transmission lines and one 400/220 kV GIS sub-station by October, 2018.

Elements in NTL

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
Samba - Amargarh	Jammu & Kashmir	614	400 kV D/C	October 4, 2018	September, 2053
Uri - Wagoora	Jammu & Kashmir	3	400 kV D/C	October 4, 2018	September, 2053
Jalandhar - Samba	Punjab, Jammu & Kashmir	270	400 kV D/C	June 24, 2016	September, 2053
Amargarh Sub-Station	Jammu & Kashmir	-	400/220 kV D/C GIS Substation with 630 MVA of transformation capacity	October 4, 2018	September, 2053

Odisha Generation Phase II Transmission Limited

Odisha Generation Phase II Transmission Limited (OGPTL) was incorporated on April 17, 2015. OGPTL entered into a TSA on November 20, 2015. The OGPTL project was awarded to SGL3 by the Ministry of Power on January 6, 2016 for a 35-year period from the scheduled

commercial operation date of the OGPTL Project, on a BOOM basis. The project is under development and is expected to be fully commissioned and operational by August, 2019. Details of OGPTL's transmission lines are set forth as follows:

Elements in OGPTL

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
Jharsuguda-Raipur	Odisha, Chattisgarh	612	765 kV D/C	August 8, 2019	July, 2054
OPGC-Jharsuguda	Odisha	103	400 kV D/C	July, 2017	July, 2054

Gurgaon-Palwal Transmission Limited

Gurgaon-Palwal Transmission Limited (GPTL) was incorporated on October 26, 2015. GPTL entered into a TSA on March 4, 2016. The GPTL project was awarded to SGL4 by the Ministry of Power on March 17, 2016 for a 35-year period from the scheduled commercial operation date of the GPTL Project, on

a BOOM basis. The project is under development and is expected to be fully commissioned and operational by September, 2019. Details of GPTL's transmission lines, sub-stations and line bays are set forth as follows:

Elements In GPTL

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
Aligarh-Prithala	Uttar Pradesh, Haryana	98	400 kV D/C HTLS Line	May 14, 2019	July, 2054
Prithala-Kadarpur	Haryana	54	400 kV D/C HTLS Line	May 14, 2019	July, 2054
Kadarpur-Sohna Road	Haryana	22	400 kV D/C HTLS Line	September 14, 2019	July, 2054
LILO of Gurgaon Manesar	Haryana	4	400 kV D/C Quad line	September 14, 2019	July, 2054
Neemrana-Dhonanda	Rajasthan,	93.2	400 kV D/C HTLS Line	May 14, 2019	July, 2054
Kadarpur Substation	Haryana	-	400/220 kV, 2x500 MVA	May 14, 2019	July, 2054
Sohna Substation	Haryana	-	400/220 kV, 2x500 MVA	September 14, 2019	July, 2054
Prithala Substation	Haryana	-	400/220 kV, 2x500 MVA	May 14, 2019	July, 2054
Dhonanda Substation	Rajasthan	-	Two 400 kV line bays	May 14, 2019	July, 2054

Khargone Transmission Limited

Khargone Transmission Limited (KTL) was incorporated on November 28, 2015. KTL entered into a TSA on March 14, 2016. The KTL project was awarded to SGL4 by the Ministry of Power on May 26, 2016 for a 35-year period

from the scheduled commercial operation date of the KTL Project, on a BOOM basis. The project is under development and is expected to be fully commissioned and operational by July, 2019. Details of KTL's transmission lines and line bays are set forth as follows:

Elements in KTL

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
LILO of Khandwa- Rajgarh line	Madhya Pradesh, Chattisgarh	14	400 kV D/C Line	February, 2018	July, 2054
Khargone TPP Switchyard-Khandwa Pool	Madhya Pradesh	50	400 kV D/C Line	July, 2019	July, 2054

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
Khandwa Pool-Indore	Madhya Pradesh	180	765 kV D/C Line	July, 2019	July, 2054
Khandwa Pool-Dhule	Madhya Pradesh	380	765 kV D/C Line	July, 2019	July, 2054
Khandwa Pooling station	Madhya Pradesh	-	3000 MVA transmission capacity	July, 2019	July, 2054
2 Nos. of 765 kV line bays & 7x80 MVAR Switchable line reactors (1 unit as spare) along with 800 Ω NGR and its auxiliaries for Khandwa Pool - Dhule 765 kV D/C at Dhule 765/400 kV substation	Madhya Pradesh	-	400/220 kV, 2x500 MVA	May 14, 2019	July, 2054

NER-II Transmission Limited

NER-II Transmission Limited (“NER”) was incorporated on April 21, 2015. NER entered into a TSA on December 27, 2016. The NER-II project was awarded to SGL4 by the Ministry of Power on February 22, 2017 for a 35-year period from the scheduled commercial operation date of the NER-II Project, on a BOOM basis. The project is under

development and is expected to be fully commissioned and operational by November, 2020. SGL4 is a wholly-owned subsidiary of the Sponsor. The NER-II project is not a ROFO Asset. Details of NER-II’s transmission lines and line bays are set forth as follows:

Elements in NER-II

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
Biswanath Chariyali - Itanagar Line	Assam	134	132 kV D/C	March, 2020	November, 2055
2 bay lines at Itanagar for terminating the Biswanath Chariyali- Itanagar line	Assam		132 kV	March, 2020	November, 2055
LILO line between Biswanath Chariyali.	Assam	17	132 kV D/C	March, 2020	November, 2055
Silchar- Misa line	Assam	349	400 kV D/C	November, 2020	November, 2055
400/132 kV, 2*315 MVA Single phase sub-station at Surajmaninagar	Assam	-	400/132 kV	July, 2020	November, 2055

Transmission Line/ Substation	Location	Route Length (ckms)	Specifications	Scheduled Commission Date	Expiry of TSA Term
400/132 kV, 2*315 MVA sub-station at P.K. Bari	Tripura	-	400 kV 132 D/C	July, 2020	November, 2055
2 bay lines at Palatana switchyard for terminating the Palatana - Surajmaninagar line	Tripura	-	400 kV D/C	July, 2020	November, 2055
2 bay lines at AGTPP for terminating the AGTPP - P.K. Bari line	Tripura	-	132 kV D/C	March, 2020	November, 2055
2 bay lines at PK Bari for terminating the AGTPP - P.K.Bari line	Tripura	-	132 kV D/C	March, 2020	November, 2055
Surajmaninagar -P.K. Bari Line (Multi Circuit Line) 400 KV and 132 KV both included	Tripura	321	400 kV D/C	July, 2020	November, 2055

Insurance Policies

The sponsor has obtained insurance policies covering both the IPAs as well as ENICL, RTCL, PKTCL, MTL and NTL to cover risks of Industrial Risk and Terrorism. Incidents such as loss or damage from fire, flood, landslide, storm, sabotage, machinery breakdown and any accidental and physical loss and destruction or

damage to the insured property are covered as a part of these policies including any loss of revenue caused by these incidents. The above mentioned policies are subject to standard exclusions such as wilful act, negligence etc. on behalf of the policy holder.

BUSINESS PERFORMANCE



ECONOMY AND INDUSTRY OVERVIEW

Overview of Indian Economy

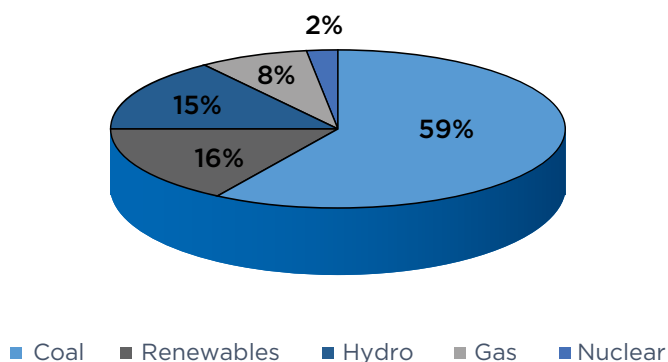
According to the IMF's World Economic Outlook (October 2017), India is expected to grow by 6.7% in CY 2017 and 7.4% in CY 2018. It remains the fastest growing major economy in the world and is also ranked the world's top investment destination by EY. Confidence in its growth story is increasing as the Government continues to drive reforms such as the implementation of Goods and Services Tax (GST) which is a major step towards simplifying the indirect tax structure.

In addition, enhanced transparency, accountability, auction based forward-looking framework and liberalisation of the Foreign Direct Investment (FDI) policy will help unlock India's economic potential. The Government's overall focus on infrastructure, agriculture, boosting spending power, creating jobs and improving rural income augurs well for the Power sector. Looking ahead, we expect to see continued investment in infrastructure assets.

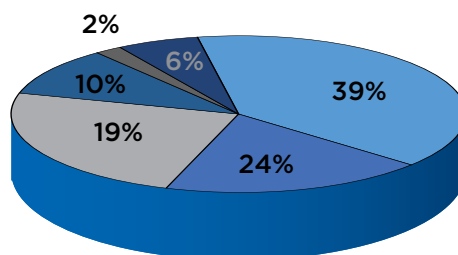
Overview of the Power Sector

India is the third largest producer and fourth largest consumer of electricity in the world with the installed power capacity reaching 329 GW as on September 30, 2017. The country also has the fifth largest installed capacity globally. Despite the rapid growth of the Indian power industry, per capita electricity consumption in India, as of fiscal 2016 was only 1,075 kWh, which is 1/4th of the world average and lowest among BRICS nations.

Inputs for Power Generation



Power Consumption by Sector



- Industry
- Domestic
- Agriculture
- Commercial
- Traction and Railways
- Others

Overview of the power transmission sector

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 or T&D system is a three-tier structure comprising distribution networks, state grids and regional grids. The distribution networks and state grids are primarily owned and operated by the respective state transmission utilities or state governments (through state electricity departments).

The total length of transmission lines in the country has increased from 257,481 ckms in FY12 to 380,971 ckms as of October 2017. There has been strong growth in the transmission system at higher voltage levels and substation capacities (400 kV and above). This is a result of an increase in the demand for transmission networks to carry bulk power over longer distances and at the same time optimize the right of way, minimize losses and improve grid reliability.

In spite of this strong growth in the transmission sector, there has been significant under investment as compared to the generation sector. Historically, the generation segment has dominated investments in the Indian power sector. Of the total power sector investments, more than 60% are for the generation sector, while the transmission and distribution segments have lagged with approximately 20% of the total investments. This has led to an energy deficit as mentioned in the adjacent table.

Energy Deficit (region-wise)	
Northern region	4.8%
Southern region	1.6%
Eastern region	0.3%
Western region	0.2%

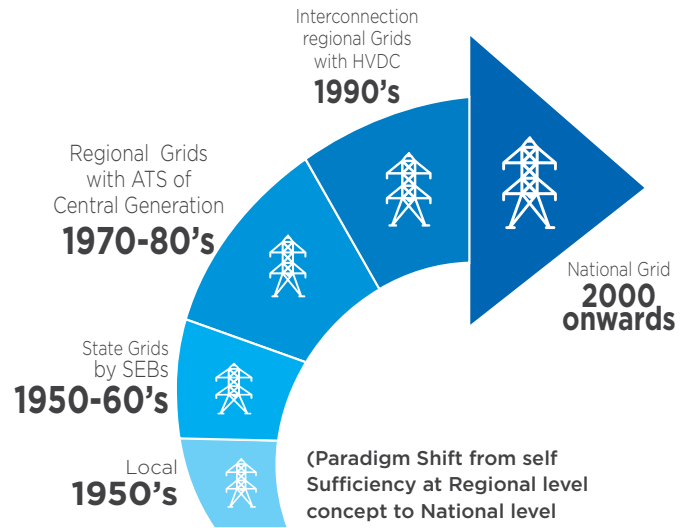


Key Features:

- (1) **Northern:** Deficit region, highly weather sensitive load
- (2) **Southern:** High load (40% agricultural load)
- (3) **Eastern:** Low load, high coal reserves
- (4) **Western:** Industrial and Agricultural load
- (5) **North Eastern:** Very low load, high hydro potential

As peak demand for power does not take place at the same time in all states, it results in a surplus in one state and a deficit in another and this mismatch has been facilitated by regional or inter-state grids. Additionally, they also facilitate the optimal scheduling of maintenance outages and better coordination between power plants. The Indian national grid has evolved over a period of 60 years on the lines of 'one nation one grid'.

Evolution of National Grid



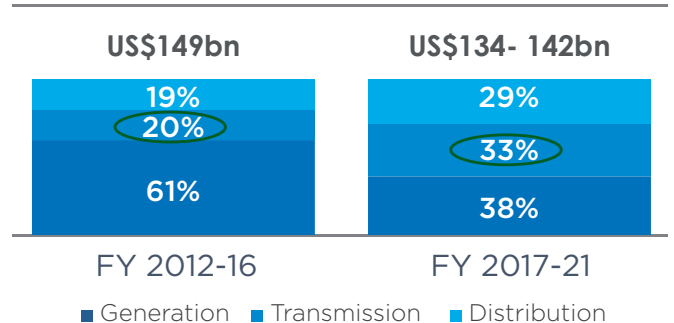
The prime advantages of a national grid system are:

- Flatter demand curve on account of exchange of power among regions.
- Lower investments required for new generation capacity
- Surplus power from one region being made available at economical costs to consumers in other regions
- Better scheduling of planned outages of power plants

Growth drivers for power transmission sector

With the government's focus on alleviating congestion through several grid enhancement projects, transmission capacities are expected to witness robust growth. It is expected that the transmission segment share in total power sector investments will rise sharply to 33% over FY17 to FY21. With such large additions, the estimated investment in the transmission sector is expected to be INR 3.1-3.2 Trillion over 2018-22.

Share of transmission sector to grow 1.7x of total power sector investment



The transmission sector boasts of immense potential with inherent growth drivers:

- Widening gap between inter-regional power demand-supply to drive transmission capacity additions

It is predicted that the upcoming generation capacity will not be evenly spread across the country. As a result, there will be inter-regional import/export demands, which will have to be catered through inter-regional transmission corridors.

- Strong government support to drive transmission investments

Measures

- Increasing the concession period of a transmission asset
- Relaxation of norms to speed up project construction

Schemes

- Implementation of UDAY Scheme to boost power demand, which in turn will eventually result in a rise in transmission requirements
- 'Power for All scheme' through which the government envisages to invest in the power sector, with a focus on T&D infra

- Strong renewable energy capacity additions to drive transmission capacity

Power generation in India is dominated by coal based generation. The use of renewable energy is experiencing a staggering growth and the installed capacity is expected to reach 175 GW by 2022. Such expansion plans require large scale development in transmission sector. This is mainly because large solar and wind power plants are usually located in the far flung areas with limited infrastructure to support generation and transmission

- Conventional power generation capacity additions to necessitate concomitant transmission capacity

As of September 2016, there exists ~93 GW of under construction power generation projects. Such commissions coupled with an estimated increase of ~7.5% in power demand is expected to necessitate augmenting of transmission capacities.

Along with the growth drivers, the transmission sector is extremely attractive for private sector investment owing to the shift from public sector participation to private sector participation through TBCB regime. India is one of the few countries in the world where the entire power transmission is open for private sector participation allowing platforms like IndiGrid to own and operate transmission lines. The power transmission sector in India is the most attractive to invest in currently, followed by roads and highways, and renewable energy, according to the Infrastructure Investability Index, prepared by rating agency CRISIL. The near-term bids pipeline of TBCB projects is ~INR 100 Billion.

Power transmission vis-à-vis other infrastructure assets

Apart from the staggering growth potential and evolution in the regulatory framework, there are a number of factors which are contributing favourably in encouraging investments in power transmission vis-à-vis other infrastructure assets.

- **Operational risk**

In the project construction phase, transmission assets face execution risks including right of way, forest and environment clearances, increase in raw material prices etc. However, post commissioning, with the implementation of Point-of-Connection (PoC) mechanism, there is limited offtake and no price risk. Thus, operational transmission projects have annuity like cash flows and steady project returns.

- **Availability based regime**

As per TSA under TBCB regime, the revenue from a transmission line is independent of actual amount of power flow and is derived only on the basis of availability of the system. In comparison to this, revenue for other asset class such as roads, highways etc., are dependent upon volume of traffic, thereby increasing variability in the revenue on account of variability in volume of traffic.




















- **Diversified Counter-party risk**

Given pan-India aggregation of revenue among all TSPs and not asset specific billing, the counter party risk is diversified. As the load growth increases, the pool of beneficiaries as well as transmission providers is likely to go up resulting in further diversification.

• **Robust Payment security**

The TSA includes an arrangement for payment security, which reduces under recovery of revenues. Payment security is available in terms of a revolving letter of credit of required amount that can be utilized to meet the revenue requirement in

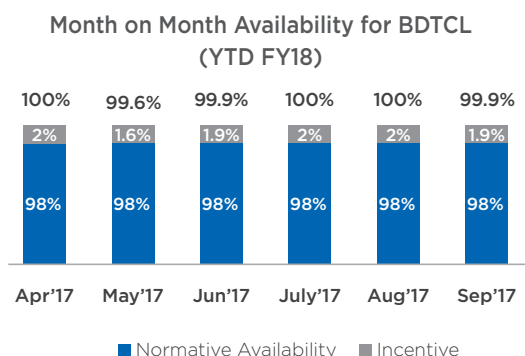
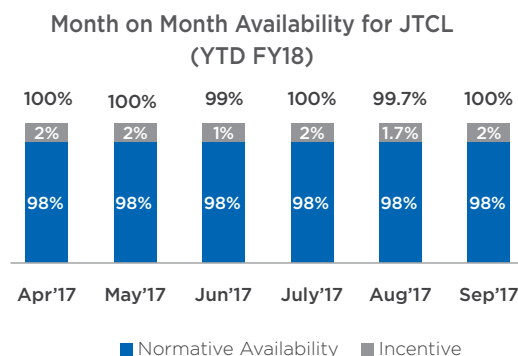
case of a shortfall. Further, in the event of default by DISCOMs the impacted generation company can sell the regulated volumes of power to third party buyers and proceeds from such transaction will be paid to the transferring company on a pro rata basis, after adjustment of energy charges and incidental expense by the generating company.

	Inter State Power Transmission	Power Generation	Roads	Ports
Certainty of Cash Flows	 Driven by long-term agreements	 Offtake and cost of fuel a key risk	 Traffic risk in BOT projects	 End-user industry risk
Counter Party Risk	 Exposure limited to systemic risk	 Direct exposure to debt-laden SEBs	 O&M impact collection	 Exposure to multiple end-users
Operational Risk	 Limited O&M requirements	 Substantial maintenance need	 High O&M required	 Limited O&M requirements
Future Growth Potential	 Staggering owing to deficit	 High potential given deficit	 High growth potential	 Good potential, limited by location
Competitive Environment	 Few credible private players	 Highly competitive (multiple players)	 Highly competitive (multiple players)	 Few private players
Summary				

OPERATIONAL HIGHLIGHTS

Availability of IPAs

IndiGrid operates its power transmission assets under an availability-based tariff regime, which incentivises to provide the highest possible system reliability, which is measured as “availability”, defined as the time in hours during a given period for which the transmission system is capable of transmitting electricity at its rated voltage, expressed as a percentage of total hours in the period. This implies that the revenue for a power transmission asset is independent of actual power flow through the asset.



IndiGrid Power Transmission Assets are fully contracted and commissioned.

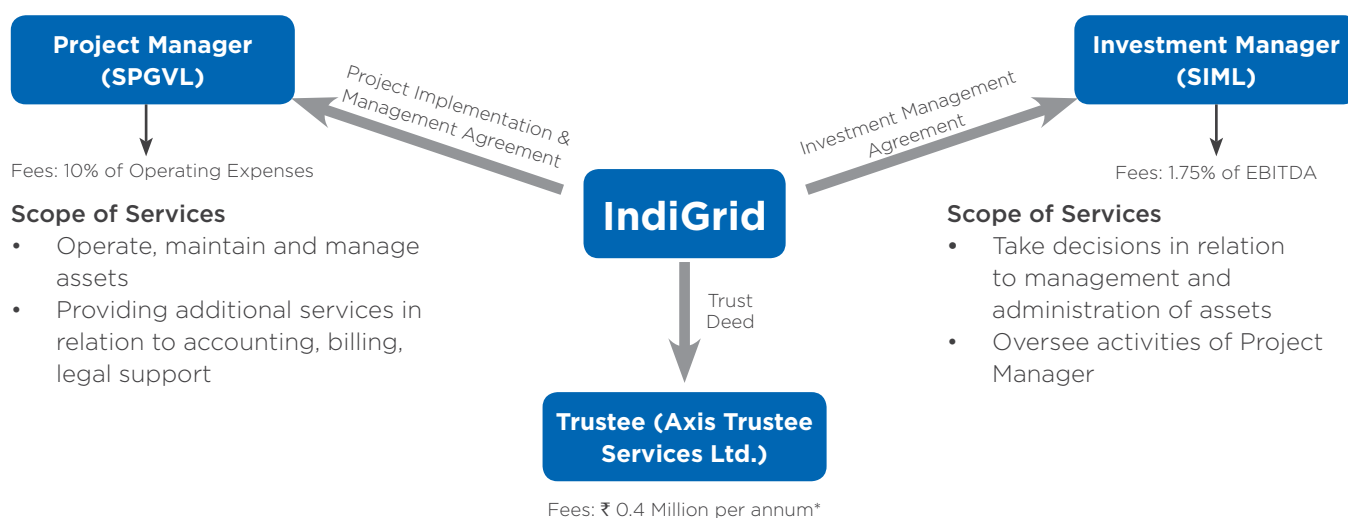
For each asset, IndiGrid is required to maintain system availability of 98% in order to receive 100% of the transmission charge (comprised of both escalable and non-escalable charges). Incentive payments are received if the availability exceeds 98%. If the average availability rate for a power transmission asset falls below 95%, penalties might be imposed under the TSA, subject to any force majeure event.

For H1 FY18, IPAs have been maintained significantly higher availability compared to the threshold.

Average availability for BDTCL is 99.9% and JTCL is 99.8% for YTD FY18. Both the assets are on track towards achieving maximum incentives.

The CERC Tariff Regulations provide specific guidance on the calculation of availability, and take into account the elements in the transmission system (including transmission lines, transformers and substations) as well as the reason for any outages, with force majeure outages being excluded from the calculation. All the

Contractual Framework of IndiGrid



Note: * Revised upwards to INR 2 Million per annum from FY19 onwards

In addition, a strong deemed availability clause in TSA ensures that the revenue of assets is not impacted by any Force Majeure event.

No major incident took place in relation to O&M of the assets during the review period. A small incident took

place on Jabalpur Bina (JB) line of JTCL on June 5, 2017, when unprecedented winds and storm led significant damage to 2 towers on JB line which was restored within 18 days. JTCL has received deemed availability certificate and corresponding revenue for the period.

Health, Safety and Environment

While dealing with O&M activities for the transmission assets, IndiGrid adheres to highest standards of Health, Safety and Environment as it believes that 'Outstanding business performance stems from outstanding HSE

performance'.

As depicted in the table below, no incident took place during the review period.

EHS Performance Indicators

Parameters	BDTCL Bhopal Substation	BDTCL Dhule Substation	BDTCL Bhopal hub lines & office	BDTCL Dhule hub lines	JTCL J-B & J-D (MP)	JTCL J-D (Chhattisgarh)
Subcontractors	-	-	Telegence	JBS	Telegence	JBS
Accident Rate	0	0	0	0	0	0
Accident Severity Rate	0	0	0	0	0	0
Total Man-hours worked	8160	6760	18600	10250	16080	6670

Strong policies and strict adherence have ensured incident-free operations. Some such actions are:

- Conducting EHS meeting on a monthly basis
- Providing adequate EHS training to workers
- Frequent workplace inspections

As a part of the EHS program, various trainings ensure workers are well equipped to handle adverse situations.

FINANCIAL HIGHLIGHTS

IndiGrid came into existence on June 6, 2017. Financial information for the preceding operation period is not applicable for disclosure purposes

Consolidated Financials - IndiGrid (INR Million)	Q1 FY18 One month of operations	Q2 FY18 Full Quarter of operations	H1 FY18 Four months of operations
Revenue	406	1,323	1,729
EBITDA	369	1,223	1,592
EBITDA Margin (%)	91	92	92
NDCF	258	1,014	1,272
PAT	114	607	721
ROE* (%)	0.4	2.1	2.5
ROCE* (%)	0.7	2.2	2.9

*Applicable specifically for the corresponding period (not annualised)

Revenue and EBITDA

Revenue for a power transmission asset in India has three components which are pre-contracted - escalable, non-escalable and incentive earned on account availability of the asset above normative availability of 98%. Revenue is independent of actual power flow through the lines and is based on the availability of the asset.

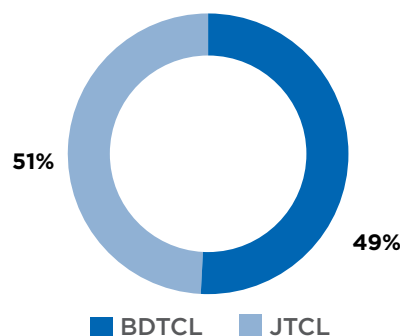
EBITDA margin is around 90-95% for power transmission assets with key cost components being insurance and manpower.

NDCF and DPU

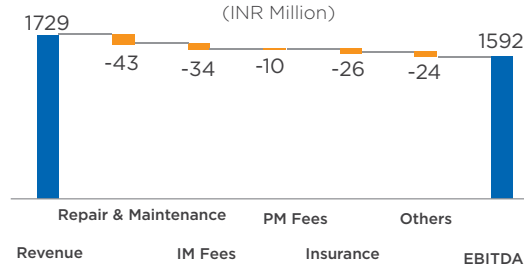
Net Distributable cash flows (NDCF) is the free cash flow generated from the underlying operations undertaken by the assets. Cash flows received by IndiGrid are typically in the form of interest income and principal repayment. IndiGrid is required to distribute 90% of the cash flows received to the unitholders.

DPU is the cash flows distributed on per unit basis to the Unitholders.

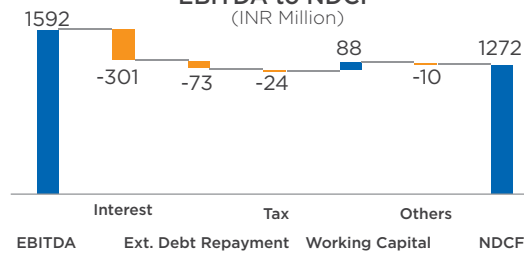
Revenue (H1 FY18)



Revenue to EBITDA
(INR Million)



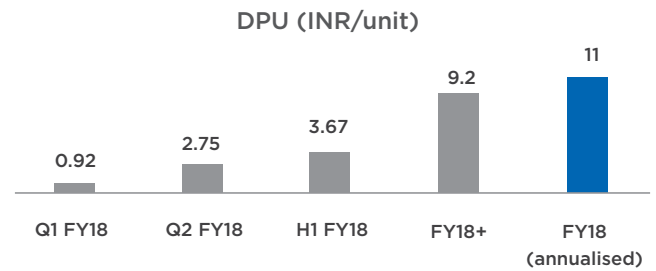
EBITDA to NDCF
(INR Million)



DPU contd.

