



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

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**Date:** November 01, 2018

**B S E Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai — 400 001

Scrip Code- 540565

**National Stock Exchange of India Ltd**

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

Symbol- INDIGRID

**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 Patran 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

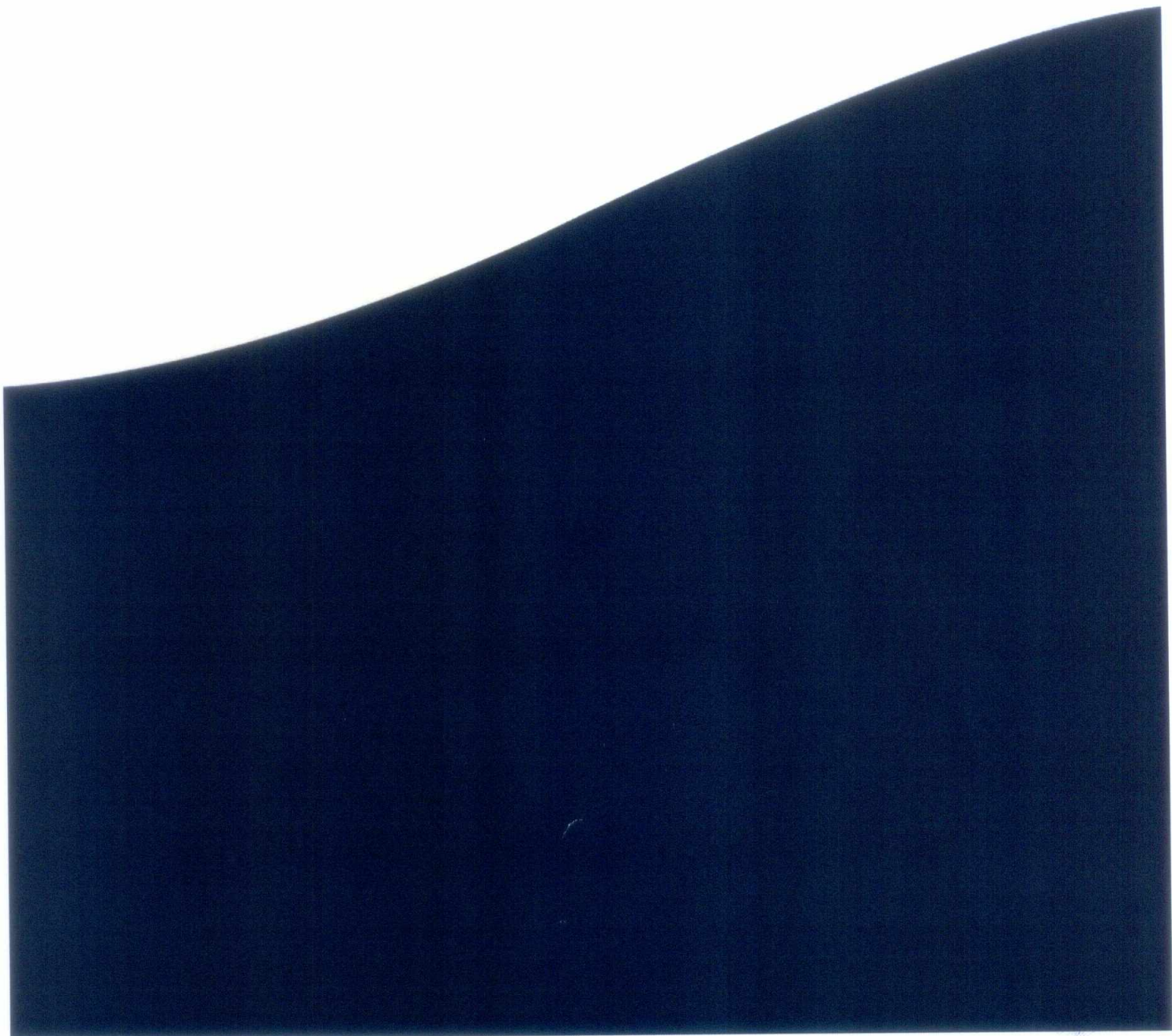
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**HARIBHAKTI & CO. LLP**  
Chartered Accountants

