

Strictly Private and Confidential

CFAS-2/20-21/CHENNAI/VR/5

Date: 30th July 2020

**The Board of Directors,
Sterlite Investment Managers Limited**

12th Floor, we work, 247 Park,
247 embassy, Hindustan C. Bus Stop,
Lal Bahadur Shastri Road,
Gandhi Nagar, Vikhroli West,
Mumbai City, Maharashtra, 400079.

**Mr. S Sundararaman,
Registered Valuer**

5B, "A" Block,
5th Floor, Mena Kampala Arcade,
New #18 & 20, Thiagaraya Road,
T.Nagar,
Chennai – 600 017.

**The Board of Directors,
India Grid Trust
(Axis Trustee Services Limited acting on behalf of the Trust)**

12th Floor, we work, 247 Park,
247 embassy, Hindustan C. Bus Stop,
Lal Bahadur Shastri Road,
Gandhi Nagar, Vikhroli West,
Mumbai City, Maharashtra, 400079.

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

Dear Sirs/Madams,

I, Mr. S. Sundararaman ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 1st July 2020 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, for the purpose of the financial valuation of the special purpose vehicles (defined hereinafter below) as per the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations").

The Trust operates and maintains the following special purpose vehicles:

Sr No.	Name of the SPVs
1	Bhopal Dhule Transmission Company Limited ("BDTCL")
2	Jabalpur Transmission Company Limited ("JTCL")
3	Maheshwaram Transmission Limited ("MTL")
4	RAPP Transmission Company Limited ("RTCL")
5	Purulia & Kharagpur Transmission Company Limited ("PKTCL")
6	Patran Transmission Company Limited ("PTCL")
7	Northern Region Strengthening Scheme XXIX Transmission Limited ("NRSS")
8	Odisha Generation Phase - II Transmission Limited ("OGPTL")
9	East-North Interconnection Company Limited ("ENICL")

(Together referred to as "the SPVs").

The SPVs were acquired by the Trust and are to be valued as per Regulation 21(5) contained in the Chapter V of the SEBI InvIT Regulations. As per Regulation 21(5) of Chapter V of the SEBI InvIT Regulations,

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"A half yearly valuation of the assets of the InvIT shall be conducted by the valuer for the half-year ending September 30th for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within one month from the date of end of such half year:

Provided that in case the consolidated borrowings and deferred payments of an InvIT, in terms of Regulation 20, is above forty nine per cent, the valuation of the assets of such InvIT shall be conducted by the valuer for quarter ending June, September and December, for incorporating any key changes in the previous quarter and such quarterly report shall be prepared within one month from the date of the end of such quarter."

In this regard, the Investment Manager and the Trustee intends to undertake the fair enterprise valuation of the SPVs as on 30th June 2020 for incorporating any key changes from the period ended 31 March 2020 till 30 June 2020. Accordingly, this report should be read in continuation to my report dated 27th May 2020 in relation to the detailed valuation of all the SPVs as at 31 March 2020.

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

The Investment Manager have represented that there is no material change in the contingent liabilities from 31st March 2020 till the date of this report.

I am enclosing the Report providing opinion on the fair enterprise value of the SPVs on a going concern basis as at 30th June 2020 ("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 and 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.

The analysis must be considered as a whole. Selecting portions of any analysis or the factors that are considered in this Report, 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.

The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information have been prepared by the Investment Manager. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPVs.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiry to satisfy myself that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the period of cash flow forecast.

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Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts/ projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

The valuation provided by RV and the valuation conclusions are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the Securities and Exchange Board of India ("SEBI") thereunder.

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 7 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public as a material document and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

RV draws your attention to the limitation of liability clauses in Section 7 of the Report including the clause on Limitation on account of COVID-19 and Significant Uncertainty in Valuation.

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

Yours faithfully,

S. Sundararaman

Registered Valuer

IBBI Registration No – IBBI/RV/06/2018/10238

Place: Chennai

UDIN - 20028423AAAAHV7202

Contents

Section No.	Particulars	Page No.
1	Executive Summary	6
2	Procedures adopted for current valuation exercise	11
3	Overview of the InvIT and the SPVs	12
4	Valuation Methodology and Approach	19
5	Valuation Conclusion	22
6	Sources of Information	24
7	Exclusions& Limitations	25

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BDTCL	Bhopal Dhule Transmission Company Limited
BOOM	Build-Own-Operate-Maintain
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiple
CERC	Central Electricity Regulatory Commission
Ckms	Circuit Kilometres
COD	Commercial Operation Date
CSRP	Company Specific Risk Premium
CTM	Comparable Transactions Multiple
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ENICL	East-North Interconnection Company Limited
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FY	Financial Year Ended 31 st March
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
INR	Indian Rupees
IVS	ICAI Valuation Standards, 2018
JTCL	Jabalpur Transmission Company Limited
kV	Kilo Volts
Mn	Million
MTL	Maheshwaram Transmission Limited
NAV	Net Asset Value
NRSS	Northern Region Strengthening Scheme XXIX Transmission Limited
OGPTL	Odisha Generation Phase - II Transmission Limited
PGCIL	Power Grid Corporation of India Limited
PKTCL	Purulia & Kharagpur Transmission Company Limited
PTCL	Patran Transmission Company Limited
RTCL	RAPP Transmission Company Limited
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SGL1/SGL2/SGL3	Sterlite Grid 1 Limited/ Sterlite Grid 2 Limited/ Sterlite Grid 3 Limited
SIML or Investment Manager	Sterlite Investment Managers Limited
SPGVL or the Sponsor	Sterlite Power Grid Ventures Limited
TAO	Tariff Adoption Order
TARP	Temporary Additional Risk Premium
TCSR	Temporary Company Specific Risk Premium
TEECL	Techno Electric & Engineering Company Limited
the SPV	Special Purpose Vehicle
the Trust or InvIT	India Grid Trust
the Trustee	Axis Trustee Services Limited
TSA	Transmission Service Agreement
WACC	Weighted Average Cost of Capital

1. Executive Summary

1.1. Background

The Trust

1.1.1. India Grid Trust (“the Trust”) was established on 21st October 2016 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882 by SPGVL and is registered with the Securities and Exchange Board of India (“SEBI”) as an InvIT on November 28, 2016, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time (“the SEBI InvIT Regulations”). It is established to own inter-state power transmission assets in India. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6th June 2017.