The DPU for H1 FY18 is INR 3.67/unit which comprises of INR 0.92/unit for Q1 FY18 (corresponding to one month of operations) and INR 2.75/unit for Q2 FY18 (corresponding to the entire quarter). The DPU for FY18 is INR 9.2/unit based on the Distribution Guidance (INR 11/unit on an annualised basis).

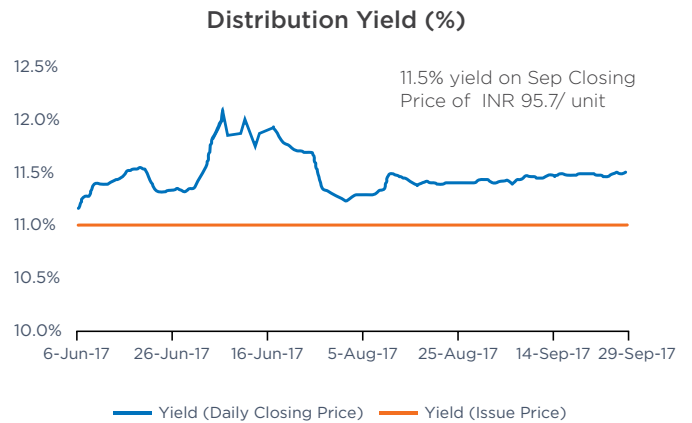
IndiGrid is focused on providing year on year DPU growth by carrying out acquisition of Sponsor assets and third party acquisitions.



*For an operational period of 10 months

Distribution Yield

On its current annualised DPU guidance of INR 11/ unit, IndiGrid offers a superior annualised distribution yield of 11% (on the issue price of INR 100 / unit) to unitholders. Over the review period, IndiGrid has been consistently trading above the 11% yield. With the recently announced acquisition of three ROFO assets, IndiGrid will further offer 3-5% DPU growth to unitholders, resulting in a higher yield to unitholders on a cumulative basis going forward.



AUM

Haribhakti & Co. LLP, a member firm of Baker Tilly International, has carried out a half yearly valuation for BDTCL and JTCL as an independent valuer for the assets.

Based on the valuation reports, the AUM of IndiGrid is INR 37.4 Billion.

As on September 30, 2017	
	AUM (INR Billion)
BDTCL	21.43
JTCL	15.99
Total	37.42

Borrowings

The consolidated borrowings as on September 30, 2017 stood at INR 9,902 Million.

Corporate credit rating of IndiGrid is AAA in addition to AAA rating of the debt facilities at the asset level on account of stable cash flow due to low operating risk, minimal credit risk and a strong financial risk profile due to under leveraging of assets.

Credit Rating

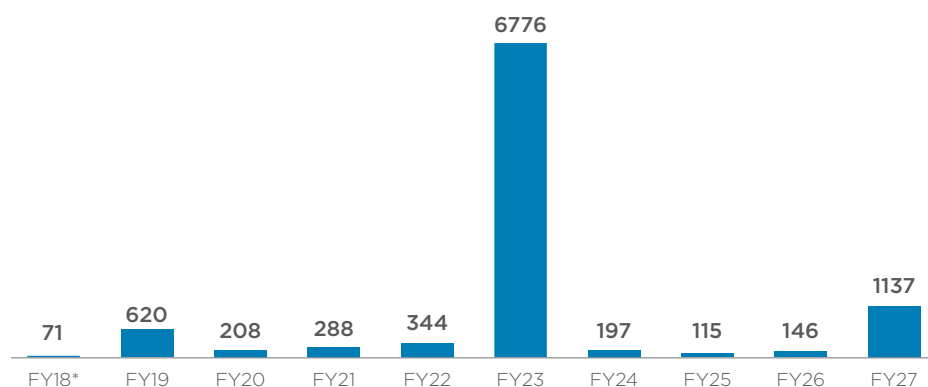
Rating Agency	Rating For	Rating	Date	Rating Rationale
CRISIL	IndiGrid	CCR AAA/Stable	April 17, 2017	<ul style="list-style-type: none"> Stable revenue of the operational SPVs Cash Flow stability under PoC mechanism Strong financial risk profile due to deleveraging of SPVs
ICRA	BDTCL	ICRA AAA (Stable)	Sep 19, 2017	<ul style="list-style-type: none"> Shortfall undertaking from IndiGrid for the external debt, to achieve cash pooling benefit Structural features such as presence of Debt Service Reserve, cash trap triggers Strong transmission assets housed under IndiGrid Strong payment security with PoC mechanism
CRISIL	BDTCL	CRISIL AAA/Stable	May 22, 2017	<ul style="list-style-type: none"> Low offtake risks as per the contractual terms of TSA Benefits of stable cash flows under PoC mechanism Moderate O&M risks
India Ratings & Research	BDTCL	Provisional IND AAA (Stable)	May 25, 2017	<ul style="list-style-type: none"> Low operating risks and operating costs Revenue sharing mechanism addresses counterparty risk Established tariff recovery track record

Debt Maturity Profile

The debt maturity profile is significantly back ended, with a significant portion of repayment in FY23 as a bullet repayment of INR 6.6 Billion for NCDs. The debt profile would significantly change with the planned acquisition

of the three ROFO assets - MTL, RTCL and PKTCL. The debt for IndiGrid is proposed to be refinanced with a longer tenure loan either at the IndiGrid level, asset level or a mix of both.

Repayment Schedule (INR Million)



*Repayment in FY18 refers to only the repayment pertaining to H2 FY18

CORPORATE GOVERNANCE REPORT

Corporate Governance is a continuous process, which incorporates every sphere of management, from internal set of controls and action plans to performance evaluation and disclosures. It is vital for any organisation to have a dynamic approach to Corporate Governance and we at India Grid Trust (“IndiGrid”) encompass this for transformative excellence in perpetuity. In harmony with SEBI (Infrastructure Investment Trust) Regulations, 2014 (“SEBI InvIT Regulations”) the Report on Corporate Governance expresses/reverberates the ideology of Corporate Governance Systems at India Grid Trust.

IndiGrid’s Philosophy on Code of Governance

Corporate Governance represents the value, ethical and moral framework under which business decisions are taken. The investors want to be sure that not only

is their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in a manner which is not illegal or involving moral hazard. IndiGrid perceives good corporate governance practices as a key to sustainable corporate growth and long-term unitholder value creation. The primary objective is to develop and adhere to a corporate culture of harmonious and transparent functioning and enhancing unitholders’ wealth by developing capabilities and identifying opportunities that best serve the goal of value creation. All actions and strategic plans are directed towards delivering value to all stakeholders, as well as conform to the highest standards of corporate behavior.

The Company has a three-tier governance structure:

Strategic supervision	Axis Trustee Services Limited is the Trustee in respect of IndiGrid. The Trustee is responsible for ensuring that all the business activities and investment policies comply with the provisions of the Code, Policies, Material Contracts and the InvIT Regulations as well as monitoring the activities of the Investment Manager under the Investment Management Agreement and the Project Manager under the Project Implementation and Management Agreement.
Strategic management	Sterlite Investment Managers Limited is Investment Manager of IndiGrid. The Board of Directors of Investment Manager occupies key position in the governance structure. It plays a role of strategic supervision that is devoid of involvement in the task of strategic management and investment decisions of the IndiGrid. The Board lays down strategic goals and exercises control to ensure that the IndiGrid is progressing to fulfill unitholders’ aspirations.
Executive management	The executive management is composed of the IndiGrid’s key personnel and operates upon the directions of the Board of Directors of Investment Manager.

Board of Directors

In order to maintain independence of the Investment Manager, Sterlite Investment Managers Limited (“the Company” or “Investment Manager”) has a judicious combination of Executive Director, Non-Executive and Independent Directors (“the Board”). As at September 30, 2017, the Board comprises four (4) directors including one (1) Whole-Time Director, one (1) Non-Executive Director and two (2) Independent Directors. The Investment Manager has a Chief Executive Officer. The Chief Executive Officer takes a lead role in managing the Board and facilitating effective communication among Directors. The Chief Executive Officer is responsible for corporate strategy, fund planning and all management matters. The Board composition is in conformity with the provisions of the SEBI InvIT Regulations and Companies

Act, 2013. All Directors are astute professionals coming from varied backgrounds possessing rich experience and expertise. The detailed profile of all Directors can be viewed in this report and also on the Company’s website at <http://www.indigrid.co.in/director.html>.

Composition of the Board of Directors of Investment Manager

In addition to the applicable provisions of SEBI InvIT regulations, the board of directors of the Investment Manager adhere to the following:

- Not less than 50% of the board of directors of the Investment Manager comprise of independent directors and not directors or members of the

governing board of another infrastructure investment trust registered under the InvIT Regulations. The independence of directors is determined in accordance with the Companies Act, 2013

- Collective experience of directors of the Investment Manager covers a broad range of commercial experience, particularly experience in infrastructure sector, investment management or advisory and financial matters
- The board of directors do not include any nominees of the Sponsor

Board Committees

IndiGrid has various committees to ensure independent board representation in line with InvIT regulations. IndiGrid has an experienced Board of Directors; which ensures strong representation on Board Committees.

INVESTMENT COMMITTEE

Composition and Meetings

The Investment Committee comprises of board of directors of the Investment Manager. All members, including the chairperson of the Investment Committee are independent directors. The company secretary of the Investment Manager act as the secretary to the Investment Committee. The quorum shall be at least 50% of the number of members of the Investment Committee and subject to a minimum of two members.

The composition of the Investment Committee is as follows

Name of Committee Members	Category
Mr. Tarun Kataria (Chairperson)	Non-Executive & Independent Director
Mr. S H Bhojani	Non-Executive & Independent Director

Terms of reference of the Investment Committee

The terms of reference of the Investment Committee include the following:

- (i) Reviewing investment decisions with respect to the underlying assets or projects of IndiGrid from the Sponsor including any further investments or divestments to ensure protection of the interest of unitholders including, investment decisions which are related party transactions;

- (ii) Approving any proposal in relation to acquisition of assets, further issue of units including in relation to acquisition or assets; and
- (iii) Formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

AUDIT COMMITTEE

Composition and Meetings

The Audit Committee comprises of board of directors of the Investment Manager. The chairperson of the Audit Committee is independent director. All members of the Audit Committee are financially literate and Chairman of the Committee have accounting and related financial management expertise. The company secretary of the Investment Manager shall act as the secretary to the Audit Committee. The quorum shall be at least 50% of the directors, of which at least 50% of the directors present, shall be independent directors and subject to a minimum of two members being present in person.

The composition of the Audit Committee is as follows

Name of Committee Members	Category
Mr. Tarun Kataria (Chairperson)	Non-Executive & Independent Director
Mr. S H Bhojani	Non-Executive & Independent Director
Mr. Kuldip Kaura	Non-Executive Director

Terms of reference of the Audit Committee

The terms of reference of the Audit Committee include the following:

- (i) Provide recommendations to the board of directors regarding any proposed distributions;
- (ii) Overseeing IndiGrid's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- (iii) Giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of IndiGrid and the audit fee, subject to the approval of the unitholders;
- (iv) Reviewing and monitoring the independence and performance of the statutory auditor of IndiGrid,

and effectiveness of audit process;

- (v) Approving payments to statutory auditors of IndiGrid for any other services rendered by such statutory auditors;
- (vi) Reviewing the annual financial statements and auditor's report thereon of IndiGrid, before submission to the board of directors for approval, with particular reference to:
 - changes, if any, in accounting policies and practices and reasons for such change;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions; and
 - qualifications in the draft audit report;
- (vii) Reviewing, with the management, all periodic financial statements, including but not limited to half-yearly and annual financial statements of IndiGrid before submission to the board of directors for approval;
- (viii) Reviewing, with the management, the statement of uses/application of funds raised through an issue of units by IndiGrid (public issue, rights issue, preferential issue, etc.) and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the board of directors for follow-up action;
- (ix) Approval or any subsequent modifications of transactions of IndiGrid with related parties including, reviewing agreements or transactions in this regard;
- (x) Scrutinising loans and investments of IndiGrid;
- (xi) Reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;
- (xii) Evaluating financial controls and risk management systems of IndiGrid;
- (xiii) Reviewing, with the management, the performance of statutory auditors of IndiGrid, and adequacy of

the internal control systems, as necessary;

- (xiv) Reviewing the adequacy of internal audit function if any of IndiGrid, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xv) Reviewing the findings of any internal investigations in relation to IndiGrid, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board of directors;
- (xvi) Reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to IndiGrid and the interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fee or charges payable out of IndiGrid's assets;
- (xvii) Discussing with statutory auditors and valuers prior to commencement of the audit or valuation, respectively, about the nature and scope, as well as post-audit/ valuation discussion to ascertain any area of concern;
- (xviii) Reviewing and monitoring the independence and performance of the valuer of IndiGrid;
- (xix) Giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the valuer of IndiGrid;
- (xx) Evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the SPVs to IndiGrid and payments to any creditors of IndiGrid or the SPVs, and recommending remedial measures;
- (xxi) Management's discussion and analysis of financial condition and results of operations;
- (xxii) Reviewing the statement of significant related party transactions, submitted by the management;
- (xxiii) Reviewing the management letters/letters of internal control weaknesses issued by the statutory auditors; and
- (xxiv) Formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition and Meetings

The Stakeholders' Relationship Committee comprise s of board of directors of the Investment Manager. The Chairperson of the Committee is Non-Executive Director. The company secretary of the Investment Manager act as the secretary to the Nomination and Remuneration Committee. The quorum shall be at least 50% of the number of members of the Stakeholders' Relationship Committee and subject to a minimum of two members.

The composition of the Stakeholders' Relationship Committee is as follows

Name of Committee Members	Category
Mr. Kuldip Kaura (Chairperson)	Non-Executive Director
Mr. S H Bhojani	Non-Executive & Independent Director
M. Pratik Agarwal	Chief Executive Officer (Executive Director)

Terms of reference of the Stakeholders' Relationship Committee

The terms of reference of the Stakeholders' Relationship Committee is as follows:

- (i) Considering and resolving grievances of the unitholders, including complaints related to the transfer of units, non-receipt of annual report and non-receipt of declared distributions;
- (ii) Reviewing of any litigation related to unitholders' grievances;
- (iii) Undertaking all functions in relation to protection of Unitholders' interests and resolution of any conflicts, including reviewing agreements or transactions in this regard;
- (iv) Updating unitholders on acquisition / sale of assets by IndiGrid and any change in the capital structure of the SPVs;
- (v) Reporting specific material litigation related to unitholders' grievances to the board of directors; and
- (vi) Approving report on investor grievances to be submitted to the Trustee.

NOMINATION AND REMUNERATION COMMITTEE

Composition and Meetings

The Nomination and Remuneration Committee

comprises of board of directors of the Investment Manager. All the members of the Committee are Non-Executive Directors. The company secretary of the Investment Manager act as the secretary to the Committee. The quorum shall be at least 50% of the number of members of the Committee and subject to a minimum of two members.

The composition of the Nomination and Remuneration Committee is as follows

Name of Committee Members	Category
Mr. S H Bhojani (Chairperson)	Non-Executive & Independent Director
M. Tarun Kataria	Non-Executive & Independent Director
Mr. Kuldip Kaura	Non-Executive Director

Terms of reference of the Nomination and Remuneration Committee

The terms of reference of the Nomination and Remuneration Committee is as follows:

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Investment Manager a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (ii) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (iii) Devising a policy on board diversity;
- (iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal and evaluation of director's performance;
- (v) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (vi) Carrying out any other function as prescribed under applicable law;
- (vii) Endeavour to appoint new key employee to replace any resigning key employee within six months from the date of receipt of notice of resignation and recommend such appointment to the Board, if necessary; and

(viii) Performing such other activities as may be delegated by the board of directors of the Investment Manager and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

INFORMATION SUPPLIED TO THE BOARD

Information is provided to the Board members on continuous basis for their review, inputs and approvals from time to time. The Board critically evaluates IndiGrid's strategic direction, management policies and their effectiveness. Additionally, specific cases of acquisitions, important managerial decisions, material positive/ negative developments and statutory matters are presented to the committees of the Board and later with recommendations of the committees to the Board.

INVESTOR COMPLAINTS

The status of complaints is reported to the Board on a quarterly basis. During HIFY2017-18, the investor complaints received by the Company were general in nature, which were resolved to the satisfaction of the unitholders. Details of unitholders' complaints on quarterly basis are also submitted to stock exchanges and published on IndiGrid's website.

Policies of the Board of Directors of the Investment Manager in relation to IndiGrid

In order to adhere the good governance practices in India Grid Trust, the Investment Manager has adopted the following policies in relation to IndiGrid:

Borrowing Policy

The Investment Manager shall ensure that all funds borrowed in relation to IndiGrid are in compliance with the InvIT Regulations. Accordingly, the Investment Manager has formulated this Borrowing Policy to outline the process for borrowing monies in relation to IndiGrid.

Policy in relation to Related Party Transactions and Conflict of Interests

To ensure proper approval, supervision and reporting of the transactions between IndiGrid and its Related Parties, the board of directors of the Investment Manager has adopted the Policy in relation to Related Party Transactions and Conflict of Interests, to regulate the transactions between IndiGrid and its Related Parties.

Distribution Policy

The Investment Manager has adopted the Distribution Policy to ensure proper, accurate and timely distribution for IndiGrid. The Distributable Income of IndiGrid is

calculated in accordance with the Distribution Policy, InvIT Regulations and any circular, notification or guidance issued thereunder.

Policy on Appointment of Auditor and Valuer

The Investment Manager has adopted the Policy on Appointment of Auditor and Valuer to govern the appointment and operations of Auditor and Valuer which plays very crucial role at IndiGrid.

Policy on unpublished price-sensitive information and dealing in units by the parties to IndiGrid (the "UPSI Policy")

The Investment Manager has adopted the UPSI Policy to ensure that IndiGrid complies with applicable law, including the InvIT Regulations or such other laws, regulations, rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information.

Policy for Determining Materiality of Information for Periodic Disclosures (the "Materiality of Information Policy")

The Investment Manager has adopted the Materiality of Information Policy with an intention to outline process and procedures for determining materiality of information in relation to periodic disclosures on IndiGrid's website, to the stock exchanges and to all stakeholders at large, in relation to IndiGrid.

Document Archival Policy

The Investment Manager has adopted the Document Archival Policy to provide a comprehensive policy on the preservation and conservation of the records and documents of IndiGrid. The Document Archival Policy aims at identifying, classifying, storing, securing, retrieving, tracking and destroying or permanently preserving records.

Nomination and Remuneration Policy

The Investment Manager has adopted the Nomination and Remuneration Policy with an intention to provide the underlying principles and guidelines governing the activities of the Nomination and Remuneration Committee.

Initial Portfolio Assets

Representatives on the Board of Directors of each Initial Portfolio Asset

The Investment Manager, in consultation with the Trustee, has appointed the majority of the board of directors of Sterlite Grid 1 Limited ("SGL1"), Bhopal

Dhule Transmission Company Limited (“BDTCL”) and Jabalpur Transmission Company Limited (“JTCL”). Further, the Investment Manager shall ensure that in every meeting, including annual general meeting of SGL1, BDTCL and JTCL, the voting of IndiGrid is exercised.

Except as stated otherwise in this report and in Final Offer Document dated May 31, 2017, during the period under review, there are no changes in the clauses of trust deed, investment management agreement or any other agreement pertaining to activities of India Grid Trust.

GENERAL UNITHOLDER INFORMATION

1) Financial Year

The IndiGrid follows April-March as the financial year.

To consider and approve the quarterly financial results for FY2017-18, the meetings of the Board were held or to be scheduled on the following dates/ months:

First Quarter Ended Results: July 25, 2017

Second Quarter and Half Year Ended Results: October 26, 2017

Third Quarter: Expected by end of January 2018

Fourth Quarter and Year Ended Results: Expected by end of April 2018

2) Distribution

The details of Distribution declared by IndiGrid during H1 are as follows

Date of Board Meeting	Type of Distribution	Distribution (In INR)	Record Date
July 25, 2017	Interest payment	INR 0.92	August 4, 2017
October 26, 2017	Interest & Capital Payment	INR 2.75	November 7, 2017

3) Listing Details

Name and Address of the Stock Exchange	Scrip Code	ISIN code
BSE Limited (BSE)		
PhirozeJeejeebhoy Towers, Dalal Street, Mumbai - 400 001 500295	540565	
National Stock Exchange of India Limited (NSE)		INE219X23014
Exchange Plaza, Plot No. C/1, G-Block, BandraKurla Complex, Bandra (East), Mumbai - 400 051	INDIGRID	

4) Address for Correspondence

Registered Office and Contact Details of the Trust:

Compliance Officer: Mr. Swapnil Patil

Registered Office and Contact Details of the Investment Manager:

Company's Registered Office Address

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,

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SUMMARY OF INDEPENDENT VALUATION

As per Securities and Exchange Board of India (Infrastructure Investment Trust), Regulations, 2014 (InvIT Regulations), IndiGrid is supposed to carry out independent valuation for its assets. Haribhakti & CO. LLP, a member firm of Baker Tilly International, has carried out a half yearly valuation for BDTCL and JTCL as an independent valuer for the projects.

Valuation Approach

Both BDTCL and JTCL are TBCB projects allotted under Build Own Operate and Maintain (BOOM) Model and operate under PoC mechanism. The independent valuation of BDTCL and JTCL has been determined by the independent valuer using the discounted cash flow approach on the free cash flows of the assets.

Valuation Summary

The independent valuation for both the assets as of 30 Sep 2017 is summarized below, along with a valuation snapshot of both the assets at IPO:

Particulars	INR Mn.	
	BDTCL	JTCL
Valuation Date	March 31, 2017	March 31, 2017
Purchase Price	37,020	

* Consolidated Purchase Price paid by the Trust to purchase the above mentioned SPV's

	September 30, 2017		At IPO (as of March 31, 2017)	
	AUM (INR Billion)	WACC (%)	AUM (INR Billion)	WACC (%)
BDTCL	21.43	7.84% (base case)*	21.54	8.19% (base case)**
JTCL	15.99	7.86%	16.12	8.14% (base case)**
Total	37.4		37.66	

*WACC for incremental revenue is 8.44%

**WACC for incremental revenue case is 8.69%

***WACC for incremental revenue case is 8.64%

The difference between the valuation at IPO and valuation as of September 30, 2017 is primarily due to tariff curves and non escalable revenue for JTCL (as per the CERC order date May 8, 2017) discounted at a lower WACC because of its certainty.

Key Assumptions

Consistent with the valuation approach at IPO, valuation is done under two parts. Part A comprises of valuation as per the revenues quoted in the TSA. The increase in non escalable revenues for JTCL has been subsequently

reflected in the assumptions for valuation of JTCL. Part B comprises of revenues under the incremental revenue case (increased tariff due to project cost escalation as approved by CERC) for BDTCL.

Valuation report of IndiGrid assets as on September 30, 2017 issued by Valuer are annexed to this report as Annexure A and forms part of this report only. The valuation report can also be viewed on the Company's website and can be accessed via the link <http://www.bseindia.com/xml-data/corpfiling/AttachHis/a5e0ee1c-40af-41a5-957a-8d929847bc3a.pdf>

UNIT PRICE PERFORMANCE

Units of IndiGrid were listed on June 06, 2017 on BSE and NSE. Unit price remained stable for the most part of the period, with total volume of trade at approximately 62 Million Units. This translated to an average daily traded volume of approximately

0.77 Million units during the period.

IndiGrid distributed INR 0.92/unit for Q1 FY18. Subsequently, IndiGrid announced DPU of INR 2.75/unit for Q2 FY18. On an annualised basis this works out to INR 11/unit.

Summary of Price and Volume

Particulars	BSE	NSE
Price Information		
Unit Price at the beginning of the period (Closing price of June 06, 2017)	98.45	98.64
Unit Price at the close of the period (Close price of Sep 29, 2017)	95.90	95.71
Highest Unit Price (June 06, 2017)	100.00	99.70
Lowest Unit Price (July 06, 2017)	90.51	90.55
Volume Information		
Average Daily Volume Traded during the period (in Thousands)	180	590
Total Average Daily Volume Traded (on both BSE and NSE) (in Thousands)	770	

Summary of DPU

Period	DPU (INR/unit)
Q1 FY18	0.92
Q2 FY18	2.75
H1 FY18	3.67
H2 FY18 (As per Guidance)	5.53
FY18*	9.2
FY18 (Annualised)	11

*For an operational period of 10 months

DETAILS OF ISSUE AND BUYBACK OF UNITS

IndiGrid received a letter from SPGVL (“Project Manager”) on July 25, 2017 thereby requesting IndiGrid for allotment of units worth INR 1.36 Billion to Project Manager as per the disclosure in the section entitled, “Overview of IndiGrid – Allotment of Units to the Project Manager after completion of the Issue” on pages 21 - 24 of the final offer document dated May 31, 2017 issued by IndiGrid in relation to the initial public offer of its units (the “Final Offer Document”).

SIML through its letter dated October 26, 2017 informed to the stock exchanges that the Board of Directors of Investment Manager has approved issuance 1,35,99,200 units by India Grid Trust to the Project Manager and considered October 26, 2017 as relevant date.

Further, the Board of Directors of SIML acting in the capacity of Investment Manager of IndiGrid, considered the certificate issued by Statutory Auditors thereby confirming the issue price of INR 100 per unit calculated as per Regulation 76 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “ICDR Regulations”) as on the relevant date viz. October 26, 2017 and has allotted 1,35,99,200 units to the Project Manager in another Board Meeting held after obtaining aforesaid certificate on October 26, 2017.

The key points in relation to the aforesaid allotment of units by IndiGrid to the Project Manager are summarized below:

- Project Manager is entitled to 80% of the increase in levelised transmission charges approved by Central Electricity Regulatory Commission (“CERC”) pursuant to petitions dated December 18, 2015 filed by JTCL, if such increase was approved within 18 months of receipt of final listing and trading approval for the units of IndiGrid (“Units”);
- Such payments to the Project Manager shall be in the form of Units and there will no cash payout;
- CERC through its order dated May 8, 2017 in relation

to the petition for JTCL, allowed an increase of 9.8903% per annum on the quoted non-escalable charges of the respective years for the date of commercial operation of the respective transmission lines, resulting in an increase in the cost of project by -INR 1,699.9 Million (the “Approved Cost Escalation”);

- Pricing for such allotment of Units would be based on extant provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (the “InvIT Regulations”). However, in the absence of any specific provisions in this regard under the InvIT Regulations, the pricing of Units of the allotted units was based on the pricing formula provided under Regulation 76 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “ICDR Regulations”);

The Investment Manager allotted the aforesaid units after taking on the record the certificate issued by S R B C & CO LLP, Statutory Auditors of IndiGrid and Investment Manager thereby confirming the computation of value and issue prices of the units as per covenants mentioned in the Final Offer Document and the relevant provisions of ICDR Regulations. The Investment Manager by taking the reference of Regulation 12(3) of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 (“InvIT Regulations”) has confirmed that, 15% of the aforesaid units allotted to Sponsor shall be locked-in for a period of three years from date of trading approval granted for the said units and pursuant to Regulation 12 of InvIT Regulations, the holding of Sponsor in IndiGrid, exceeding fifteen per cent. on a post issue basis, shall be held for a period of not less than one year from the date of listing of such units. Axis Trustee Services Limited (“the Trustee”), has also approved the allotment of aforesaid units.