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

**SPV: Patran Transmission Company Limited  
("PTCL")**

**Valuation Date: 30<sup>th</sup> September 2018**



**Strictly Private and Confidential****Date: 17<sup>th</sup> October 2018**

CFAS-2/R-015/1017/F

**Sterlite Investment Managers Limited**

F-1, Mira Corporate Suits,

1&amp;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&amp;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 Sir/Madams,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), have been appointed vide letter dated 21<sup>st</sup> 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 Patran Transmission Company Limited ("PTCL" or "the SPV"). The SPV was acquired by the Trust on 15<sup>th</sup> February 2018 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 30<sup>th</sup> 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



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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



**Contents**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1	Purpose and Scope of Valuation	6
2	Exclusions & Limitations	7
3	Sources of Information	9
4	Procedures adopted for current valuation exercise	10
5	Overview of the InvIT and the SPV	10
6	Overview of the Industry	13
7	Valuation Approach	15
8	Valuation of the SPV	18
9	Valuation Conclusion	21
10	Additional procedures for compliance with InvIT Regulations	21
	<b>Appendices</b>	
11	Appendix I : Weighted Average Cost of Capital of the SPV	24
12	Appendix II : Valuation of PTCL as on 30th September 2018	25
13	Appendix III : Summary of Approvals & Licenses	26
14	Appendix IV : Summary of Ongoing Litigation	27

**Definition, abbreviation & glossary of terms**

<b>Abbreviations</b>	<b>Meaning</b>
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 Kilometers
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 <sup>st</sup> 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
TEECL	Techno Electric and Engineering Company Limited
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**

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- 1.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21<sup>st</sup> October 2016 by Sterlite Power Grid Ventures Limited ("SPGVL" or the "Sponsor"), 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 Limited and BSE Limited since 6<sup>th</sup> 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 a valuer for the half-year ending 30<sup>th</sup> 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, Sterlite Investment Managers Limited ("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 Patran Transmission Company Limited ("PTCL" or "the SPV").
- 1.3. The details of the SPV to be valued is as follows:  
The project is located in Patran Village Nihal, Punjab. It was awarded to Techno Electric and Engineering Company Limited ("TEECL") by ministry of power for 35 year period from the scheduled Commercial Operation Date ("COD") and was acquired by the Trust on 19<sup>th</sup> February 2018. PTCL operates 400/220 kV S/s at Patran which is connected to the grid by LILO of Patiala-Kaithal 400kV D/c.
- 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 30<sup>th</sup> 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 ("the 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**

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- 1.7. We have undertaken the fair valuation of PTCL at the enterprise level. The Valuation Date considered for the fair enterprise valuation of the SPV is 30<sup>th</sup> 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 30<sup>th</sup> September 2018 to carry out the valuation of the SPV.

## **2. Exclusions and Limitations**

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- 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,



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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 PTCL for the Financial Year ("FY") ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017;
- 3.2. Provisional financial statement of PTCL for six months period ended 30<sup>th</sup> September 2018.
- 3.3. Projected Profit & Loss Account and Working Capital requirements of PTCL from 1<sup>st</sup> October 2018 to 10<sup>th</sup> November 2051.
- 3.4. Details of brought forward losses (as per Income Tax Act) as at 31<sup>st</sup> March 2018.
- 3.5. Details of Written Down Value (as per Income Tax Act) of assets as at 31<sup>st</sup> March 2018.
- 3.6. Details of projected Repairs and Capital Expenditure ("Capex") as represented by the Investment Manager.
- 3.7. As on 30<sup>th</sup> September 2018, India Grid Trust holds 100% equity stake in PTCL including the beneficial ownership. As represented to us by the Investment Manager, there are no



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changes in the shareholding pattern from 30<sup>th</sup> September 2018 to the date of issuance of this Report.

- 3.8. Transmission Service Agreement ("TSA") of PTCL with long term transmission customer ("LTTC") dated 17<sup>th</sup> July 2013 and Tariff adoption order by Central Electricity Regulatory Commission ("CERC") dated 5<sup>th</sup> August 2014
- 3.9. Management Representation Letter by Investment Manager dated 16<sup>th</sup> October 2018.

