



**STERLITE INVESTMENT MANAGERS LIMITED
(Formerly Sterlite Infraventures Limited)**

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Date: November 01, 2018

B S E Limited

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Dalal Street,
Mumbai — 400 001

Scrip Code- 540565

National Stock Exchange of India Ltd

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

Symbol- INDIGRID

Subject: Submission of Half-yearly Valuation Report of India Grid Trust's assets as on September 30, 2018.

Dear Sir/ Madam,

Pursuant to Regulation 21 and other applicable provisions of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 read with all the Schedules and Circulars issued thereunder and as amended from time to time, please find attached the Half-yearly Valuation Report of Jabalpur Transmission Company Limited (asset of India Grid Trust) for the half-year ended on September 30, 2018.

You are requested to take the same on record.

Yours sincerely,

For and on behalf of the Sterlite Investment Managers Limited

(Formerly known as Sterlite Infraventures Limited)

Representing India Grid Trust as its Investment Manager

Swapnil Patil

Company Secretary & Compliance Officer
ACS-24861

CC-

Axis Trustee Services Limited

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

Strictly Private and Confidential

HARIBHAKTI & CO. LLP
Chartered Accountants

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

**SPV: Jabalpur Transmission Company Limited
("JTCL")**

Valuation Date: 30th September 2018



Strictly Private and Confidential**Date: 17th October 2018**

CFAS-2/R-015/1017/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/Madams,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), have been appointed vide letter dated 21st September 2018, as an independent valuer, as defined under the SEBI InvIT Regulations, by Sterlite Investment Managers Limited ("the Investment Manager" or "SIML"), acting as the investment manager for India Grid Trust ("the Trust") and Axis Trustee Services Limited ("the Trustee") acting as the trustee for the Trust mentioned above, for the purpose of the financial valuation of 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 value of the SPV on a going concern basis as at 30th September 2018 ("Valuation Date"). Enterprise Value ("EV") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.



We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. 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 Securities Exchange Board of India ("SEBI") there under.

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

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

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

Yours faithfully,

For **Haribhakti & Co. LLP**,
Chartered Accountants

Firm Registration Number: 103523W / W100048



Manoj Daga

Partner

Membership No. 048523

Place: Mumbai

Encl: As above



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Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BDTCL	Bhopal Dhule Transmission Company Limited
BOOM	Build-Own-Operate-Maintain
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CERC	Central Electricity Regulatory Commission
Ckms	Circuit Kilometres
COD	Commercial Operation Date
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest , Taxes , Depreciation and Amortization
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FY	Financial Year Ended 31 st March
FYP	Five year Plan
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
INR	Indian Rupees
IVS	Indian Valuation Standards, 2018
JTCL or the SPV	Jabalpur Transmission Company Limited
kV	Kilo Volts
LTTC	Long Term Transmission Customer
Mn	Million
MTL	Maheshwaram Transmission Limited
NAV	Net Asset Value Method
NCA	Net Current Assets Excluding Cash and Bank Balances
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Limited
PKTCL	Purulia & Kharagpur Transmission Company Limited
PTCL	Patran Transmission Company Limited
RTCL	RAPP Transmission Company Limited
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SGL1	Sterlite Grid 1 Limited
SIML or Investment Manager	Sterlite Investment Managers Limited
SPGVL or the Sponsor	Sterlite Power Grid Ventures Limited
SPV	Special Purpose Vehicle
T&D	Transmission & Distribution
the Trust or InvIT	India Grid Trust
the Trustee	Axis Trustee Services Limited
TSA	Transmission Service Agreement
WACC	Weighted Average Cost of Capital