Buyback of Units

This is to confirm that, during the period under review there were no buy back of any securities by IndiGrid.

GENERAL DISCLOSURES:

1. During the period under review, there were no regulatory changes that has impacted or may impact cash flows of the underlying projects.
2. During the period under review, there were no changes in material contracts or any new risk in performance of any contract pertaining to the India Grid Trust.
3. Except otherwise specified, during the period under review, there were no legal proceedings which may have significant bearing on the activities or revenues or cash flows of the India Grid Trust.
4. Except otherwise specified, during the period under review, there were no material changes, events or material and price sensitive information to be disclosed for India Grid Trust.
5. Update on litigation at IndiGrid, Investment Manager, Sponsor and Project Manager and individual project SPVs as on September 30, 2017 are annexed to this report as Annexure B and forms part of this report only.

FINANCIAL STATEMENTS



CONSOLIDATED INDIA GRID TRUST BALANCE SHEET

For the half year ended September 30, 2017

(INR in Million)

Particulars	
ASSETS	
Non-current assets	
Property, plant & equipment	36,648
Capital work-in-progress	0
Other non-current financial assets	3
Other non-current assets	37
	36,688
Current assets	
Trade receivables	634
Cash and bank balances	1,155
Other current financial assets	387
Other current assets	193
	2,369
TOTAL ASSETS	39,057
EQUITY AND LIABILITIES	
Equity	
Unit capital	28,380
Retained earnings	472
Total Equity	28,852
Non-current liabilities	
Financial Liabilities	
Borrowings	9,491
Deferred tax liabilities (net)	(1)
	9,490
Current liabilities	
Trade payables	57
Other financial liabilities	627
Other liabilities	2
Provisions	28
	715
TOTAL	39,057

CONSOLIDATED INDIA GRID TRUST PROFIT AND LOSS

For the half year ended September 30, 2017

(INR in Million)

Particulars	
INCOME	
Revenue from operations	1,729
Total income (I)	1,729
EXPENSES	
Other expenses	137
Total expenses (II)	137
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	1,592
Depreciation and amortisation expense	446
Finance costs	500
Finance income	(83)
Profit before tax	728
Tax expense:	
Current tax	8
Deferred tax	(1)
Income tax expense	7
Profit for the year	721
Other comprehensive income for the year	-
Total comprehensive income for the year	721

STATEMENT OF EXTERNAL BORROWING AT SPVs AND AT CONSOLIDATED INDIGRID

Statement of External Borrowing	JTCL (A)	BDTCL (B)		IndiGrid (C)
	Term Loan (In INR)	Term Loan/ NCD (In INR)	Foreign Currency loan in \$	Term Loan (In INR)
Opening Balance - External Borrowing as on May 30, 2017	10,409	12,686	40	-
Add: External Borrowing Taken - NCD	-	7,350	-	-
Less : External Borrowing Repaid	10,409	12,686	1	-
Closing Borrowing as on September 30, 2017	-	7,350	39	-
Closing rate of \$ (RBI reference rate)	-	-	65.36	-
INR value of Term Loan	-	7,350	2,552	-
Consolidated Borrowing at IndiGrid (A+B+C)				9,902

Note :

- Above borrowing only includes external borrowing and does not include borrowing taken from India Grid trust or any of its subsidiaries.
- Above borrowing is the notional amount borrowing i.e. without any IndAS Adjustments. Under IndAS, borrowing is INR 9,870 Million due to EIRR effect.
- External borrowing (Rupee term loan) has been paid in BDTCL and JTCL by way of loans provided by IndiGrid and by of fresh borrowing through NCD taken at BDTCL.

STATEMENT OF REVENUE PROJECT WISE

From May 30, 2017 to September 30, 2017

(All amounts in INR Millions)

Description	Unaudited
Bhopal Dhule Transmission Company Ltd	843
Jabalpur Transmission Company Ltd	886
Total Revenue (Net of rebate)	1,729

Note : JTCL tariff includes revenue of INR 184.85 Million pursuant to cost increase approved by CERC.

CONSOLIDATED INDIA GRID TRUST OPERATING EXPENSES

(All amounts in INR Millions)

Description	April 01, 2017 to September 30, 2017
II. EXPENSES	
Repairs and maintenance of transmission infrastructure	43.41
Investment management fees (including fees paid to investment manager)	33.77
Project management fees (including fees paid to project manager)	10.30
Insurance	26.43
Legal and professional fees	5.53
Rates and taxes	3.31
Power and fuel	2.96
Travelling and conveyance	2.96
Audit fees	0.45
Rent	0.42
Trustee fees	0.20
Directors' sitting fees	0.10
Security expenses	2.05
Miscellaneous expenses	4.84
Total expenses	136.72

INDIA GRID TRUST BALANCE SHEET

For the half year ended September 30, 2017

(INR in Million)

Particulars	
ASSETS	
Non-current assets	
Investments	6,065
Current assets	
Cash and bank balances	900
Loans	22,288
TOTAL ASSETS	29,254
EQUITY AND LIABILITIES	
Unit capital	28,380
Retained earnings	869
Total Equity	29,249
Current liabilities	
Other financial liabilities	4
TOTAL	29,254

INDIA GRID TRUST PROFIT AND LOSS

For the half year ended September 30, 2017

(INR in Million)

Particulars	
INCOME	
Revenue from operations	1,122
Total income (I)	1,122
EXPENSES	
Other expenses	4
Total expenses (II)	4
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	1,118
Finance costs	(0)
Profit before tax	1,118
Tax expense:	-
Profit for the year	1,118
Other comprehensive income for the year	-
Total comprehensive income for the year	1,118

India Grid Trust

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

Unaudited Consolidated Interim Financial Information

For the half year ended September 30, 2017

(All amounts in INR Millions unless otherwise stated)

Particulars	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
	Unaudited	Unaudited
Revenue from operations (refer note 3, 4, 5 and 9)	1,728.97	-
Total income (I)	1,728.97	-
Repairs and maintenance of transmission infrastructure	43.41	-
Investment management fees (including fees paid to investment manager)	33.77	-
Project management fees (including fees paid to project manager)	10.30	-
Insurance	26.43	-
Legal and professional fees	5.53	-
Rates and taxes	3.31	-
Power and fuel	2.96	-
Travelling and conveyance	2.96	-
Audit fees	0.45	-
Rent	0.42	-
Trustee fees	0.20	-
Directors' sitting fees	0.10	-
Security expenses	2.05	-
Miscellaneous expenses	4.84	-
Total expenses (II)	136.72	-
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	1,592.25	-
Depreciation on property, plant and equipment	446.28	-
Finance costs	500.32	-
Finance income (refer note 6)	(82.57)	-
Profit before tax	728.22	-
Tax expense:		
Current tax	8.21	-
Deferred tax	(1.00)	-
	7.21	-
Profit for the period	721.01	-
Other Comprehensive Income		
(i) Items that will not be reclassified to profit and loss	-	-
(ii) Items that will be reclassified to profit and loss	-	-
Total Comprehensive Income	721.01	-
Earnings per unit (basic and diluted) (INR per unit) (refer note D under Additional Disclosures)	2.54	-

NOTES:

- The above unaudited consolidated interim financial information for the half year ended September 30, 2017 has been reviewed and approved by the Board of Directors of Sterlite Investment Managers Limited ('Investment Manager') at its meeting held on October 26, 2017.

2. Accrual Accounting Policy:-

Accrual method of accounting has been followed in preparation of the financial statements of IndiGrid and including its SPVs.

3. The unaudited consolidated interim financial information comprises the Consolidated Statement of Profit and Loss, explanatory notes thereto and the additional disclosures as required in paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated November 29, 2016 (“SEBI Circular”) for the half year ended September 30, 2017 of India Grid Trust (“IndiGrid”) and its subsidiaries (together, ‘the Group’) (“Consolidated Interim Financial Information”). The Consolidated Interim Financial Information has been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 - Interim Financial Reporting read with Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 and the SEBI Circular.
4. The standalone interim financial information has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) read with Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 (“Ind AS”) and the SEBI Circular.
5. Change in Accounting policy :- Their has not been any change in accounting policy.
6. Sub Sector Investment:- Not Applicable
7. Other statement :- No other statement
8. India Grid Trust was registered as an irrevocable trust under the Indian Trusts Act, 1882 on October 21, 2016 and as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 on November 28, 2016. Therefore, Consolidated Statement of Profit and Loss for the corresponding period of six months ended September 30, 2016 is not applicable and hence not given.
9. IndiGrid acquired the entire equity share capital of Sterlite Grid 1 Limited (SGL1), which is the holding company of Bhopal Dhule Transmission Limited (‘BDTCL’) and Jabalpur Transmission Company Limited (‘JTCL’) from Sterlite Power Grid Ventures Limited on May 30, 2017. Accordingly SGL1, BDTCL and JTCL became wholly owned subsidiaries of IndiGrid with effect from May 30, 2017. Hence the revenue and corresponding expenses of SGL1, BDTCL and JTCL included in the consolidated interim financial information pertain to the period from May 30, 2017 to September 30, 2017.
10. Central Electricity Regulatory Commission (‘CERC’) vide its order dated May 8, 2017 approved an increase in non-escalable transmission charges of 9.89% per annum on the quoted non-escalable tariff of JTCL from the commercial operation dates of the respective transmission lines on account of changes in laws. JTCL, on a conservative basis, has recognised the additional revenue pursuant to the increase in the non-escalable charges as above aggregating INR 184.85 Million on realisation and this forms part of the Revenue from Operations for the period from April 1, 2017 to September 30, 2017.
11. The Finance income includes INR 67.54 Million towards reversal during the current half year ended September 30, 2017, of provision made in the books of BDTCL and JTCL in the previous financial year for prepayment charges payable on long term borrowings which are now no longer payable.
12. Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, Project Manager is entitled to fees @ 10% of gross expenditure incurred by each SPV in relation to operation and maintenance costs, per annum. Consolidated Statement of Profit and Loss for the period ended September 30, 2017 includes amount of INR 10.30 Million towards Project Manager fees. There are no changes in the methodology of computation of fees paid to Project Manager.

13. Pursuant to the Investment Management Agreement dated November 10, 2016 as amended, Investment Manager is entitled to fees @ 1.75% of difference between revenue from operations and operating expenses (other than fees of the Investment Manager) of each SPV, per annum. For this purpose, operating expenses would not include depreciation, finance costs and income tax expense. Consolidated statement of Profit and Loss for the period ended September 30, 2017 includes amount of INR 33.77 Million towards Investment Manager Fees. There are no changes in the methodology of computation of fees paid to Investment Manager.
14. Revenue from operations does not include incentive on transmission charges which is calculated based on the annual availability of transmission infrastructure. Such incentive is recognised at year end based on actual annual availability figures for each SPV and the provisions of the respective Transmission Services Agreements of the SPVs.

Additional Disclosures as Required by Paragraph 6 of Annexure A to the Sebi Circular No. Cir/IMD/DF/127/2016

A) Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

(INR in Million)

Description	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Cash flows received from the Portfolio Assets in the form of interest	937.46	-
Cash flows received from the Portfolio Assets in the form of dividend	-	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	-	-
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid	211.18	-
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-	-
Total cash inflow at the IndiGrid level (A)	1,148.64	-
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee	(4.20)	-
Less: Costs/retention associated with sale of assets of the Portfolio Assets:		-
- related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-	-
- transaction costs paid on sale of the assets of the Portfolio Assets; and	-	-
- capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)	-	-
Less: Income tax (if applicable) at the standalone IndiGrid level	-	-
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	-	-
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	(4.20)	-
Net Distributable Cash Flows (C) = (A+B)	1,144.44	-

Note: Out of above Net Distributable Cash Flows, an amount of INR 248.58 Million has been distributed as interim dividend for the quarter ended June 30, 2017..

B) Statement of Net Distributable Cash Flows (NDCFs) of underlying Holdcos and SPVs**I. Sterlite Grid 1 Limited (SGL1) (Holdco)**

(INR in Million)

Description	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Profit/(loss) after tax as per profit and loss account (A)	(129.56)	-
Add: Depreciation, impairment and amortisation	2.96	-
Add/Less: Decrease/(increase) in working capital	-	-
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	-	-
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
- related debts settled or due to be settled from sale proceeds;	-	-
- directly attributable transaction costs;	-	-
- directly attributable transaction costs;	-	-
- proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	126.36	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	129.32	-
Net Distributable Cash Flows (C)=(A+B)	(0.24)	-

ii. Bhopal Dhule Transmission Company Limited (BDTCL) (SPV)

(INR in Million)

Description	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Profit/(loss) after tax as per profit and loss account (A)	(233.62)	-
Add: Depreciation, impairment and amortisation	235.63	-
Add/Less: Decrease/(increase) in working capital	31.29	-
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	363.86	-
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	(0.56)	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items),	96.40	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(73.14)	-
Total Adjustments (B)	653.48	-
Net Distributable Cash Flows (C)=(A+B)	419.86	-

iii. Jabalpur Transmission Company Limited (JTCL) (SPV)

(INR in Million)

Description	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Profit/(loss) after tax as per profit and loss account (A)	34.97	-
Add: Depreciation, impairment and amortisation	204.81	-
Add/Less: Decrease/(increase) in working capital	56.64	-
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGLI	573.60	-
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
- related debts settled or due to be settled from sale proceeds;	-	-
- directly attributable transaction costs;	-	-
- directly attributable transaction costs;	-	-
- proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	(9.23)	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	(4.39)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	821.43	-
Net Distributable Cash Flows (C)=(A+B)	856.40	-

C. Statement of Contingent Liabilities

(INR in Million)

Description	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Entry tax demand	340.73	-
Total	340.73	-

Bhopal Dhule Transmission Company Limited (BDTCL):

Entry tax demand of INR 164.13 Million pertains to demands under the Entry Tax Act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13, 2013-14 and 2014-15. The Company has preferred an appeal against the demand before High Court, Jabalpur (Madhya Pradesh). The Company has deposited INR 57.77 Million with the tax authorities against the said demands to comply the Order of Hon'ble High court of Madhya Pradesh. The Hon'ble High court has accepted the plea of the company and has given stay on the entire demand after deposit of specified amount till the disposal of case.

Jabalpur Transmission Company Limited (JTCL):

- 1) Entry tax demand of INR 125.05 Million pertains to demands under the Entry Tax Act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13, 2013-14 and 2014-15. The Company has preferred an appeal against the demand before High Court, Jabalpur (Madhya Pradesh). The Company has deposited INR 44.29 Millions with the tax authorities against the said demands to comply the order of hon'ble High court of the Madhya Pradesh. The Hon'ble high court has accepted the plea and has given stay on entire demand after deposit of specified amount till the disposal of case.
- 2) Entry tax demand of INR 51.55 Million pertains to demand under Chhattisgarh Value Added Sales Tax (Amendment) Act, 2005 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13 and 2013-14. The Company has preferred an appeal against the demand before Chairman, Commercial Tax Tribunal, Raipur. The company has deposited INR 12.05 Millions with the tax authorities against the said demand.

The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised as above. The management believes that the ultimate outcome of the proceedings will not have a material adverse effect on the financial position and results of the operations of the SPVs.

D. Statement of Earnings per unit

(INR in Million)

Description	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Profit for the period (INR Million)	721.01	-
Number of units outstanding for computation of basic and diluted earning per unit (in Million)*	283.80	-
Earnings per unit (basic and diluted) (Rupees per unit)	2.54	-

*includes 13.60 Million units which will be issued to Sponsor pursuant to the Project Implementation and Management Agreement and CERC Order dated May 08, 2017 approving additional tariff to JTCL for additional expenditure incurred on project due to change in laws.

E) Statement of Related Party Transactions:

I. List of related parties as per Regulation 2(1)(zv) of the Regulations

(i) Parties to IndiGrid

Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project Manager of IndiGrid
Sterlite Investment Managers Limited (SIML) - Investment Manager of IndiGrid
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid

(ii) Promoters of the parties to IndiGrid specified in (i) above

Sterlite Power Transmission Limited - Promoter of SPGVL and SIML
Axis Bank Limited - Promoter of ATSL

(iii) Directors of the parties to IndiGrid specified in (i) above

Directors of SPGVL:

Pravin Agarwal
Pratik Agarwal
Anand Agarwal
A. R. Narayanaswamy
Udai Dhawan
Avaantika Kakkar

Directors of SIML:

Pratik Agarwal
Kuldip kumar Kaura
Tarun Kataria
Shashikant Bhojani

Directors of ATSL:

Srinivasan Varadarajan
Ram Bharoseylal Vaish
Sidharth Rath
Rajaraman Viswanathan
Raghuraman Mahalingam

II. Transactions with related parties

Sr. No.	Particulars	Relation	As at September 30, 2017	As at March 31, 2017
Transactions during the period				
1.	Repayment of loan and non convertible debentures			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	7,121.03	-
2.	Issue of unit capital*			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	4,520.36	-
	Pravin Agarwal	Director of Sponsor	91.34	-
3.	Purchase of non convertible debentures of subsidiary			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	6,658.24	-
4.	Purchase of equity shares of subsidiary			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	573.86	-
5.	Project Manager Fees			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	10.30	-
6.	Investment Manager Fees			
	Sterlite Investment Managers Limited	Investment Manager	33.77	-
7.	Repayment of dues paid/payable			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	101.05	-
	Sterlite Investment Managers Limited	Investment Manager	4.00	-

Sr. No.	Particulars	Relation	As at September 30, 2017	As at March 31, 2017
8.	Reimbursement of expenses received/receivable			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	17.01	-
9.	Trustee fee			
	Axis Trustee Services Limited (ATSL)	Trustee	0.20	-

*does not include 13.60 Million units of face value of INR 100 each amounting to INR 1,359.92 Million which will be issued to the Sponsor pursuant to the Project Implementation and Management Agreement and CERC order dated May 08, 2017 approving additional tariff to JTCL for additional expenditure incurred on project due to change in laws.

iii. Outstanding balances

Sr. No.	Particulars	Relation	As at September 30, 2017	As at March 31, 2017
Related party balances as at period end				
1.	Project Manager fees payable			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	10.30	-
2.	Investment Manager fees payable			
	Sterlite Investment Managers Limited	Investment Manager	33.77	-
3.	Repayment of dues paid/payable			
	Sterlite Investment Managers Limited	Investment Manager	4.00	-
4.	Trustee fee			
	Axis Trustee Services Limited (ATSL)	Trustee	0.20	-

During the half year ended September 30, 2017, IndiGrid acquired two projects viz. BDTCL and JTCL from SPGVL pursuant to the Share purchase agreement. Summary of the valuation report dated April 23, 2017 issued by the independent valuer appointed under the InvIT Regulations is as follows:

Particulars	BTCL	JTCL
Enterprise value as of March 31, 2017		
- Base case (based on tariff as per TSA)	20,406	14,949
- Incremental revenue (based on additional tariff claimed under petition with CERC)	1,135	1,176
Total Enterprise value	21,541	16,125
Method of valuation	Discounted Cash Flow	Discounted Cash Flow
Discounting rate (WACC):		
- Base case (based on tariff as per TSA)	8.19%	8.14%
- Incremental revenue (based on additional tariff claimed under petition with CERC)	8.69%	8.64%

Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended on April 25, 2017 ("PIMA") executed among SIML, ATSL, SPGVL, SGL1, BDTCL and JTCL, IndiGrid will issue additional units to SPGVL in the event CERC approves additional tariff for BDTCL and/or JTCL in respect of cost escalations in those projects for which petitions are pending with CERC. The units to be issued to SPGVL shall be equivalent to 80% of the Cost Escalation for each of BDTCL and JTCL as approved by CERC.

SPGVL will be entitled to additional units only if the cost escalation and the resultant revision in levelised transmission charges is received during the period commencing from the date of the PIMA and until the date which is 18 months of listing of units of IndiGrid (being the date of receipt of final listing and trading approvals for the units).

CERC vide Order dated May 8, 2017 has approved cost escalation of INR 1,699.90 Million for JTCL. Accordingly, IndiGrid will issue additional units of INR 1,359.92 Million (being 80% of the cost escalation approved by CERC) to SPGVL. The petition for cost escalation for BDTCL is currently pending with CERC.

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Managing Director
DIN: 03040062

Place: Mumbai
Date: October 26, 2017

India Grid Trust

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

Unaudited Standalone Interim Financial Information

For the half year ended September 30, 2017

(All amounts in INR Millions unless otherwise stated)

Particulars	April 01, 2017	October 21, 2016
	to September 30, 2017	to March 31, 2017
	Unaudited	Unaudited
Interest income from subsidiaries (refer note 5)	1,122.17	-
Total income (I)	1,122.17	-
Legal and professional fees	4.00	-
Trustee Fee	0.20	-
Total expenses (II)	4.20	-
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	1,117.97	-
Depreciation on property, plant and equipment	-	-
Finance costs	-	-
Finance income	(0.02)	-
Profit before tax	1,117.99	-
Tax expense:		
Current tax	-	-
Deferred tax	-	-
	-	-
Profit for the period	1,117.99	-
Other comprehensive income		
(i) Items that will not be reclassified to profit and loss	-	-
(ii) Items that will be reclassified to profit and loss	-	-
Total comprehensive income	1,117.99	-
Earnings per unit (basic and diluted) (INR per unit) (refer note A under Additional Disclosures)	3.94	-

NOTES:

- 1) The above unaudited standalone interim financial information for the half year ended September 30, 2017 has been reviewed and approved by the Board of Directors of Sterlite Investment Managers Limited ('Investment Manager') at its meeting held on October 26, 2017.
- 2) The unaudited standalone interim financial information comprises of the standalone Statement of Profit and Loss, explanatory notes thereto and the additional disclosures as required in paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated November 29, 2016 ("SEBI Circular") of India Grid Trust ("IndiGrid") for the half year ended September 30, 2017 ("standalone interim financial information"). The standalone interim financial information has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) read with Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and the SEBI Circular.
- 3) IndiGrid was registered as an irrevocable trust under the Indian Trusts Act, 1882 on October 21, 2016 and as an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 on November 28, 2016. Therefore, standalone Statement of Profit and Loss for the corresponding period of six months ended September 30, 2016 is not applicable and hence not provided.
- 4) IndiGrid acquired the entire equity share capital of Sterlite Grid 1 Limited (SGL1), which is the holding company of Bhopal Dhule Transmission Company Limited ('BDTCL') and Jabalpur Transmission Company Limited ('JTCL') from Sterlite Power Grid Ventures Limited on May 30, 2017. Accordingly SGL1, BDTCL and JTCL became wholly owned subsidiaries of IndiGrid with effect from May 30, 2017.

- 5) Interest Income from subsidiaries includes an amount of INR 184.71 Millions, being the interest on 0.01% Non Convertible Debentures (NCD's) which is the difference between market rate of interest and rate of interest on the NCD's.
- 6) The Board of Directors of Investment Manager at its meeting held on October 7, 2017 has approved the acquisition of three power transmission assets from Sterlite Power Grid Ventures Limited (Sponsor of IndiGrid) at a value of INR 14.9 Billion subject to requisite regulatory and unitholders' approvals.

Additional Disclosures as Required by Paragraph 6 of Annexure A To The Sebi Circular No. Cir/Imd/Df/127/2016

A) Statement of Earnings per unit:

(INR in Million)

Particulars	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Profit for the period (INR Millions)	1,117.99	-
Number of units outstanding for computation of basic and diluted earning per unit (in Millions)*	283.80	-
Earnings per unit (basic and diluted) (Rupees per unit)	3.94	-

*includes 13.60 Million units which will be issued to Sponsor pursuant to the Project Implementation and Management Agreement and CERC Order dated May 08, 2017 approving additional tariff to JTCL for additional expenditure incurred on project due to change in laws.

B) Statement of Related Party Transactions:

I. List of related parties as per Regulation 2(1)(zv) of the Regulations

(i) Subsidiaries

Sterlite Grid 1 Limited
Bhopal Dhule Transmission Company Limited
Jabalpur Transmission Company Limited

(ii) Parties to IndiGrid

Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project Manager of IndiGrid
Sterlite Investment Managers Limited (SIML) - Investment Manager of IndiGrid
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid

(iii) Promoters of the parties to IndiGrid specified in (ii) above

Sterlite Power Transmission Limited - Promoter of SPGVL and SIML
Axis Bank Limited - Promoter of ATSL

(iv) Directors of the parties to IndiGrid specified in (ii) above

Directors of SPGVL:

Pravin Agarwal
Pratik Agarwal
Anand Agarwal
A. R. Narayanaswamy
Udai Dhawan
Avaantika Kakkar

Directors of SIML:

Pratik Agarwal
Kuldip kumar Kaura
Tarun Kataria
Shashikant Bhojani

Directors of ATSL:

Srinivasan Varadarajan
Ram Bharoseylal Vaish
Sidharth Rath
Rajaraman Viswanathan
Raghuraman Mahalingam

II. Transactions with related parties

(INR in Million)

Sr. No.	Particulars	Relation	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Transactions during the period				
1.	Unsecured loans given to subsidiaries			
	Jabalpur Transmission Company Limited	Subsidiary	13,767.85	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	8,731.79	-
2.	Interest income from subsidiaries			
	Jabalpur Transmission Company Limited	Subsidiary	573.60	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	363.86	-
3.	Repayment of loan from subsidiaries			
	Jabalpur Transmission Company Limited	Subsidiary	197.16	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	14.02	-
4.	Purchase of non convertible debentures of subsidiary			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	6,658.24	-
5.	Purchase of equity shares of subsidiary			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	573.86	-
6.	Repayment of dues paid/payable			
	Sterlite Investment Managers Limited	Investment Manager	4.00	-
7.	Issue of unit capital*			
	Sterlite Power Grid Ventures Limited	Sponsor	4,520.36	-
	Pravin Agarwal	Director of Sponsor	91.34	-
8.	Trustee Fee			
	Axis Trustee Services Limited (ATSL)	Trustee	0.20	-

*does not include 13.60 Million units of face value of INR 100 each amounting to INR 1,359.92 Million which will be issued to the Sponsor pursuant to the Project Implementation and Management Agreement and CERC order dated May 08, 2017 approving additional tariff to JTCL for additional expenditure incurred on project due to change in laws.

Note:

All the related party transactions disclosed above have been shown at their nominal values without giving effect to the impact of reclassification into equity and liability and adjustments arising on account of effective interest rate method under Ind AS.

III. Outstanding Balances

(INR in Million)

Sr. No.	Particulars	Relation	As at September 30, 2017	As at March 31, 2017
Related party balances as at period end				
1.	Unsecured loan receivable			
	Jabalpur Transmission Company Limited	Subsidiary	13,570.69	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	8,717.77	-
2.	Repayment of dues payable			
	Sterlite Investment Managers Limited	Investment Manager	4.00	-
3.	Non-Convertible Debentures of subsidiary			
	Sterlite Grid 1 Limited	Subsidiary	6,658.24	-
4.	Equity investment in subsidiary			
	Sterlite Grid 1 Limited	Subsidiary	573.86	-
5.	Trustee Fee			
	Axis Trustee Services Limited (ATSL)	Trustee	0.20	-

During the half year ended September 30, 2017, IndiGrid acquired two projects viz. BDTCL and JTCL from SPGVL pursuant to the Share purchase agreement. Summary of the valuation report dated April 23, 2017 issued by the independent valuer appointed under the InvIT Regulations is as follows:

(INR in Million)

Particulars	As at September 30, 2017	As at March 31, 2017
Enterprise value as of March 31, 2017		
- Base case (based on tariff as per TSA)	20,406	14,949
- Incremental revenue (based on additional tariff claimed under petition with CERC)	1,135	1,176
Total Enterprise value	21,541	16,125
Method of valuation	Discounted Cash Flow	Discounted Cash Flow
Discounting rate (WACC):		
- Base case (based on tariff as per TSA)	8.19%	8.14%
- Incremental revenue (based on additional tariff claimed under petition with CERC)	8.69%	8.64%

Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended on April 25, 2017 ("PIMA") executed among SIML, ATSL, SPGVL, SGL1, BDTCL and JTCL, IndiGrid will issue additional units to SPGVL in the event CERC approves additional tariff for BDTCL and/or JTCL in respect of cost escalations in those projects for which petitions are pending with CERC. The units to be issued to SPGVL shall be equivalent to 80% of the Cost Escalation for each of BDTCL and JTCL as approved by CERC.