#### **4. Procedures adopted for current valuation exercise**

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- 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 Management 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**

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##### **The Trust**

- 5.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21<sup>st</sup> 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 and BSE Limited since 6<sup>th</sup> June 2017.

- 5.2. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL") from its Sponsor on 30<sup>th</sup> May 2017. On 15<sup>th</sup> February 2018, the Trust further acquired three other



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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 acquired PTCL on 19<sup>th</sup> February 2018 from TEECL.

- 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	
<b>Total</b>	<b>35,750</b>	<b>37,419</b>	<b>37,666</b>	<b>41,219</b>	<b>34,408</b>	<b>37,020</b>

\*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 31<sup>st</sup> March 2016, however the same was subsequently reduced to 9.8903% of non escalable charges during the valuation exercise of 31<sup>st</sup> March 2017 as per the CERC order 8<sup>th</sup> 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
<b>Total</b>	<b>16,236</b>	<b>15,666</b>	<b>14,100</b>

#### PTCL or the SPV

- 5.5. Summary of details are as follows:

Parameters	Details
Project Cost	INR 2,250 Mn
Total Length	0 ckms (only substation)
Scheduled COD	11 <sup>th</sup> November, 2016
Expiry Date	35 years from the scheduled COD
Trust's stake*	46%

\* Pursuant to the share purchase agreements and shareholders' agreements dated February, 2018 executed for the acquisition of PTCL, the Trust owns beneficial interest in the remaining 54% stake which effectively gives it the voting rights over the remaining 54% stake as well.

- 5.6. The PTCL project located in Patran Village Nihal, Punjab was awarded to TEECL by the Ministry of Power 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 COD of the project.
- 5.7. The project's need arose because of the partial grid disturbance in the Patial – Sangrur district of Punjab in July 2011. There were 5 substations of 220 kV in the vicinity and a need



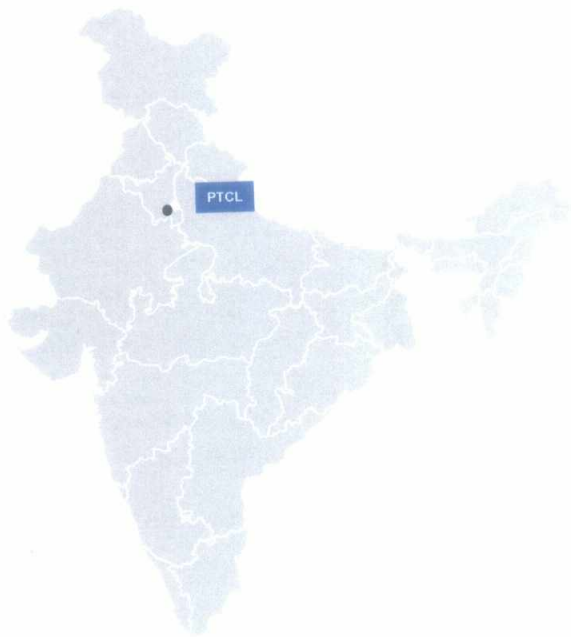
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for 400 / 220 kV substation was felt to avoid the unbalanced loading. The 400/220 kV S/s at Patran would be connected to the grid by LILO of Patial-Kaithal 400 kV D/C

5.8. The project consists of the following transmission lines and implemented on contracts basis:

Transmission line / Sub-Station	Location	Specifications	Commission date	Contribution to total tariff
Patiala-Kaithal	Patran, Punjab	400 kV D/C	21 <sup>st</sup> June, 2016	100%

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



5.10. Operating Efficiency history of PTCL:



5.11. Pictures of the site visit as on 27<sup>th</sup> September 2016.



**6. Overview of the Industry**

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**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 of India Limited ("PGCIL"), which facilitates the transfer of power from a surplus region to the ones with deficit.
- 6.4.3. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 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 12<sup>th</sup> 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 12<sup>th</sup> 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 12<sup>th</sup> 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.



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- 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**

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- 7.1. The present valuation exercise is being undertaken in order to derive Enterprise Value 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:
- (a) "Cost" approach
  - (b) "Market" approach
  - (c) "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.





