Strictly Private and Confidential

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

Fair Enterprise Valuation:

Valuation Date: 30th September 2020

Mr. S Sundararaman,
Registered Valuer,
IBBI Registration No - IBBI/RV/06/2018/10238

Strictly Private and Confidential

RV/SSR/R/2021/03
Date: 29th October 2020

The Board of Directors,
Sterlite Investment Managers Limited
(Investment Manager of India Grid Trust)
12th Floor, we work, 247 Park,
247 embassy, Hindustan C. Bus Stop,
Lal Bahadur Shastri Road, Gandhi Nagar,
Vikhroli (W), Mumbai - 400 079,
Maharashtra, India.

The Axis Trustee Services Limited
(acting on behalf of India Grid Trust)
The Ruby, 2nd Floor, SW, 29,
Senapati Bapat Marg,
Dadar (W), Mumbai - 400 028,
Maharashtra, India.

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

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 6th October 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	NRSS XXIX Transmission Limited ("NRSS")
8	Odisha Generation Phase - II Transmission Limited ("OGPTL")
9	East-North Interconnection Company Limited ("ENICL")
10	Gurgaon Palwal Transmission Limited ("GPTL")
11	Jhajjar KT Transco Private Limited ("JKTPL")

(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:

"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 September 2020 for incorporating any key changes from the period ended 30th June 2020 till 30th September 2020. Accordingly, this report should be read in continuation to my reports dated 30th July 2020 and 27th May 2020 in relation to the valuation of all the SPVs as at 30th June 2020 and 31st March 2020 respectively.

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 30th June 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 September 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.

Mr. S Sundararaman, Registered Valuer, IBBI Registration No - IBBI/RV/06/2018/10238
5B, "A" Block, 5th Floor, Mena Kampala Arcade, New #18 & 20, Thiagaraya Road, T.Nagar, Chennai – 600 017, India | Tel: +91 44 2815 4192 | Fax: +91 44 4213 2024

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.

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,

Swaminathan Sundararaman Digitally signed by Swaminathan Sundararaman Date: 2020.10.29 16:42:24 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Place: Chennai
UDIN: 20028423AAAANG8648

Contents

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
Esoteric	Esoteric II Pte. Ltd., an affiliate of KKR & Co. Inc.
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FY	Financial Year Ended 31st March
GPTL	Gurgaon Palwal Transmission Limited
INR	Indian Rupees
IVS	ICAI Valuation Standards, 2018
JKTPL	Jhajjar KT Transco Private Limited
JTCL	Jabalpur Transmission Company Limited
KPTL	Kalpataru Power Transmission Ltd
kV	Kilo Volts
Mn	Million
MTL	Maheshwaram Transmission Limited
NAV	Net Asset Value
NRSS	NRSS 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
SIML or Investment Manager	Sterlite Investment Managers Limited
SPGVL	Sterlite Power Grid Ventures Limited
the Sponsors	SPGVL and Esoteric
TAO	Tariff Adoption Order
TARP	Temporary Additional 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 Sterlite Power Grid Ventures Limited ("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 power transmission assets in India. Pursuant to approval of unitholders obtained on May 9, 2020 and subsequent amendment to Trust Deed, the Investment Strategy of the Trust is to own and operate power transmission and renewable power generation 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.The unitholders of the Trust approved the induction of Esoteric II Pte. Ltd., an affiliate of KKR & Co. Inc ("Esoteric") as a Sponsor (as defined under the InvIT Regulations) in the Annual General Meeting of the Trust for FY 2019-20 held on 28th September 2020. SPVGL and Esoteric are hereinafter together referred to as "the Sponsors".