SPGVL will be entitled to additional units only if the cost escalation and the resultant revision in levelised transmission charges is received during the period commencing from the date of the PIMA and until the date which is 18 months of listing of units of IndiGrid (being the date of receipt of final listing and trading approvals for the units).

CERC vide Order dated May 8, 2017 has approved cost escalation of INR 1,699.90 Million for JTCL. Accordingly, IndiGrid will issue additional units of INR 1,359.92 Million (being 80% of the cost escalation approved by CERC) to SPGVL. The petition for cost escalation for BDTCL is currently pending with CERC

C) Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

Description	(INR in Million)	
	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Cash flows received from the Portfolio Assets in the form of interest	937.46	-
Cash flows received from the Portfolio Assets in the form of dividend	-	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	-	-
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid	211.18	-
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-	-
Total cash inflow at the IndiGrid level (A)	1,148.64	-
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee	(4.20)	-
Less: Costs/retention associated with sale of assets of the Portfolio Assets:		
- related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-	-
- transaction costs paid on sale of the assets of the Portfolio Assets; and	-	-
- capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)	-	-
Less: Income tax (if applicable) at the standalone IndiGrid level	-	-
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	-	-

Description	April 01, 2017 to September 30, 2017	October 21, 2016 to March 31, 2017
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	(4.20)	-
Net Distributable Cash Flows (C) = (A+B)	1,144.44	-

Note: Out of above Net Distributable Cash Flows, an amount of INR 248.58 Million has been distributed as interim dividend for the quarter ended June 30, 2017.

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
 (as Investment Manager of India Grid Trust)

Pratik Agarwal
 CEO & Managing Director
 DIN: 03040062

Place: Mumbai
 Date: October 26, 2017

GLOSSARY

ACSR	Aluminium Conductor Steel Reinforced
ATSL	Axis Trustee Services Limited
AUM	Asset Under Management
Availability	The percentage amount of time for which the asset is available for power flow
BDTCL	Bhopal Dhule Transmission Company Limited
BOOM	Build Own Operate & Maintain
BRICS	Brazil Russia India China & South Africa
BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
ckms	circuit kilometers
COD/CoD	Commercial Operation Date
CTU	Central Transmission Utility
CY	Calendar Year
D/C	Double Circuit
DISCOM	Distribution Company
DPU	Distribution Per Unit
DRHP	Draft Red Herring Prospectus
ECB	External Commercial Borrowing
EGM	Extraordinary General Meeting
EHS	Environment Health & Safety
EHV	Extra High Voltage
ENICL	East North Interconnection Company Limited
EPC	Engineering Procurement & Construction
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce & Industry
FY	Financial Year
GIS	Gas Insulated Substation
GoI	Government of India
GPTL	Gurgaon Palwal Transmission Limited
GST	Goods & Services Tax
GW	Giga Watt
HVDC	High Voltage Direct Current
IBEF	India Brand Equity Foundation
ICDR	Issue of Capital & Disclosure Requirements
IndiGrid	India Grid Trust
INR	Indian National Rupee
InvIT	Infrastructure Investment Trust
IPAs	Initial Portfolio Assets i.e. BDTCL and JTCL
IPO	Initial Public Offering
IPTC	Independent Private Transmission Company
ISTS	Inter State Transmission System
J-B line	Jabalpur Bina line (an element of JTCL)
J-D line	Jabalpur Dharamjaygarh line (an element of JTCL)
JTCL	Jabalpur Transmission Company Limited
KTL	Khargone Transmission Limited
kV	kilo Volt
kWh	kilo Watt hour
LTTC	Long Term Transmission Customer
Mn	Million

MP	Madhya Pradesh
MPPTCL	Madhya Pradesh Power Transmission Company Limited
MSETCL	Maharashtra State Electricity Transmission Company Limited
MTL	Maheshwaram Transmission Limited
MVA	Mega Volt Ampere
MW	Mega Watt
NAV	Net Asset Value
NCDs	Non Convertible Debentures
NDCF	Net Distributable Cash flow (is the net cash flow that the trust has at its disposal for distribution to IndiGrid during a particular period in accordance with the formula defined in the Offer Document)
NER-II	North Eastern Region - II
NRSS	Northern Region System Strengthening
NSE	National Stock Exchange
O&M	Operation & Maintenance
Offer Document	Final offer document of India Grid Trust units, filed with SEBI on May 15, 2017
OGPTL	Odisha Generation Phase II Transmission Limited
PAT	Profit After Tax
PGCIL	Power Grid Corporation of India Limited
PIMA	Project Implementation and Management Agreement
PKTCL	Purulia & Kharagpur Transmission Company Limited
ROCE	Return on Capital Employed
ROE	Return on Equity
ROFO	Right of First Offer
RTCL	RAPP Transmission Company Limited
S/C	Single Circuit
SCOD/Scheduled COD	Scheduled Commercial Operation Date defined as per Schedule 3 of TSA
SEBI	Securities & Exchange Board of India
SGL 1	Sterlite Grid 1 Limited
SGL 2	Sterlite Grid 2 Limited
SGL 3	Sterlite Grid 3 Limited
SIML	Sterlite Investment Managers Limited
SPGVL	Sterlite Power Grid Ventures Limited
SPTL	Sterlite Power Transmission Limited
SPV	Special Purpose Vehicle
STL	Sterlite Technologies Limited
Tariff	Composed of non-escalable, escalable and incentive component. The incentive component is based on the availability of the asset = 2*(Annual Availability - 98%)*(non-escalable and escalable tariff)
T&D	Transmission & Distribution
TBCB	Tariff Based Competitive Bidding
TSA	Transmission Services Agreement
TSTRANSCO	Transmission Corporation of Telangana Limited
UAV	Unmanned Aerial Vehicle
UDAY	Ujwal DISCOM Assurance Yojana
UP	Uttar Pradesh
UPSI	Unpublished Price Sensitive Information
USD	US Dollar
WACC	Weighted Average Cost of Capital
YoY	Year on Year
YTD	Year Till Date

Disclaimer

This report is prepared and issued by Sterlite Investment Managers Limited (the "Investment Manager") on behalf of and in its capacity as the investment manager of India Grid Trust ("IndiGrid") for general information purposes only without regards to specific objectives, financial situations or needs of any particular person and should not be construed as legal, tax, investment or other advice.

This report is not a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or an offer document under the Companies Act, 2013, the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, or any other applicable law in India. This report does not constitute or form part of and should not be construed as, directly or indirectly, any offer or invitation or inducement to sell or issue or an offer, or any solicitation of any offer, to purchase or sell any securities.

This report should not be considered as a recommendation that any person should subscribe for or purchase any securities of: (i) IndiGrid or its portfolio assets (being, Sterlite Grid 1 Limited, Bhopal Dhule Transmission Company Limited and Jabalpur Transmission Company Limited) (collectively, the "IndiGrid Group"), or (ii) its Sponsor (being Sterlite Power Grid Ventures Limited) or subsidiaries of the Sponsor (collectively, the "Sponsor Entities"), and should not be used as a basis for any investment decision.

Unless otherwise stated in this report, the information contained herein is based on management information and estimates. The information contained in this report is only current as of its date, unless specified otherwise, and has not been independently verified. Please note that, you will not be updated in the event the information in the report becomes stale. This report comprises information given in summary form and does not purport to be complete and it cannot be guaranteed that such information is true and accurate. You must make your own assessment of the relevance, accuracy and adequacy of the information contained in this report and must make such independent investigation as you may consider necessary or appropriate for such purpose. Moreover, no express or implied representation or warranty is made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this report. Further, past performance is not necessarily indicative of future results. Any opinions expressed in this report or the contents of this report are subject to change without notice.

None of the IndiGrid Group or the Sponsor Entities or the Investment Manager or the Axis Trustee Company Limited or any of their respective affiliates, advisers or representatives accept any liability whatsoever for any loss howsoever arising from any information presented or contained in this report. Furthermore, no person is authorized to give any information or make any representation which is not contained in, or is inconsistent with, this report. Any such extraneous or inconsistent information or representation, if given or made, should not be relied upon as having been authorized by or on behalf of the IndiGrid Group or the Sponsor Entities.

The distribution of this report in certain jurisdictions may be restricted by law. Accordingly, any persons in possession of this report should inform themselves about and observe any such restrictions. This report contains certain statements of future expectations and other forward-looking statements, including those relating to IndiGrid Group's general business plans and strategy, its future financial condition and growth prospects, and future developments in its sectors and its competitive and regulatory environment. In addition to statements which are forward looking by reason of context, the words 'may', 'will', 'should', 'expects', 'plans', 'intends', 'anticipates', 'believes', 'estimates', 'predicts', 'potential' or 'continue' and similar expressions identify forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy, future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. No representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts, if any, are correct or that the any objectives specified herein will be achieved. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results, performances or events to differ materially from the results contemplated by the relevant forward looking statement. The factors which may affect the results contemplated by the forward-looking statements could include, among others, future changes or developments in (i) the IndiGrid Group's business, (ii) the IndiGrid Group's regulatory and competitive environment, (iii) the power transmission sector, and (iv) political, economic, legal and social conditions. Given the risks, uncertainties and other actors, viewers of this report are cautioned not to place undue reliance on these forward-looking statements.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tarun Kataria

Independent Director

Mr. Shashikant H Bhojani

Independent Director

Mr. Kuldip K Kaura

Independent Director

Mr. Pratik Agarwal

Chief Executive Officer & Executive Director

KEY MANAGERIAL PERSONNEL (KMP)

Mr. Harsh Shah

Chief Financial Officer

Mr. Aditya Mehra

Vice President - M&A and Investor Relations

Mr. Swapnil Patil

Company Secretary & Compliance Officer

Mr. Vishesh Pachnanda

Lead - Investor Relations

Mr. Ashish Gupta

Business Growth and Strategy Lead

Mr. Ayush Goyal

M&A and Strategy

INVESTMENT COMMITTEE

Mr. Tarun Kataria

Chairperson

Mr. S H Bhojani

Member

AUDIT COMMITTEE

Mr. Tarun Kataria

Chairperson

Mr. S H Bhojani

Member

Mr. Kuldip Kaura

Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Kuldip Kaura

Chairperson

Mr. S H Bhojani

Member

Mr. Pratik Agarwal

Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. S H Bhojani

Chairperson

Mr. Tarun Kataria

Member

Mr. Kuldip Kaura

Member

REGISTERED OFFICE

Sterlite Investment Managers Limited

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

Corporate Identity Number:

U28113TN2010PLC083718

CORPORATE OFFICE

India Grid Trust

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

Tel: +91 22 4996 2200 | Fax: +91 22 4996 2288

E-mail: complianceofficer@indigrid.co.in

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

REGISTRAR AND TRANSFER AGENT

KARVY Computershare Private Limited

Karvy Selenium Tower B, Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032, Telangana

Tel: No.+91 40 3321 1500

E-mail Id: support.indiagrid@karvy.com

INVESTORS RELATIONS

Mr. Vishesh Pachhanda

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ANNEXURES

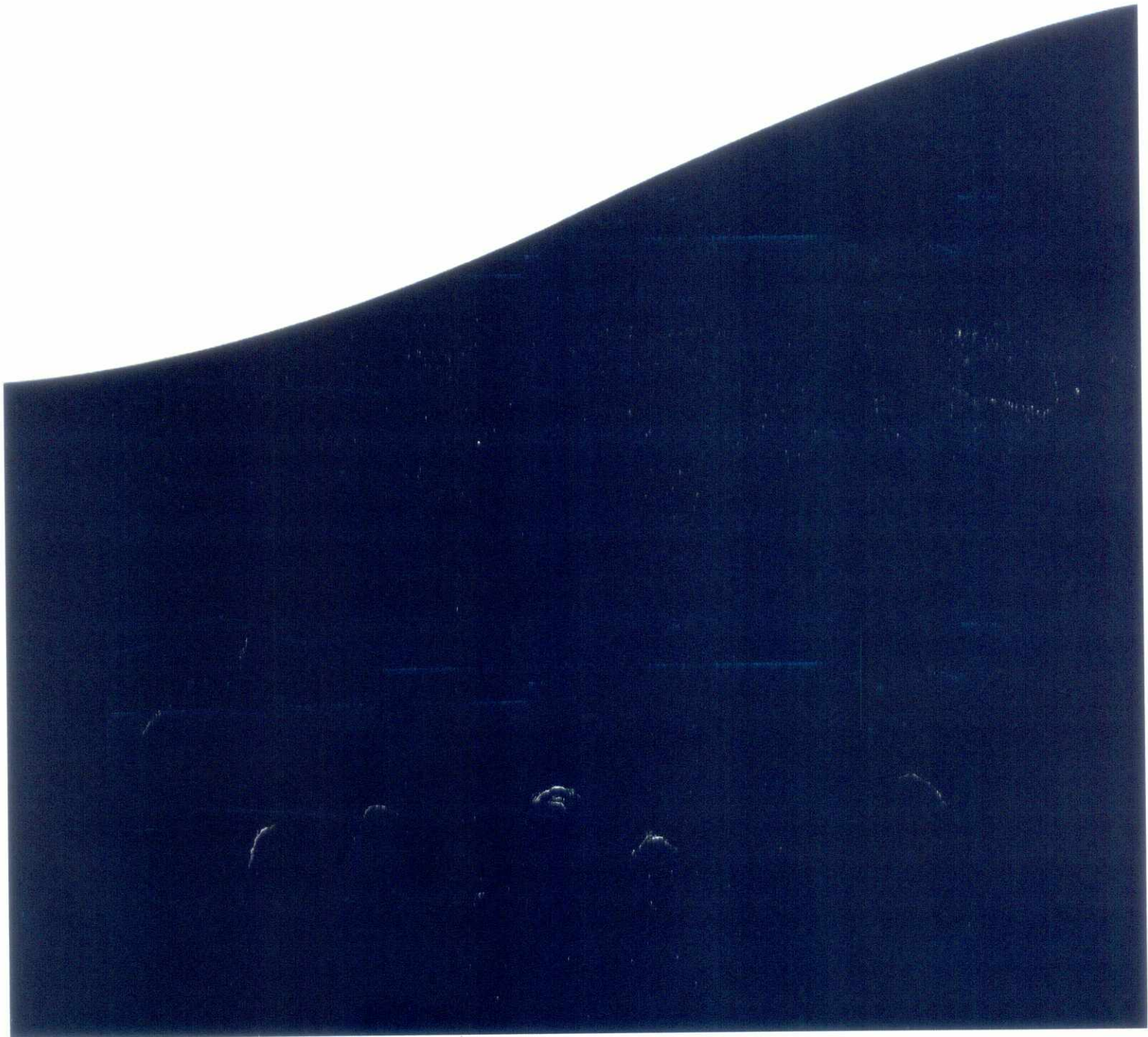




ANNEXURE A: INDEPENDENT VALUATION REPORT

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

Valuation Date: 30th September 2017



Date: 25th October 2017

CFAS-2/R-014/1026/A

Sterlite Investment Managers Limited

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

India Grid Trust

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

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

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

Dear Sirs,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), have been appointed vide letter dated 12th October 2017, as an independent valuer, as defined under the SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager for India Grid Trust ("the Trust") and Axis Trustee Services Limited ("Trustee") acting on behalf of the Trust for the purpose of the financial valuation of Bhopal Dhule Transmission Company Limited ("BDTCL" or "the SPV"). The SPV was acquired by the Trust on 30th May 2017 and is to be valued as per regulation 21(5) contained in the Chapter V of the SEBI InvIT Regulations.

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

We enclose our Report providing our opinion on the fair enterprise values of the SPV on a going concern basis as at 30th September 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. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.

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



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

Please note that all comments in our Report must be read in conjunction with the caveats to the Report, which are contained in Section 2 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public as a material document and with the Securities and Exchange Board of India, the stock exchanges and any other regulatory and supervisory authority, as may be required.

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



Manoj Daga

Partner

Membership No. 048523

Place: Mumbai

Encl: As above



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Definition, abbreviation & glossary of terms

Abbreviations	Meaning
SIML or Investment Manager	Sterlite Investment Managers Limited
Trust or InvIT	India Grid Trust
Trustee	Axis Trustee Services Limited
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
BDTCL	Bhopal Dhule Transmission Company Limited ("BDTCL")
LTTC	Long Term Transmission Customer
COD	Commercial Operation Date
BOOM	Build-Own-Operate-Maintain
TSA	Transmission Service Agreement
INR	Indian Rupees
Mn	Million
FY	Financial Year Ended 31 st 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
EBIT	Earnings Before Interest and Taxes
WACC	Weighted Average Cost of Capital
EV	Enterprise Value
CCIL	Clearing Corporation of India Limited
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SPV	Special Purpose Vehicle
SGL1	Sterlite Grid 1 Limited
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
VDR	Virtual Data Room



1. Purpose of Valuation

- 1.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2016 by Sterlite Power Grid Ventures Limited ("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.
- 1.2. We understand that as per chapter V and regulation 21(5) of the SEBI InvIT Regulations a half yearly valuation of the assets of the Trust shall be conducted by an Independent valuer for the half-year ending 30th September 2017 for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within one month from the date of end of such half year. In this regard, the Investment Manager intends to undertake the fair valuation of the SPV.
- 1.3. The details of the SPV to be valued is as follows:
- 1.3.1. Bhopal Dhule Transmission Company Limited ("BDTCL") operates six EHV overhead transmission lines of 944 ckms comprising four 765 kV single circuit lines of 891 ckms and two 400 kV dual circuit lines of 53 ckms. The single circuit lines comprises of a 260 ckms line from Jabalpur to Bhopal in Madhya Pradesh, a 176 ckms line from Bhopal to Indore in Madhya Pradesh, a 192 ckms line from Aurangabad to Dhule in Maharashtra and a 263 ckms line from Dhule (Maharashtra) to Vadodara (Gujarat). The double circuit lines consist of a 36 ckms line within Dhule and a 17 ckms line within Bhopal. In addition, the project includes 2 sub-stations of 3,000 MVA, one each in Bhopal and Dhule.
- 1.4. In this regard, the Investment Manager and the Trustee have appointed us, Haribhakti & Co. LLP, Chartered Accountants ("H&Co.") to undertake the fair valuation at the enterprise level (including debt) of the SPV as per the SEBI InvIT Regulations as at 30th September 2017.
- 1.5. H&Co. declares that:
- 1.5.1. It is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- 1.5.2. It is independent and has prepared the Report on a fair and unbiased basis;
- 1.5.3. It has valued the SPVs based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 1.6. This Valuation Report ("Report") covers all the disclosures required as per the SEBI InvIT Regulations and the Valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

Scope of Valuation

- 1.7. We have undertaken the fair valuation at the enterprise level (including debt) of the SPV.
- 1.8. The Valuation Date considered for this fair enterprise valuation of the SPV is 30th September 2017. Valuation analysis and results are specific to the date of this Report. A valuation of this nature involves consideration of various factors including the financial position of the SPV as at the Valuation Date, trends in the equity stock market, government securities and other industry trends.
- 1.9. We have been mandated by the Investment Manager to arrive only at the Enterprise Value of the SPV.



- 1.10. For the amount pertaining to the operating working capital, the Investment Manager has acknowledged to consider the provisional financial statements as on 30th September 2017 to carry out the valuation 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 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. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the Proposed Transaction 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.
- 2.6. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 2.7. 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.
- 2.8. 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.
- 2.9. 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.



- 2.10. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 2.11. 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.
- 2.12. We have arrived at an indicative enterprise value based on our analysis.
- 2.13. 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.
- 2.14. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither ourselves, nor any of our partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. We are not liable to any third party in relation to the issue of this Report.
- 2.15. 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.
- 2.16. For the present valuation exercise, we have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 2.17. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us from the Investment Manager, as laid out in the engagement letter, for such valuation work.
- 2.18. 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.
- 2.19. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 2.20. 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.
- 2.21. We have no present or planned future interest in the Trustee, Investment Manager or the SPV and the fee for this Report is not contingent upon the values Reported herein. Our valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or the SPV.



2.22. Limitation of Liabilities

- 2.22.1. In no circumstances H&Co. shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the Services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise) even if the Investment Manager had contemplated and communicated to H&Co. the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by H&Co. should be treated as an invitation or inducement to engage the Investment Manager to act upon the Deliverable.
- 2.22.2. It is clarified that the SIML and Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 2.22.3. H&Co. will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by SIML or the Trustee.

3. Sources of Information

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

- 3.1.1. Audited financial statements of BDTCL for the financial year ("FY") ended 31st March 2017 and 31st March 2016;
- 3.1.2. Provisional Profit & Loss Account and Balance Sheet for the six months period ended 30th September 2017.
- 3.1.3. Projected Profit & Loss Account and Working Capital requirements of BDTCL from 1st October 2017 to 31st March 2049.
- 3.1.4. Details of brought forward losses (as per Income Tax Act) as at 31st March 2017.
- 3.1.5. Details of WDV (as per Income Tax Act) of assets as at 31st March 2016 and 31st March 2017.
- 3.1.6. As on 30th September 2017, India Grid Trust holds 100% equity stake in BDTCL (through Sterlite Grid Limited 1). As represented to us by the Investment Manager, there are no changes in the shareholding pattern from 30th September 2017 to the date of issuance of this Report.
- 3.1.7. TSA of BDTCL with Central Transmission Utility dated 12th November 2013.
- 3.1.8. Management Representation Letter dated 24th October 2017.

4. Overview of the InvIT and SPVs**The Trust**

- 4.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2016 by Sterlite Power Grid Venture Limited ("SPGVL" or "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.



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.

- 4.2. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL"), from its Sponsor.
- 4.3. The Trust, pursuant to the 'Right of First Offer' Deed has a 'right of first offer' to acquire eight other projects of the Sponsor.
- 4.4. Following is the financial summary of the projects which the Trust had acquired from the Sponsor;

Particulars	INR Mn	
	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 the Trust to purchase the above mentioned SPV's		

- 4.5. 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

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

BDTCL or the SPV

- 4.6. Summary of details of the Project are as follows:

Parameters	Details
Project Cost	INR 21,634 Mn
Total Length	944 ckms
TSA Agreement Date	12 th November 2013
Scheduled COD	31 st March, 2014
Expiry Date	35 years from the scheduled COD
Project COD	9 th June, 2015
IndiGrid's stake (through SGL 1)	100%

- 4.7. The BDTCL project was awarded to SGL1 by the Ministry of Power on 31st January 2011 for a 35 year period from the scheduled commercial operation date on a BOOM basis.

4.7.1. BDTCL operates six EHV overhead transmission lines of 944 ckms comprising four 765 kV single circuit lines of 891 ckms and two 400 kV dual circuit lines of 53 ckms. The single circuit lines comprise a 260 ckms line from Jabalpur to Bhopal in Madhya Pradesh, a 176 ckms line from Bhopal to Indore in Madhya Pradesh, a 192 ckms line from Aurangabad to Dhule in Maharashtra and a 263 ckms line from Dhule (Maharashtra) to Vadodara (Gujarat). The double circuit lines consist of a 36 ckms line within Dhule and a 17 ckms line



within Bhopal. In addition, the project includes two 3,000 MVA sub-stations, one each in Bhopal and Dhule.

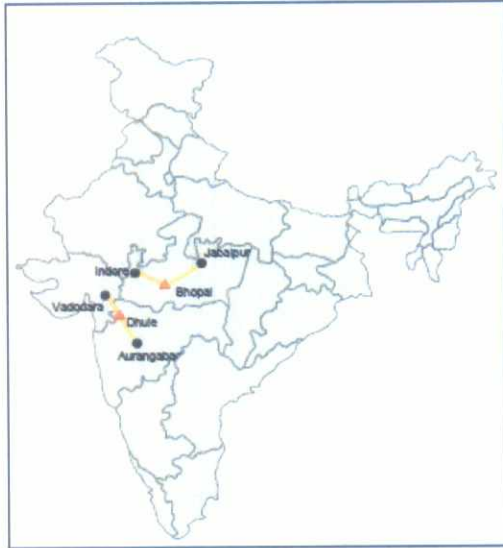
4.7.2. BDTCL facilitates the transfer of electricity from coal-fired power generation sources from the states of Odisha and Chhattisgarh to power load centres in India's western and northern regions

4.8. The project consists of the following transmission lines and is being implemented on multiple contracts basis:

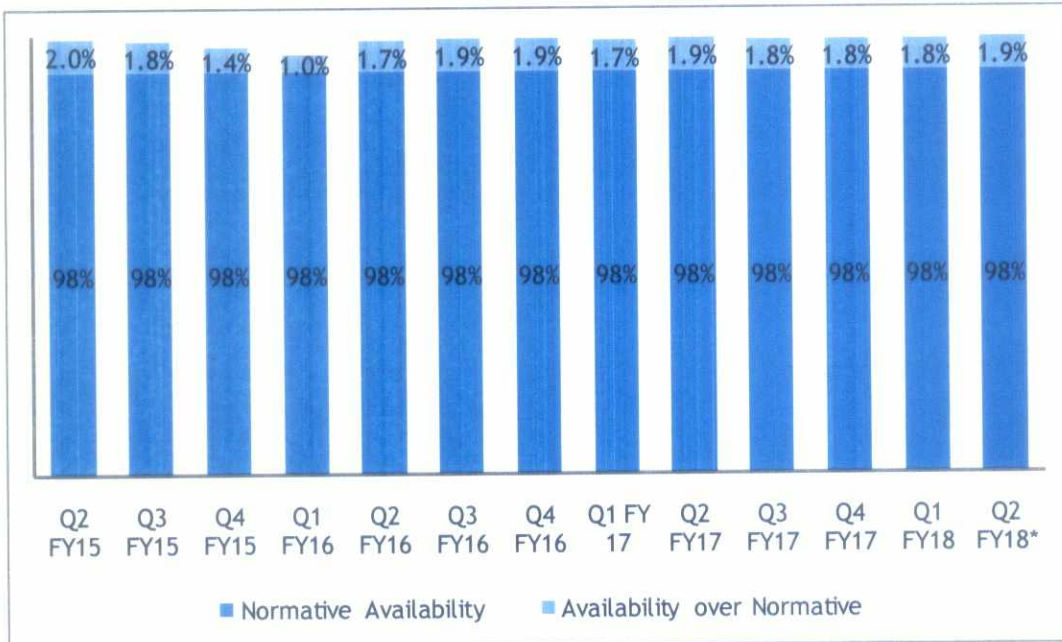
Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Commission date	Contribution to total tariff
Jabalpur – Bhopal	Madhya Pradesh	260	765 kV S/C	9 th June 2015	22%
Bhopal – Indore	Madhya Pradesh	176	765 kV S/C	19 th November 2014	12%
Bhopal - Bhopal (MPPTCL)	Madhya Pradesh	17	400 kV D/C	12 th August 2014	2%
Aurangabad - Dhule (IPTC)	Maharashtra	192	765 kV S/C	5 th December 2014	10%
Dhule (IPTC) – Vadodara	Maharashtra, Gujarat	263	765 kV S/C	13 th June 2015	16%
Dhule (IPTC) - Dhule (MSETCL)	Maharashtra	36	400 kV D/C	6 th December 2014	4%
Bhopal Sub-station	Madhya Pradesh	-	2 x 1,500 MVA 765/400 kV	30 th September 2014	17%
Dhule Sub-station	Maharashtra	-	2 x 1,500 MVA 765/400 kV	6 th December 2014	17%

4.8.1. BDTCL entered into transmission services agreement dated 12th November 2013 with Power Grid Corporation of India Limited. The expiry date of TSA shall be the date which is 35 years from the scheduled Commercial Operation Date (“COD”) of the project.