**Strictly Private and Confidential****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 a 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 the SPV is pre-determined for the life of the project. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, since the 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 exact listed comparable company with characteristics and parameters similar to that of the SPV, we have not considered CCM method. In the absence of adequate details about the Comparable Transactions, we were unable to apply the CTM method. Currently, the equity shares of the SPV are not listed on any recognized stock exchange of India. Hence, we are unable to apply market price method.

#### **Income Approach**

This is a 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

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

### 8.1. Key Assumption

8.1.1. **Transmission Revenue:** The transmission revenue comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA read with Tariff adoption order dated 05<sup>th</sup> August 2014 for the life of the project.

- **Non Escalable Transmission Revenue:** The Non Escalable Transmission revenue remains fixed for the entire life of the project. We have corroborated the revenue considered in the financial projections with the respective TSA read with Tariff adoption order dated 05<sup>th</sup> August 2014 and documents provided to us by the Investment Manager.
- **Escalable Transmission Revenue:** Escalable Transmission revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA read with Tariff adoption order dated 5<sup>th</sup> August 2018 and documents provided to us by the Investment Manager. The escalation is mainly to compensate for 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, provided no incentives shall be payable above the availability of 99.75%. The SPV is expected to provide annual availability of more than 98% for the projected period based on its past track record and the general industry trend.

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 analysis in Para 8.1.2 it is assumed that the annual availability will not fall below 95% and thus, the penalty has not been 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 31<sup>st</sup> March 2018 and has been corroborated with the Investment Manager. For Capital expenditure as mentioned in para 8.1.6, we have assumed life of 5 years and depreciated using straight line method over the life of the project. For calculating depreciation as per Income Tax Act for the projected period, we have considered depreciation rate as specified in the Income Tax Act and WDV as provided by the Investment Manager.
- 8.1.6. **Capex:** As represented by the Investment Manager, the SPV is expected to incur INR 27 Mn of capital expenditure on an annual basis till the expiry date in the projected period. The life of capital expenditure is taken at 10 years.
- 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 i.e. available till 31<sup>st</sup> March 2031.
- 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. Calculation of Weighted Average Cost of Capital

### 8.2.1. 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 each SPV.

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

Wherein:

K(e) = cost of equity

R<sub>f</sub> = 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).

For valuation exercise, we have taken cost of equity at 12.75%.

### 8.2.2. **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 28<sup>th</sup> September 2018 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited ("CCIL").

### 8.2.3. **Risk Premium:**

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

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



Wherein:

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

Risk free rate = 8.22% as explained in para 8.2.2.

Hence, risk premium is derived as 6.78%.

**8.2.4. Beta:**

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. Generally, the process is to take a relevant number from a quoted stock and the market on which it trades. However, since shares of the comparable companies are not publicly quoted, we have sought to estimate the relevant beta with respect to benchmark numbers. It is next to impossible to identify a company with exactly same characteristics as the SPV. Therefore, we have sought to use the beta of PGCIL since its business operations are 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 the based on industry average debt-equity ratio of 70:30 using the following formula:

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

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

**8.2.5. 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.

**8.2.6. 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, cost of debt has been considered as 8.37%.

**8.2.7. 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:

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

**8.2.8.** Accordingly, as per above, we have arrived the WACC of 8.33% for PTCL for valuation under Base Case (Refer Appendix I)



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8.3. 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 expiry of 35 years.

8.4. **Valuation of PTCL**

8.4.1. We have relied on the projected financials of PTCL as provided by the Investment Manager for the period from 1<sup>st</sup> October 2018 to 10<sup>th</sup> November 2051.

8.4.2. WACC arrived at for the purpose of valuation is 8.33% for cash flows as per the Base Case (Refer Appendix I).

8.4.3. For the terminal period, we have considered 0% constant growth rate for FCF.

8.4.4. As on Valuation Date, we have discounted the free cash flows of PTCL using the WACC of 8.33% to arrive at the Enterprise Value by aggregating the present value of cash flows for explicit period and terminal period at INR 2,401 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 businesses, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

9.2. We have been represented by the Sponsor and 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 derive the EV of the SPV.

