

**Date: April 25, 2018**

**B S E Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai — 400 001

Security Code- 540565

**National Stock Exchange of India Ltd**

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

Symbol- INDIGRID

**Subject: Submission of Full Valuation Report of India Grid Trust as on March 31, 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 Full Valuation Report for assets of India Grid Trust for the financial year ended on March 31, 2018.

You are requested to take the same on record.

Thanking you,

**For and on behalf of the Sterlite Investment Managers Limited**

(Formerly known as Sterlite Infraventures Limited)  
Representing India Grid Trust as its Investment Manager



**Swapnil Patil**

Company Secretary & Compliance Officer

**Copy to:**

**Axis Trustee Services Limited**

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

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

**SPV: Maheshwaram Transmission Limited  
("MTL")**

**Valuation Date: 31<sup>st</sup> March 2018**



Date: 23<sup>rd</sup> April 2018

CFAS-2/R-002/0423/C

**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 Sir,

We, Haribhakti & Co. LLP, Chartered Accountants (“H&Co.”), have been appointed vide letter dated 23<sup>rd</sup> March 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 Maheshwaram Transmission Limited (“MTL” 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 contained in the Chapter V of the SEBI InvIT Regulations.

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

We enclose our Report providing our opinion on the fair enterprise values of the SPV on a going concern basis as at 31<sup>st</sup> March 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 valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

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

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

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

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

Yours faithfully,

For **Haribhakti & Co. LLP,**

*Chartered Accountants*

Firm Registration Number: 103523W / W100048



**Manoj Daga**

*Partner*

Membership No. 048523

Place: Mumbai

Encl: As above



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**Definition, abbreviation & glossary of terms**

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

**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 of India and BSE Limited since 6<sup>th</sup> June 2017.
- 1.2. We understand that as per chapter V and regulation 21 of the SEBI InvIT Regulations a yearly valuation of the assets of the Trust shall be conducted by an independent valuer for the period ended 31<sup>st</sup> March 2018 for a publicly offered InvIT. In this regard, the Investment Manager intends to undertake the fair valuation of the SPV.
- 1.3. The details of the SPV to be valued is as follows:  
MTL will create a key component to enable Southern region to draw more power from North-East-West ("NEW") Grid and address the issue of power stability in Telangana region. The improved grid connectivity shall facilitate power procurement from the Inter State Transmission System ("ISTS") network to the beneficiary states Telangana, Tamil Nadu, Seemandhra and Karnataka to meet their electricity demands. The project is envisaged to provide grid connectivity for Maheshwaram 765/400 kV Pooling Substation and Nizamabad 765/400 kV Substation.
- 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 31<sup>st</sup> March 2018. 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 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 Valuation Report ("Report") covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

**Scope of Valuation**

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- 1.7. We have undertaken the fair valuation at the enterprise level of the SPV. 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.
- 1.8. The Valuation Date considered for the fair enterprise valuation of the SPV is 31<sup>st</sup> March 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.



- 1.9. We have been mandated by the Investment Manager to arrive only at the Enterprise Value of the SPV.
- 1.10. For the amount pertaining to the operating working capital, the Investment Manager has acknowledged to consider the provisional financial statements as on 31<sup>st</sup> March 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. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.
- 2.10. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 2.11. We do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.
- 2.12. We have arrived at an indicative enterprise value based on our analysis.
- 2.13. Our conclusion assumes that the assets and liabilities of the SPV, reflected in their respective latest balance sheets remain intact as of the Report date.
- 2.14. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither ourselves, nor any of our partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. We are not liable to any third party in relation to the issue of this Report.
- 2.15. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- 2.16. For the present valuation exercise, we have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 2.17. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us from the Investment Manager, as laid out in the engagement letter, for such valuation work.
- 2.18. In rendering this Report, we have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 2.19. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 2.20. We are not advisors with respect to legal tax and regulatory matters for the proposed transaction. No investigation of the SPV's claim to title of assets has been made for the



purpose of this Report and the SPV's claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

2.21. We have no present or planned future interest in the Trustee, Investment Manager or the SPV and the fee for this Report is not contingent upon the values Reported herein. Our valuation analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or the SPV.