4.9. Following is the map showing area covered by BDTCL:



4.10. Operating Efficiency history of BDTCL:



*Q2 FY18 –Data Comprises of data from availability certificate only for the months of July and August and Information from Investment Manager for September 2017 for which availability certificate is not received till 24th October 2017.

5. Overview of the Industry

5.1. Introduction:

- 5.1.1. India is the third largest producer and fourth largest consumer of electricity in the world, with the installed power capacity reaching 329.226 GW by August 2017. The country also has the fifth largest installed capacity in the world.
- 5.1.2. Per capita electricity consumption in the country grew at a CAGR of 9.63 per cent, during FY06-FY16 reaching 1075 KWh in FY16.

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 has grown at a CAGR of ~9% from ~243 GW in FY 14 to ~ 329 GW as of 31st August 2017 (source: CEA).

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. Power is one of the key sectors attracting FDI inflows into India
- 5.3.3. From April 2000 to June 2017, India recorded FDI of US\$ 5.85 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.
- 5.3.4. Cumulative FDI inflows into the sector from April 2000–June 2017 were US\$ 11.77 billion.
- 5.3.5. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014. The FDI inflow has doubled to 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.
- 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. 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.
- 5.4.7. 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 and IBEF report on Power sector in India- September 2017

6. Valuation Approach

- 6.1. The present valuation exercise is being undertaken in order to derive the Enterprise Value 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:
- (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 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/Enterprise Value (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 made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the Company, 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 all the SPVs have entered into TSA, the revenue of these SPVs 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.

Market Approach

The present valuation exercise is to undertake a fair enterprise value of the SPVs engaged in the power transmission business for a specific tenure. Further, the tariff revenue expenses are very specific to the SPVs 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 SPVs, 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 SPGVL 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 SPVs 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.

7. Valuation of the SPV

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

Valuation

- 7.1. The key assumptions of the projections provided to us by the Investment Manager can be divided into two parts:

Part A: Base Case

This refers to the revenue estimated for the SPV as per the existing provisions of TSA, and

Part B: Incremental Revenue

This refers to incremental transmission revenue based on the petition filed with commission as provided by the Investment Manager.

- 7.2. **Key Assumption under Part A: Base Case**

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



- 7.2.2. **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 management of the Company.
- 7.2.3. **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 Investment Manager. The escalation is to mainly compensate with the inflation factor.
- 7.2.4. **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. Provided no incentives shall be payable above the availability of 99.75%. Based on the past track record of the asset and the general industry standard, the annual availability shall be above 98% where the SPV shall be entitled to the incentives as provided in the TSA.
- 7.2.5. **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. The annual availability shall not fall below 95% and thus the penalty has not been considered in the financial projections.
- 7.2.6. **Operations & Maintenance (“O&M”):** O&M expenditure are estimated by the Investment Manager for the projected period based on the escalation rate as determined for the SPV. We have relied on the projections on the operating and maintenance expenses for the projected period.
- 7.2.7. **Depreciation:** The book depreciation has been calculated using Straight Line Method over the life of the project. For calculating depreciation for the projected period, we have considered depreciation rate as specified in the Income Tax Act and WDV as per Income Tax Return filed by the SPV. The SPV is not expected to incur any capital expenditure in the projected period.
- 7.2.8. **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.
- 7.2.9. **Working Capital:** The Investment Manager has envisaged the working capital requirement of the SPVs for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade receivables and trade payables for O&M Expenses.
- 7.3. **Key Assumption under Part B: Incremental Revenue Case**
- 7.3.1. **Incremental Transmission Revenue:** As provided in the TSA, “every party shall be entitled to claim relief for a Force Majeure Event affecting its performance in relation to its obligation under this agreement”. In the present case, BDTCL has claimed relief by filing petition with the Central Electricity Regulatory Commission for the force majeure seeking an increase in transmission revenue to offset the additional cost incurred. The final verdict of the Commission has not been received and is currently under litigation. We have considered this incremental transmission revenue as provided by the Investment Manager for arriving at the Enterprise Value of the SPV.
- 7.3.2. **Operations & Maintenance (“O&M”):** No Operations & Maintenance (“O&M”) expenditure needs to be considered for Incremental Revenue.
- 7.3.3. **Depreciation:** No depreciation needs to be considered for incremental revenue. Further, the SPV is not expected to incur any capital expenditure in the projected period.
- 7.3.4. **Tax:** We have considered full income tax @ 34.61% on the incremental revenue.



- 7.3.5. **Working Capital:** The Investment Manager has envisaged the working capital requirement of the SPVs for the projected period. The working capital assumptions for the projections as provided by the management comprises of trade receivables only.

Valuation of SPVs under Part A: Base Case

7.4. Calculation of Weighted Average Cost of Capital for the SPV under Part A: Base Case

7.4.1. Cost of Equity:

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

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

$$K(e) = R_f + (RP * \text{Beta}) + \text{CSRP}$$

Wherein:

K(e) = cost of equity

R_f = 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).

7.4.2. Risk Free Rate:

We have applied a risk free rate of return of 7.04% on the basis of the relevant zero coupon yield curve as on 29th September 2017 (Since 30th September 2017 was a Saturday) for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

7.4.3. 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:

$$\text{Risk premium} = \text{Equity market return} - \text{Risk free rate}$$

Wherein:

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

Risk free rate = 7.04% as explained in para 7.5.2.

7.4.4. 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 shares of SPGVL or 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 SPVs.

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

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



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

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

7.4.5. **Company Specific Risk Premium:** We have not considered any company specific risk premium to the Ke for discounting the cash flows as per the TSA.

7.4.6. **Cost of Debt:**

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

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

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

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

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

Formula for calculation of WACC:

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

7.4.8. Accordingly, as per above, we have arrived the WACC of 7.84% for BDTCL for valuation under Base Case (Refer Appendix I)

7.5. **Valuation of BDTCL**

- We have relied on the projected financials of BDTCL as provided by its management and representatives for the period from 1st October 2017 to 31st March 2049.
- WACC arrived at for the purpose of valuation is 7.84% for cash flows as per the Base Case (Refer Appendix I).
- For the terminal period, we have considered 0% constant growth rate for FCFF.
- As on Valuation Date, we have discounted the free cash flows of BDTCL using the WACC of 7.84% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 20,334 Mn (Refer Appendix II)

Valuation of SPV under Part B: Incremental Revenue Case

7.6. **Calculation of WACC for SPV under Part B: Incremental Revenue Case**

7.6.1. The Risk free rate, risk premium and beta component for Cost of Equity applied for incremental revenue are same as described under Part A: Base Case.

7.6.2. The calculation of CoE as per CAPM can be defined as follows:

$$K(e) = R_f + (RP * \text{Beta}) + \text{CSRP}$$

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).



- 7.6.3. We have considered 2% company specific risk premium to the cost of equity for discounting the incremental free cash flows arrived after considering the risk associated with incremental transmission revenue as mentioned in para 7.3.1 (Refer Appendix I).
- 7.6.4. Cost of debt remains same as under Part A: Base Case
- 7.6.5. Accordingly, as per above, we have arrived the WACC of 8.44% for BDTCL for valuation under Incremental Revenue Case (Refer Appendix I)

7.7. Valuation of SPV under Part B: Incremental Revenue Case

7.7.1. Valuation of BDTCL

- We have relied on the projected financials of BDTCL as provided by its management and representatives for the period from 1st October 2017 to 31st March 2049.
- WACC arrived at for the purpose of valuation is 8.44% for incremental free cash flows arrived after considering incremental revenue (Refer Appendix I).
- We have not considered valuation for the terminal period
- As on Valuation Date, we have discounted the free cash flows after considering incremental transmission revenue of BDTCL using the WACC of 8.44% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 1,098 Mn (Refer Appendix III).

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. Based on the above analysis the Enterprise Value as on the Valuation Date of the SPV is INR 21,431 Mn.

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

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

Scope of Work

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

The additional set of disclosures, as prescribed under Schedule V of InvIT Regulations, to be made in the valuation report of BDTCL and JTCL are as follows:

- List of one-time sanctions/approvals which are obtained or pending;
- List of up to date/overdue periodic clearances;

Statement of assets included;

Estimates of already carried as well as proposed major repairs and improvements along with



- estimated time of completion;
- Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;
- On-going and closed material litigations including tax disputes in relation to the assets, if any;
- Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

Limitations

This Report is based on the information provided by the representatives of the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to us. We have not verified the information independently with any other external source.

We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as original, and the conformity of the copies or extracts submitted to us with that of the original documents.

We have assumed that the documents submitted to us by the representatives of Investment Manager in connection with any particular issue are the only documents related to such issue.

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

9.1. **Analysis of Additional Set of Disclosures for Bhopal Dhule Transmission Company Limited ("BDTCL")**

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

As informed by the Investment Manager, there has been only one additional approval obtained by BDTCL during the 6 months period ended 30th September 2017. Refer Appendix IV for the complete list of sanctions and approvals. Further, we were informed that no applications applied for of which the approval is pending.

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

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

C. Statement of assets included;

As at 30th September 2017, BDTCL has Transmission lines gross block of INR 14,473.93 million (net block of INR 13,160.81 million), substations of INR 6,662.08 million (net block of INR 6,059.42 million), Building Substations of INR 63.25 million (net block of INR 57.14 million), Leasehold Land of INR 119.48 million (net block of INR 102.80 million), and other assets including furniture, office equipment, etc. gross block of INR 12.22 million (net block of INR 7.40 million).

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

We noted in the financial statements that BDTCL has incurred INR 41.59 million during the half year ended 30th September 2017 and INR 69.06 million during the year ended 31st March 2017 for the maintenance charges of Transmission Lines. Based on confirmation provided by



the management we expect the increase of 5.2% per annum in the cost of repairs and maintenance expenses incurred.

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

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

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

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

The summary of on-going and closed litigation including tax liabilities is given in Appendix V. We were informed by the Management that there has been no change in the same as provided in the previous report

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

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



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Appendix I – Weighted Average Cost of Capital of the SPV

Weighted Average Cost of Capital	BDTCL		Remark
	Part A	Part B	
Market Returns	15.00%	15.00%	Market Return has been considered based on the long term average returns earned by an equity investor in India.
Risk Free Rate	7.04%	7.04%	Risk Free Rate has been considered based on zero coupon yield curve as at 29th September 2017 (Since 30th September was a Saturday) of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Market Risk Premium	7.96%	7.96%	Market Premium = Market Return – Risk Free Rate
Beta	0.64	0.64	Beta has been considered based on the betas of the comparable companies operating in the similar kind of business in India.
Risk Premium	-	2.00%	On account of risk associated with the cash flows.
Cost of Equity as per CAPM	12.16%	14.16%	$Ke = Rf + \beta \times (Rm - Rf) + CSR$
Pre Tax Cost of Debt	8.00%	8.00%	As per management estimate
Effective Tax Rate	25.11%	25.11%	Average tax rate for the life of the project has been considered
Cost of Debt	5.99%	5.99%	Effective cost of debt. $Kd = \text{Pre tax } Kd \times (1 - \text{Effective Tax Rate})$
Debt/(Debt+Equity) Ratio	70.00%	70.00%	The debt – equity ratio computed as $[D/(D+E)]$ is considered as 70% as per industry standard.
WACC = $(Ke \times (1-D:(D+E))) + (Kd \times (1-T) \times D:(D+E))$	7.84%	8.44%	



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Appendix II – Valuation of BDTCL as on 30th September 2017 (INR mn) – Part A: Base Case

FY ended	Revenue	EBITDA	EBITDA Margin	Less: Capex	Less: Incremental NCA	Less: Taxation	FCFF	Cash Accrual Factor	Discounting Factor	PV of Cash flows
2018*	1,339	1,258	94%	-	44.72	182	182	1,032	0.25	1,012
2019	2,591	2,410	93%	-	-24.65	362	362	2,073	1	1,922
2020	2,595	2,404	93%	-	0.10	361	361	2,044	2	1,757
2021	2,598	2,398	92%	-	0.06	359	359	2,039	3	1,626
2022	2,602	2,392	92%	-	0.09	358	358	2,033	4	1,503
2023	2,606	2,385	91%	-	0.13	356	356	2,028	5	1,390
2024	1,854	1,621	87%	-	-186.41	193	193	1,614	6	1,026
2025	1,859	1,614	87%	-	0.21	192	192	1,422	7	838
2026	1,864	1,606	86%	-	0.26	190	190	1,416	8	774
2027	1,870	1,599	85%	-	0.31	189	189	1,410	9	715
2028	1,877	1,591	85%	-	0.48	187	187	1,404	10	660
2029	1,883	1,583	84%	-	0.43	185	185	1,397	11	609
2030	1,891	1,575	83%	-	0.50	184	184	1,390	12	562
2031	1,898	1,566	82%	-	0.57	182	182	1,384	13	519
2032	1,907	1,558	82%	-	0.80	180	180	1,377	14	478
2033	1,917	1,548	81%	-	0.74	178	178	1,370	15	441
2034	1,926	1,539	80%	-	0.84	176	176	1,362	16	407
2035	1,937	1,529	79%	-	0.94	174	174	1,355	17	375
2036	1,949	1,520	78%	-	1.24	172	172	1,347	18	346
2037	1,961	1,510	77%	-	1.18	170	170	1,339	19	319
2038	1,974	1,500	76%	-	1.31	168	168	1,331	20	294
2039	1,989	1,489	75%	-	1.45	165	165	1,322	21	271
2040	2,005	1,479	74%	-	1.85	191	191	1,287	22	244
2041	2,021	1,468	73%	-	1.79	491	491	976	23	172
2042	2,039	1,457	71%	-	1.97	489	489	966	24	158
2043	2,057	1,446	70%	-	2.17	488	488	956	25	145
2044	2,079	1,435	69%	-	2.68	486	486	947	26	133
2045	2,101	1,424	68%	-	2.62	484	484	938	27	122
2046	2,124	1,412	66%	-	2.87	481	481	928	28	112
2047	2,149	1,400	65%	-	3.13	478	478	919	29	103
2048	2,178	1,389	64%	-	3.82	475	475	910	30	95
2049	2,207	1,377	62%	-	3.76	472	472	902	31	88
Present Value of Explicit Period Cash Flows (INR Mn)										19,217
Perpetuity Period Cash Flows (INR Mn)										1,116
Enterprise Value (INR Mn)										20,334

*2018 is only for 6 months period ending 31 March 2018



Appendix III – Valuation of BDTCL as on 30th September 2017 (INR Mn) – Part B: Incremental Revenue Case

FY ended	Revenue	YoY Growth	EBITDA	YoY Growth	Less: Capex	Less: Incremental NCA	Less: Taxation	FCFF	Cash Accrual Factor	Discounting Factor	PV of Cash flows
2018*	175			175		41.77	30	103	0.25	0.98	101
2019	175	0%		175	0%	-0.05	61	115	1	0.92	106
2020	175	0%		175	0%	-0.16	61	115	2	0.85	97
2021	175	0%		175	0%	0.06	60	114	3	0.78	90
2022	175	0%		175	0%	-0.05	60	114	4	0.72	83
2023	174	0%		174	0%	-0.05	60	114	5	0.67	76
2024	121	-31%		121	-31%	-12.79	42	92	6	0.61	56
2025	121	0%		121	0%	0.02	42	79	7	0.57	45
2026	120	0%		120	0%	-0.06	42	79	8	0.52	41
2027	120	0%		120	0%	-0.06	42	79	9	0.48	38
2028	120	0%		120	0%	-0.14	41	79	10	0.44	35
2029	120	0%		120	0%	0.01	41	78	11	0.41	32
2030	119	0%		119	0%	-0.07	41	78	12	0.38	30
2031	119	0%		119	0%	-0.07	41	78	13	0.35	27
2032	119	0%		119	0%	-0.15	41	78	14	0.32	25
2033	118	0%		118	0%	-0.00	41	77	15	0.30	23
2034	118	0%		118	0%	-0.08	41	77	16	0.27	21
2035	118	0%		118	0%	-0.09	41	77	17	0.25	19
2036	117	0%		117	0%	-0.17	41	77	18	0.23	18
2037	117	0%		117	0%	-0.02	40	76	19	0.21	16
2038	116	0%		116	0%	-0.10	40	76	20	0.20	15
2039	116	0%		116	0%	-0.10	40	76	21	0.18	14
2040	116	0%		116	0%	-0.18	40	76	22	0.17	13
2041	115	0%		115	0%	-0.03	40	75	23	0.16	12
2042	115	0%		115	0%	-0.11	40	75	24	0.14	11
2043	114	0%		114	0%	-0.12	40	75	25	0.13	10
2044	114	0%		114	0%	-0.20	39	75	26	0.12	9
2045	113	0%		113	0%	-0.05	39	74	27	0.11	8
2046	113	0%		113	0%	-0.13	39	74	28	0.10	8
2047	112	-1%		112	-1%	-0.14	39	73	29	0.10	7
2048	111	-1%		111	-1%	-0.22	39	73	30	0.09	6
2049	111	-1%		111	-1%	-0.08	38	73	31	0.08	6
Present Value of Explicit Period Cash Flows (INR Mn)											1,098
Perpetuity Period Cash Flows (INR Mn)											-
Enterprise Value (INR Mn)											1,098

* 2018 is only for 6 months period ending 31 March 2018



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Appendix IV – Summary of approval and licences (1/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Company Registration	08-Sep-09	Valid	Ministry of Corporate Affairs
2	Transmission License	12-Oct-11	25	Central Electricity Regulatory Commission
3	Forest Clearance			
	Dhule-Dhule Transmission Line in District of Dhule District - Stage I	15-May-14	Valid	Ministry of Environment and Forests
	Dhule-Dhule Transmission Line in District of Dhule District - Stage II	25-Jan-17	Valid	Ministry of Environment and Forests
	Dhule- Aurangabad Transmission Line in Aurangabad District - Stage I	30-May-14	Valid	Ministry of Environment and Forests
	Dhule- Aurangabad Transmission Line in Aurangabad District - Stage II	25-Jan-17	Valid	Ministry of Environment and Forests
	Bhopal- Indore Transmission Line in Bhopal District - Stage I	24-Jun-14	Valid	Ministry of Environment and Forests
	Bhopal- Indore Transmission Line in Bhopal District - Stage II	21-Sep-15	Valid	Ministry of Environment, Forests & Climate Changes
	Bhopal- Bhopal Transmission Line in Bhopal District - Stage I	20-Jun-14	Valid	Ministry of Environment and Forests
	Bhopal- Bhopal Transmission Line in Bhopal District - Stage II	16-Sep-15	Valid	Ministry of Environment, Forests & Climate Changes
	Dhule - Vadodara Transmission Line in Bharuch & Vadodara Districts (General Manager) - Stage I	27-Aug-14	Valid	Ministry of Environment, Forests & Climate Changes
	Dhule - Vadodara Transmission Line in Bharuch & Vadodara Districts (Assistant General Manager) - Stage I	27-Aug-14	Valid	Ministry of Environment, Forests & Climate Changes
	Dhule - Vadodara Transmission Line in Bharuch & Vadodara Districts - Stage II	04-Mar-15	Valid	Ministry of Environment, Forests & Climate Changes
	Dhule - Vadodara Transmission Line in Dhule District - Stage II	19-Nov-15	Valid	Ministry of Environment, Forests & Climate Changes
	Jabalpur-Bhopal Transmission Line in Bhopal & Raisen Districts - Stage I	31-Dec-14	Valid	Ministry of Environment, Forests & Climate Changes
	Jabalpur-Bhopal Transmission Line in Bhopal & Raisen Districts - Stage II	25-Mar-15	Valid	Ministry of Environment, Forests & Climate Changes
	Jabalpur-Bhopal Transmission Line in Bhopal & Raisen Districts - Stage II	25-Nov-10	Valid	Ministry of Environment, Forests & Climate Changes
4	Approval under section 68 of Electricity Act, 2003	29-Jan-13	25	Ministry of Power
5	Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	06-Apr-16	Valid	Ministry of Power
6	Approval from CERC under section 17(3)			
7	Environmental Clearance			
8	Power & Telecommunication Coordination Committee (PTCC) Clearance			
	Bhopal- Bhopal Transmission Line	31-Aug-13	Valid	PTCC, Government of India
	Jabalpur-Bhopal Transmission Line	13-Sep-13	Valid	PTCC, Government of India
	Dhule-Dhule Transmission Line	22-Jul-13	Valid	PTCC, Government of India
	Dhule- Vadodara Transmission Line	07-Mar-14	Valid	PTCC, Government of India
9	Railway Crossing			
	765 KV at KM 195/7-10 - Ratlam	13-Mar-14	Valid	Western Railway
	765 KV at KM 37/1-4 - Ratlam	09-May-13	Valid	Western Railway
	Between Dwanganj - Salamatpur at KM 865/2-4	18-Jun-13	35	West Central Railway
	KM 953/4-5 ET- JBP Section	18-Oct-13	Valid	West Central Railway
	Near Galan Railway Station at KM 359/27-28 & 360/1-2	25-Apr-14	Valid	Central Railway
	Between Ramala & Dondicha at KM 172/11 & 172/12 and tower LOC No. 22/0 & 23/0	07-Aug-14	Valid	Western Railway
10	Road Crossing			
	KM 569/1 & 569/2 on Dewas City Portion on NH-3	11-Sep-13	Valid	National Highway Authority of India
	KM 333-830 on Bhopal-Bhoara NH-12	06-Jul-12	Valid	Madhya Pradesh Road Development Corporation Ltd.
	NH - 86	12-Aug-13	Valid	National Highway Authority of India
	NH-26 (Sagar Narsinghpur Section and Milestone 302-303 respectively)	05-Feb-14	Valid	National Highway Authority of India
	Between KM 148-149 NH-12 Deora - Udalpura Section	21-Jan-13	Valid	Madhya Pradesh Road Development Corporation Ltd.
	Dhule- Aurangabad at KM 240-241 of NH-3	08-May-14	Valid	National Highway Authority of India
	Dhule- Aurangabad at KM 500-501 of NH-6	16-May-14	Valid	National Highway Authority of India
	Dhule-Dhule at 241-242 of NH-3	15-May-14	Valid	National Highway Authority of India

Information provided by Management



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Appendix IV – Summary of approval and licences (2/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
11	River Crossing	No River Crossing		
12	Power Line Crossing			
	Bhopal - Bhopal			
	Indore Bhopal (Jaitura-Ashta Line)	03-Aug-13	Valid	Madhya Pradesh Power Transmission Co. Ltd.
	Bhopal Indore (Bairagarh- Shyampur Line, Sawania- Ashta Line, Sawania- Suajipur Line, Bairagarh- Kurawar Line, Ashta-Polai Line, Ashta-Amiyakal Line & Ashta-Bercha Line)	10-Dec-12	Valid	Madhya Pradesh Power Transmission Co. Ltd.
	Bhopal Jabalpur line (Shahpura Line & Sukhanarsinghpur line)	15-Jan-13	Valid	Madhya Pradesh Power Transmission Co. Ltd.
	Bhopal Jabalpur line (Barasia-Vidhisha line, Vidhisha-Raisen Line, Berasia-Vishisha Line, Bhopal -Bima Line & Bhopal-Vidhisha Line)	05-Apr-13	Valid	Madhya Pradesh Power Transmission Co. Ltd.
	Bhopal-Dhule Transmission Line	15-Jan-13	Valid	Madhya Pradesh Power Transmission Co. Ltd.
	Dhule- Dhule Transmission Line (Provisional Permission)	19-Oct-13	Valid	Maharashtra Electricity Transmission Co. Ltd.
	Dhule Vadodara - I	30-Oct-14	Valid	Public Works Department - Mumbai
	Dhule Vadodara - II	30-May-13	Valid	Gujarat Energy Transmission Corporation Ltd.
	Dhule Vadodara - III	28-Feb-13	Valid	Gujarat Energy Transmission Corporation Ltd.
	Aviation Clearance	25-Jul-13	Valid	Gujarat Energy Transmission Corporation Ltd.
13	NOC for Height Clearance - Bhopal	12-Feb-13	7	Airport Authority of India
	NOC for Height Clearance between Bhopal & Indore	20-Feb-13	7	Airport Authority of India
	NOC for Height Clearance between Jabalpur & Bhopal	20-Feb-13	7	Airport Authority of India
	NOC for Height Clearance between Dhule to Aurangabad	01-Feb-14	7	Airport Authority of India
	NOC for Height Clearance between Dhule to Vadodara	13-Mar-14	7	Airport Authority of India
14	Defence Clearance			
	NOC for Construction of Dhule Aurangabad Line	19-Sep-13	Valid	Ministry of Defence
	NOC for Construction of Dhule Dhule Line	19-Sep-13	Valid	Ministry of Defence
	NOC for Construction of Dhule Vododara Line	19-Sep-13	Valid	Ministry of Defence
15	Transmission Service Agreement	07-Dec-10	Valid	
16	Approval for adoption of Tariff	28-Oct-11	35	Central Electricity Regulatory Commission
17	Approval for Energisation	17-May-17	6 months	Central Electricity Authority, Chief Electrical Inspectorate Division

Information provided by Management

Note: Management confirmed that there are no applications applied of which approval is pending



Appendix V – BDTCL: Summary of Ongoing Litigations (1/2)