1.1.2. Shareholding of the Trust as on 30th June 2020

Sr. No.	Particulars	No. of Units	%
1	Sponsor	8,75,48,026	15%
2	Insurance Companies	3,32,97,075	6%
3	Mutual Fund	49,63,518	1%
4	Financial Institutions or Banks	41,72,553	1%
5	Provident or pension funds	28,72,989	0%
6	Foreign Portfolio Investors	31,96,16,199	55%
7	Non-institutional investors	13,10,12,721	20%
	Total	58,34,83,081	100%

Source: BSE Limited

The Sponsor

1.1.3. Sterlite Power Grid Ventures Limited (“SPGVL” or “the Sponsor”) is mainly engaged into the business of installation and operation of electricity transmission projects in India and Brazil.

1.1.4. Shareholding of the Sponsor as on 30th June 2020

Sr. No.	Particulars	%
1	Sterlite Power Transmission Limited	100%
	Total	100%

Source: Investment Manager

Investment Manager

1.1.5. Sterlite Investment Managers Limited (“the Investment Manager” or “SIML”) has been appointed as the investment manager to the Trust by Axis Trustee Services Limited (“the Trustee”) and will be responsible to carry out the duties of such a person as mentioned under SEBI InvIT Regulations.

1.1.6. Shareholding of the Investment Manager as on 30th June 2020

Sr. No.	Particulars	%
1	Electron IM PTE. Ltd (KKR affiliate entity)	60%
2	Sterlite Power Grid Ventures Limited	40%
	Total	100%

Source: Investment Manager

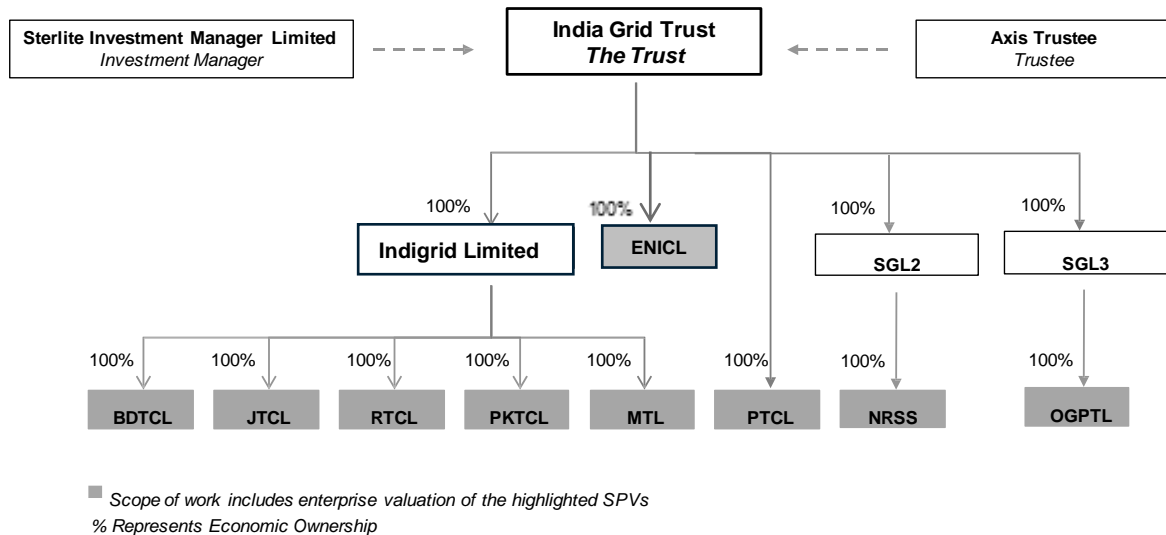
Assets to be Valued:

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 and cash equivalents to meet those liabilities. The below mentioned financial assets are valued at Enterprise Value.

Sr No.	Name of the SPV
1	Bhopal Dhule Transmission Company Limited ("BDTCL")
2	Jabalpur Transmission Company Limited ("JTCL")
3	Maheshwaram Transmission Limited ("MTL")
4	RAPP Transmission Company Limited ("RTCL")
5	Purulia & Kharagpur Transmission Company Limited ("PKTCL")
6	Patran Transmission Company Limited ("PTCL")
7	Northern Region Strengthening Scheme XXIX Transmission Limited ("NRSS")
8	Odisha Generation Phase - II Transmission Limited ("OGPTL")
9	East-North Interconnection Company Limited ("ENICL")

(Together referred to as “the SPVs”)

Group Structure of the Trust as at 30th June 2020



Source: Investment Manager

1.2. Purpose and Scope of Valuation

Purpose of Valuation

1.2.1. As per Regulation 21(5) of Chapter V of the SEBI InvIT Regulations,

"A half yearly valuation of the assets of the InvIT shall be conducted by the valuer for the half-year ending September 30th for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within one month from the date of end of such half year:

Provided that in case the consolidated borrowings and deferred payments of an InvIT, in terms of Regulation 20, is above forty nine per cent, the valuation of the assets of such InvIT shall be conducted by the valuer for quarter ending June, September and December, for incorporating any

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key changes in the previous quarter and such quarterly report shall be prepared within one month from the date of the end of such quarter.”