1. Purpose of Valuation

- 1.1. India Grid Trust ("the Trust") is registered with Securities and Exchange Board of India ("SEBI") pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("SEBI InvIT Regulations"). The Trust was established on 21st October 2016 by Sterlite Power Grid Ventures Limited ("SPGVL" or "the Sponsor") to own inter-state power transmission assets in India. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6th June 2017.
- 1.2. As per Regulation 21(5) of Chapter V of the SEBI InvIT Regulations, "a half yearly valuation of the assets of the InvIT shall be conducted by the valuer for the half-year ending September 30th 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 Sterlite Investment Manager ("the Investment Manager" or "SIML"), acting as the investment manager and Axis Trustee Services Limited ("the Trustee") acting as the trustee to the Trust intends to undertake the fair valuation of Jabalpur Transmission Company Limited ("JTCL" or "SPV").
- 1.3. The details of the SPV to be valued is as follows:
JTCL operates two extra high voltage 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 of the SPV as per the SEBI InvIT Regulations as at 30th September 2018 ("Valuation Date"). Enterprise Value ("EV") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.
- 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 Valuation Report ("Report") on a fair and unbiased basis;
- 1.5.3. It has valued the SPV based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 1.6. This Report covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

Scope of Valuation

- 1.7. We have undertaken the fair valuation of the SPV at the enterprise level. The Valuation Date considered for the fair enterprise valuation of the SPV is 30th September 2018. Valuation analysis and results are specific to the date of the 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.



- 1.8. We have been mandated by the Investment Manager to arrive only at the EV of the SPV.
- 1.9. For the amount pertaining to the operating working capital, the Investment Manager has acknowledged to consider the provisional financial statements as on 30th September 2018 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 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. We have arrived at an indicative EV based on our analysis. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.
- 2.10. 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. 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.
- 2.13. 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.
- 2.14. 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.
- 2.15. 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.
- 2.16. 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.
- 2.17. 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.
- 2.18. 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.
- 2.19. 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.

2.20. 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.

2.21. **Limitation of Liabilities**

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

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

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

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

3. **Sources of Information**

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

- 3.1. Audited financial statements of JTCL for the Financial Year ("FY") ended 31st March 2018 and 31st March 2017;
- 3.2. Provisional Profit & Loss Account and Balance Sheet for six months period ended 30th September 2018.
- 3.3. Projected Profit & Loss Account and Working Capital requirements of JTCL from 1st October 2018 to 31st March 2049.
- 3.4. Details of brought forward losses (as per Income Tax Act) as at 31st March 2018.
- 3.5. Details of Written Down Value (as per Income Tax Act) of assets as at 31st March 2018.
- 3.6. Details of projected Repairs and Capital Expenditure ("Capex") as represented by Investment Manager.



- 3.7. As on 30th September 2018, India Grid Trust holds 100% equity stake in JTCL through Sterlite Grid Limited 1 ("SGL 1"). As represented to us by the Investment Manager, there are no changes in the shareholding pattern from 30th September 2018 to the date of issuance of this Report.
- 3.8. Transmission Service Agreement ("TSA") of JTCL with Long Term Transmission Customers ("LTTCs") and Tariff adoption order by Central Electricity Regulatory Commission ("CERC") dated 28th October 2011 and 8th May 2017.
- 3.9. Management Representation Letter by Investment Manager dated 16th October 2018.

4. Procedures adopted for the current valuation exercise

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

5. Overview of the InvIT and the SPV

The Trust

- 5.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2016 by SPGVL to own inter-state power transmission assets in India. The units of the trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6th June 2017.
- 5.2. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and JTCL from its Sponsor on 30th May 2017. On 15th February 2018, the Trust



acquired three additional revenue generating projects from its Sponsor, namely, Maheshwaram Transmission Limited ("MTL"), Purulia Kharagpur Transmission Company Limited ("PKTCL") and RAPP Transmission Limited ("RTCL"). Further, the Trust had acquired another revenue generating project, namely, Patran Transmission Company Limited ("PTCL") on 19th February 2018 from Techno Electric & Engineering Company Limited.