## 2.22. Limitation of Liabilities

2.22.1. 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.

2.22.2. 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.

2.22.3. 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.

2.22.4. 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

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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 MTL for the financial year ("FY") ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016;
- 3.2. Provisional Profit & Loss Account and Balance Sheet for the period ended 31<sup>st</sup> March 2018.
- 3.3. Projected Profit & Loss Account and Working Capital requirements of MTL from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2052.
- 3.4. Details of brought forward losses (as per Income Tax Act) as at 31<sup>st</sup> March 2017.
- 3.5. Details of Written down Value (as per Income Tax Act) of assets as at 31<sup>st</sup> March 2017.
- 3.6. Details of projected repairs and capital expenditure as represented by the management.

As on 31<sup>st</sup> March 2018, India Grid Trust holds 100% (including beneficial ownership) equity stake in MTL (through Sterlite Grid Limited 1). As represented to us by the Investment



Manager, there are no changes in the shareholding pattern from 31<sup>st</sup> March 2018 to the date of issuance of this Report.

- 3.8. TSA of MTL with Central Transmission Utility dated 10<sup>th</sup> June 2015.  
3.9. Management Representation Letter by Investment Manager dated 20<sup>th</sup> April 2018.

#### 4. Overview of the InvIT and the SPV

##### The Trust

- 4.1. 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 Venture Limited ("SPGVL" or "the Sponsor"). It is established to own inter-state power transmission assets in India. The units of the trust are listed on the National Stock Exchange Limited and BSE Limited since 6<sup>th</sup> June 2017.
- 4.2. The Trust had acquired two revenue generating projects, Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL") from its Sponsor on 30<sup>th</sup> May 2017. On 15<sup>th</sup> February 2018, the Trust further acquired three other revenue generating projects from its Sponsor, namely, Maheshwaram Transmission Limited ("MTL"), Purulia Kharagpur Transmission Company Limited ("PKTCL") and RAPP Transmission Limited ("RTCL").
- 4.3. The Trust, pursuant to the 'Right of First Offer' deed has a 'right of first offer' to acquire five other projects of the Sponsor.
- 4.4. 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
	30-Sep-17	31-Mar-17	31-Mar-16	31-Mar-15	
BDTCL	21,431	21,541	21,812	20,113	37,020*
JTCL	15,988	16,125	19,407**	14,295	
Total	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 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.

##### MTL, RTCL and PKTCL.

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



**Maheshwaram Transmission Limited ("MTL")**

4.5. Summary of details are as follows:

MTL	
Parameters	Details
Project Cost	INR 3,841 Mn
Total Length	477 ckms
CERC Tariff adoption order date	24th November, 2015
Scheduled COD as per CERC order for adoption of tariff for MTL	June, 2018
Project COD as represented by Management**	MM Line 14 <sup>th</sup> December 2017 NY Line 14th October 2017
Expiry Date	35 years from the scheduled COD
Trust's stake (through SGL 1)*	49% (100% including Beneficial Ownership)

\* Pursuant to the share purchase agreements and shareholders' agreements dated February 14, 2018 executed for the acquisition of RTCL and MTL, the Trust (through SGL1) owns beneficial interest in the remaining 51% stake in these entities which effectively gives it the voting rights over the remaining 51% stake as well.

\*\* MM Line - Maheshwaram Mehboob Nagar  
NY Line - Nizamabad Yeddumailaram

4.6. The MTL project was awarded to SGL3 by the Ministry of Power on 10<sup>th</sup> June 2015 for a 35 year period from the scheduled commercial operation date on a BOOM basis.