In this regard, the Investment Manager and the Trustee intends to undertake the fair enterprise valuation of the SPVs as on 30th June 2020.

- 1.2.2. In this regard, the Investment Manager and the Trustee have appointed Mr. S. Sundararaman (“Registered Valuer” or “RV” or “I” or “My” or “Me”) bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at the enterprise level of the SPVs as per the SEBI InvIT Regulations as at 30th June 2020. 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 and cash equivalents to meet those liabilities.
- 1.2.3. Registered Valuer declares that:
- i. The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
 - ii. The RV is independent and has prepared the Valuation Report (“the Report”) on a fair and unbiased basis;
 - iii. RV has valued the SPVs based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI InvIT Regulations.
- 1.2.4. This Report covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPVs is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

Scope of Valuation

1.2.5. Nature of the Asset to be Valued

The RV has been mandated by the Investment Manager to arrive at the Enterprise Value of the SPVs. Enterprise Value 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 and cash equivalents to meet those liabilities.

1.2.6. Valuation Base

Valuation Base means the indication of the type of value being used in an engagement. In the present case, RV has determined the fair value of the SPVs at the enterprise level. Fair Value Bases defined as under:

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

1.2.7. Valuation Date

Valuation date is the specific date at which the value of the assets to be valued gets estimated or measured. Valuation is time specific and can change with the passage of time due to changes in the condition of the asset to be valued. Accordingly, valuation of an asset as at a particular date can be different from other date(s).

The valuation date considered for the fair enterprise valuation of the SPVs is 30th June 2020 (“Valuation Date”). The attached Report is drawn up by reference to accounting and financial information as on 30th June 2020. The RV is not aware of any other events having occurred since 30th June 2020 till date of this Report which he deems to be significant for his valuation analysis.

1.2.8. Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, RV has determined the fair enterprise value of the SPVs on a Going Concern Value defined as under:

Going Concern Value

Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place etc.

- 1.2.9. For the amount pertaining to the operating working capital, the Investment Manager has acknowledged to consider the provisional financial statements as on 30th June 2020 to carry out the valuation of the SPVs.

1.3. Summary of Valuation

I have assessed the fair enterprise value of each of the SPVs on a stand-alone basis by using the discounted cash flow method under the income approach. Following table summarizes my explanation on the usage or non-usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost approach	Net Asset Value	No	NAV does not capture the future earning potential of the business.
Income approach	Discounted Cash Flow	Yes	The revenue of the projects are defined for a certain period of years under TSA, known as "Concession Period". All the SPVs except ENICL have Concession Period of 35 years and in case of ENICL, the Concession Period is 25 years. Hence, the growth potential of the SPVs and the true worth of its business would be reflected in its future earnings potential and therefore, DCF method under the income approach has been considered as an appropriate method for the present valuation exercise.
Market approach	Market Price	No	The equity shares of SPVs are not listed on any recognized stock exchange of India. Hence, I was unable to apply market price method.
	Comparable Companies Multiples	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPVs, I have not considered CCM method in the present case.
	Comparable Transactions Multiples	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF method, the Free Cash Flow to Firm (FCFF) has been used for the purpose of valuation of each of the SPVs. In order to arrive at the fair EV of the individual SPVs under the DCF method, I have relied on unaudited financial statements as at 30th June 2020 prepared in accordance with the Indian Accounting Standards (IndAS) and the financial projections of the respective SPVs prepared by the Investment Manager as at the Valuation Date based on their best judgement. The discount rate considered for the respective SPVs for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("WACC") for each of the SPVs. As all the SPVs under consideration have executed projects under the BOOM model, the ownership of the underlying assets shall remain with the SPVs even after the expiry of the concession period. Accordingly, terminal period value i.e. value on account of cash flows to be generated even after the expiry of concession period has been considered in the current valuation exercise.

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Based on the methodology and assumptions discussed further, RV has arrived at the fair Enterprise Value of the SPVs as on the Valuation Date:

Sr No.	SPVs	Projection Period (Balance TSA Period)	WACC	Fair EV (INR Mn)
1	BDTCL	~ 28 Years 9 Months	8.63%	19,013
2	JTCL	~ 28 Years 8 Months	8.88%	14,526
3	MTL	~ 32 Years 6 Months	8.40%	5,595
4	RTCL	~ 30 Years 8 Months	8.30%	4,082
5	PKTCL	~ 30 Years 9 Months	8.30%	6,595
6	PTCL	~ 31 Years 5 Months	8.35%	2,417
7	NRSS	~ 33 Years 2 Months	8.23%	43,857
8	OGPTL	~ 33 Years 9 Months	8.34%	14,375
9	ENICL*	~ 15 Years 4 Months	8.70% to 12.03%	11,244
Total				1,21,704

**Only in case of ENICL, I have considered separate WACC for explicit period and terminal period.*

Further to above, considering that present valuation exercise is based on the future financial performance and based on opinions on the future credit risk, cost of debt assumptions, etc., 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 variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the WACC by increasing/ decreasing it by 1.00%

Fair Enterprise Valuation Range based on WACC parameter (1.00%)