- 5.3. The Trust, pursuant to the 'Right of First Offer' deed has a 'right of first offer' to acquire seven other projects of the Sponsor.
- 5.4. Following is the financial summary of the projects which the Trust had acquired from the Sponsor:

BDTCL and JTCL

Asset Name	Enterprise Value (INR Mn)					Acquisition Value
	31-Mar-18	30-Sep-17	31-Mar-17	31-Mar-16	31-Mar-15	
BDTCL	20,319	21,431	21,541	21,812	20,113	37,020*
JTCL	15,431	15,988	16,125	19,407**	14,295	
Total	35,750	37,419	37,666	41,219	34,408	37,020

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

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

MTL, RTCL and PKTCL

Asset Name	Enterprise Value (INR Mn)		Acquisition Value
	31-Mar-18	30-Jun-17	
MTL	5,564	5,218	4,697
RTCL	4,054	3,935	3,542
PKTCL	6,618	6,512	5,861
Total	16,236	15,666	14,100

Jabalpur Transmission Company Limited ("JTCL")

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

Parameters	Details
Project Cost	INR 19,183 Mn
Total Length	992 ckms
Scheduled COD	1 st March, 2014
Expiry Date	35 years from the scheduled COD
Trust's stake (through SGL 1)	100%

- 5.6. 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 Build-Own-Operate-Maintain ("BOOM") basis. The expiry date of TSA shall be the date which is 35 years from the scheduled Commercial Operation Date ("COD") of the project.
- 5.7. JTCL operates two extra high voltage 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.



5.8. 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.

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

Transmission line / Sub-Station	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%

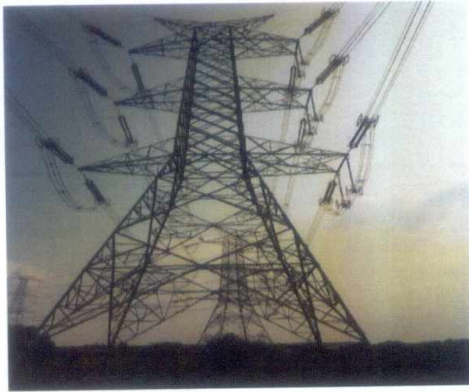
5.10. Following is the map showing area covered by JTCL (not drawn to scale):



5.11. Operating Efficiency history of JTCL:



5.12. Pictures of the site visit as on 27th September 2016



6. Overview of the Industry

6.1. Introduction:

- 6.1.1. India is the third largest producer and third largest consumer of electricity in the world, with the installed power capacity reaching 344.69 GW as of August 2018. The country also has the fifth largest installed capacity in the world.
- 6.1.2. Per capita electricity consumption in the country grew at a CAGR of 9.63 per cent, during FY06-FY16 reaching 1075 KWh in FY16.

6.2. Demand and Supply

- 6.2.1. Demand: India continues to be a power deficient country even after an increasing trend in demand in the past. It is expected that energy requirement will continue to grow at healthy CAGR of 7.5% to 8% over FY 17 to FY 21. The primary growth drivers for rapid expansion in India's energy demand include investments in industrial and infrastructure development, rising per capita energy consumption levels etc.
- 6.2.2. Supply: India has seen a robust growth in the installed power generation capacity in the past four years. The installed power generation capacity has grown at a CAGR of ~9% from ~243 GW in FY 14 to ~ 334.40 GW as of January 2018 (Source: Central Electricity Authority).



6.3. India's economic outlook

- 6.3.1. According to World Bank, India has retained its position as the fastest-growing economy in the world in 2015, after overtaking China in the previous year. Based on its estimates, India will continue to occupy the top slot among major economies with a growth rate of 7.6% 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.
- 6.3.2. Power is one of the key sectors attracting FDI inflows into India.
- 6.3.3. 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.
- 6.3.4. Cumulative FDI inflows into the sector from April 2000–June 2018 were US\$ 14.18 billion.
- 6.3.5. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014. The FDI inflow has doubled to 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.

6.4. Power transmission network in India

- 6.4.1. The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the Transmission and Distribution ("T&D") system is a three-tier structure comprising distribution networks, state grids and regional grids.
- 6.4.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by Power Grid Corporation India Limited ("PGCIL"), which facilitates the transfer of power from a surplus region to the ones with deficit.
- 6.4.3. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 254,536 Ckms in FY 11 to around 367,851 Ckms in FY 17.
- 6.4.4. As on 31st March, 2017 approx. 7% of total transmission network is owned by private players which showcases the need of more private sector participation in this space. India has been underinvested as far as transmission is concerned, however; recently government has been encouraging investments in transmission with approximately projects worth INR 30,000 crores being awarded in last 2 years.
- 6.4.5. PGCIL has 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 ("FYP"), PGCIL has spent around INR 0.9 trillion over 2013-16.