4.6.1. MTL will create a key component to enable Southern region to draw more power from North-East-West (NEW) Grid and address the issue of power stability in Telangana region. The improved grid connectivity shall facilitate power procurement from the Inter State Transmission System (ISTS) network to the beneficiary states Telangana, Tamil Nadu, Seemandhra and Karnataka to meet their electricity demands. The project is envisaged to provide grid connectivity for Maheshwaram 765/400 kV Pooling Substation and Nizamabad 765/400 kV Substation.

4.7. 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
Maheshwaram – Mehboob Nagar	Telangana	200	400 kV D/C	14 <sup>th</sup> Dec 2017	34%
Nizamabad – Yeddumailaram	Telangana	278	400 kV D/C	14 <sup>th</sup> Oct 2017	66%



4.8. Following is the MAP showing area covered by the SPV (not drawn to scale).



4.9. Operating Efficiency history of the SPV:



\*Q4 FY18 –Data comprises of data from availability certificate for the months of January and February.



4.10. Pictures of the site visit as on 5<sup>th</sup> September 2017**5. Overview of the Industry****5.1. Introduction:**

- 5.1.1. India is the third largest producer and fourth largest consumer of electricity in the world, with the installed power capacity reaching 334.40 GW as of January 2018. The country also has the fifth largest installed capacity in the world.
- 5.1.2. Per capita electricity consumption in the country grew at a CAGR of 9.63 per cent, during FY06-FY16 reaching 1075 KWh in FY16.

**5.2. Demand and Supply**

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

**5.3. India's economic outlook**

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



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

- 5.3.2. Power is one of the key sectors attracting FDI inflows into India.
- 5.3.3. From April 2000 to June 2017, India recorded FDI of US\$ 5.85 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.
- 5.3.4. Cumulative FDI inflows into the sector from April 2000–June 2017 were US\$ 11.77 billion.
- 5.3.5. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014. The FDI inflow has doubled to INR 2.6 trillion in 2015-16 from INR 1.3 trillion in 2012-13. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 55 in 2015-16 from 71 in 2014-15. Also, compared with other large emerging economies, India's purchasing-manager index for 2016, published by World Bank, has been reflecting more buoyant sentiment. In essence, India is in a sweet spot compared with other major global economies.

#### 5.4. Power transmission network in India

- 5.4.1. The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the Transmission and Distribution (T&D) system is a three-tier structure comprising distribution networks, state grids and regional grids.
- 5.4.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by PGCIL, which facilitates the transfer of power from a surplus region to the ones with deficit.
- 5.4.3. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 254,536 ckm in FY 11 to around 367,851 ckm in FY 17.
- 5.4.4. 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.
- 5.4.5. 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, PGCIL has spent around INR 0.9 trillion over 2013-16.
- 5.4.6. Of the total capacity-addition projects in transmission during the 12th five year plan, about 42% can be attributed to the state sector. The share of private sector in transmission line and substation additions since the beginning of 12th FYP is 14%



and 7%, respectively, as the majority of high-capacity, long-distance transmission projects were executed by PGCIL and state transmission utilities during this period.

- 5.4.7. In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-supply mismatches, upgradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.
- 5.4.8. Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, we expect transmission segments investments to increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period.

Source: Crisil Power Transmission Report – November 2016 and IBEF report on Power sector in India- February 2018 and CEA Data as mentioned in Adani Transmission Limited Annual Report 2017.

## 6. Valuation Approach

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- 6.1. The present valuation exercise is being undertaken in order to derive the Enterprise Value of the SPV.
- 6.2. The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the valuers, based on the facts and circumstances as applicable to the business of the company to be valued.
- 6.3. There are three generally accepted approaches to valuation:
- (a) "Cost" approach
  - (b) "Market" approach
  - (c) "Income" approach

### 6.4. Cost Approach

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

#### Net Asset Value ("NAV")

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

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

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





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

#### 6.5. **Market Approach**

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

##### Comparable Companies Multiples ("CCM") Method

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

##### Comparable Transactions Multiples ("CTM") Method

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

##### Market Price Method

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

#### 6.6. **Income Approach**

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

##### Discounted Cash Flow ("DCF") Method

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



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

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

#### 6.7. **Conclusion on Valuation Approach**

It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the 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 Net Asset value does not capture the future earning potential of the businesses, we have not considered the cost approach for the current valuation exercise.