<i>INR Mn</i>							
Sr No.	SPVs	Base WACC	EV	WACC +1.00%	EV	WACC -1.00%	EV
1	BDTCL	8.63%	19,013	9.63%	17,550	7.63%	20,818
2	JTCL	8.88%	14,526	9.88%	13,289	7.88%	16,046
3	MTL	8.40%	5,595	9.40%	5,086	7.40%	6,236
4	RTCL	8.30%	4,082	9.30%	3,754	7.30%	4,482
5	PKTCL	8.30%	6,595	9.30%	6,074	7.30%	7,234
6	PTCL	8.35%	2,417	9.35%	2,224	7.35%	2,656
7	NRSS	8.23%	43,857	9.23%	40,233	7.23%	48,341
8	OGPTL	8.34%	14,375	9.34%	13,174	7.34%	15,874
9	ENICL	8.70% to 12.03%	11,244	9.70% to 13.03%	10,558	7.70% to 11.03%	12,027
Total of all SPVs			1,21,704	1,11,942		1,33,714	

2. Procedures adopted for current valuation exercise

- 2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI 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.
- 2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:
- 2.2.1. Requested and received financial and qualitative information relating to the SPVs;
 - 2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;
 - 2.2.3. Discussions with the Investment Manager on the key updates in the businesses of the SPVs – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;
 - 2.2.4. Undertook industry analysis for key updates, if any.
 - 2.2.5. Analysis of other publicly available information
 - 2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by us.
 - 2.2.7. Determination of fair EV of the SPVs.

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3. Overview of the InvIT and the SPVs

The Trust

- 3.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 21st October 2016 by SPGVL as the Sponsor to own inter-state power transmission assets in India. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6th June 2017.
- 3.2. The Trust has acquired from the Sponsor the SPVs namely, BDTCL, JTCL, MTL, RTCL, PKTCL, NRSS and OGPTL and PTCL from Techno Electric & Engineering Company Limited (“TEECL”) and ENICL from Sterlite Power Transmission Limited (“SPTL”) and the Sponsor. Following is the summary of the past EVs and the date of acquisition of the SPVs:

Asset Name	Acquisition Date	Enterprise Value (INR Mn)									Acquisition Value
		31-Mar-20	30-Sep-19	31-Mar-19	30-Sep-18	31-Mar-18	30-Sep-17	31-Mar-17	31-Mar-16	31-Mar-15	
BDTCL	30-May-17	18,565	19,091	19,470	19,694	20,319	21,431	21,541	21,812	20,113	
JTCL	30-May-17	14,426	14,774	14,608	14,937	15,431	15,988	16,125	19,407***	14,295	37,020**
MTL	14-Feb-18	5,437	5,383	5,268	5,423	5,564	5,218	-----	NA-----	-----	4,697
RTCL	14-Feb-18	4,008	4,173	4,035	4,084	4,054	3,935	-----	NA-----	-----	3,542
PKTCL	14-Feb-18	6,439	6,477	6,390	6,481	6,618	6,512	-----	NA-----	-----	5,861
PTCL*	31-Aug-18	2,370	2,442	2,423	2,401	-----	-----	NA-----	-----	-----	2,320
NRSS	3-Jun-19	43,911	44,349	-----	-----	-----	NA-----	-----	-----	-----	40,465
OGPTL	27-Jun-19	14,105	13,878	-----	-----	-----	NA-----	-----	-----	-----	11,980
ENICL	24-Mar-20	10,949	-----	-----	-----	-----	NA-----	-----	-----	-----	10,200

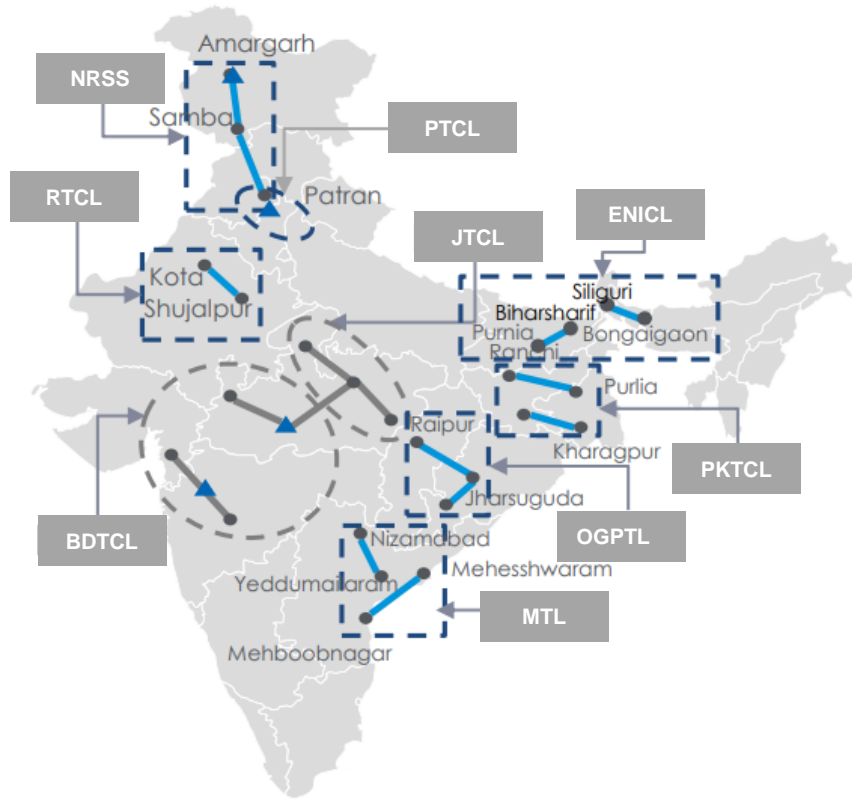
*PTCL was acquired from TEECL

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

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

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Following is the map showing area covered by the SPVs of the Trust:



Source: Investment Presentation Q4FY20

3.3. **Bhopal Dhule Transmission Company Limited (BDTCL)**

3.3.1. Summary of details of BDTCL are as follows:

Parameters	Details
Project Cost	INR 21,634 Mn
Total Length	944 ckms
Scheduled COD	31 st March, 2014
Expiry Date	35 years from COD
Trust's stake	100% economic ownership

Source: Investment Manager

3.3.2. The BDTCL project was awarded to Indgrid Limited (formerly known as SGL1) by the Ministry of Power on 31st January 2011 for a 35 year period from the scheduled commercial operation date on a Build-Own-Operate-Maintain (“BOOM”) basis. The expiry date of TSA shall be the date which is 35 years from the scheduled Commercial Operation Date (“COD”) of the project.

3.3.3. BDTCL operates six extra high voltage overhead transmission lines of 944 Ckms comprising four 765 kV single circuit lines of 891 Ckms and two 400 kV dual circuit lines of 53 Ckms. The single circuit lines comprise a 260 ckms line from Jabalpur to Bhopal in Madhya Pradesh, a 176 Ckms line from Bhopal to Indore in Madhya Pradesh, a 192 Ckms line from Aurangabad to Dhule in Maharashtra and a 263 Ckms line from Dhule (Maharashtra) to Vadodara (Gujarat). The double circuit lines consist of a 36 Ckms line within Dhule and a 17 Ckms line within Bhopal. In addition, the project includes two 3,000 MVA sub-stations, one each in Bhopal and Dhule.

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

3.4. **Jabalpur Transmission Company Limited (JTCL)**

3.4.1. Summary of details of JTCL are as follows:

Parameters	Details
Project Cost	INR 19,183 Mn
Total Length	992 ckms
Scheduled COD	1 st March, 2014
Expiry Date	35 years from COD
Trust's stake	100% economic ownership

Source: Investment Manager

3.4.2. The JTCL project was awarded to Indgrid Limited (formerly known as SGL1) by the Ministry of Power on 19th January 2011 for a 35 year period from the scheduled commercial operation date on a BOOM basis. The expiry date of TSA shall be the date which is 35 years from the scheduled COD of the project.

3.4.3. JTCL operates two extra high voltage overhead transmission lines of 992 Ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV dual circuit line of 757 Ckms from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV single circuit Line of 235 Ckms from Jabalpur to Bina in Madhya Pradesh.

3.4.4. JTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the east of India.

3.5. **Maheshwaram Transmission Limited (MTL)**

3.5.1. Summary of details of MTL are as follows:

Parameters	Details
Project Cost	INR 3,841 Mn
Total Length	477 ckms
Scheduled COD	1 st June, 2018
Expiry Date	35 years from COD
Trust's stake	100% economic ownership

Source: Investment Manager

3.5.2. The MTL project was awarded to Sterlite Grid 3 Limited by the Ministry of Power on 10th June 2015 for a 35 year period from the scheduled commercial operation date on BOOM basis. The expiry date of TSA shall be the date which is 35 years from the COD of the project.

3.5.3. MTL will create a key component to enable Southern region to draw more power from North-East-West Grid and address the issue of power stability in Telangana region. The improved grid connectivity shall facilitate power procurement from the 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.

3.6. **RAPP Transmission Company Limited (RTCL)**

3.6.1. Summary of details of RTCL are as follows:

RTCL

Parameters	Details
Project Cost	INR 2,601 Mn
Total Length	403 ckms
Scheduled COD	1 st March, 2016
Expiry Date	35 years from COD
Trust's stake	100% economic ownership

Source: Investment Manager

3.6.2. The RTCL project was awarded to Sterlite Grid 2 Limited by the Ministry of Power on 24th July 2013 for a 35 year period from the scheduled commercial operation date on a BOOM basis. The expiry date of TSA shall be the date which is 35 years from the scheduled COD of the project.

3.6.3. The RTCL project transfers power from the atomic power plant near Kota in Rajasthan to Shujalpur in Madhya Pradesh to provide the path for the evacuation of electricity generated at RAPP-7 and 8. Its route length is 201 Kms. The network will act as an interregional link between the Northern and the Western region.

3.6.4. RTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the west of India.

3.7. **Purulia & Kharagpur Transmission Company Limited (PKTCL)**

3.7.1. Summary of details of PKTCL are as follows:

Parameters	Details
Project Cost	INR 4,405 Mn
Total Length	545 ckms
Scheduled COD	11 th March 2016
Expiry Date	35 years from COD
Trust's stake	100% economic ownership

Source: Investment Manager

3.7.2. The PKTCL project was awarded to Sterlite Grid 2 Limited by the Ministry of Power on 6th August 2013 for a 35 year period from the scheduled commercial operation date on BOOM basis. The expiry date of TSA shall be the date which is 35 years from the scheduled COD of the project.

3.7.3. PKTCL project has been brought into existence, keeping in view the growing generation capacity in the eastern region. It was much needed to strengthen the interconnection of the state grids with regional grids to facilitate exchange of additional power between them. Its route length is 545 Ckms.