- 6.4.6. Of the total capacity-addition projects in transmission during the 12th FYP, about 42% can be attributed to the state sector. The share of private sector in transmission line and substation additions since the beginning of 12th FYP is 14% and 7%, respectively, as the majority of high-capacity, long-distance transmission projects were executed by PGCIL and state transmission utilities during this period.
- 6.4.7. In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-supply mismatches, upgradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.
- 6.4.8. Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, we expect transmission segments investments to increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period.

Source: CRISIL Power Transmission Report – November 2016 and IBEF report on Power sector in India-September 2018 and Central Electricity Authority Data as mentioned in PGCIL and Adani Transmission Limited Annual Report 2017-18.

7. Valuation Approach

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

7.4. Cost Approach

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

Net Asset Value ("NAV")

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

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



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

Additionally, NAV 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.

7.5. **Market Approach**

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

Comparable Companies Multiples ("CCM") Method

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

Comparable Transactions Multiples ("CTM") Method

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

Market Price Method

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

7.6. **Income Approach**

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

Discounted Cash Flow ("DCF") Method

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



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

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

7.7. **Conclusion on Valuation Approach**

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

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

Cost Approach

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

Market Approach

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

Income Approach

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



8. Valuation of the SPV

We have estimated the EV of SPV 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

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

Key Assumption

8.1.1. **Transmission Revenue:** The transmission revenue of the SPV comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA read with Tariff adoption order dated 28th October 2011.

- **Non Escalable Transmission Revenue:** The Non Escalable Transmission revenue remains fixed for the entire life of the project. We have corroborated the revenue considered in the financial projections with the respective TSA read with Tariff adoption order dated 28th October 2011 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 dated 8th May 2017 at the rate of 9.8903% of non escalable charges mentioned in the TSA.
- **Escalable Transmission Revenue:** Escalable Transmission revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA read with Tariff adoption order dated 28th October 2011 and documents provided to us by the Investment Manager. The escalation is to mainly compensate for the inflation factor.

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

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

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

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



- **Insurance Expenses:** We understand from the Investment Manager that the insurance expenses of the SPV will not escalate for the projected period. We have relied on the projections provided by the Investment Manager on the insurance expenses for the projected period.
- 8.1.5. **Depreciation:** The book depreciation has been calculated using depreciation rate as per financial statements for the financial year ended 31st March 2018 and has been corroborated with the Investment Manager. For calculating depreciation as per the Income Tax Act, we have considered depreciation rate as specified in the Income Tax Act and WDV as provided by the Investment Manager.
- 8.1.6. **Capex:** As represented by the Investment Manager, the SPV is not expected to incur any Capex in the projected period.
- 8.1.7. **Tax Incentive:** The SPV is eligible for tax holiday under section 80IA of Income Tax Act. Such tax holiday shall be available for any 10 consecutive years out of 15 years beginning from the date of COD.
- 8.1.8. **Working Capital:** The Investment Manager has envisaged the working capital requirement of the SPV for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade receivables, other current assets and trade payables.
- 8.2. **Impact of Ongoing Material Litigation on Valuation**
 - 8.2.1. As represented by Investment Manager, there are no ongoing litigations that will affect the valuation exercise.
- 8.3. **Calculation of Weighted Average Cost of Capital for the SPV**
 - 8.3.1. **Cost of Equity:**

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

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

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

Wherein:

K(e) = cost of equity

R_f = risk free rate

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

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

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).

For our valuation exercise, we have arrived at adjusted cost of equity of 12.74%.
 - 8.3.2. **Risk Free Rate:**

We have applied a risk free rate of return of 8.22% on the basis of the relevant zero coupon yield curve as on 28th September 2018 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited ("CCIL").