#### **Market Approach**

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



**7. Valuation of the SPV**

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We have estimated the value 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.

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

**Key Assumption**

- 7.1.1. **Transmission Revenue:** The transmission revenue of the SPV comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA for the life of the project.
- 7.1.2. **Non Escalable Transmission Revenue:** The Non Escalable Transmission revenue remains fixed for the entire life of the project. We have corroborated the revenue considered in the financial projections of the respective TSA and documents provided to us by the Investment Manager.
- 7.1.3. **Escalable Transmission Revenue:** Escalable Transmission revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA and documents provided to us by the Investment Manager. The escalation is to mainly compensate with the inflation factor.
- 7.1.4. **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.
- 7.1.5. **Penalty:** If the annual availability in a contract year falls below 95%, the SPV shall be liable for an annual penalty as provided in the TSA. Based on our analysis in Para 7.1.4 in the present case it is assumed that the annual availability will not fall below 95% and hence penalty is not considered in the financial projections.
- 7.1.6. **Operations & Maintenance ("O&M"):** O&M expenditure are estimated by the Investment Manager for the projected period based on the escalation rate as determined for the SPV. We have relied on the projections provided by Investment Manager on the operating and maintenance expenses for the projected period.
- 7.1.7. **Depreciation:** The book depreciation has been calculated using Straight Line Method over the life of the project. For calculating depreciation for the projected period, we have considered depreciation rate as specified in the Income Tax Act and WDV as per Income Tax Return filed by the SPV.
- 7.1.8. **Capex:** As represented by the Investment Manager, the SPV is not expected to incur any capital expenditure in the projected period.
- 7.1.9. **Working Capital:** The Investment Manager has envisaged the working capital requirement of the SPV for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade receivables and trade payables for O&M Expenses.

**Impact of Ongoing Material Litigation on Valuation**

- 7.2.1. As represented by Investment Manager, there are no ongoing litigation that will affect the valuation exercise



**7.3. Calculation of Weighted Average Cost of Capital for the SPV****7.3.1. Cost of Equity:**

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

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

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

Wherein:

K(e) = cost of equity

R<sub>f</sub> = risk free rate

R<sub>p</sub> = risk premium i.e. market risk premium over and above risk free rate

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

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

**7.3.2. Risk Free Rate:**

We have applied a risk free rate of return of 7.64% on the basis of the relevant zero coupon yield curve as on 28<sup>th</sup> March 2018 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

**7.3.3. Risk Premium:**

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

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

Wherein:

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

Risk free rate = 7.64% as explained in para 7.3.2.

**7.3.4. Beta:**

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. Normally we would take a relevant number from a quoted stock and the market on which it trades. However, since 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:



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

7.3.5. **Company Specific Risk Premium (CSRP):**

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

7.3.6. **Cost of Debt:**

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

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

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

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

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

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

Formula for calculation of WACC:

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

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

7.4. 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.

7.5. **Valuation of MTL**

7.5.1. We have relied on the projected financials of MTL as provided by Investment Manager for the period from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2052.

7.5.2. WACC arrived at for the purpose of valuation is 7.86% (Refer Appendix I).

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

7.5.4. As on valuation date, we have discounted the free cash flows of MTL using the WACC of 7.86% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 5,564 Mn (Refer Appendix II)



**8. Valuation Conclusion**

- 8.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 8.2. We have been represented by the management that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at enterprise value of the SPV.
- 8.3. Based on the above analysis the Enterprise Value as on the Valuation Date of the SPV is INR 5,564 Mn (Appendix II).
- 8.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

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

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

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

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

**Limitations**

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

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



- 9.4. We have assumed that the documents submitted to us by the Investment Manager in connection with any particular issue are the only documents related to such issue.
- 9.5. We have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and we do not express any opinion as to the legal or technical implications of the same.
- 9.6. Analysis of Additional Set of Disclosures for Maheshwaram Transmission Limited ("MTL")

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

As informed by the Investment Manager, there have been additional sanctions/ approvals obtained by MTL for the year ended 31<sup>st</sup> March 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 31<sup>st</sup> March 2018 is provided in Appendix III.