1.1.2. Shareholding of the Trust as on 30th September 2020 is as under:

Sr. No.	Particulars	No. of Units	%
1	Sponsors	13,80,76,231	23.7%
2	Insurance Companies	4,53,16,341	7.8%
3	Mutual Fund	44,26,002	0.8%
4	Provident or pension funds	29,10,411	0.5%
5	Foreign Portfolio Investors	20,31,28,317	34.8%
6	Non-institutional investors	18,96,25,779	32.5%
	Total	**58,34,83,081**	**100.0%**

Source: BSE Limited

The Sponsors

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

1.1.4. Esoteric II Pte. Ltd.("Esoteric") is an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR"). Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with approximately US$ 222 billion of assets under management as of 30th June 2020, that manages multiple alternative asset classes, including private equity, credit and real assets, with strategic partners that manage hedge funds.

1.1.5. Shareholding of the Sponsors as on 30th September 2020 is as under:

Esoteric

Sr. No.	Particulars	%
1	Esoteric I Pte. Limited	20.4%
2	KKR Ingrid Co-invest L.P.	76.7%
3	KKR PIP Investments L.P.	2.9%
	Total	**100.0%**

Source: Investment Manager

SPGVL

Sr. No.	Particulars	%
1	Sterlite Power Transmission Limited	100.0%

Source: Investment Manager

Investment Manager

1.1.6. 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.

1.1.7. Shareholding of the Investment Manager as on 30th September 2020 is as under:

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

Source: Investment Manager

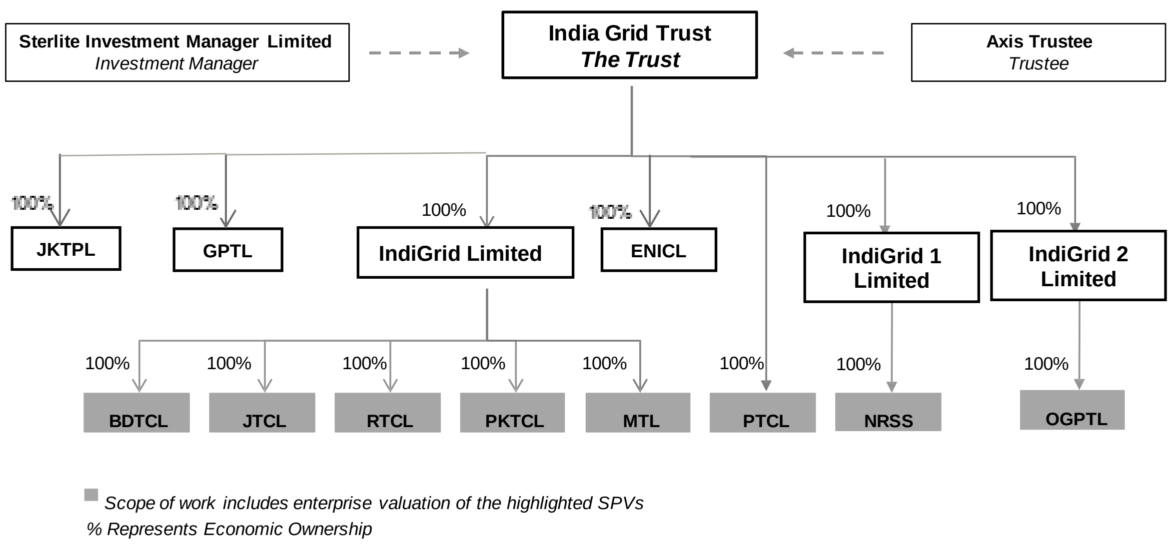
Assets to be Valued:

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	NRSS XXIX Transmission Limited ("NRSS")
8	Odisha Generation Phase - II Transmission Limited ("OGPTL")
9	East-North Interconnection Company Limited ("ENICL")
10	Gurgaon Palwal Transmission Limited ("GPTL")
11	Jhajjar KT Transco Private Limited ("JKTPL")

(Together referred to as "the SPVs")

Group Structure of the Trust as at 30th September 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 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 September 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 September 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 September 2020 ("Valuation Date"). The attached Report is drawn up by reference to accounting and financial information as on 30th September 2020. The RV is not aware of any other events having occurred since 30th September 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 September 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 in 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 September 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 except JKTPL which I executed under on Design-Build-Finance-Operate-Transfer ("DBFOT") basis. 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.