Matter	Against	Pending Before	Details of the Case	Amount Involved (INR Million)	Amount Deposited (INR Million)*
I. OPEN MATERIAL LITIGATION					
Indirect Tax Matters	BDTCL	High Court of Madhya Pradesh VAT Act, 2002	Demand for payment of Entry Tax	164	57.7
Indirect Tax Matters	BDTCL	Assistant Commissioner of Income Tax, TDS, Delhi	BDTCL has received certain notices under Madhya Pradesh VAT Act, 2002		0.01
Direct Tax Matters	BDTCL		Mismatch in the calculation of tax payable on the return.	16.5	0
Regulatory Matter	Petition Relief filed by BDTCL	CERC	a) BDTCL has filed an compensatory and declaratory relief under the Transmission Services Agreement in relation to six transmission lines and two sub stations (collectively the "Project"). Since the delay in commissioning the project was due to change in law and force majeure event. b) Additionally, BDTCL prayed for extension of scheduled commercial operation date and grant of increase of INR 212.3 million per annum in levelized transmission charges payable with effect from commercial operation date of each element of the project.		
Other Matter	BDTCL	Labour Commissioner, Indore	Deputy Director of Industrial Health and Safety, Dewas seek the directions for initiating criminal proceedings against BDTCL due to the fatal accident leading to the death of one labourer.		
	Bhagawan Devman Bhilla	District Court, Dhule	Pleading that the order of the counter claim and application for interim injunction passed by Joint Civil Judge (Senior Division), Dhule should be stayed since it is bad in law and fact.		
Satya Narayan Mishra	BDTCL	District Judge, Narsinghpur	Satya Narayan Mishra filed petition for the losses which he allegedly suffered due to construction of the overhead lines by BDTCL over his land whereas BDTCL claimed that it has already provided the compensation through cheques. Currently, BDTCL has filed the reply and the witness of applicant has been cross examined by BDTCL.		
Shikha Neekhra	BDTCL	District Judge, Raizen	The Petitioner filed petition against the decision of collector for granting compensation against the loss of destruction of mango tree and tube well on land and alleging that the insufficient compensation of INR 0.05 million had been granted and demanded compensation of INR 0.92 million towards loss caused to her alongwith interest at 9% on such amount from the date of damage. The case is still pending and the court has decided the points on which adjudication will be done	0.92	
Manish Neekhra	BDTCL	District Magistrate, Narsinghpur	The Petitioner filed petition against the decision of collector for granting compensation against the loss of destruction of crops and damage to the boundart wall of pond and alleging that the insufficient compensation of INR 0.5 million had been granted and demanded compensation of INR 2.63 million towards loss caused to her alongwith interest at 9% on such amount from the date of damage. The case is still pending and the court has decided the points on which adjudication will be done	2.63	

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Appendix V – BDTCL: Summary of Ongoing Litigations (2/2)

Matter	Against	Pending Before	Details of the Case	Amount Involved (INR Million)	Amount Deposited (INR Million)*
Pahup Singh	BDTCL	District Magistrate, Narsinghpur	Insufficient compensation for damage to his house over the land on which a tower was constructed by BDTCL. The witness has been cross examined by BDTCL		
Shalendra Champakisinh Gohil, Pravinsinh Jaswantsinh Gohil and Janakisinh Jaswantsinh Gohil	BDTCL	High Court of Gujarat, Ahmedabad	Challenging the notification issued under section 164 of Electricity Act by the Director, Minister of Power, Government of India claiming that the notification was without jurisdiction and beyond the scope of Director for the laying of overhead transmission lines of BDTCL.		
Pravinsinh Jaswantsinh Gohil and Janakisinh Jaswantsinh Gohil	BDTCL	High Court of Gujarat, Ahmedabad	Alleging that the name of their village 'Moriana' was not mentioned in the name of the notification dated 24 January 2013. BDTCL appealed against the interim order before High Court.		0.64
Bhikhan Govinda Sasundre	BDTCL	Bombay High Court, Aurangabad	Claimed compensation for the damage caused to their field by laying high tension power transmission lines.		0.64
BDTCL	Dhyaneshwar Managate	Bombay High Court, Aurangabad	BDTCL filed petition against the payment of compensation required to be paid in accordance with the order passed by the District Court, Aurangabad.		
Navneet Manchhibhai Vasava and others	BDTCL	Civil Judge, Dedyapada	Filed petition to claim compensation against the violation of right of way on account of laying of transmission lines over the petitioner's land.		
Kusumben Jayantibhai Patel and others	BDTCL	High Court of Gujarat, Ahmedabad	Aggrieved by the order passed by the District Collector allowing BDTCL to erect the transmission towers in the petitioner's land, Kusumben has filed an appeal against the same in the High Court.		
Kusumben Arjun Mali and others	BDTCL	Sub divisional Magistrate, Dhule	Petitioner has filed civil application against BDTCL disputing the compensation paid for their land.		
Various Complaints (32 in number)	BDTCL	District Collector, Aurangabad	Demanding compensation for allegedly violating the right of way by constructing high tension power transmission lines over their agricultural land without obtaining the requisite permissions.		
Sharp Corporation Limited	BDTCL	High Court of Madhya Pradesh, Indore	Petition filed to restrain the BDTCL from starting and continuing the construction over the Petitioner's land.		
II. CLOSED MATERIAL LITIGATION					
Other Matter	BDTCL	Sehore Police Station. M.P	Matter Closed as per the order of Chief Justice of Magistrate, Sehore as the main accused i.e. the sub contractor had expired. Investigation is closed. Compensation of INR 5 lacs each have been deposited by Simplex and all statutory intimation has been done by Simplex.		
Ashok Kumar Mishra	BDTCL		Filed review petition for vacating the order passed by the High Court and alleging that the employee of the BDTCL has entered into the premises and destroyed his crops. However, the District Collector ordered that the petitioner is entitled to receive compensation for the damage caused by the laying of transmission lines over his land and property. Further, we were informed by the Management that as per the Collector, Narsinghpur order, Concerned Revenue Officer was to value the damage caused and communicate to us and post that within the given time lines BDTCL were to comply the same. But till date BDTCL have not received any communication from any Revenue authority regarding this matter, as such there is nothing for BDTCL to comply with.		

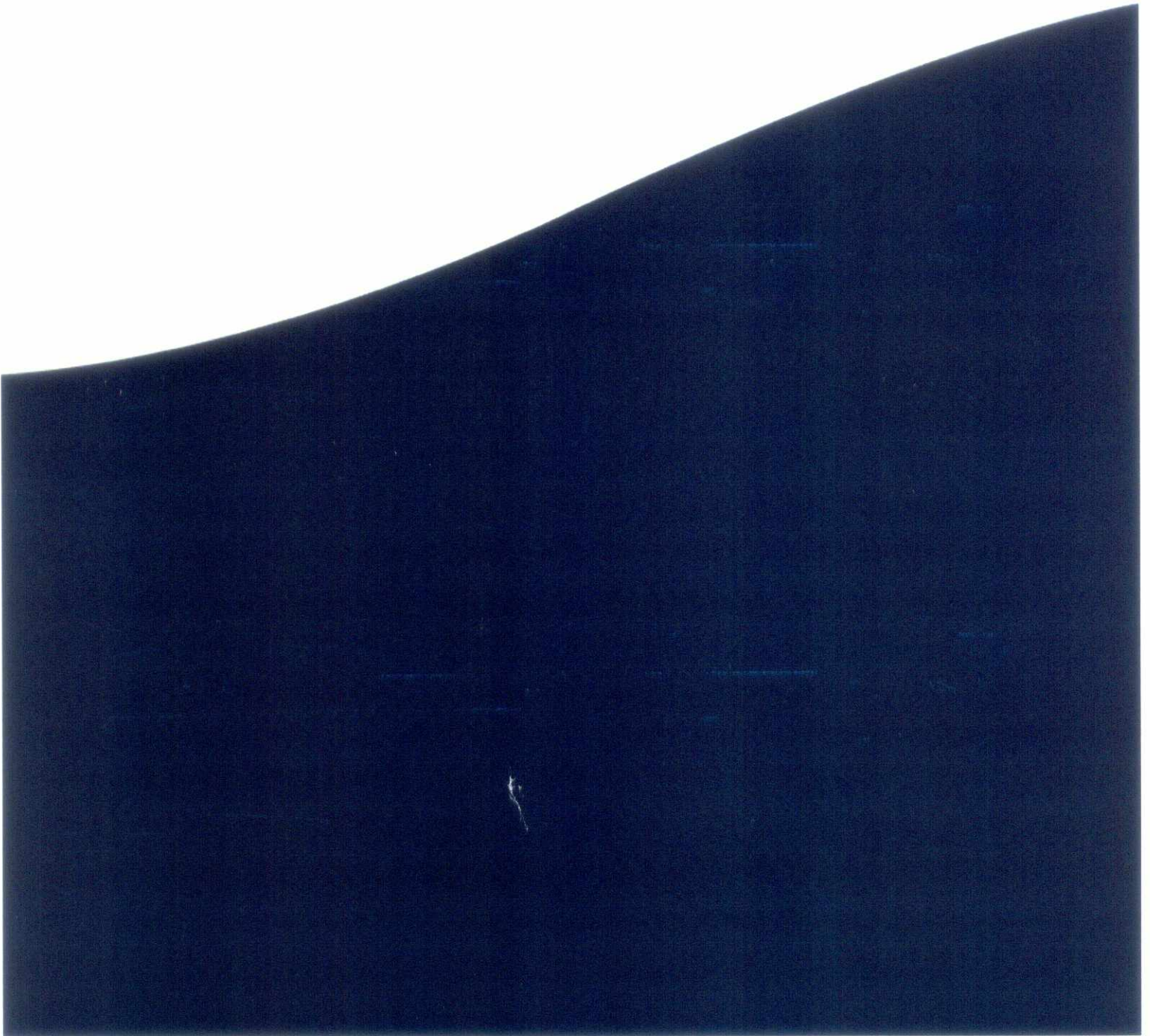
Source: Information provided by Management

*Note: Management informed that the above amount paid under protest to the government authorities which are grouped under Current Assets. Note: Management confirmed that there are no closed material litigations including tax disputes in relation to the assets.



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

Valuation Date: 30th September 2017



Date: 25th October 2017

CFAS-2/R-014/1026/B

Sterlite Investment Managers Limited

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

India Grid Trust

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

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

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

Dear Sirs,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), have been appointed vide letter dated 12th October 2017, as an independent valuer, as defined under the SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager for India Grid Trust ("the Trust") and Axis Trustee Services Limited ("Trustee") acting on behalf of the Trust for the purpose of the financial valuation of Jabalpur Transmission Company Limited ("JTCL" or "the SPV"). The SPV was acquired by the Trust on 30th May 2017 and is to be valued as per regulation 21(5) contained in the Chapter V of the SEBI InvIT Regulations.

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

We enclose our Report providing our opinion on the fair enterprise values of the SPV on a going concern basis as at 30th September 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. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex



process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

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

Please note that all comments in our Report must be read in conjunction with the caveats to the Report, which are contained in Section 2 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public as a material document and with the Securities and Exchange Board of India, the stock exchanges and any other regulatory and supervisory authority, as may be required.

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


Manoj Daga
Partner

Membership No. 048523

Place: Mumbai

Encl: As above



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Definition, abbreviation & glossary of terms

Abbreviations	Meaning
SIML or Investment Manager Trust or InvIT	Sterlite Investment Managers Limited India Grid Trust
Trustee	Axis Trustee Services Limited
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
JTCL	Jabalpur Transmission Company Limited
LTTC	Long Term Transmission Customer
COD	Commercial Operation Date
BOOM	Build-Own-Operate-Maintain
TSA	Transmission Service Agreement
INR	Indian Rupees
Mn	Million
FY	Financial Year Ended 31 st 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
EBIT	Earnings Before Interest and Taxes
EV	Enterprise Value
WACC	Weighted Average Cost of Capital
CCIL	Clearing Corporation of India Limited
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SPV	Special Purpose Vehicle
SGL1	Sterlite Grid 1 Limited
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
VDR	Virtual Data Room

1. Purpose of Valuation

- 1.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2016 by Sterlite Power Grid Venture Limited ("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.
- 1.2. We understand that as per chapter V and regulation 21(5) of the SEBI InvIT Regulations a half yearly valuation of the assets of the Trust shall be conducted by an Independent valuer for the half-year ending 30th September for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within one month from the date of end of such half year. In this regard, the Investment Manager intends to undertake the fair valuation of the SPV.
- 1.3. The details of the SPV to be valued is as follows:
Jabalpur Transmission Company Limited ("JTCL") operates two EHV overhead transmission lines of 992 ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV dual circuit line of 757 ckms from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV single circuit line of 235 ckms from Jabalpur to Bina in Madhya Pradesh.
- 1.4. In this regard, the Investment Manager and the Trustee have appointed us, Haribhakti & Co. LLP, Chartered Accountants (H&Co.) to undertake the fair valuation at the enterprise level (including debt) of the SPV as per the SEBI InvIT Regulations as at 30th September 2017.
- 1.5. H&Co. declares that:
- 1.5.1. It is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- 1.5.2. It is independent and has prepared the Report on a fair and unbiased basis;
- 1.5.3. It has valued the SPVs based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 1.6. This Valuation Report ("Report") covers all the disclosures required as per the SEBI InvIT Regulations and the Valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

Scope of Valuation

- 1.7. We have undertaken the fair valuation at the enterprise level (including debt) of the SPV.
- 1.8. The Valuation Date considered for this fair enterprise valuation of the SPV is 30th September 2017. Valuation analysis and results are specific to the date of this Report. A valuation of this nature involves consideration of various factors including the financial position of the SPV as at the Valuation Date, trends in the equity stock market, government securities and other industry trends.
- 1.9. We have been mandated by the Investment Manager to arrive only at the Enterprise Value of the SPVs.
- 1.10. For the amount pertaining to the operating working capital, the Investment Manager has acknowledged to consider the provisional financial statements as on 30th September 2017 to carry out the valuation 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 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. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the Proposed Transaction 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.
- 2.6. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 2.7. 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.
- 2.8. 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.
- 2.9. 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.
- 2.10. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual



results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

- 2.11. 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.
- 2.12. We have arrived at an indicative enterprise value based on our analysis.
- 2.13. 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.
- 2.14. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither ourselves, nor any of our partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. We are not liable to any third party in relation to the issue of this Report.
- 2.15. 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.
- 2.16. For the present valuation exercise, we have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 2.17. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us from the Investment Manager, as laid out in the engagement letter, for such valuation work.
- 2.18. 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.
- 2.19. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 2.20. 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.
- 2.21. We have no present or planned future interest in the Trustee, Investment Manager or the SPV and the fee for this Report is not contingent upon the values Reported herein. Our valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or the SPV.
- 2.22. **Limitation of Liabilities**
 - 2.22.1. In no circumstances H&Co. shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits,



data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the Services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise) even if the Investment Manager had contemplated and communicated to H&Co. the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by H&Co. should be treated as an invitation or inducement to engage the Investment Manager to act upon the Deliverable.

- 2.22.2. It is clarified that the SIML and Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 2.22.3. H&Co. will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by SIML or the Trustee.

3. Sources of Information

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

- 3.1.1. Audited financial statements of JTCL for the financial year ("FY") ended 31st March 2017 and 31st March 2016;
- 3.1.2. Provisional Profit & Loss Account and Balance Sheet for the six months period ended 30th September 2017.
- 3.1.3. Projected Profit & Loss Account and Working Capital requirements of JTCL from 1st October 2017 to 31st March 2049.
- 3.1.4. Details of carried out and projected repairs and maintenance expenses.
- 3.1.5. Details of brought forward losses (as per Income Tax Act) as at 31st March 2017.
- 3.1.6. Details of WDV (as per Income Tax Act) of assets as at 31st March 2016 and 31st March 2017.
- 3.1.7. As on 30th September 2017, India Grid Trust holds 100% equity stake in JTCL through SGL1. As represented to us by the Investment Manager, there are no changes in the shareholding pattern from 30th September 2017 to the date of issuance of this Report.
- 3.1.8. TSA of JTCL with Central Transmission Utility dated 12th November 2013.
- 3.1.9. Management Representation Letter dated 24th October 2017.

4. Overview of the InvIT and SPVs

The Trust

- 4.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2016 by Sterlite Power Grid Venture Limited ("SPGVL" or "the Sponsor"). It is established to own inter-state and intra-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.

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



- 4.3. The Trust, pursuant to the 'Right of First Offer' Deed has a 'right of first offer' to acquire eight other projects of the Sponsor.
- 4.4. Following is the financial summary of the projects which the Trust had acquired from the Sponsor;

Particulars	INR Mn	
	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 the Trust to purchase theabovementioned SPV's		

- 4.5. 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

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

JTCL or the SPV

- 4.6. Summary of details of the Project are as follows:

Parameters	Details
Project Cost	INR 19,183 Mn
Total Length	992 ckms
TSA Agreement Date	12 th November 2013
Scheduled COD	31 st March, 2014
Expiry Date	35 years from the scheduled COD
Project COD	14 th September, 2015
Trust's stake (through SGL 1)	100%

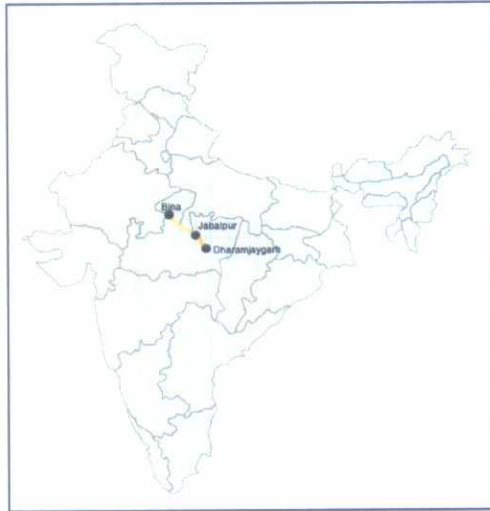
- 4.7. The JTCL project was awarded to SGL1 by the Ministry of Power on 19th January 2011 for a 35 year period from the scheduled commercial operation date on a BOOM basis.
- 4.8. JTCL operates two EHV overhead transmission lines of 992 ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV dual circuit line of 757 ckms from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV single circuit line of 235 ckms from Jabalpur to Bina in Madhya Pradesh.
- 4.9. JTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the east of India.
- 4.10. The project consists of the following transmission lines and is being implemented on multiple contracts basis:



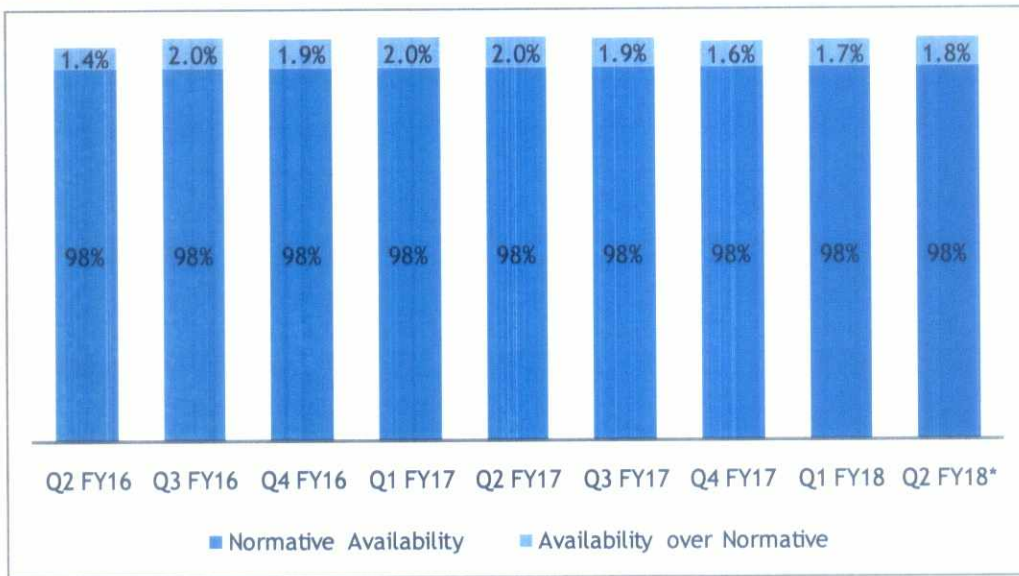
Transmission line	Location	Route length (ckms)	Specifications	Commission date	Contribution to total tariff
Jabalpur-Dharamjaygarh	Chhattisgarh, Madhya Pradesh	757	765 kV D/C	14 th September 2015	72%
Jabalpur-Bina	Madhya Pradesh	235	765 kV S/C	1 st July 2015	28%

4.11. JTCL entered into a transmission services agreement dated 12th November 2013 with Power Grid Corporation of India Limited. Expiry date of TSA shall be the date which is 35 years from the scheduled Commercial Operation Date (“COD”) of the project

4.12. Following is the map showing area covered by JTCL:



4.13. Operating Efficiency history of JTCL:



*Q2 FY18 –Data Comprises of data from availability certificate only for the months of July and August and Information from Investment Manager for September 2017 for which availability certificate is not received till 24th October 2017.



5. Overview of the Industry**5.1. Introduction:**

- 5.1.1. India is the third largest producer and fourth largest consumer of electricity in the world, with the installed power capacity reaching 329.226 GW in August 2017. The country also has the fifth largest installed capacity in the world.
- 5.1.2. Per capita electricity consumption in the country grew at a CAGR of 9.63 per cent, during FY06-FY16 reaching 1075 KWh in FY16.

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 has grown at a CAGR of ~9% from ~243 GW in FY 14 to ~ 329 GW as of 31st August 2017 (source: CEA).

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. Power is one of the key sectors attracting FDI inflows into India
- 5.3.3. From April 2000 to June 2017, India recorded FDI of US\$ 5.85 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.
- 5.3.4. Cumulative FDI inflows into the sector from April 2000–June 2017 were US\$ 11.77 billion.
- 5.3.5. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014. The FDI inflow has doubled to 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.

- 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. 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.
- 5.4.7. 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 and IBEF report on Power sector in India – September 2017

6. Valuation Approach

- 6.1. The present valuation exercise is being undertaken in order to derive the Enterprise Value 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:
 - (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 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/Enterprise Value (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 made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the Company, 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 all the SPVs have entered into TSA, the revenue of these SPVs 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.

Market Approach

The present valuation exercise is to undertake a fair enterprise value of the SPVs engaged in the power transmission business for a specific tenure. Further, the tariff revenue expenses are very specific to the SPVs 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 SPVs, 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 SPGVL 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 SPVs 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.

7. Valuation of the SPV

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

Valuation

- 7.1. The key assumptions of the projections provided to us by the Investment Manager can be divided into two parts:

Part A: Base Case

This refers to the revenue estimated for the SPV as per the existing provisions of TSA, and

7.2. **Key Assumption**

- 7.2.1. **Transmission Revenue:** The transmission revenue of the SPV comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA for the life of the project.
- 7.2.2. **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 Investment Manager. Non escalable charges also include the incremental revenue to be received by the SPV as per the CERC order at the rate of 9.8903% of non escalable charges as mentioned in the TSA.
- 7.2.3. **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 Investment Manager. The escalation is to mainly compensate with the inflation factor.
- 7.2.4. **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. Provided no incentives shall be payable above the availability of 99.75%. Based on the past track record of the asset and the general industry standard, the annual availability shall be above 98% where the SPV shall be entitled to the incentives as provided in the TSA.
- 7.2.5. **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. The annual availability shall not fall below 95% and thus the penalty has not been considered in the financial projections.
- 7.2.6. **Operations & Maintenance ("O&M"):** O&M expenditure are estimated by the Investment Manager for the projected period based on the escalation rate as determined



for the SPV. We have relied on the projections provided by Investment Manager on the operating and maintenance expenses for the projected period.

- 7.2.7. **Depreciation:** The book depreciation has been calculated using Straight Line Method over the life of the project. For calculating depreciation for the projected period, we have considered depreciation rate as specified in the Income Tax Act and WDV as per Income Tax Return filed by the SPV. The SPV is not expected to incur any capital expenditure in the projected period.
- 7.2.8. **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.
- 7.2.9. **Working Capital:** The Investment Manager has envisaged the working capital requirement of the SPVs for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade receivables and trade payables for O&M Expenses.

Valuation of SPV

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

7.3.1. **Cost of Equity:**

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

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

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

Wherein:

K(e) = cost of equity

R_f = 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

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

7.3.2. **Risk Free Rate:**

We have applied a risk free rate of return of 7.04% on the basis of the relevant zero coupon yield curve as on 29th September 2017 (Since 30th September 2017 was a Saturday) 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:

$$\text{Risk premium} = \text{Equity market return} - \text{Risk free rate}$$

Wherein:

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

Risk free rate = 7.04% as explained in para 7.5.2.



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 shares of SPGVL or 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 SPVs.

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

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

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

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

7.3.5. Company Specific Risk Premium: We have not considered any company specific risk premium to the Ke for discounting the cash flows as per the TSA.

7.3.6. Cost of Debt:

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

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

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

7.3.7. Weighted Average Cost of Capital (WACC):

The discount rate, or the weighted average cost of capital (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:

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

7.3.8. Accordingly, as per above, we have arrived the WACC of 7.86% for JTCL.(Refer appendix I)

7.4. Valuation of JTCL

7.4.1. We have relied on the projected financials of JTCL as provided by Investment Manager for the period from 1st October 2017 to 31st March 2049.

7.4.2. WACC arrived at for the purpose of valuation is 7.86% for cash flows as per the Base Case (Refer Appendix I).

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

7.4.4. As on valuation date, we have discounted the free cash flows of JTCL using the WACC of 7.86% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 15, 988 Mn (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. Based on the above analysis the Enterprise Value as on the Valuation Date of the SPV is INR 15,988 Mn.

We have been represented by the management that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at enterprise value of the SPV.

9. Additional Procedures to be complied with in accordance with InvIT regulations**Scope of Work**

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

The additional set of disclosures, as prescribed under Schedule V of InvIT Regulations, to be made in the valuation report of JTCL are as follows:

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

Limitations

9.2. This Report is based on the information provided by the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to us. We have not verified the information independently with any other external source.

9.3. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as original, and the conformity of the copies or extracts submitted to us with that of the original documents.

9.4. We have assumed that the documents submitted to us by the Investment Manager in connection with any particular issue are the only documents related to such issue.



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

9.6. Analysis of Additional Set of Disclosures for Jabalpur Transmission Company Limited ("JTCL")

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

As informed by the Investment Manager, there have been no additional sanctions/ approvals obtained by JTCL during the six months period ended 30th September 2017. Further, we were informed that there were no applications for which approval is pending. The list of sanctions/ approvals obtained by the Company as on 31st March 2017 is provided in Appendix III.

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

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

C. Statement of assets included;

As at 30th September 2017, JTCL has Transmission Lines gross block of INR 18,858.36 million (net block of INR 15,134.32 million), Freehold land gross block of INR 10.23 million and other assets including plant and machinery, etc. gross block of INR 5.64 million (net block of INR 0.46 million)

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

We noted in the provisional financial statements that JTCL has incurred INR 21.32 million during the six months period ended 30th September 2017 for the maintenance charges of Transmission Lines. Based on the confirmation provided by investment manager we expect an increase of 4.39% per annum in the cost of repairs and maintenance expenses to be incurred in the future period.

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

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

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

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

We were informed by the Investment Manager that the status of ongoing litigations is the same as provided in our previous report. Refer Appendix IV for ongoing litigations including tax liabilities. Investment Manager has informed us that it will be difficult to forecast the result of these ongoing litigations considering the current situation.