9.3. Based on the above analysis the EV as on the Valuation Date of PTCL is INR 2,401 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 PTCL 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;



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- 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 PTCL
- 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 PTCL between the period 1<sup>st</sup> April 2018 to 30<sup>th</sup> 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 30<sup>th</sup> September 2018 is provided in Appendix III.
- B. List of up to date/ overdue periodic clearances:  
We have included the periodic clearances obtained by PTCL in Appendix III.
- C. Statement of assets included:  
As on 30<sup>th</sup> September 2018, the total gross block of property, plant and equipment amounted to INR 2,229.01 Million (net block amounting to INR 1,989.57 Million). Of the total gross block, plant & equipment amounted to INR 2,062.59 Million attributing to c.92.5% of the total gross block of assets. The remaining gross block is represented by land of INR 87.34 Million, factory building gross block of INR 78.28 Million & motor vehicles gross block of INR 0.8 Million. The accumulated depreciation on all such assets amounted to INR 239.44 Million. We were not provided with the net block of each asset separately.
- 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 PTCL has incurred INR 1.63 Million for the six months period ended 30<sup>th</sup> September 2018 for the maintenance charges of Transmission Lines. Based on the confirmation provided by Investment Manager we expect an increase of c.4.63% 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.



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We have been informed that overhaul maintenance are regularly carried out by PTCL 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 PTCL and accordingly no outflow is expected against the litigations.

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

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





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## Appendix I – Weighted Average Cost of Capital (WACC)

Particulars	%	Remarks
Market Return	15.00%	Market Return has been considered based on the long term average returns earned by an equity investor in India.
Risk Free Rate	8.22%	Risk Free Rate has been considered based on zero coupon yield curve as at 28 <sup>th</sup> 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.
Risk Premium		Company Specific Risk Premium
Cost of Equity	12.75%	$Ke = Rf + \beta \times (Rm - Rf) + CSR$
Pre-tax Cost of Debt	8.37%	As represented by the Investment Manager
Effective tax rate of SPV	23.11%	Average tax rate for the life of the project has been considered
Post-tax Cost of Debt	6.44%	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.
<b>WACC</b>	<b>8.33%</b>	<b>WACC = <math>[Ke \times (1 - D:(D+E))] + [Kd \times (1 - t) \times (D:(D+E))]</math></b>



## Appendix II – Valuation of PTCL as at 30<sup>th</sup> September 2018

WACC 8.33%										INR Mn
Year	Revenue	EBITDA	EBITDA Margin	Capex	Changes in NCA	Tax	FCFF	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
FY19*	151	138	92%	27	9	24	79	0.25	0.98	77
FY20	298	277	93%	27	3	46	201	1.00	0.92	185
FY21	316	294	93%	27	4	49	213	2.00	0.85	182
FY22	316	293	93%	27	0	48	218	3.00	0.79	171
FY23	316	293	93%	27	0	48	218	4.00	0.73	158
FY24	317	292	92%	27	0	47	218	5.00	0.67	146
FY25	317	292	92%	27	0	46	218	6.00	0.62	135
FY26	318	291	92%	27	0	46	218	7.00	0.57	125
FY27	318	290	91%	27	0	45	218	8.00	0.53	115
FY28	319	290	91%	27	0	44	219	9.00	0.49	106
FY29	319	289	91%	27	0	44	218	10.00	0.45	98
FY30	320	288	90%	27	0	44	217	11.00	0.41	90
FY31	320	287	90%	27	0	44	217	12.00	0.38	83
FY32	257	223	87%	27	(16)	30	182	13.00	0.35	64
FY33	257	221	86%	27	(0)	29	165	14.00	0.33	54
FY34	257	220	86%	27	(0)	29	164	15.00	0.30	49
FY35	257	218	85%	27	(0)	29	163	16.00	0.28	45
FY36	278	238	85%	27	5	33	173	17.00	0.26	44
FY37	278	236	85%	27	(0)	33	177	18.00	0.24	42
FY38	278	234	84%	27	(0)	32	175	19.00	0.22	38
FY39	279	233	84%	27	(0)	32	174	20.00	0.20	35
FY40	279	231	83%	27	(0)	31	173	21.00	0.19	32
FY41	279	229	82%	27	(0)	31	171	22.00	0.17	29
FY42	289	237	82%	27	2	33	175	23.00	0.16	28
FY43	289	235	81%	27	(0)	32	176	24.00	0.15	26
FY44	290	233	81%	27	(0)	32	174	25.00	0.14	24
FY45	290	231	80%	27	(0)	31	173	26.00	0.12	22
FY46	290	229	79%	27	(0)	58	144	27.00	0.12	17
FY47	290	226	78%	27	(0)	57	142	28.00	0.11	15
FY48	290	224	77%	27	(0)	57	140	29.00	0.10	14
FY49	291	221	76%	27	(0)	56	138	30.00	0.09	13
FY50	291	219	75%	27	(0)	55	136	31.00	0.08	11
FY51	291	216	74%	27	(0)	55	134	32.00	0.08	10
FY52**	180	132	73%	27	0	30	74	32.81	0.07	5
TV	293	214	73%	27	-	62	125	32.81	0.07	9
Present Value of Explicit Period Cash Flows										2,292
Present Value of Terminal Year Cash Flow										109
<b>Enterprise Value</b>										<b>2,401</b>