Patran Transmission Company Limited (PTCL)

3.7.4. Summary of details of the PTCL are as follows:

Parameters	Details
Project Cost	INR 2,250 Mn
Total Length	10 ckms
Scheduled COD	11 th November, 2016
Expiry Date	35 years from COD
Trust's stake	100% economic ownership

Source: Investment Manager

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- 3.7.5. 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 BOOM basis. The expiry date of TSA shall be the date which is 35 years from the scheduled COD of the project.
- 3.7.6. The PTCL 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 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

3.8. **Northern Region Strengthening Scheme XXIX Transmission Limited (NRSS)**

- 3.8.1. Summary of details of NRSS are as follows:

Parameters	Details
Project Cost	INR 28,082 Mn
Total Length	830 ckms/ 415 kms
Scheduled COD	5 th August 2018
Expiry Date	35 years from COD
Trust's stake	100% economic ownership

Source: Investment Manager

- 3.8.2. The NRSS project was awarded by the Ministry of Power on 2nd January 2014 for a 35 years period from the commercial operation date on a BOOM basis.
- 3.8.3. The NRSS XXIX Transmission Limited project is expected to deliver over 2,000 MW of electricity from Punjab to the Kashmir Valley by strengthening the transmission system in these two states. The Jalandar-Samba 400 kV D/C transmission line was commissioned in June 2016. NRSS XXIX Transmission Limited commissioned the other two 400 kV double circuit transmission lines and one 400/220 kV GIS sub-station in September 2018. The SPV would operate and maintain these for a minimum tenure of 35 years.

Odisha Generation Phase - II Transmission Limited (OGPTL)

- 3.8.4. Summary of details of OGPTL are as follows:

Parameters	Details
Project Cost	INR 12,200 Mn
Total Length	710 ckms/355 kms
Scheduled COD	08 th August 2019
Expiry Date	35 years from COD
Trust's stake	100% economic ownership

Source: Investment Manager

- 3.8.5. The OGPTL project was awarded to SGL 3 by the Ministry of Power on 19th January 2011 for a 35 years period from the commercial operation date on a BOOM basis.
- 3.8.6. The OGPTL project is a part of Common Transmission System for Phase – II Generation Projects and Immediate Evacuation System for OPGC Projects in Odisha. The transmission lines will be part of the interstate transmission network providing additional evacuation up to 5,000 MW of electricity from Odisha-based plants that are seeking better access to power-consuming centers. The OPGC – Jharsuguda 400 kV D/C transmission line was commissioned in August 2017 and Jharsuguda – Raipur 765 kV D/C transmission line in April 2019. The SPV would operate and maintain these for a minimum tenure of 35 years.

East-North Interconnection Company Limited (ENICL)

3.8.7. Summary of details of ENICL are as follows:

Parameters	Details
Project Cost	INR 12,519 Mn
Total Length	909 ckms/452 kms
Issue of Transmission License	28 th October 2010
Scheduled COD	07 th January 2013
Expiry Date	25 years from issue of Transmission License
Trust's stake	100% economic ownership

Source: Investment Manager

- 3.8.8. The ENICL project was awarded to Sterlite Technologies Limited, by the Ministry of Power on 7th January 2010 for a period of 25 years from the date of issue of Transmission Licence by Central Electricity Regulatory Commission (“CERC”) on a BOOM basis.
- 3.8.9. ENICL is engaged in the establishment of two 400 KV Double Circuit transmission lines (with a total line length of 452 Km) that passes through the Indian states at Assam, West Bengal, and Bihar. Bongaigaon Silliguri Line, having the length of 220 kms passing through the states of Assam and West Bengal. Purnea Biharsharif Line with the length of 232 kms passes through the state of Bihar. As per the terms of TSA, ENICL would construct, operate and maintain these for a minimum tenure of 25 years.
- 3.8.10. On 23rd August, 2016, the Purnea -Biharsharif transmission line (“PB Line”) of ENICL was rendered inoperable due to flooding in the Ganga river which damaged certain towers of the transmission line. The restoration work for the same is completed on 23rd June, 2017. ENICL had claimed this event as a force majeure event under the TSA. The Eastern Regional Power Committee (“ERPC”) accepted the event as force majeure and accordingly company received availability certificates considering deemed availability of PB Line which recognize the incident as force majeure. Further, ENICL received transmission charges post the incident based on the availability certificates considering deemed availability of PB Line.
- 3.8.11. On 10th August, 2018, a tower of PB Line collapsed due to change of course of river Ganges and water flow with very high velocity. ENICL has claimed this event as a force majeure event under the TSA. The ERPC through 148th operation co-ordination committee meeting held on 03rd September 2018 accepted the event as force majeure event. The Investment Manager has confirmed that PB line is restored in December 2019. ENICL has incurred INR 972 million for strengthening of the pile foundation showers in Ganga River and does not expect such incident to recur.

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4. Valuation Methodology and Approach

- 4.1. The present valuation exercise is being undertaken in order to derive the fair EV of the SPVs.
- 4.2. 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.
- 4.3. There are three generally accepted approaches to valuation:
 - (a) "Cost" approach
 - (b) "Market" approach
 - (c) "Income" approach

4.4. **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, cost 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 NAV 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 aspects, net asset value represents the minimum benchmark value of an operating business.

4.5. **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 Multiple ("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 Multiple ("CTM") method

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

Market Price method

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

4.6. 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 ("FCFF") or Free Cash Flow to Equity ("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 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.

Conclusion on Valuation Approach

- 4.7. 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 my analysis, I have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPVs. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPVs, and other factors which generally influence the valuation of companies and their assets.
- 4.8. The goal in selection of valuation approaches and methods for any financial instrument is to find out the most appropriate method under particular circumstances on the basis of available information. No one method is suitable in every possible situation. Before selecting the appropriate valuation approach and method, I have considered various factors, inter-alia, the basis and premise of current valuation exercise, purpose of valuation exercise, respective strengths and weaknesses of the possible valuation approach and methods, availability of adequate inputs or information and its reliability and valuation approach and methods considered by the market participants.