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

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

- C. Statement of assets included;

As at 31<sup>st</sup> March 2018, MTL has Transmission Lines gross block of INR 3,875.89 million (net block of INR 3,827.99 million), Freehold land gross block of INR 0.61 million and other assets including plant and machinery, etc. gross block of INR 0.88 million (net block of INR 0.51 million)

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

We noted in the provisional financial statements that MTL has incurred INR 5.44 million for the year ended 31<sup>st</sup> March 2018 for the maintenance charges of Transmission Lines. Based on the confirmation provided by investment manager we expect an increase of 3.67% per annum in the cost of repairs and maintenance expenses to be incurred in the future period.

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

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

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

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

We were informed by the Investment Manager that the status of ongoing litigations is updated in Appendix IV. Refer Appendix IV for ongoing litigations. Investment Manager has informed us that it will be difficult to forecast the result of these ongoing litigations considering the current situation.

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

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



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

<b>Particulars</b>	<b>%</b>	<b>Remarks</b>
Market Return	15.00%	Market Return has been considered based on the long term average returns earned by an equity investor in India.
Risk Free Rate	7.64%	Risk Free Rate has been considered based on zero coupon yield curve as at 28 <sup>th</sup> March 2018 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Market Risk Premium	7.36%	Market Premium = Market Return – Risk Free Rate
Beta (relevered)	0.64	Beta has been considered based on the beta of companies operating in the similar kind of business in India.
Cost of Equity	12.35%	$Ke = Rf + \beta \times (Rm - Rf) + CSR$
Pre-tax Cost of Debt	8.00%	As represented by the Investment Manager
Effective tax rate of SPV	25.81%	Average tax rate for the life of the project has been considered
Post-tax Cost of Debt	5.94%	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>7.86%</b>	<b><math>WACC = [Ke \times (1 - D/(D+E))] + [Kd \times (1 - t) \times (D/(D+E))]</math></b>