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

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



Strictly Private and Confidential

Appendix I – Weighted Average Cost of Capital of the SPV

Weighted Average Cost of Capital	%	Remark
Market Returns	15.00%	Market Return has been considered based on the long term average returns earned by an equity investor in India.
Risk Free Rate	7.04%	Risk Free Rate has been considered based on zero coupon yield curve as at 29th September 2017 (Since 30th September was a Saturday) of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Market Risk Premium	7.96%	Market Premium = Market Return – Risk Free Rate
Beta (Relevered) (not in % terms)	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 as per CAPM	12.17%	$Ke = Rf + \beta \times (Rm - Rf) + CSR$
Pre Tax Cost of Debt	8.00%	As per management estimate
Effective Tax Rate	24.84%	Average tax rate for the life of the project has been considered
Cost of Debt	6.01%	Effective cost of debt. $Kd = \text{Pre tax } Kd \times (1 - \text{Effective Tax Rate})$
Debt/(Debt+Equity) Ratio	70.00%	The debt – equity ratio computed as $[D/(D+E)]$ is considered as 70% as per industry standard.
WACC = $(Ke \times (1-D:(D+E))) + (Kd \times (1-T) \times D:(D+E))$	7.86%	



Appendix II – Valuation of JTCL as on 30th September 2017 (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
2018*	1,244	1,203	97%	-	180.88	827	195	0.25	0.98	812
2019	2,152	2,057	96%	-	-85.42	1,818	324	1	0.93	1,686
2020	1,519	1,420	93%	-	-156.36	1,388	188	2	0.86	1,193
2021	1,520	1,416	93%	-	-0.24	1,229	188	3	0.80	979
2022	1,520	1,412	93%	-	-0.24	1,226	187	4	0.74	906
2023	1,521	1,408	93%	-	-0.25	1,223	186	5	0.68	838
2024	1,522	1,404	92%	-	-0.22	1,219	185	6	0.64	774
2025	1,522	1,400	92%	-	-0.26	1,216	184	7	0.59	716
2026	1,523	1,395	92%	-	-0.26	1,212	183	8	0.55	662
2027	1,524	1,390	91%	-	-0.27	1,208	182	9	0.51	612
2028	1,525	1,385	91%	-	-0.23	1,205	181	10	0.47	565
2029	1,526	1,380	90%	-	-0.27	1,201	180	11	0.44	522
2030	1,527	1,375	90%	-	-0.28	1,196	179	12	0.40	482
2031	1,528	1,369	90%	-	-0.28	1,192	177	13	0.37	446
2032	1,529	1,363	89%	-	-0.22	1,187	176	14	0.35	412
2033	1,531	1,357	89%	-	-0.28	1,183	175	15	0.32	380
2034	1,532	1,351	88%	-	-0.28	1,178	174	16	0.30	351
2035	1,534	1,345	88%	-	-0.29	1,173	172	17	0.28	324
2036	1,535	1,338	87%	-	-0.21	1,168	171	18	0.26	299
2037	1,537	1,332	87%	-	-0.28	1,162	169	19	0.24	276
2038	1,539	1,324	86%	-	-0.28	1,157	168	20	0.22	255
2039	1,541	1,317	85%	-	-0.27	1,151	166	21	0.20	235
2040	1,544	1,310	85%	-	-0.17	1,145	165	22	0.19	217
2041	1,546	1,302	84%	-	-0.26	1,139	163	23	0.18	200
2042	1,549	1,294	84%	-	-0.25	910	384	24	0.16	148
2043	1,551	1,285	83%	-	-0.24	853	433	25	0.15	129
2044	1,555	1,277	82%	-	-0.10	846	432	26	0.14	118
2045	1,558	1,268	81%	-	-0.20	838	430	27	0.13	109
2046	1,562	1,259	81%	-	-0.19	831	428	28	0.12	100
2047	1,565	1,249	80%	-	-0.17	823	426	29	0.11	92
2048	1,570	1,240	79%	-	0.01	816	424	30	0.10	84
2049	1,575	1,231	78%	-	0.01	809	421	31	0.10	78
Present Value of Explicit Period Cash Flows (INR Mn)										14,998
Perpetuity Period Cash Flows (INR Mn)										990
Enterprise Value (INR Mn)										15,988

* 2018 is only for 6 months period ending 31 March 2018



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Appendix III - JTCL: Summary of Approvals & Licenses (1/2)

Sr. No	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Company Registration	8-Sep-09	Valid	Ministry of Corporate Affairs
2	Transmission License	12-Oct-11	25	Central Electricity Regulatory Commission
3	Forest Clearance			
	765KV Double Circuit Dharamjayagharh to Jabalpur Transmission Line- 09/DND/POW/2012-112	17-Aug-12	Valid	Forest Department
	765KV Double Circuit Dharamjayagharh to Jabalpur Transmission Line- 09/DND/POW/2012-113	17-Aug-12	Valid	Forest Department
	765KV Double Circuit Dharamjayagharh to Jabalpur Transmission Line- 09/DND/POW/2012-114	17-Aug-12	Valid	Forest Department
	Forest Registration Letter for Dharamjayagharh to Jabalpur Transmission Line	17-Jul-14	Valid	Collector, Jabalpur, Madhya Pradesh
	In Principle approval for the diversion of forest land for construction of 765 KV D/C Jabalpur Transmission Line	23-Dec-14	Valid	Ministry of Environment & Forests
	Approval for construction of 765 KV D/C Jabalpur Transmission Line in Korba District of Chhattisgarh	10-Jun-15	Valid	Ministry of Environment, Forests & Climate Change
	Dharamjayagharh to Jabalpur Transmission Line Stage I Clearance	31-Dec-14	Valid	Ministry of Environment, Forests & Climate Change
	Dharamjayagharh to Jabalpur Transmission Line Stage II Clearance	10-Mar-15	Valid	Ministry of Environment, Forests & Climate Change
	Jabalpur Bina Transmission Line Stage I	15-Jan-15	Valid	Ministry of Environment, Forests & Climate Change
	Jabalpur Bina Transmission Line Stage II	16-Mar-15	Valid	Ministry of Environment, Forests & Climate Change
4	Approval under section 68 of Electricity Act, 2003	25-Nov-10	Valid	Ministry of Power
5	Approval from GOI under section 164 of Electricity Act, 2003	5-Jun-13	Valid	Ministry of Power
6	Approval from CERC under section 17(3)	15-Jul-16	Valid	
7	Environmental Clearance	Not Applicable	Valid	
8	Power & Telecommunication Coordination Committee ("PTCC") Clearance			
	PTCC - Chhattisgarh Portion	21-May-15	Valid	PTCC, GOI
	PTCC - Madhya Pradesh Portion	13-Apr-15	Valid	PTCC, GOI
9	Railway Crossing			
	(a) Provisional Approval for Erection of power line between Urga & Saragbundia Railway Station at KM 688/C 21-23 & KM 688/C22-24	26-Sep-14	Valid	South East Central Railway
	(b) Provisional Approval for Erection of power line between Gevra Road Railway Station & NTPC Sipat at KM Stone 12 & 13	13-Jun-14	Valid	South East Central Railway
	(c) Provisional Approval for Erection of power line between Guthku & Kalmitar Railway Station at KM 740/20-22 & Km 740/21N-23	03-Jun-14	Valid	South East Central Railway
	Erection of power line between Bargi - Gowarighat Railway Station at KM 1208/4-5	27-Apr-15	Valid	South East Central Railway
10	Road Crossing			
	765 KV D/C OH NH crossing Bilaspur- Ratanpur (NH-130)	28-May-15	Valid	Chhattisgarh Road Development Corporation Ltd.
	765KV Double Circuit Dharamjayagharh	9-Dec-13	Valid	Madhya Pradesh Road Development Corporation Ltd.



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Appendix III - JTCL: Summary of Approvals & Licenses (2/2)

Sr. No. Approvals	Date of Issue	Validity (in years)	Issuing Authority
11	River Crossing No River Crossing		
12	Power Line Crossing Approval order for power line crossings of tower no. 7/0 and 8/0. Approval order for power line crossings of tower no. 11A/0 and 11B/0. Approval for overhead crossing of existing 132 KV DCDS Korba- Champa Line of Chhattisgarh State Power Transmission Co. Ltd. By 765 KV D/C Dharmjaygarh- Jabalpur Transmission Line Approval for overhead crossing of 400KV and 200KV and 132KV lines of CSTPL by 765 KV D/C Dharmjaygarh- Jabalpur Transmission Line	Valid Valid Valid Valid	Chhattisgarh State Power Transmission Company Ltd. Chhattisgarh State Power Transmission Company Ltd. Chhattisgarh State Power Transmission Company Ltd. Chhattisgarh State Power Transmission Company Ltd.
	Approval for overhead crossing of Chhuri to S/s Mopka of CSTPCL by 765 KV D/C Dharmjaygarh Jabalpur Transmission Line of JTCL	Valid	Chhattisgarh State Power Transmission Company Ltd.
	Approval for overhead crossing Korba to Mopka of CSTPCL by 765 KV D/C Dharmjaygarh Jabalpur Transmission Line of JTCL	Valid	Chhattisgarh State Power Transmission Company Ltd.
	Approval for overhead crossing of LILO of one circuit of 400KV DCDS Korba Khedmara line to Marwa under construction of CSPTCL by 765 KV D/C Dharmjaygarh- Jabalpur Transmission Line of M/s JTCL.	Valid	Chhattisgarh State Power Transmission Company Ltd.
	Approval for overhead crossing of existing 400 KV DCDS Korba (W)- Khedamara line of CSPTCL by 765 KV D/C Dharmjaygarh- Jabalpur Transmission line of M/s JTCL.	Valid	Chhattisgarh State Power Transmission Company Ltd.
	Approval for overhead crossing of existing 132 KV DCDS Beigahna Railway Traction line of CSPTCL by 765 KV D/C Dharmjaygarh, Jabalpur	Valid	Chhattisgarh State Power Transmission Company Ltd.
	Transmission Line of M/s JTCL.		
	Joint Inspection report of Powerline Crossings_ 02-04/TL/JTCL/765KV/01-03/1031	Valid	Chhattisgarh State Power Transmission Company Ltd.
	Approval for overhead crossing of existing 220 KV DCDS Korba- Banari-Suhela Line of CSPTCL by 765KV D/C Dharmjaygarh Jabalpur	Valid	Chhattisgarh State Power Transmission Company Ltd.
	Transmission Line of M/s JTCL		
	Approval for overhead crossing of 400 KV & 765 KV line of Power Grid by 765 KV D/C Dharmjaygarh Jabalpur T/L of M/s JTCL.	Valid	Chhattisgarh State Power Transmission Company Ltd. Power Grid Corporation Ltd.
	Tower No. 64/0 and 65/0	Valid	Power Grid Corporation Ltd.
	Approval for Overhead Crossing of 400 KV S/C Korba Bhilai II T/L of PowerGrid by 765KV D/C Dharmjaygarh Jabalpur T/L of M/s JTCL.	Valid	Power Grid Corporation Ltd.
	Approval for overhead crossing of 765KV D/C Dharmjaygarh Jabalpur Transmission Line of JTCL with upcoming 765 KV D/C Champa PS to Korba & Bilaspur- Korba Transmission Line.	Valid	Power Grid Corporation Ltd.
13	Aviation Clearance -NOC for Transmission Line	7	Airport Authority of India
14	Defence Clearance - NOC from Aviation Angle for Construction	Valid	Ministry of Defence
15	Transmission Service Agreement	Valid	
16	Approval for adoption of Tariff	35	Central Electricity Regulatory Commission

Source: Approvals & Licenses

Note: Management confirmed that there are no applications applied for which approval is pending.



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Appendix IV - Summary of Ongoing Litigations: JTCL

Matter	Against	Pending Before	Details of the Case	Amount Involved (INR Million)	Amount Deposited (INR Million)*
Indirect Tax Matters	JTCL	High Court and Chairman, Commercial Tax Tribunal, Raipur, Chhattisgarh	Payment of Entry Tax and Value Added Tax	150.00	46.80
Madhya Pradesh VAT Act, 2002 Electricity Act	JTCL JTCL	CERC	Certain notices were received by JTCL JTCL filed a petition before CERC praying for approving quantification of the increase of INR 803.70 million per annum in the levelized transmission charges and allowing commencement of transmission charges from commercial operation date of the Project.	0.01	0.01
Jagmohan Singh	Union of India, JTCL and Others	District Magistrate, Sagar, Madhya Pradesh, under the Telegraph Act,	Suffered damage due to the construction of high voltage transmission lines by JTCL.	9.28	
Sanjay Jain and Others	State of Madhya Pradesh and Others	High Court of Madhya Pradesh, Jabalpur Bench	The Land is being utilized for construction of transmission line towers without acquiring the land in accordance with the law. The High Court, by an order dated 8th July 2014 (the "Order") disposed off the said matter along with the direction that along with the certified copy of the Order, the Petitioner may prefer a representation raising his grievances which is to be adjudicated by a competent authority within a month. Till the decision by the said authority, the interim order shall remain in operation. JTCL got the stay vacated. The matter is currently pending.		
Bhujbal Patel and Others	Union of India	District Magistrate, Sagar, Madhya Pradesh, under the Telegraph Act, 1885,	Petitioners suffered damage due to the construction of the high voltage transmission line by JTCL. High Court issued an order in favour of JTCL (dated 23rd June 2014). Petitioners approached Sub-Divisional Magistrate, Sagar. The High Court stated the Petitioners suppressed material facts and dismissed the Petition. Petitioners filed a civil application against the Union of India before the District Magistrate alleging that they suffered damage due to the construction of the high voltage transmission line by JTCL and claimed compensation of INR 14.35 million. JTCL has filed its reply. The matter is currently pending.	14.35	
Lalchand Agarwal	Union of India	Civil Appeal before Supreme Court	Appellant challenged the erection of a tower on his land by JTCL, alleging that his village was not mentioned in the notification dated 12th July 2013 under which JTCL was authorized to erect towers, and further alleging that no notice was provided and no compensation was paid.		

Source: Management Information

*Note: Management informed that the above amount paid under protest to the government authorities are grouped under Current Assets.

Note: Management confirmed that there are no closed material litigation including tax disputes in relation to the assets.



ANNEXURE B: LITIGATION UPDATE



UPDATE ON LITIGATION

Except as stated in this section, there are no material litigation and actions by regulatory authorities, in each case against IndiGrid, the Sponsor, the Investment Manager, the Project Manager, or any of their Associates and the Trustee that are currently pending.

For the Trustee, all suits as specified are in representative capacity and there are no claims against the Trustee, hence no provisions for contingent liabilities with respect to these suits have been made in the balance sheet.

For the purpose of this section, details of all regulatory actions and criminal matters that are currently pending have been disclosed. Further, any matter that is currently pending involving an amount equivalent to, or more than, the amount as disclosed below, in respect of IndiGrid, the Sponsor, the Investment Manager and each of their Associates has been disclosed.

For the Sponsor or Project Manager and its Associates (some of which are also Associates of the Investment Manager), the total consolidated income for FY 17 was INR 7,534.9 million and the consolidated net worth (i.e. the total of share capital and consolidated reserves and surplus) was INR 4.97 billion. Accordingly, all outstanding cases which involve an amount exceeding INR 376.7 million (being 5% of the total consolidated income) have been considered material. The Investment Manager does not have any outstanding litigation.

In relation to the Initial Portfolio Assets and ROFO Assets, all outstanding matters have been considered material for the purposes of disclosure in this section.

Litigation involving India Grid Trust

Jabalpur Transmission Company Limited (JTCL)

Regulatory matters

- Five indirect tax matters involving JTCL are pending before the Jabalpur High Court ("High Court") and the Chairman, Commercial Tax Tribunal, Raipur, Chhattisgarh ("Tribunal") for payment of entry tax and value added tax allegedly incurred by JTCL for Fiscals 2015, 2014 and 2013 during the course of its business. The aggregate amount involved in these matters is INR 176.50 million, of which INR 56.30 million has been paid. In relation to two of these matters, JTCL filed an appeal before the Tribunal. The Tribunal rejected the claims of JTCL. These matters are currently pending.
- The Assistant Commissioner of Income Tax, New Delhi, initiated an inquiry against JTCL regarding the

reduction in the tax deducted at source deposited from INR 18.90 million for Fiscal 2016 to INR 12.40 million for Fiscal 2017. JTCL has filed its reply.

- Certain notices were received by JTCL under the Madhya Pradesh VAT Act, 2002. JTCL paid INR 0.01 million in relation thereto. Further, in relation to the Madhya Pradesh VAT Act, 2002, JTCL paid INR 0.01 million for the Fiscal 2015.
- JTCL has filed a petition (the "Petition") before the CERC under Section 61, 63 and 79 of the Electricity Act, read with the statutory framework for tariff based competitive bidding for transmission services. The Petition was filed for approving the increase in transmission charges for the inter-state transmission project, consisting of two transmission lines (collectively, the "Project") praying for an increase of INR 800.00 million in the levelised transmission charges. The delay in commissioning of the Project was due to change in law and force majeure events including the amendment of the Forest Guidelines, delay in grant of forest clearance and delay in obtaining authorization under Section 164 of the Electricity Act. CERC, by its order dated October 16, 2015 acknowledged the delay, allowed an extension in the scheduled date of commercial operation and directed JTCL to approach the CERC with documentary evidence to support the proposed increase in transmission charges. JTCL filed a petition dated December 18, 2015 before the CERC praying for approving quantification of the increase of INR 803.70 million per annum in the levelised transmission charges and allowing commencement of transmission charges from commercial operation date of the Project. CERC by its order dated March 2, 2017, allowed JTCL to claim an increase partially in the non-escalable transmission charges, being equal to 0.32% of the non-escalable transmission charges for every cumulative increase of INR 55 million, on account of additional expenditure incurred, subject to submission of documents. On March 23, 2017, JTCL filed an affidavit along with proof of the expenditure incurred, being approximately INR 1,700 million (or 9.90% of the non-escalable transmission charges) on account of the increase in afforestation costs, increase in interest on loans availed during the construction period and change in the duties and taxes payable in relation to the Project. The matter is currently pending. The CERC has through its order dated May 8, 2017 (in petition number 310/MP/2015) allowed an increase of 9.8903% per annum on the quoted non-escalable charges of the respective

years from the date of commercial operation of the respective transmission lines on account of change in law, resulting in an increase in the cost of the project by INR 1,699.90 million. Based on the CERC Order dated May 8, 2017, the non-escalable tariff has been increase by 9.8903% on a retrospective basis.

Other matters

- Jagmohan Patel (the “Applicant”) filed an application against the Union of India, JTCL and others, before the District Magistrate, Sagar, Madhya Pradesh, under the Telegraph Act, 1885, alleging that he suffered damage due to the construction of high voltage transmission lines by JTCL. He claimed compensation of INR 9.28 million. The District Judge, District Court, Sagar also issued a show-cause notice dated August 25, 2016, requiring the Applicant to appear before it at the designated time. JTCL has filed its reply. The matter is currently pending.
- Sanjay Jain and others (the “Petitioners”) filed a writ petition before the High Court of Madhya Pradesh, Jabalpur Bench (the “High Court”) against the State of Madhya Pradesh and others (the “Respondents”) alleging that the land is being utilized for construction of transmission line towers without acquiring the land in accordance with the law. The High Court, by its order date December 31, 2012 ordered that the status quo with respect to the property in question should be maintained till the land is not acquired by the Respondents for the construction of towers and ordered that compensation be paid to the Petitioners. The High Court, by an order dated July 8, 2014 (the “Order”) disposed of the said matter along with the direction that along with the certified copy of the Order, the Petitioner may prefer a representation raising his grievances which to be adjudicated by a competent authority within a month. Till the decision by the said authority, the interim order shall remain in operation. JTCL got the stay vacated. The matter is currently pending.
- Bhujbal Patel and others (the “Petitioners”) filed a civil application against the Union of India before the District Magistrate, Sagar, Madhya Pradesh (the “District Magistrate”), under the Telegraph Act, 1885, alleging that they suffered damage due to the construction of the high voltage transmission line by JTCL. The Petitioners claimed compensation of INR 14.35 million. They filed a writ petition before the High Court of Madhya Pradesh, Jabalpur Bench (the “High Court”), alleging that JTCL was using

their land, without consent and thereby depriving them of their right. The High Court issued an order dated June 23, 2014 in favour of JTCL (the “Order”) and directed the Petitioners to seek recourse under Section 16 of the Telegraph Act, 1885. Thereafter, the Petitioners approached the Sub- Divisional Magistrate, Sagar. The High Court stated the Petitioners suppressed material facts and dismissed the Petition. Aggrieved, the Petitioners filed a civil application against the Union of India before the District Magistrate, under the Telegraph Act, 1885, alleging that they suffered damage due to the construction of the high voltage transmission line by JTCL and claimed compensation of INR 14.35 million. JTCL has filed its reply. The matter is currently pending.

- Lalchand Agrawal filed a writ petition against the Union of India before the High Court of Madhya Pradesh, (the “High Court”) challenging the erection of a tower on his land by JTCL, alleging that his village was not mentioned in the notification dated July 12, 2013 under which JTCL was authorized to erect towers, and further alleging that no notice was provided and no compensation was paid. The High Court rejected the claim of Lalchand Agrawal. Aggrieved, Lalchand Agrawal has filed a civil appeal before the Supreme Court of India. JTCL has filed its reply. The matter is currently pending.

Bhopal Dhule Transmission Company Limited (BDTCL)

Regulatory Matters

- Three indirect tax matters involving BDTCL are pending before the High Court of Madhya Pradesh in relation to demand for payment of entry tax in Fiscals 2015, 2014 and 2013, which was allegedly incurred by BDTCL during the course of its business. BDTCL approached the Additional Commissioner (Appeal) against the order of the Assessing Officer, who rejected the appeal. BDTCL further prayed to the High Court of Madhya Pradesh and a stay was granted. The aggregate amount involved in the matters is INR 164.00 million, of which INR 57.70 million has been paid. The matters are currently pending.
- One direct tax matter involving BDTCL is pending before the Assistant Commissioner of Income Tax, TDS, Delhi for payment of Tax Deducted at Source in Fiscals 2016, 2015, 2014, 2013, 2012 and 2011 allegedly arising out of mismatch in the calculation of the tax payable on return. The aggregate amount

involved in the matter is INR 16.5 million. BDTCL has filed its reply, requesting that the alleged mismatch be rectified. The matter is currently pending.

- Certain notices were received by BDTCL under the Madhya Pradesh VAT Act, 2002. BDTCL paid INR 0.01 million in relation thereto. These matters are currently pending.
- BDTCL has filed a petition dated October 15, 2016 (the "Petition") before the CERC under Sections 63, 79 (1)(f) and 79 (1)(c) of the Electricity Act seeking compensatory and declaratory relief (the "Relief") under the Transmission Services Agreement dated December 7, 2010 in relation to six transmission lines and two sub-stations (collectively, the "Project"). The delay in commissioning the Project was due to change in law and force majeure events, including the amendment of Forest Guidelines, delay in grant of forest clearance, delay in receiving authorisation under Section 164 of the Electricity Act, delay in allotment of land for the construction of the Bhopal substation and change in applicable rates of taxes. Additionally, BDTCL prayed for extension of the scheduled commercial operation date up to June 9, 2015 and grant of increase of INR 212.30 million per annum in levelised transmission charges payable with effect from the commercial operation date of each element of the Project. Chhattisgarh State Power Trading Company Limited ("CSPTCL") has filed a reply to the Petition dated January 30, 2017 (the "Reply"), alleging that the Petition filed by BDTCL is not maintainable and sought its dismissal. BDTCL filed an affidavit dated January 2, 2017 before the CERC. CSPTCL has alleged that BDTCL is not entitled to claim an increase in the transmission charges due to change in law and force majeure events. CSPTCL further alleged that the delay in receiving authorisation under Section 164 of the Electricity Act, the delay in procurement of equipment and the delay in grant of forest clearance do not constitute force majeure events under the BDTCL TSA. Further, BDTCL filed a rejoinder dated February 28, 2017 to the Reply, praying the Reply be rejected. The matter is currently pending.

Other matters

- In relation to a fatal accident that occurred on January 20, 2014 at the BDTCL premises in Sehore, near Bhopal leading to the death of one labourer, the Deputy Director, Industrial Health and Safety, Dewas (the "Deputy Director") issued a show cause notice to BDTCL as to why legal proceedings should not

be initiated against it under the BOCW Act. A reply has been filed by BDTCL and the matter has been referred to the Labour Commissioner, Indore by the Deputy Director seeking directions for initiating criminal proceedings against BDTCL. The matter is currently pending.

- Bhagawan Devman Bhilla filed a civil suit against the State of Maharashtra and BDTCL before the Joint Civil Judge (Senior Division), Dhule (the "Judge") for declaration, compensation and interim injunction in relation to a plot of land. BDTCL has filed a counter-claim and application for interim injunction. The Judge passed an order on February 23, 2016 (the "Order"), allowing the application for interim injunction of Bhagawan Devman Bhilla and partially allowing the application for interim injunction of BDTCL. BDTCL was restrained from evicting Bhagawan Devman Bhilla and Bhagawan Devman Bhilla was restrained from causing obstruction to the State of Maharashtra. Aggrieved by this Order, BDTCL filed an appeal in the court of the District Court, Dhule pleading that the order of the Judge should be stayed since it is bad in law and fact. The matter is currently pending.
- Satya Narayan Mishra filed a petition under the Telegraph Act, 1885 before the District Judge, Narsinhpur, Madhya Pradesh, seeking compensation under Section 16 (3), the Telegraph Act, 1885 for the losses which he allegedly suffered due to construction of the overhead lines by BDTCL over his land. BDTCL has claimed that it has already provided the compensation through cheques dated January 14, 2014 and May 21, 2014. Reply has been filed and the witness of applicant has been cross examined by BDTCL. The matter is currently pending.
- Shikha Neekhara (the "Petitioner") filed a writ petition against the State of Madhya Pradesh through the District Collector, BDTCL and Simplex Infrastructure Limited before the High Court of Madhya Pradesh, Jabalpur (the "High Court"), alleging that BDTCL and Simplex Infrastructure Limited had constructed a tower which destroyed a mango tree and tube well on her land. The High Court by an order dated May 8, 2014 directed the Collector to look in to the matter. The Collector decided a compensation of INR 0.05 million on November 11, 2014. Aggrieved by the decision of the Collector, and alleging that insufficient compensation had been granted, the Petitioner filed another writ petition seeking compensation of INR 0.92 million, before the High Court. The High Court, by an order dated July 21, 2015 ("Order") disposed

of the said writ petition with the direction that any grievance of the Petitioner may be filed or raised before the District Judge, Raisen, in accordance with the provisions of Section 16 (3) of the Telegraph Act, 1885 within four weeks from the date of the Order. Accordingly, she has filed an application before the District Judge, Raisen under Section 16 (3) of the Telegraph Act, 1885, demanding compensation of INR 0.92 million towards the loss caused to her along with interest at 9% on such amount from the date of such damage. BDTCL has filed its reply. The court has decided the points on which adjudication is to be done. The matter is currently pending.