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 6 Months	8.39%	19,124
2	JTCL	~ 28 Years 5 Months	8.61%	15,063
3	MTL	~ 32 Years 3 Months	8.13%	5,760
4	RTCL	~ 30 Years 5 Months	8.04%	4,157
5	PKTCL	~ 30 Years 6 Months	8.04%	6,701
6	PTCL	~ 31 Years 2 Months	8.09%	2,461
7	NRSS	~ 32 Years 11 Months	7.97%	45,362
8	OGPTL	~ 33 Years 6 Months	8.12%	14,644
9	ENICL*	~ 15 Years 1 Month	8.37% to 11.17%	11,439
10	GPTL	~ 34 Years 6 Months	8.01%	11,413
11	JKTPL	~ 25 Years 1 Month	8.43%	2,884
	Total			**1,39,009**

**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%

<<This space intentionally left blank>>

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

INR Mn

Sr No.	SPVs	Base WACC	EV	WACC +1.00%	EV	WACC -1.00%	EV
1	BDTCL	8.39%	19,124	9.39%	17,584	7.39%	21,036
2	JTCL	8.61%	15,063	9.61%	13,750	7.61%	16,687
3	MTL	8.13%	5,760	9.13%	5,219	7.13%	6,445
4	RTCL	8.04%	4,157	9.04%	3,813	7.04%	4,578
5	PKTCL	8.04%	6,701	9.04%	6,155	7.04%	7,377
6	PTCL	8.09%	2,461	9.09%	2,258	7.09%	2,714
7	NRSS	7.97%	45,362	8.97%	41,550	6.97%	50,117
8	OGPTL	8.12%	14,644	9.12%	13,385	7.12%	16,227
9	ENICL	8.37% to 11.17%	11,439	9.37% to 12.17%	10,706	7.37% to 10.17%	12,286
10	GPTL	8.01%	11,413	9.01%	10,519	7.01%	12,515
11	JKTPL	8.43%	2,884	9.43%	2,725	7.43%	3,063
	Total of all SPVs		**1,39,009**		**1,27,664**		**1,53,046**

The above represents reasonable range of fair enterprise valuation of the SPVs.

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.

<<This space intentionally left blank>>

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. The investment strategy of the Trust is to own and operate power transmission and renewable power generation assets in India. The unitholders of the Trust approved the induction of "Esoteric" as a Sponsor in the Annual General Meeting of the Trust for FY 2019-20 held on 28th September 2020. 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 SPGVL the SPVs namely, BDTCL, JTCL, MTL, RTCL, PKTCL, NRSS, OGPTL, GPTL; PTCL from Techno Electric & Engineering Company Limited ("TEECL"); ENICL from Sterlite Power Transmission Limited ("SPTL") and SPGVL and JKTPL from Kalpataru Power Transmission Ltd ("KPTL") and TEECL. Following is the summary of the past EVs and the date of acquisition of the SPVs:

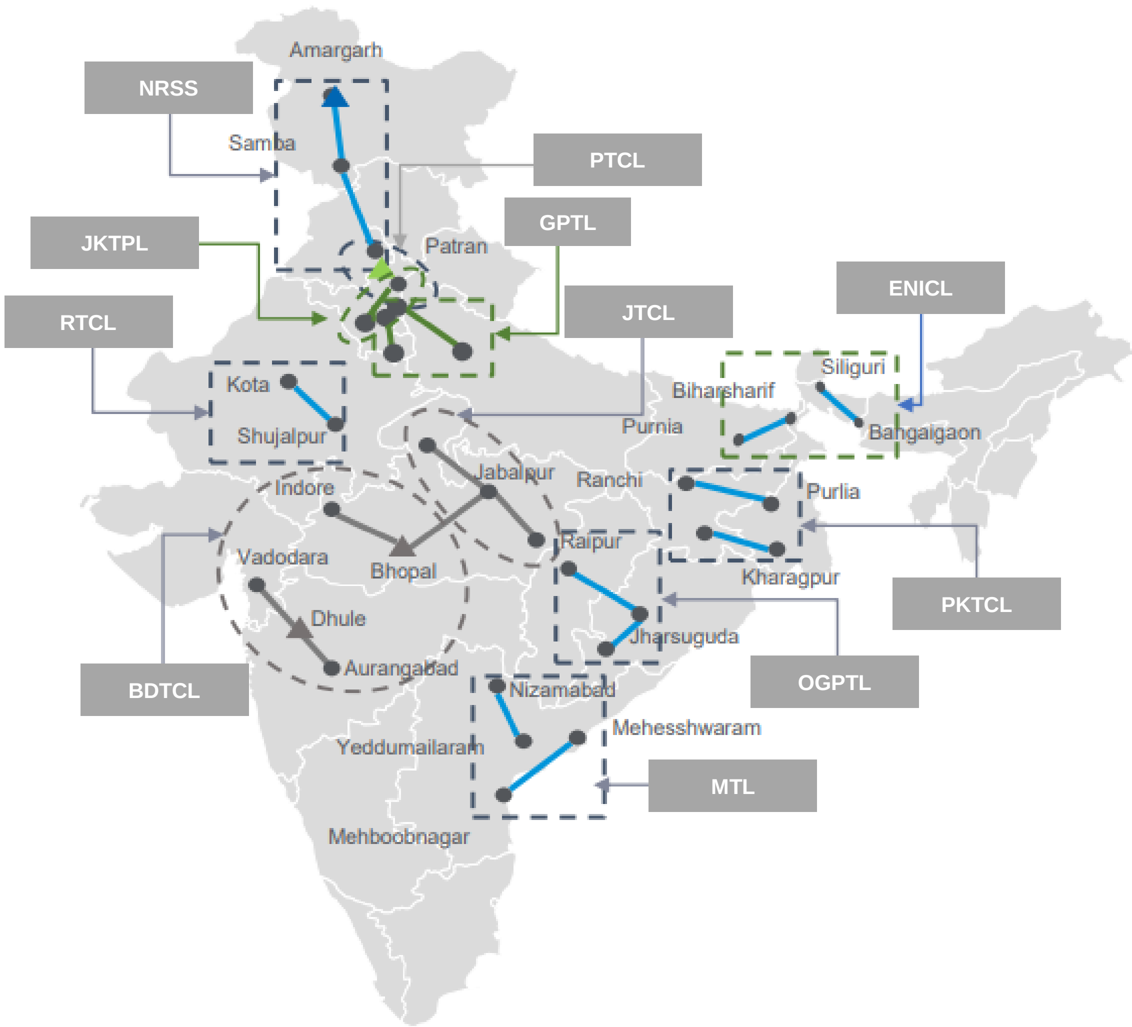
Valuation (INR Mn)	BDTCL	JTCL	MTL	RTCL	PKTCL	PTCL	NRSS	OGPTL	ENICL	GPTL	JKTPL
Acquisition Date	30 May 2017	30 May 2017	14 Feb 2018	14 Feb 2018	14 Feb 2018	31 Aug 2018	3 June 2019	27 Jun 2019	24 Mar 2020	28 Aug 2020	28 Sep 2020
Acquisition Value	37,020*		4,697	3,542	5,861	2,320	40,465	11,980	10,200	10,850	3,100
31 March 2015	20,113	14,295	-	-	-	-	-	-	-	-	-
31 March 2016	21,182	19,407**	-	-	-	-	-	-	-	-	-
31 March 2017	21,541	16,125	-	-	-	-	-	-	-	-	-
31 Sep 2017	21,431	15,988	5,218	3,935	6,512	-	-	-	-	-	-
31 March 2018	20,319	15,431	5,564	4,054	6,618	-	-	-	-	-	-
30 Sep 2018	19,694	14,937	5,423	4,084	6,481	2,401	-	-	-	-	-
31 Mar 2019	19,470	14,608	5,268	4,035	6,390	2,423	-	-	-	-	-
30 Sep 2019	19,091	14,774	5,383	4,173	6,477	2,442	44,349	13,878	-	-	-
31 March 2020	18,565	14,426	5,437	4,008	6,439	2,370	43,911	14,105	10,949	-	-
30 June 2020	19,013	14,526	5,595	4,082	6,595	2,417	43,857	14,375	11,244	-	-