Appendix II – Valuation of MTL as on 31<sup>st</sup> March 2018

WACC		7.86%									INR Mn
FY	Revenue	EBITDA	EBITDA Margin	Capex	NCA	Taxation	FCFF	CAF	Discounting Factor	PV of Cash Flows	
FY19	575	541	94%	-	38	90	414	0.50	0.96	398	
FY20	575	541	94%	-	0	89	451	1.50	0.89	403	
FY21	576	540	94%	-	0	89	451	2.50	0.83	373	
FY22	576	539	94%	-	0	89	450	3.50	0.77	345	
FY23	577	538	93%	-	0	89	449	4.50	0.71	320	
FY24	577	538	93%	-	0	89	449	5.50	0.66	296	
FY25	578	537	93%	-	0	89	448	6.50	0.61	274	
FY26	579	536	93%	-	0	88	448	7.50	0.57	254	
FY27	580	535	92%	-	0	88	447	8.50	0.53	235	
FY28	580	535	92%	-	0	88	446	9.50	0.49	218	
FY29	581	534	92%	-	0	88	446	10.50	0.45	201	
FY30	582	533	92%	-	0	88	445	11.50	0.42	186	
FY31	583	532	91%	-	0	88	444	12.50	0.39	173	
FY32	584	531	91%	-	0	87	444	13.50	0.36	160	
FY33	585	530	91%	-	0	91	439	14.50	0.33	147	
FY34	586	529	90%	-	0	140	389	15.50	0.31	120	
FY35	587	528	90%	-	0	142	386	16.50	0.29	111	
FY36	589	528	90%	-	0	144	384	17.50	0.27	102	
FY37	590	527	89%	-	0	145	382	18.50	0.25	94	
FY38	591	526	89%	-	0	146	380	19.50	0.23	87	
FY39	593	525	89%	-	0	147	378	20.50	0.21	80	
FY40	595	524	88%	-	0	147	376	21.50	0.20	74	
FY41	596	523	88%	-	0	148	375	22.50	0.18	68	
FY42	598	522	87%	-	0	148	374	23.50	0.17	63	
FY43	600	521	87%	-	0	149	372	24.50	0.16	58	
FY44	602	520	86%	-	0	149	371	25.50	0.15	54	
FY45	604	520	86%	-	0	149	370	26.50	0.13	50	
FY46	606	519	86%	-	0	149	369	27.50	0.12	46	
FY47	609	518	85%	-	0	149	368	28.50	0.12	43	
FY48	611	517	85%	-	0	149	368	29.50	0.11	39	
FY49	614	516	84%	-	0	149	367	30.50	0.10	37	
FY50	617	516	84%	-	0	149	366	31.50	0.09	34	
FY51	620	515	83%	-	0	149	365	32.50	0.09	31	
FY52	623	514	83%	-	0	149	365	33.50	0.08	29	
FY53*	314	258	82%	-	1	74	183	34.25	0.07	14	
TV	627	514	82%	-	-	150	364	34.25	0.07	27	
Present Value of Explicit Period Cash Flows										5,217	
Present Value of Terminal Year Cash Flow										347	
Enterprise Value										5,564	

\* for the period ended 30<sup>th</sup> September 2052

## Appendix III – Summary of Approvals &amp; Licenses (1/3)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Company Registration	14-Aug-14	Valid	Ministry of Corporate Affairs
2	<b>Aviation Clearance</b>			
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	16-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	21-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	21-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	21-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	21-Mar-17	7	Airport Authority Of India
	NOC for Height Clearance	9-Mar-17	7	Airport Authority Of India
3	Approval under section 68(1) of Electricity Act, 2003	27-Jul-15	Valid	Ministry of Power
4	Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	20-Sep-16	25	Ministry of Power
5	Approval from CERC under section 17(3)	4-Jun-16	Valid	Central Electricity Regulatory Commission
6	Approval under section 14 of Electricity Act, 2003	23-Nov-15	25	Central Electricity Regulatory Commission
7	Approval for Energisation under regulation 43 of CEA	15-May-17	Valid	Central Electricity Authority
8	<b>Forest Clearance</b>			
	Nizambad- Yeddumailaram Transmission Line at Nizamabad - Stage I (in Principal Approval)	14-Oct-16	5	Ministry of Environment, Forests & Climate Change
	Nizambad- Yeddumailaram Transmission Line at Nizamabad - Stage I (Working approval)	6-Jan-17	1	Forest Department (Government of Telangana)
	Nizambad- Yeddumailaram Transmission Line at Nizamabad - Stage II (in Principal Approval)	12-Jan-18	Valid	Ministry of Environment, Forests & Climate Change