- Manish Neekhra filed a writ petition against the State of Madhya Pradesh, BDTCL and Simplex Infrastructure Limited before the High Court of Madhya Pradesh, Jabalpur, (the “High Court”) alleging that BDTCL and Simplex Infrastructure Limited had constructed a tower and destroyed the boundary of a pond, whereby water entered in his field and destroyed his crops. The High Court by an order dated May 12, 2014 directed the Collector to decide the quantum of compensation. The Collector, by its order dated November 11, 2014 decided a compensation of INR 0.5 million. Aggrieved by the decision of the Collector, he filed a writ petition seeking compensation of INR 2.63 million. The High Court, by an order dated July 21, 2015 (the “Order”) directed Manish Neekhra to file a complaint before the District Judge, Raisen under the Telegraph Act, 1885. Aggrieved, he filed an application before the District Magistrate, Narsinghpur under Section 16(3) of the Telegraph Act, 1885 praying that compensation of INR 2.63 million be awarded for the loss caused to him along with interest at 9% p.a. from the date of loss. BDTCL filed its reply before the District Magistrate praying that the matter be dismissed. BDTCL has filed its reply. The court has decided the points on which adjudication is to be done. The matter is currently pending.
- Pahup Singh (the “Petitioner”) filed a writ petition (the “Writ Petition”) against the Union of India, Collector and BDTCL, before the High Court of Madhya Pradesh, Jabalpur (the “High Court”), in relation to insufficiency of compensation for damage to his house over the land on which, a tower was constructed by BDTCL. BDTCL filed a caveat application before the High Court stating that it has dispatched a notice of caveat by registered post with acknowledgment due on the person by whom the Writ Petition is expected to be filed.

The High Court by an order dated June 29, 2015 asked the Petitioner to file a case before District Judge, Narsinghpur under the Telegraph Act, 1885. Accordingly, a complaint has been filed demanding compensation for violating right of way. BDTCL has filed its reply. Witness has been cross examined by BDTCL. The matter is currently pending.

- Shailendra Champaksinh Gohil, Pravinsinh Jaswantsinh Gohil and Janaksinh Jaswantsinh Gohil filed three special civil applications against the Union of India, Director, Ministry of Power, Government of India, BDTCL and the Collector, Bharuch, Office of the Collector, Bharuch before the High Court of Gujarat, Ahmedabad challenging the notification issued under Section 164 of the Electricity Act issued by the Director, Ministry of Power, Government of India (the “Director”) dated January 24, 2013 (the “Notification”) claiming that the Notification was without jurisdiction and beyond the scope of the Director for the laying of overhead transmission lines of BDTCL. The matter is currently pending.
- Pravinsinh Jaswantsinh Gohil and Janaksinh Jaswantsinh Gohil have separately filed two special civil applications against the Union of India, Ministry of Power, BDTCL and Office of the District Collector, Bharuch before the High Court of Gujarat, Ahmedabad (the “High Court”) alleging that the name of their village ‘Moriana’ was not mentioned in the notification dated January 24, 2013 (the “Notification”). BDTCL appealed against the interim order before the High Court. The appeal was allowed. The matter is currently pending.
- Bhikhan Govinda Sasundre and others (the “Petitioners”) filed a writ petition before the Bombay High Court, Aurangabad bench (the “High Court”) against the State of Maharashtra, BDTCL and the District Collector, Aurangabad claiming compensation for the alleged damage caused to their field by laying high tension power transmission line. Further, the Petitioners sought directions against the District Collector and BDTCL for non-compliance with the order dated September 3, 2013. The Bombay High Court directed BDTCL to deposit INR 0.64 million within four weeks from February 18, 2016, which was subsequently deposited. The matter is currently pending.
- Dnyaneshwar Mangate (the “Petitioner”) filed a writ petition against the State of Maharashtra, BDTCL, the District Collector and the District Magistrate, Aurangabad before the Bombay High

Court, Aurangabad Bench (the “High Court”) on October 19, 2013 for the payment of compensation in accordance with the order of the District Court, Aurangabad dated September 3, 2013 (the “Order”). BDTCL filed an appeal against the Order, subsequent to which the High Court instructed BDTCL to deposit INR 0.64 million within four weeks from February 18, 2016. The said amount was deposited. The matter is currently pending.

- Navneet Manchhibhai Vasava and others (the “Plaintiffs”) filed a civil suit against BDTCL before Civil Judge, Dedyapada alleging that laying of transmission lines violated their right of way and demanded compensation of INR 0.5 million. BDTCL filed its reply denying all allegations. The matter is currently pending.
- Kusumben Jayantibhai Patel and others (“Petitioners”) filed a special civil application against BDTCL and others before the High Court of Gujarat, Ahmedabad (the “High Court”) for restraining BDTCL from entering their lands. The High Court passed an order dated August 7, 2013 directing BDTCL to approach District Collector, Vadodara to obtain permission under the Telegraph Act, 1885 to erect the transmission towers in the Petitioners’ land. The District Collector issued an order in October, 2013 (“Order”) in the favour of BDTCL. Aggrieved by the order, Kusumben Jayantibhai Patel has challenged the Order in the High Court. The matter is currently pending.
- Kusum Arjun Mali and others (through their power of attorney) have filed a civil application against BDTCL before the Sub - Divisional Magistrate, Dhule disputing the compensation paid for their land. The matter is currently pending.
- 32 complaints have been filed against BDTCL before the District Collector, Aurangabad (“District Collector”) demanding compensation for allegedly violating the right of way by constructing high tension power transmission lines over their agricultural land without obtaining the requisite permissions. Preliminary objections on jurisdiction have been filed before the District Collector, and are pending adjudication. The matters are currently pending.
- Sharp Corporation Limited (the “Petitioner”) filed a writ petition dated March 24, 2014 (the “Petition”) before the High Court of Madhya Pradesh, Indore Bench (the “High Court”) against PGCIL, the District

Magistrate, BDTCL and others (the “Respondents”) to restrain the Respondents from starting and/or continuing the construction over the Petitioner’s land. Subsequently, BDTCL filed a reply to the Petition. A rejoinder has been filed by the Petitioner on May 12, 2014. The matter is currently pending.

Litigation involving Sponsor Assets

East North Interconnection Company Limited (ENICL)

Regulatory Matters

- One indirect tax matter involving ENICL is pending before the Joint Commissioner (Appeal), Commercial Tax, Patna in relation to the demand for payment of Bihar Value Added Tax (“Bihar VAT”) for Fiscals 2013, 2012 and 2011 filed by the Assessing Officer which was allegedly incurred by ENICL during the course of its business. ENICL filed a writ petition before the High Court (the “Writ Petition”) against the order of the Assessing Officer contesting the payment of Bihar VAT and penalty imposed, which was subsequently dismissed (the “Order”). ENICL filed a review petition, before the Commissioner of Commercial Tax, Bihar. The aggregate amount involved in the matter is INR 896.00 million, of which INR 75.30 million has been paid. The Commissioner of Commercial Tax rejected the review petition and directed ENICL to file an appeal. ENICL filed an appeal to Joint Commissioner (Appeal), Commercial Tax, Patna against the Order. A stay has been granted in the matter. The matter is currently pending.
- ENICL filed a petition before the CERC dated July 7, 2011 seeking an increase in transmission charges and additional time due to change in geographical co-ordinates and additional expenditure in relation to the two transmission lines of ENICL (the “Project”). The CERC by its orders dated May 8, 2013 and July 31, 2013 disposed of the said petition and held that ENICL was entitled to claim transmission charges on a pro rata basis for the expenditure incurred, and additional time for execution of the additional scope of work. ENICL filed a petition under Section 61, 63 and 79 of the Electricity Act, read with the statutory framework for competitive bidding for transmission service for an increase in tariff to compensate the Petitioner and offset the adverse impact on capital cost. The Project has been delayed due to force majeure events, including delay in receiving forest clearance, natural calamities, riots and bandhs. ENICL prayed for reimbursement of additional capital

expenditure, grant of extension in the scheduled commercial operation date and establishment of appropriate mechanism to offset transmission charges. The CERC, by its order dated August 24, 2016 permitted the extension of the scheduled commercial operation date for the Project and held that ENICL is entitled to payment of debt services for the period of force majeure in the form of increase in non-escalable transmission charges in terms of the TSA. Subsequently, ENICL filed a petition before the CERC praying for relief including approving the quantification of increase of 8.45% per annum in the non - escalable transmission charges and restoring ENICL to the same economic condition prior to the occurrence of the change in law and force majeure events. Uttar Pradesh Power Corporation Limited (“UPCCL”) filed a reply dated December 16, 2016 (the “Reply”) alleging that ENICL is not entitled to an increase in non-escalable charges and that there shall be no change in the tariffs that may be received in relation thereto. ENICL has filed a rejoinder dated January 20, 2017 to the Reply alleging that the Reply is without merit and praying for relief to be granted. ENICL submitted the information, in accordance with the direction of CERC dated December 27, 2016. On December 14, 2016, the CERC reserved its order. Based on the CERC Order dated September 13, 2017, non-escalable tariff has been increased by 3.76% on a retrospective basis.

- Sujit Debnath filed a petition for partition and for separate possession before the Civil Judge, Senior Division, Sadar Cooch Behar, demanding partition of ancestral property. ENICL and Sterlite Grid 1 Limited have been named as defendants. The matter is currently pending.

Other matters

- Santosh Tarafdar (the “Petitioner”) filed a money suit against ENICL demanding compensation of INR 0.98 million before the Civil Judge, Kokrajhar (“Judge”) for the damage caused to his land due to the construction of transmission towers. The Petitioner filed an application against the order dated November 13, 2015 (the “Order”) whereby the Judge rejected the applications filed by the Petitioner. ENICL filed an appeal against the Order. The Guwahati High Court has granted a stay. The matter will be disposed of based on the order of lower court.
- Shiv Kumar Sharma and Ram Rani Devi (the “Applicants”) filed an application for compensation

against ENICL, Bajaj Electricals, Ministry of Power, Government of India, and the Bihar Electricity Board before the District Judge, Madhupura in compliance with the order dated January 21, 2013 (the “Order”) of Patna High Court, Patna (the “High Court”). The High Court, by its order, directed the Applicants to approach the appropriate authority for claiming compensation. The Applicant has prayed for compensation of INR 13.2 million for damage caused while constructing the transmission line. ENICL is challenging the same on the grounds of limitation. The matter is currently pending.

- Ambika Agarwal (the “Petitioner”) filed a title suit before the Civil Judge, Junior Division, Jalpaiguri (the “Civil Judge”) praying for an order restraining ENICL from carrying out any work on her property. ENICL filed an application (the “Application”) before the Civil Judge, which was rejected. Aggrieved, ENICL filed an appeal before the Additional District Judge, 1st Court, Jalpaiguri. The matter is currently pending.

NRSS XXIX Transmission Limited (NTL)

Civil matters

- Various persons (the “Petitioners”) have filed petitions against NRSS before the Civil Judge, Senior Division, Gurdaspur (Punjab) and one petition before the Civil Judge, Junior Division, Dasuya, Punjab alleging violation of right of way. One suit has been dismissed on December 12, 2015. In relation to the other suits, applications for grant of stay have been dismissed. These matters are currently pending.
- Various persons (the “Petitioners”) have filed 4 petitions against NRSS before the High Court, Jammu (the “High Court”), of which one has been disposed of. In relation to two petitions, the High Court has ordered that the land in dispute should not be used without adopting the due course of law and affording the Petitioners an opportunity of being heard. Appearance has been made on behalf of NRSS. The matter has been adjourned and is currently pending. In respect of one petition, the High Court has disposed of the Miscellaneous Application with the direction that the installation of the tower shall be in accordance with the law.
- Azi filed a petition against the State and others praying that the original survey should not be changed in relation to the Samba-Amargarh section. NRSS has already given notice to concerned local authorities. The matter is currently pending.

- Abdul Majid (the “Petitioner”) filed a petition before Jammu High Court against the state through PDD and others (“Respondents”) claiming work has been carried out at the location owned by him and violations took place. Appearance has been made on behalf of NRSS. Out of court settlement has been reached with the owner and work has started over the location. NRSS will be filing its reply to this effect before the court.
- Mohd. Ahmed (the “Petitioner”) filed a petition before Jammu High Court against State through PDD and others (“Respondents”) claiming work has been carried out on the land owned by him and violations took place. Respondent has to file reply. The matter is currently pending.
- Des Raj & others (the “Petitioners”) filed a petition before Jammu High Court against the state claiming work has been carried out on the land owned by them and violations took place. Court has passed order that the course of law should be followed by the respondents. The matter is currently pending.
- Mohd Farooq Bhat & others (the “Petitioners”) filed a petition before Munsiff, Budgam against Chairman NRSS & Others (“Respondents”) claiming right of way violation and demanding compensation for the violation. Appearance has been made on behalf of NRSS and written statement has been filed. Stay application argued. No stay order has been passed in favour of plaintiff. Court has ordered that due process for acquisition should be followed. The matter is currently pending.
- Abdul Rashid & Others (the “Petitioners”) filed a petition before Munsiff, Thanamandi against J&K through secretary PDD & Others (“Respondents”) claiming right of way violation and demanding appropriate compensation for the violation. Appearance has been caused and written statement has been filed. Interim application argued. Interim order stands vacated. The matter is currently pending.
- Ram Sahai (the “Applicant”) filed an application before Sub Judge (Chief Judicial Magistrate), Jammu against Sterlite power NRSS Transmission Limited (“Respondent”) claiming right of way violation and demanding appropriate compensation for the violation. Appearance has been made on behalf of NRSS. Written statement has to be filed. The matter is currently pending.
- Yog Raj (the “Applicant”) filed an application before Sub Judge (Chief Judicial Magistrate), Jammu against Sterlite power NRSS Transmission Limited (“Respondent”) claiming right of way violation. Appearance has been made on behalf of NRSS. Written statement has to be filed. NRSS has filed an application for early hearing. The matter is currently pending.
- Shabir Ahmed (the “Applicant”) filed an application before Sub Judge, Rajouri against State & Others (“Respondents”) pertaining to work being carried out on land owned by him. Appearance has been caused and written statement has been filed. Arguments on interim application have been done. The matter is currently pending.
- Ghulam Mohd Lone (the “Applicant”) filed an application before Chief Judicial Magistrate, Budgam against Chairman NRSS & Others (“Respondents”) claiming work has been carried out on land owned by him and violations took place. Written statement has been filed. The matter is currently pending.
- Gulam Nab (the “Applicant”) filed an application before Sub Judge, Surankote against Ravinder Nath & others (“Respondents”) claiming work has been carried out on the land owned by him and violations took place. Appearance has been caused. Respondents have already formed the PNC. Arguments on interim application have been made and stay has been vacated. The matter is currently pending.
- Ab Rehman Lone (the “Applicant”) filed an application before Sub Judge, Budgam against Chairman NRSS & others (“Respondents”) alleging that no process was initiated for acquisition and crop/fruit tree compensation was not paid to plaintiff. Written statement has been filed and no stay order has been passed. The matter is currently pending.
- Abdul Ahad (the “Applicant”) filed an application before Sub Judge, Pattan against Abdul Rashid & others (“Respondents”) claiming that land over which tower has been constructed belongs to him and compensation has not been released in his favour. Court has passed interim direction that no compensation be released in the name of respondents as of now. The matter is currently pending.
- Shafiq Ahmed (the “Applicant”) filed an application before Sub Judge, Surankote against state & others

(“Respondents”) claiming that land compensation is being not released in his name. Written statement has to be filed. The matter is currently pending.

- Harvinder Kour & others (the “Petitioners”) filed a petition before Jammu High Court against State & others (“Respondents”) claiming that information as per order dated 5-6-17 under OWP no 574/2016 has not been provided. The matter is currently pending.
- Harbans Singh (the “Petitioner”) filed a petition before Jammu High Court against State & others (“Respondents”) challenging the process of acquisition of land. NRSS is not a party to the matter. The matter is currently pending.
- Ghulam Hassan Khanday (the “Applicant”) filed an application before Sub Judge, Budgam against Chairman NRSS & others (“Respondents”) claiming that no process is being followed for acquisition of nearby locations and no tree compensation is being given to plaintiff. No interim relief has been provided to plaintiff as on date. The matter is currently pending.
- Mohd Sultan Sheikh (the “Applicant”) filed an application before Sub Judge (Chief Judicial Magistrate), Jammu against Chairman NRSS & others (“Respondents”) claiming that no process is being followed for acquisition of nearby locations and no tree compensation is being given to plaintiff. No interim relief has been provided to plaintiff as on date. The matter is currently pending.

RAPP Transmission Company Limited (RTCL)

Regulatory Matters

- RTCL filed a petition dated March 11, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 before the CERC seeking payment of monthly transmission charges for the period starting from December 26, 2015 under the RTCL TSAs and the revenue sharing agreement and the order dated July 15, 2015 issued by the Ministry of Power, Government of India entitled “Policy for Incentivizing Early Commissioning of Transmission Projects” under which RTCL has prayed that it is entitled to the payment of monthly transmission charges from the actual date of commercial operation, December 26, 2015, which is in advance of the scheduled commercial operation date of February 2016. CERC, by its order dated September 21, 2016 (the “Impugned Order”), required Nuclear Power Corporation of India Limited (“NPCIL”) to

pay the transmission charges from March 1, 2016 till the bays are commissioned. NPCIL filed an interim application dated November 4, 2016 praying that the Impugned Order be stayed, since it is in violation of the principles of natural justice. RTCL has filed a reply dated January 31, 2017 before the Appellate Tribunal for Electricity at New Delhi alleging that the order dated September 21, 2016 be stayed. The matter is currently pending.

- One indirect tax matter involving RTCL is pending before the High Court of Madhya Pradesh, Jabalpur for the payment of entry tax under the Madhya Pradesh Value Added Tax, 2005 (“MPVAT Act”). The Assistant Commissioner, Commercial Tax, Bhopal, alleged that RTCL is liable to pay tax under the MPVAT Act in relation to the machinery for the transmission of electricity, for Fiscal 2015. The total amount involved in the matter is INR 6.27 million, of which INR 2.23 million has been paid. The matter is currently pending.

Purulia & Kharagpur Transmission Company Limited (PKTCL)

Regulatory matters

- One indirect tax matter involving PKTCL is pending before the Chairman, Commercial Tax Tribunal, Ranchi, Jharkhand. The Assessing Officer imposed tax and levied penalty on PKTCL for Fiscal 2016 alleging that the material imported by PKTCL in Jharkhand is for sale and hence VAT should be paid. PKTCL filed an appeal before the Joint Commissioner (Appeal), Ranchi, and the said appeal was rejected. Aggrieved, PKTCL filed a revision petition before the Chairman, Commercial Tax Tribunal, Jharkhand. Subsequently, stay was granted in the matter. The aggregate amount involved in the matter is INR 104.30 million, of which an amount of INR 26.10 million has been paid. Appeal was rejected by Tribunal. PKTCL has filed write petition in JHHC. The matter is currently pending.
- PKTCL filed a petition dated July 7, 2016 before the CERC under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 seeking compensatory and declaratory reliefs under the PKTCL TSA on account of force majeure and change in law including the delay in application for forest diversion proposal, shifting of termination point of Purulia substation, delay in grant of forest clearance, law and order issues, which adversely affected and subsequently, delayed the construction of two

transmission lines (the "Project"). The CERC has reserved the order. The matter is currently pending.

Maheshwaram Transmission Limited (MTL)

- Agnu Chandra Shekhar Reddy and others ("Petitioners") have filed a writ petition before the High Court of Telangana and Andhra Pradesh ("High Court") against T.S. Transco Vidhyutsoudha and others ("Respondents") under Article 226 of the Constitution of India. The Petitioners alleged that the laying of a transmission line parallel to the existing transmission line, is illegal and arbitrary. The Petitioners have prayed for issuing a writ of mandamus or any other appropriate writ and to stay the proceedings. The Petitioners have filed an application, requesting the High Court to make MTL, an additional respondent. The matter is currently pending.
- Purushotham and others ("Petitioners") filed a writ petition against CERC and others before the High Court of Telangana and Andhra Pradesh ("High Court") under Article 226 of the Constitution of India alleging that the construction of the high tension transmission lines by the Respondents on their land is illegal and arbitrary and praying that the Respondents change the alignment of the poles of the transmission lines. The High Court, by its order dated February 15, 2017, directed the Petitioners to approach the District Magistrate to adjudicate upon the matter. Subsequently, the Petitioners have filed a complaint before the District Magistrate, Sangareddy. The matter is currently pending.

Odisha Generation Power Transmission Limited (OGPTL)

Civil Matters

- Rameshwar Prasad (the "Petitioner") filed an application against OGPTL and others ("Respondents") before the Civil Judge, Junior Division, Raigarh praying that the Respondents be restrained from entering or constructing high tension transmission line over his land. The matter is currently pending.
- Santosh Kumar Sahu (the "Petitioner") filed an application against OGPTL and others ("Respondents") before the Tenth Civil Judge, Junior Division, Durg ("Court") seeking payment of adequate compensation for laying high tension transmission line over his land. The matter is currently pending.

- Narayan Prashad Das (the "Petitioner") has filed an application in High Court of Odisha, Bench at Cuttack against OGPTL and others ("Respondents") challenging the arbitrary action of the respondent in forcibly taking possession of the land of petitioner without issuing the prior notice and demanding land compensation. The matter is currently pending.

Litigation involving the Sponsor and Project Manager

There is no litigation involving the Sponsor and Project Manager

Litigation involving the Associates of the Sponsor and Project Manager Sterlite Grid 2 Limited

The Commissioner of Income Tax-2, Mumbai, filed a special leave petition before the Supreme Court of India under Article 136 of Constitution of India against the judgement and final order of Bombay High Court dated February 16, 2016, alleging that INR 18.8 million is deemed to be a dividend under Section 2(22)(e) of the Income Tax Act. SGL2 alleged that the said amount is due to a loan from a related party and hence, no tax is payable. The matter has been disposed off and Sterlite Grid 2 Limited has received order in its favour.

Sterlite Power Transmission Limited (SPTL)

Pursuant to the Scheme of Arrangement between STL, SPTL and their respective shareholders and creditors ("Scheme") effective from May 23, 2016 subsequent to which the power products and transmission grid business of STL were demerged, the case by or against STL have been transferred to SPTL.

Regulatory matters

- Pursuant to the Scheme, redeemable preference shares ("RPS") were proposed to be issued and allotted to eligible shareholders of STL, instead of the unlisted equity shares of SPTL. SPTL approached various authorities, including the NSE, seeking their approval for the listing of RPS. NSE, by its letter dated October 3, 2016, granted its in-principle approval for listing of 17,900,190 RPS, subject to receipt of, inter alia, relaxation under Regulation 27(2) of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 ("SEBI NCRPS Regulations"). Accordingly, SPTL requested SEBI to grant relaxation of certain procedural and technical requirements under the SEBI NCRPS Regulations. SEBI by its letter dated November 8, 2016, stated that the proposed listing of RPS would not be in accordance with the SEBI NCRPS Regulations and

the Companies Act and hence, did not provide any relaxation under the applicable law. The Bombay High Court while noting the objections of SEBI, by its Order dated December 8, 2016 observed that the SPTL, STL and SEBI should try to amicably resolve the issue in light of the peculiar circumstances. The matter is currently pending.

- The excise department, Mumbai (the “Department”) raised a demand amounting to INR 130 million (the “Demand”) pertaining to excise duty levied on goods of SPTL (the “Goods”). The Goods were removed without payment of duty by SPTL on the assumption that the project (“Project”) qualified for an exemption under the JBIC funded project (the “Removal”). Pursuant to the Removal, the Department withdrew the exemption certificate directing that the Project did not qualify for any exemption, thereby raising the Demand (the “Order”). Pursuant to the Order, SPTL appeal before the Custom Excise and Service Tax Appellate Tribunal, Mumbai (“CESTAT Mumbai”) and Custom Excise and Service Tax Appellate Tribunal, Ahmedabad (the “CESTATs”). While the orders of CESTATs were in favour of SPTL, CESTAT Mumbai passed an order dated March 29, 2011 (collectively, the “CESTAT Orders”) directing the Department to re-quantify the demand that is within limitation. The Department preferred appeals against the CESTAT Orders before the Bombay High Court. The appeals filed by Department were rejected for non-removal. The matter is current pending.
- SPTL issued a legal notice dated May 23, 2013 (the “Notice”) in favour of Aster Private Limited (“Aster”) for illegal termination of contract which was entered between Aster and SPTL for purchase of aluminium with respect to the PHCN Nigeria project (the “Termination”). SPTL through the Notice, filed for claims amounting to a total of INR 42.80 million which was the total loss borne by SPTL owing to the Termination. Pursuant to the Notice, an arbitration application was filed by STL before the High Court of Andhra Pradesh. The matter is currently pending and the next date is yet to be listed.

There is no litigation involving Volcan Investments Limited, Twin Star Overseas Limited and Sterlite Grid 3 Limited

Litigation involving the Investment Manager

There is no litigation involving the Investment Manager

Litigation involving the Trustee

- The Trustee initiated action before the Bombay High Court against four companies in relation to the default in the repayment of debentures. Provisional liquidator has been appointed for one company. These matters are currently pending.
- Various lenders have filed 27 recovery suits and miscellaneous petitions thereto before the Debt Recovery Tribunals and the Debt Recovery Appellate Tribunals against the borrowers and debenture issuing companies including the Trustee (acting as a debenture trustee or a security trustee, as the case maybe), in its capacity as a defendant. Liquidators have been appointed for one of the companies. These matters are currently pending.
- Dhanlakshmi Bank Limited has filed a declaratory and injunction suit before the City Civil Court, Bombay against Core Education and Technologies Limited. The Trustee is involved in its capacity as a security trustee for the benefit of the lenders. The matter is currently pending.
- Jitender Das Magnati HUF (“Pledgor”) has filed a recovery suit before the Principal District Judge, Vishakapatnam, against Sevenhills Healthcare Private Limited. The Trustee is involved in this matter in its capacity as a security trustee. The matter is currently pending.
- Sevenhills Healthcare Private Limited has filed an interim application, in relation to a recovery suit, before the Additional Senior Civil Judge, Vishakapatnam against the Trustee for a permanent injunction. The matter is currently pending.
- Torrent Pharmaceuticals Limited has filed an intervention application before the Debt Recovery Appellate Tribunal, New Delhi and the Debt Recovery Tribunal, Kolkata to intervene in recovery proceedings filed by Axis Bank Limited. The Trustee is involved in its capacity as a security trustee, for the benefit of the lenders. The matter is currently pending.

- The Trustee filed two complaints before the Additional Chief Metropolitan Magistrate Court, Ballard Pier, Mumbai under Section 138 of the Negotiable Instruments Act, 1882 against various parties including Lokhandwala Developers Private Limited and Vista Homes Private Limited, regarding the dishonour of post-dated cheques issued in connection with the debentures issued by these entities. There has been a change in the debenture trustee for Vista Homes Private Limited. The trustee has resigned and successor trustee has been appointed, the transfer application is pending.
- HDFC Bank Limited has filed a writ petition before the Bombay High Court, seeking, inter alia, an order of certiorari, against conflicting orders passed by the MPID Court and Debt Recovery Tribunal relating to Elder Pharmaceuticals. The Trustee has been included, in its capacity as the debenture trustee for the debenture holders. The matter is currently pending.
- The Trustee, acting on the instructions of the lenders, has initiated action before the High Court of Judicature at Hyderabad, against Gowthaminagar (Edulanagulapally) for default in the repayment of loans. The matter is currently pending.
- The Trustee filed seven securitisation applications before the District Magistrate, Thane; the Chief Metropolitan Magistrate, Mumbai; and the District Magistrate, Raigad under Section 14 of the SARFAESI Act, 2002. The Trustee received orders for possession of property in two matters filed before the District Magistrate, Thane. The remaining matters are currently pending.
- Rajiv Mehta and Vishwanath Tribewala have filed an intervention application in the recovery suit filed by Axis Bank Limited against Elder Pharmaceuticals Limited. The Trustee has been added as a proforma defendant in its capacity as a debenture trustee. The matter is currently pending.