**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.*

<< This space is intentionally left blank >>

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



Source: Investment Presentation Q1FY21

3.3. **<u>Bhopal Dhule Transmission Company Limited (BDTCL)</u>**

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	31st 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 IndiGrid Limited (formerly known as Sterlite Grid 1 Limited) 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. <u>Jabalpur Transmission Company Limited (JTCL)</u>

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	1st 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 IndiGrid Limited (formerly known as Sterlite Grid 1 Limited) 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. <u>Maheshwaram Transmission Limited (MTL)</u>

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	1st 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 IndiGrid 2 Limited (formerly known as 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:

Parameters	Details
Project Cost	INR 2,601 Mn
Total Length	403 ckms
Scheduled COD	1st 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 IndiGrid 1 Limited (formerly known as 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	11th 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 Indigrid 1 Limited (formerly known as 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.

3.8. Patran Transmission Company Limited (PTCL)

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

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

Source: Investment Manager

3.8.2. 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.

3.8.3. 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

3.9. NRSS XXIX Transmission Limited (NRSS)

3.9.1. Summary of details of NRSS are as follows:

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

Source: Investment Manager

3.9.2. 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.

3.9.3. 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.

3.10. Odisha Generation Phase - II Transmission Limited (OGPTL)

3.10.1. Summary of details of OGPTL are as follows:

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

Source: Investment Manager

3.10.2. The OGPTL project was awarded to Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited) by the Ministry of Power on 19th January 2011 for a 35 years period from the commercial operation date on a BOOM basis.

3.10.3. 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.

3.11. East-North Interconnection Company Limited (ENICL)

3.11.1. 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	28th October 2010
Scheduled COD	07th January 2013
Expiry Date	25 years from issue of Transmission License
Trust's stake	100% economic ownership

Source: Investment Manager

3.11.2. 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.

3.11.3. 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 Iength 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.

3.11.4. 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.

3.11.5. 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.

3.12. Gurgaon Palwal Transmission Limited (GPTL)

3.12.1. Summary of details of GPTL are as follows:

Parameters	Details
Project Cost	INR 10,520 Mn
Total Length	270 ckms
TSA Signing Date	4th March 2016
Scheduled SCOD	Sep-19
Expiry Date of License	35 years from issue of Transmission License

Source: Investment Manager

3.12.2. GPTL project was awarded to Sterlite Grid 4 Limited, a wholly owned subsidiary of SPGVL, by the Ministry of Power for a period of 35 years from the date of issue of Transmission Licence by Central Electricity Regulatory Commission ("CERC") on a BOOM basis. GPTL was granted Transmission Licence by CERC on 29th September 2016.

3.12.3. GPTL consists of three GIS substations, five transmission lines and two bays to meet the rising power demand in Gurgaon and Palwal.

3.12.4. GPTL Project will span over ~ 270 ckms while delivering over 3000MVA to enhance power transmission in the region.

3.13. Jhajjar KT Transco Private Limited (JKTPL)

3.13.1. Summary of details of JKTPL are as follows:

Parameters	Details
Total Length	204 ckms
TSA Signing Date	28th May 2010
TL Signing Date	26th Oct 2010
Scheduled Commercial Operation Date ("SCOD")	12th March 2012
Expiry Date of License	25 years from the issue of Transmission License, extendable for 10 years.