\* For the 6 months ending March 2019

\*\* For the period ended 10<sup>th</sup> November 2051



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## Appendix III – Summary of Approval & Licenses

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Company Registration	19-Dec-12	Valid	Ministry of Corporate Affairs
2	Transmission License	14-Jul-14	25	Central Electricity Regulatory Commission
3	<b>Transmission Service Agreement</b> Transmission Service Agreement between PTCL & Long Term Transmission Customers	12-May-14	35	
	Transmission Service Agreement between PTCL & Power Grid Corporation of India Ltd	23-May-16		Valid Central Electricity Regulatory Commission
4	<b>Approval for adoption of Tariff</b> Approval for adoption of Tariff	5-Aug-14		Valid Central Electricity Regulatory Commission
5	Approval under section 68(1) of Electricity Act, 2003 Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	21-Mar-16 16-May-13		Valid Ministry of Power 25 Ministry of Power
6	Approval for Energisation under regulation 43 of CEA	27-May-16		Valid Ministry of Power
7	Permission for change of Land use	31-Dec-15		Valid
8	<b>Aviation Clearance</b> NOC for Height Clearance	9-Mar-17		Valid Airport Authority Of India
9	<b>Power &amp; Telecommunication Coordination Committee ("PTCC") Clearance</b> Patiala - Kaithal Transmission Line at Patran <b>Trial run certificate</b> Patran-Kakrala, Patran-Patran I&II and Patran-Rajia	28-Apr-15 20-Oct-17		Valid PTCC, Government of India Valid Power System Operation Corporation Limited

Source: Investment Manager



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**Appendix IV – Summary of Ongoing Litigations**

Matter	Against	Pending Before	Details of the case	Amount Involved	Amount Deposited
Punjab State Power Corporation Limited	CERC	APTEL	<p><b>Background of the case:</b> Punjab State Power Corporation Limited ("PSPCL") had filed an appeal challenging the Order dated 4 January 2017 passed by Central Electricity Regulatory Commission ("CERC") whereby PSPCL was held liable to bear the transmission charges of the transmission assets commissioned by PTCL from Scheduled Commercial Operation Date ("SCOD") till commissioning of the downstream system. The total amount payable by PSPCL as per the Impugned Order is INR 113.6 Million and out of which amount of INR 85.22 Million is still pending. As per one of the decisions, if the downstream system of the elements in present case is not commissioned by the schedule date of commercial operation, the owner of the downstream system shall be liable to pay the transmission charges of the transmission system till the downstream system is commissioned. Having regard to the facts and circumstances of the case as stated above, Appellate Tribunal for Electricity Commission are of the considered view that the issues raised in the instant appeal have no merit. The appeal is hereby dismissed devoid of merits.</p> <p>It is a contingent asset for PTCL</p> <p><b>Current Status:</b> The appeal has been filed at supreme court and the matter is currently pending.</p>	85.22	-

Source: Investment Manager