Cost approach

The existing book value of EV of the SPVs comprising of the value of its net fixed assets and working capital based on the provisional financial statement as at 30th June 2020 and based on audited financial statement as at 31st March 2020 and of the respective SPVs prepared as per Indian Accounting Standards (IND AS) are as under:

Sr No.	SPVs	INR Mn	
		Book EV	
		Unaudited 30 th Jun 20	Audited 31 st Mar 20
1	BDTCL	18,426	18,321
2	JTCL	14,215	14,526
3	MTL	3,744	3,710
4	RTCL	2,378	2,376
5	PKTCL	4,144	4,098
6	PTCL	1,661	1,669
7	NRSS	27,143	27,825
8	OGPTL	12,403	12,403
9	ENICL	9,786	9,736

In the present case, since the SPVs have entered into TSA, the revenue of SPVs are pre-determined for the life of the projects. 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, I have not considered the Cost approach for the current valuation exercise.

Market approach

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

Income approach

The SPVs are operating as BOOM model based projects. The revenue of the projects are defined for 35 years under the TSA except for ENICL which is defined for 25 years under the TSA. Hence, the growth potential of the SPVs and the true worth of its business would be reflected in its future earnings potential and therefore, DCF method under the income approach has been considered as an appropriate method for the present valuation exercise.

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5. Valuation Conclusion

- 5.1. 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.
- 5.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact of the same has been factored in to arrive at EV of the SPVs.
- 5.3. The Investment Manager have also represented that there is no material change in the contingent liabilities from 31st March 2020 till the date of this report.
- 5.4. Based on the above analysis, the EV as on the Valuation Date of the SPVs is as mentioned below:.

SPVs	Explicit Projection period		Enterprise Value (INR Mn)		
	End Date	Balance Period	Explicit Period (A)	Terminal Value (B)	Fair EV (A+B)
BDTCL	30 th Mar 2049	~ 28 Years 9 Months	17,872	1,141	19,013
JTCL	28 th Feb 2049	~ 28 Years 8 Months	13,597	930	14,526
MTL	13 th Dec 2052	~ 32 Years 6 Months	5,262	333	5,595
RTCL	28 th Feb 2051	~ 30 Years 8 Months	3,915	167	4,082
PKTCL	10 th Mar 2051	~ 30 Years 9 Months	6,280	315	6,595
PTCL	10 th Nov 2051	~ 31 Years 5 Months	2,304	114	2,417
NRSS	1 st Sep 2053	~ 33 Years 1 Month	41,930	1,926	43,857
OGPTL	5 th April 2054	~ 33 Years 9 Months	13,713	662	14,375
ENICL	27 th Oct 2035	~ 15 Years 4 Months	10,370	875	11,244

- 5.5. The fair EV of the SPVs are has been arrived using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.

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. Accordingly, I have conducted sensitivity analysis on Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 1.00%

I understand that there are various other unobservable valuation inputs like regulatory changes, tax changes, capital expenditure etc. which are difficult to estimate and run sensitivity on the same and based on which there can be an impact on fair enterprise valuation.

Fair Enterprise Valuation Range based on WACC parameter (1.00%)

<i>INR Mn</i>							
Sr No.	SPVs	Base WACC	EV	WACC +1.00%	EV	WACC -1.00%	EV
1	BDTCL	8.63%	19,013	9.63%	17,550	7.63%	20,818
2	JTCL	8.88%	14,526	9.88%	13,289	7.88%	16,046
3	MTL	8.40%	5,595	9.40%	5,086	7.40%	6,236
4	RTCL	8.30%	4,082	9.30%	3,754	7.30%	4,482
5	PKTCL	8.30%	6,595	9.30%	6,074	7.30%	7,234
6	PTCL	8.35%	2,417	9.35%	2,224	7.35%	2,656
7	NRSS	8.23%	43,857	9.23%	40,233	7.23%	48,341
8	OGPTL	8.34%	14,375	9.34%	13,174	7.34%	15,874
9	ENICL	8.70% to 12.03%	11,244	9.70% to 13.03%	10,558	7.70% to 11.03%	12,027
Total of all SPVs			1,21,704		1,11,942		1,33,714

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6. Sources of Information

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

- 6.1. Audited financial statements of the SPVs for the Financial Year (“FY”) ended 31st March 2017, 31st March 2018, 31st March 2019, 31st March 2020;
- 6.2. Provisional profit&loss account and balance sheet of the SPVs for the period ended 30th June 2020;
- 6.3. Projected incremental revenue due to change in law in MTL, NRSS, OGPTL, BDTCL, JTCL and ENICL.
- 6.4. Details of brought forward losses (as per Income Tax Act) as at 31st March 2020;
- 6.5. Details of written down value (as per Income Tax Act) of assets as at 31st March 2020;
- 6.6. Details of projected Repairs and Capital Expenditure (“Capex”) as represented by the Investment Manager.
- 6.7. As on 30th June 2020, India Grid Trust holds equity stake in the SPVs as mentioned in the Para 3. As represented to us by the Investment Manager, there are no changes in the shareholding pattern from 30th June 2020 to the date of issuance of this Report.
- 6.8. Transmission Service Agreement of the SPVs with Long Term Transmission Customers and Tariff Adoption Order by Central Electricity Regulatory Commission (“CERC”).
- 6.9. Management Representation Letter by Investment Manager dated 27th July 2020.