8.3.3. Risk Premium:

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

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

Wherein:

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

Risk free rate = 8.22% as explained in para 8.3.2.

Hence, risk premium is derived as 6.78%.

8.3.4. Beta:

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

We have 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:

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

For our valuation exercise, re-levered beta has been taken as 0.67.

8.3.5. Company Specific Risk Premium (CSRP):

We have not considered any company specific risk premium to the Ke for discounting the cash flows.

8.3.6. 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

In present valuation exercise, we have considered debt:equity at 70:30 based on industry standard.

For valuation exercise, we have considered cost of debt as 8.37%.

8.3.7. Weighted Average Cost of Capital ("WACC"):

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

Formula for calculation of WACC:

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



- 8.3.8. Accordingly, as per above, we have arrived the WACC of 8.32% for JTCL (Refer Appendix I).
- 8.4. We understand from the representation of the Investment Manager that the SPV will generate cash flow even after the expiry of concession period of 35 years as the project is on BOOM model and the ownership will remain with the SPV even after the expiry of 35 years. Accordingly, we have considered Terminal Value after the expiry of 35 years.
- 8.5. **Valuation of JTCL**
- 8.5.1. We have relied on the projected financials of JTCL as provided by Investment Manager for the period from 1st October 2018 to 31st March 2049.
- 8.5.2. WACC arrived at for the purpose of valuation is 8.32% for cash flows (Refer Appendix I).
- 8.5.3. For the terminal period, we have considered 0% constant growth rate for FCFF.
- 8.5.4. As on Valuation Date, we have discounted the free cash flows of JTCL using the WACC of 8.32% to arrive at the EV by aggregating the present value of cash flows for explicit period and terminal period at INR 14,937 Mn (Refer Appendix II).

9. **Valuation Conclusion**

- 9.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 9.2. We have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at EV of the SPV.
- 9.3. Based on the above analysis the EV as on the Valuation Date of the SPV is INR 14,937 Mn. (Refer Appendix II).

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

Scope of Work

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

- 10.2. This Report is based on the information provided by the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to us. We have not verified the information independently with any other external source.
- 10.3. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as original, and the conformity of the copies or extracts submitted to us with that of the original documents.
- 10.4. We have assumed that the documents submitted to us by the Investment Manager in connection with any particular issue are the only documents related to such issue.
- 10.5. We have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and we do not express any opinion as to the legal or technical implications of the same.
- 10.6. Analysis of Additional Set of Disclosures for 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 between the period 1st April 2018 to 30th September 2018. 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 30th September 2018 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 2018, details of the asset of the SPV are as follows:

Asset Type	Gross Block	Depreciation	Net Block	INR Mn
				% of asset depreciated
Transmission Lines	18,858.36	4,255.56	14,602.80	23%
Freehold Land	10.23	-	10.23	0%
Other Assets	5.64	5.22	0.42	93%
TOTAL	18,874.23	4,260.78	14,613.45	

Source: Provisional Financials of 30th Sept 2018



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 20.39 million during the six months period ended 30th September 2018 for the maintenance charges of Transmission Lines. Based on the confirmation provided by Investment Manager we expect an increase of c.3.81% per annum in the cost of operation and maintenance expenses to be incurred in the future period.

Investment Manager has informed us that there are no maintenance charges which has been deferred to the upcoming year as the maintenance activities are carried out regularly. We have been informed that overhaul maintenance are regularly carried out by 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:

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

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

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



Appendix I – Weighted Average Cost of Capital of the SPV

Particulars	% Remarks
Market Return	15.00% Market Return has been considered based on the long term
Risk Free Rate	8.22% Risk Free Rate has been considered based on zero coupon yield curve as at 28 th September 2018 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Market Risk Premium	6.78% Market Premium = Market Return – Risk Free Rate
Beta (relevered)	0.67 Beta has been considered based on the beta of companies operating in the similar kind of business in India.
Cost of Equity	12.74% $Ke = Rf + \beta \times (Rm - Rf) + CSR$
Pre-tax Cost of Debt	8.37% As represented by the Investment Manager
Effective tax rate of SPV	23.23% Average tax rate for the life of the project has been considered
Post-tax Cost of Debt	6.43% Effective cost of debt. $Kd = \text{Pre tax } Kd \times (1 - \text{Effective Tax Rate})$
Debt/(Debt+Equity)	70.00% The debt – equity ratio computed as $[D/(D+E)]$ is considered as 70% as per industry standard.
WACC	8.32% WACC = $[Ke \times (1 - D/(D+E))] + [Kd \times (1 - t) \times (D/(D+E))]$