Source: Investment Manager



## Appendix III – Summary of Approvals & Licenses (2/3)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
	<b>Power &amp; Telecommunication Coordination Committee ("PTCC")</b>			
9	<b>Clearance</b> Nizamabad- Yeddumailaram Transmission Line Maheshwaram-MahabubNagar Transmission Line	11-Apr-17 14-Jun-17	Valid Valid	PTCC, Government of India PTCC, Government of India
10	<b>Road Crossing</b> Nizamabad-Shankarpali over NH 44 between AP 8/0 and AP 9/0 Nizamabad-Shankarpali over NH 9 (Hyderabad to Mumbai) Maheshwaram-MahabubNagar Transmission Line	27-Jan-17 3-Mar-17 10-Mar-17	Valid Valid Valid	National Highway Authority of India Ministry of Road Transport & Highways National Highway Authority of India
11	<b>Defence Clearance</b> NOC from aviation angle for Construction of Maheshwaram Mahabubnagar Line. NOC from aviation angle for Construction of Nizamabad- Shankarpali Line	26-May-17 29-May-17	Valid Valid	Ministry of Defence Ministry of Defence
12	<b>Power Line Crossing Approval</b> Raichur Line Tower (Provisional Permission) Maheshwaram-MahabubNagar 132 KV & 220 KV Maheshwaram-MahabubNagar (Provisional Permission) Maheshwaram- Veltoor Nizamabad-Sharkarpally Transmission Line crossing 132KV Kandi) Nizamabad-Yeddumailaram Transmission Line crossing 132KV & 220 KV Nizamabad-Yeddumailaram Transmission Line crossing 132KV & 220 KV in Medak Circle Nizamabad-Sharkarpally 400KV Gajwel-Shankarpally DC line Nizamabad-Sharkarpally Transmission Line (Provisional Permission) Nizamabad-Sharkarpally 220 KV Sadasivpet- Shankarpally Line	6-Jul-16 12-Sep-16 8-Dec-16 26-May-17 3-Mar-17 9-Aug-16 10-Oct-16 19-Oct-16 23-Jan-17 4-Aug-17	Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid Valid	Power Grid Corporation of India Ltd Transmission Corporation of Telangana Limited Power Grid Corporation of India Ltd Transmission Corporation of Telangana Limited Transmission Corporation of Telangana Limited Transmission Corporation of Telangana Limited Transmission Corporation of Telangana Limited Transmission Corporation of Telangana Limited Power Grid Corporation of India Ltd Transmission Corporation of Telangana Limited

Source: Investment Manager



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

<b>Sr. No.</b>	<b>Approvals</b>	<b>Date of Issue</b>	<b>Validity (in years)</b>	<b>Issuing Authority</b>
13	<b>Railway Crossing</b> 400kv D/C Nizambad-Shankarpali	13-Feb-17	Valid	South Central Railway
14	<b>Transmission Service Agreement</b> Transmission Service Agreement between MTL & Long Term Transmission Customers Transmission Service Agreement between MTL & Power Grid Corporation of India Ltd	10-Jun-15 27-Apr-17	35 Valid	
15	<b>Approval for adoption of Tariff</b> Approval for adoption of Tariff Revised approval for adoption of Tariff	24-Nov-15 12-Jun-17	35 35	
16	<b>Trial run certificate</b> Nizamabad - Shankarapally lines I & II. Maheshwaram - Mahabubnagar lines I & II.	20-Oct-17 26-Dec-17	Valid Valid	Power System Operation Corporation Limited Power System Operation Corporation Limited

Source: Investment Manager



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

<b>Matter</b>	<b>Pending Before</b>	<b>Details of the case</b>	<b>Documents Provided</b>	<b>Amount Involved (INR Million)</b>	<b>Amount Deposited (INR Million)</b>
Right of Way Compensation (ROW)	Collector	<b>Background of the case:</b> Compensation review, case no. 2636 of 2017. <b>Current Status:</b> MTL has submitted the reply and the matter is currently pending.	Not Provided*	Not Provided*	Not Provided*
Right of Way Compensation (ROW)	Sangareddy Collector Office	<b>Background of the case:</b> MTL has received notice from MROs of Sangareddy District seeking clarity of Compensation paid to farmers after agitation from farmers seeking compensation as per Sangareddy DM order. <b>Current Status:</b> MTL has submitted the reply and the matter is currently pending.	Not Provided*	Not Provided*	Not Provided*
Right of Way Compensation (ROW)	RDO	<b>Background of the case:</b> Compensation review, case no. 8125 of 2017. <b>Current Status:</b> MTL has submitted the reply and the matter is currently pending.	Not Provided*	Not Provided*	Not Provided*

Source: Investment Manager

\* We were not provided with the data and hence we are unable to comment on the same.