The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 Pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPVs.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, we have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

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7. Exclusions and Limitations

- 7.1. The 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.
- 7.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than valuation date of 30th June 2020 (Valuation Date) mentioned in the Report and as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 7.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of our engagements; (ii) the Valuation Date and (iii) are based on the financial information of SPVs till 30th June 2020. The Investment Manager has represented that the business activities of SPVs have been carried out in normal and ordinary course between 30th June 2020 and the Report Date and that no material changes have occurred in the operations and financial position between 30th June 2020 and the Report date.
- 7.4. I have been informed by the Investment Manager that there will be certain impact of the on-going COVID-19 pandemic outbreak on the operations of the SPV. Accordingly, I have added Temporary Additional Risk Premium ("TARP") and Temporary Company Specific Risk Premium ("TCSR") while calculating the WACC. I also understand that the projections provided are after considering the impact of COVID-19.
- 7.5. The scope of the assignment did not involve 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 me during the course of work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPVs or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPVs in their regulatory filings or in submissions, oral or written, made to me.
- 7.6. In addition, I do not take any responsibility for any changes in the information used by me to arrive at the conclusion as set out herein which may occur subsequent to the date of Report or by virtue of fact that the details provided to me are incorrect or inaccurate.
- 7.7. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I 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 SPVs or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base this Report.
- 7.8. 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, I 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 my written consent.
- 7.9. 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.

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- 7.10. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.
- 7.11. This Report is based on the information received from the sources mentioned in para 6 and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of Report.
- 7.12. 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. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of engagement, others may place a different value on this business.
- 7.13. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.
- 7.14. 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.
- 7.15. I 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 myself to the extent possible that they are consistent with other information provided to me in the course of this engagement.
- 7.16. My conclusion assumes that the assets and liabilities of the SPVs, reflected in their respective latest balance sheets remain intact as of the Report date.
- 7.17. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.
- 7.18. The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I 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.
- 7.19. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.
- 7.20. In the particular circumstances of this case, my 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 me from the Investment Manager, as laid out in the engagement letter, for such valuation work.

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- 7.21. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.
- 7.22. 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.
- 7.23. I am not advisor with respect to legal tax and regulatory matters for the proposed transaction. No investigation of the SPVs' claim to title of assets has been made for the purpose of this Report and the SPVs' 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.
- 7.24. I have no present or planned future interest in the Trustee, Investment Manager or the SPVs and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I 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.
- 7.25. I have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of factual data used in my analysis and to prevent any error or inaccuracy in the final valuation report.

Limitation of Liabilities

- 7.26. It is agreed that, having regard to the RV'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.
- 7.27. In no circumstance, RV 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 RV the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable.
- 7.28. It is clarified that the SIML and the Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 7.29. RV 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.

Limitation on account of COVID-19 and Significant Uncertainty in Valuation

- 7.30. The global spread of the coronavirus pandemic (COVID-19) has created significant volatility, uncertainty and economic disruption. The extent to which the coronavirus pandemic impacts businesses of the SPVs, its operations and financial results will depend on numerous evolving factors that one may not be able to accurately predict as of now. The COVID-19 pandemic has already had several significant effects, direct and indirect, short/long term impact, on the business of SPVs, including the ability of its customers to pay for the SPVs services, higher credit cost, higher operating cost, etc. as a result of the slowdown in the Indian economy driven by the responses to the pandemic.

- 7.31. The impact of the outbreak has been rapidly evolving in India and India has already reacted by instituting quarantine measures, mandating business and school closure and restricting travel, all of which have had an adverse effect on the India's economic performance. To cushion the economic and financial market impacts, the Government of India has committed to fiscal stimulus, liquidity provisions and financial support. Accordingly, the COVID-19 pandemic might have a significant impact on the risk-free rate of India in the future.
- 7.32. In the present case, I have valued the SPVs' Enterprise Value considering the DCF method of valuation, which is based on the principle that the fair market value of an entity may be measured by the present value of its future cash flows. The present value is calculated through the use of a discount rate. A discount rate is the way an investor reflects the risks of an investment. In simple terms, the higher the risk, the higher the rate of return required. One element of the discount rate that has been directly impacted by COVID-19 is the equity risk premium ("ERP"). An ERP reflects the additional return that investors demand for investing in equity securities, as a group, relative to risk-free investments. Accordingly, I found it appropriate to consider a Temporary Additional Risk Premium ("TARP") in the current valuation exercise. Given the current uncertain times and the unknown impact of COVID-19 on the macro-economic factors like the risk free rate, market liquidity, etc., I have considered a TARP of 1.00% to the ERP.
- 7.33. In this environment, I had requested the Investment Manager to re-look into the projected cash flows based on the on-going pandemic. However, in my opinion, the situation surrounding COVID-19, as at the Valuation Date and as at the Report Date, remains uncertain, and the potential for a material impact on the SPVs' customers or to the SPVs increases, the longer the virus impacts the level of economic activity in India. For these reasons, the Investment Manager may not be able to reasonably estimate with any degree of certainty the future impact COVID-19 may have on the SPV's results of operations, financial position, and liquidity. Accordingly, I found it appropriate to consider an additional Temporary Company Specific Risk Premium ("TCSR") of 1.00%.
- 7.34. It is important to highlight that the current pandemic has created significant uncertainty in valuation and accordingly, I would recommend a degree of caution to the values arrived under current circumstances as the same may change rapidly depending on the changing market scenario. For avoidance of doubt, the existence of significant uncertainty does not mean that valuation cannot be undertaken but it means existence of significant assumptions within the valuation approach and methodology which are based on factors whose outcome are uncertain and hence, results in lower certainty of the value determined in the valuation, than would otherwise be in this case.
- 7.35. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

S. Sundararaman

Registered Valuer

IBBI Registration No – IBBI/RV/06/2018/10238

Place: Chennai

UDIN: 20028423AAAAHV7202