Appendix II – Valuation of JTCL as on 30th September 2018

WACC 8.32%										INR Mn
Year	Revenue	EBITDA	EBITDA Margin	Capex	Changes in NCA	Tax	FCFF	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
FY19*	1,076	1,035	96%	-	(45)	164	916	0.25	0.98	898
FY20	1,518	1,421	94%	-	(156)	190	1,387	1.00	0.92	1,280
FY21	1,519	1,418	93%	-	(0)	190	1,228	2.00	0.85	1,047
FY22	1,519	1,414	93%	-	(0)	189	1,225	3.00	0.79	964
FY23	1,519	1,410	93%	-	(0)	188	1,222	4.00	0.73	888
FY24	1,520	1,406	93%	-	(0)	187	1,219	5.00	0.67	818
FY25	1,520	1,402	92%	-	(0)	186	1,216	6.00	0.62	753
FY26	1,520	1,398	92%	-	(0)	185	1,213	7.00	0.57	693
FY27	1,521	1,394	92%	-	(0)	185	1,210	8.00	0.53	638
FY28	1,521	1,389	91%	-	(0)	184	1,206	9.00	0.49	588
FY29	1,521	1,385	91%	-	(0)	183	1,203	10.00	0.45	541
FY30	1,522	1,380	91%	-	(0)	182	1,199	11.00	0.42	498
FY31	1,522	1,375	90%	-	(0)	180	1,195	12.00	0.38	458
FY32	1,523	1,370	90%	-	(0)	179	1,191	13.00	0.35	421
FY33	1,523	1,365	90%	-	(0)	178	1,187	14.00	0.33	388
FY34	1,524	1,359	89%	-	(0)	177	1,183	15.00	0.30	357
FY35	1,524	1,353	89%	-	(0)	176	1,178	16.00	0.28	328
FY36	1,525	1,348	88%	-	(0)	175	1,173	17.00	0.26	302
FY37	1,526	1,341	88%	-	(0)	173	1,169	18.00	0.24	277
FY38	1,526	1,335	87%	-	(0)	172	1,164	19.00	0.22	255
FY39	1,527	1,329	87%	-	(0)	170	1,159	20.00	0.20	234
FY40	1,528	1,322	87%	-	(0)	169	1,153	21.00	0.19	215
FY41	1,528	1,315	86%	-	(0)	167	1,148	22.00	0.17	198
FY42	1,529	1,307	85%	-	(0)	166	1,142	23.00	0.16	182
FY43	1,530	1,300	85%	-	(0)	355	945	24.00	0.15	139
FY44	1,531	1,292	84%	-	(0)	368	925	25.00	0.14	125
FY45	1,532	1,284	84%	-	(1)	366	918	26.00	0.13	115
FY46	1,533	1,275	83%	-	(1)	365	911	27.00	0.12	105
FY47	1,534	1,267	83%	-	(1)	364	904	28.00	0.11	96
FY48	1,535	1,258	82%	-	(1)	362	897	29.00	0.10	88
FY49	1,537	1,249	81%	-	(0)	360	890	30.00	0.09	81
TV	1,537	1,249	81%	-	-	364	885	30.00	0.09	80
Present Value of Explicit Period Cash Flows										13,970
Present Value of Terminal Year Cash Flow										967
Enterprise Value										14,937

*For the six months period ending 30th September 2018

** for the period ended 31st March 2049

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

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Company Registration	08-Sep-09	25	Ministry of Corporate Affairs
2	Transmission License	12-Oct-11	Valid	Central Electricity Regulatory Commission
3	Forest Clearance	17-Aug-12	Valid	Forest Department
	765KV Double Circuit Dharanjayagari to Jabalpur Transmission Line- 09/DND/POW/2012-112	17-Aug-12	Valid	Forest Department
	765KV Double Circuit Dharanjayagari to Jabalpur Transmission Line- 09/DND/POW/2012-113	17-Aug-12	Valid	Forest Department
	765KV Double Circuit Dharanjayagari to Jabalpur Transmission Line- 09/DND/POW/2012-114	17-Jul-14	Valid	Collector, Jabalpur, Madhya Pradesh
	Forest Registration Letter for Dharanjayagari to Jabalpur Transmission Line	23-Dec-14	Valid	Ministry of Environment & Forests
	In Principle approval for the diversion of forest land for construction of 765 KV D/C Jabalpur Transmission Line	10-Jun-15	Valid	Ministry of Environment, Forests & Climate Change
	Approval for construction of 765 KV D/C Jabalpur Transmission Line in Korba District of Chhattisgarh	31-Dec-14	Valid	Ministry of Environment, Forests & Climate Change
	Dharanjayagari to Jabalpur Transmission Line Stage I Clearance	10-Mar-15	Valid	Ministry of Environment, Forests & Climate Change
	Dharanjayagari to Jabalpur Transmission Line Stage II Clearance	15-Jan-15	Valid	Ministry of Environment, Forests & Climate Change
	Jabalpur Bina Transmission Line Stage I	16-Mar-15	Valid	Ministry of Environment, Forests & Climate Change
	Jabalpur Bina Transmission Line Stage II	25-Nov-10	Valid	Ministry of Power
	Approval under section 68 of Electricity Act, 2003	05-Jun-13	Valid	Ministry of Power
4	Approval from GOI under section 164 of Electricity Act, 2003	Not Found	Valid	
5	Approval from CERC under section 17(3)	Not Applicable	Valid	
6	Environmental Clearance			
7	Power & Telecommunication Coordination Committee ("PTCC") Clearance			
8	PTCC - Chhattisgarh Portion	21-May-15	Valid	PTCC, GOI
	PTCC - Madhya Pradesh Portion	13-Apr-15	Valid	PTCC, GOI
9	Railway Crossing	18-Sep-14	Valid	South East Central Railway
	Provisional Approval for Erection of power line between Jirga & Saragbunda Railway Station at KM 688/C 21-23 & KM 686/C22-24	13-Jun-14	Valid	South East Central Railway
	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
	Provisional Approval for Erection of power line between Guthku & Kaimitar Railway Station at KM 740/20-22 & Km 740/21N-23N	27-Apr-15	Valid	South East Central Railway
10	Road Crossing	28-May-15	Valid	Chhattisgarh Road Development Corporation Ltd.
	765 KV D/C OH NH crossing Biaspur- Ratanpur (NH-130)*	09-Dec-13	Valid	Madhya Pradesh Road Development Corporation Ltd.
	765KV Double Circuit Dharanjayagari			

Source: Investment Manager
*Permission not signed by the executive engineer of the government in Road Crossing 765 KV D/C OH NH crossing Biaspur - Ratanpur (NH-130).



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Appendix IV – Summary of Ongoing Litigations (1/3)

Matter	Against	Pending Before	Details of the Case	Amount Involved (INR Mn)	Amount Deposited (INR Mn) #
Jagmohan Singh	Union of India, JTCL and Others	District Magistrate, Sagar, Madhya Pradesh, under the Telegraph Act, 1885	<p>Background of the case: 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 25 August 2016, requiring the Applicant to appear before it at the designated time. JTCL has filed its reply. The Applicant has filed another petition before the District Magistrate, Sagar, Madhya Pradesh against the Union of India and others for payment of compensation amount of INR 0.69 Million for loss caused to the Applicant due to construction of high voltage transmission line by JTCL.</p> <p>Current Status: Matter is currently pending.</p>	9.97	
Sanjay Jain and Others	State of Madhya Pradesh and Others	High Court of Madhya Pradesh, Jabalpur Bench	<p>Background of the case: 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 dated 31 December 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 8 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 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.</p> <p>Current Status: The matter is currently pending.</p>	Documents Not Provided	Documents Not Provided

Source: Investment Manager

* We were unable to quantify the amount of liability involved from the set of documents provided.

** We were provided with the amount however the relevant supporting documents has not been provided to us hence we were unable to corroborate the same.

Investment Manager informed that the above amount paid under protest to the government authorities are grouped under Current Assets.



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Appendix IV – Summary of Ongoing Litigations (2/3)

Matter	Against	Pending Before	Details of the Case	Amount Involved (INR Mn)	Amount Deposited (INR Mn) #
Bhujbal Patel and Others	Union of India	District Magistrate & DM, Sagar, Madhya Pradesh, under the Telegraph Act, 1885	<p>Background of the case: 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 23 June 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 Applicant has filed another petition before the District Magistrate against the Union of India and others for payment of compensation amount of INR 6.75 Million for loss caused to the Applicant due to construction of high voltage transmission line by JTCL.</p> <p>Current Status: The matter is currently pending.</p>	21.1	-
Lalchand Agarwal	Union of India	Supreme Court of India	<p>Background of the case: 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 12 July 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.</p> <p>Current Status: The matter is currently pending.</p>	Not Provided*	Not Provided*

Source: Investment Manager

* We were unable to quantify the amount of liability involved from the set of documents provided.

** We were provided with the amount however the relevant supporting documents has not been provided to us hence we were unable to corroborate the same.

Investment Manager informed that the above amount paid under protest to the government authorities are grouped under Current Assets.



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

Matter	Against	Pending Before	Details of the Case	Amount Involved (INR Mn)	Amount Deposited (INR Mn) #
Sanjeev Singhai	JTCL	DM & District Judge	<p>Background of the case: Sanjeev Singhai and others ("Applicants") filed a civil application before the District Magistrate, Damoh (the "District Magistrate") against JTCL ("Respondent") claiming compensation for felling of trees over his land. The District Magistrate by an order dated 22 May 2017 awarded compensation of INR 0.38 Million. He filed an appeal before [the District Judge, Damoh] challenging the amount of compensation awarded. JTCL has filed its reply. The District Judge, Damoh had directed that the said compensation amount of INR 0.38 Million be given to him. Subsequently, JTCL paid the said amount to the Applicants.</p> <p>Current Status: The matter is currently pending.</p>	0.38	0.38
DM Mandla	JTCL	CM Helpline Matter	<p>Background of the case: The District Collector, Mandla has suo moto started inquiry in the case filed by Inrat Singh and others against JTCL and has passed an order dated 3 April 2018 directing JTCL to pay a compensation amount of INR 5.95 Million to 95 land owners without considering the reply and documents submitted by JTCL. JTCL has filed in appeal before the High Court of Madhya Pradesh at Jabalpur</p> <p>Current Status: The matter is currently pending.</p>	5.95	-
Indirect Tax Matters	JTCL	High Court, Bilaspur, Chhattisgarh	<p>Background of the case: Two indirect tax matters involving JTCL are pending before the High Court of Chhattisgarh in relation to demand for payment of entry tax, which was allegedly incurred by JTCL during the course of its business. The aggregate amount involved in the matters is INR 51.55 Million.</p> <p>Current Status: The matters are currently pending.</p>	51.55**	129.10**
Indirect Tax Matters	JTCL	High Court, Jabalpur, Madhya Pradesh	<p>Background of the case: Four indirect tax matters involving JTCL are pending before the High Court of Madhya Pradesh in relation to demand for payment of entry tax in Fiscals 2016, 2015, 2014 and 2013, which was allegedly incurred by JTCL during the course of its business. The aggregate amount involved in the matters is INR 138.7 Million.</p> <p>Current Status: The matters are currently pending.</p>	138.7	-
Indirect Tax Matters	JTCL	JTCL	<p>Background of the case: 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.</p>	0.01	0.01

Source: Investment Manager

* We were unable to quantify the amount of liability involved from the set of documents provided.

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