Source: Investment Manager

3.13.2. The JKTPL project was awarded to a 28th May 2010 joint venture between Kalpataru Power Transmission Ltd ("KPTL") and Techno Electric & Engineering Co Ltd ("TEECL"), by the Haryana Vidyut Prasaran Nigam Limited ("HVPNL") for a period of 25 years from the date of effective from the appointed date on a DBFOT basis. JKTPL was granted Transmission Licence by CERC on 28th May 2010. As per the terms of TSA, the SCOD of the SPV was 12th March 2012.

3.13.3. JKTTPL is promoted to undertake the construction and operation of transmission line and two substations in Haryana on Design-Build-Finance-Operate-Transfer ("DBFOT") basis.

3.13.4. JKTPL consists of ~100 kms 400 KV Jhajjar – Kabalpur - Dipalpur transmission line and two substations in the state of Haryana, India.

3.13.5. JKTPL Project will span over 204 ckms while delivering over 1,320 MW to enhance power transmission in the region.

3.13.6. It consists of three 400 KV transmission lines spread across 103 kms in Haryana with 2 substations with a transformation capacity of 830 MVA.

<< This space is intentionally left blank >>

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.

<u>Market Price method</u>

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.

<u>Discounted Cash Flow ("DCF") method</u>

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 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 September 2020 and based on audited financial statement as at 31st March 2020 and of the respective SPVs prepared as per the Indian Accounting Standards (Ind AS) are as under:

INR Mn

Sr No.	SPVs	Book EV	
		Unaudited 30th Sep 20	**Audited 31st Mar 20**
1	BDTCL	18,005	18,321
2	JTCL	14,183	14,526
3	MTL	3,692	3,710
4	RTCL	2,339	2,376
5	PKTCL	4,050	4,098
6	PTCL	1,603	1,669
7	NRSS	26,650	27,825
8	OGPTL	12,250	12,403
9	ENICL	9,570	9,736
10	GPTL	10,722	10,681
11	JKTPL	2,634	2,690

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.

<< This space is intentionally left blank >>

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	30th Mar 2049	~ 28 Years 6 Months	17,847	1,277	**19,124**
JTCL	28th Feb 2049	~ 28 Years 5 Months	14,015	1,049	**15,063**
MTL	13th Dec 2052	~ 32 Years 3 Months	5,380	380	**5,760**
RTCL	28th Feb 2051	~ 30 Years 5 Months	3,967	189	**4,157**
PKTCL	10th Mar 2051	~ 30 Years 6 Months	6,345	357	**6,701**
PTCL	10th Nov 2051	~ 31 Years 2 Months	2,332	129	**2,461**
NRSS	1st Sep 2053	~ 32 Years 11 Months	43,160	2,201	**45,362**
OGPTL	5th April 2054	~ 33 Years 6 Months	13,898	746	**14,644**
ENICL	27th Oct 2035	~ 15 Years 1 Months	10,354	1,086	**11,439**
GPTL	31st March 2055	~ 34 Years 6 Moths	11,009	404	**11,413**
JKTPL*	25th October 2045**	~ 25 Years 1 Months	2,884	-	**2,884**

** JKTPL is awarded on DBFOT basis, hence no terminal value is considered*
*** The end date for JKTPL is considered after extension of 10 years as per TSA.*

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%)

INR Mn

Sr No.	SPVs	Base WACC	EV	WACC +1.00%	EV	WACC -1.00%	EV
1	BDTCL	8.39%	19,124	9.39%	17,584	7.39%	21,036
2	JTCL	8.61%	15,063	9.61%	13,750	7.61%	16,687
3	MTL	8.13%	5,760	9.13%	5,219	7.13%	6,445
4	RTCL	8.04%	4,157	9.04%	3,813	7.04%	4,578
5	PKTCL	8.04%	6,701	9.04%	6,155	7.04%	7,377
6	PTCL	8.09%	2,461	9.09%	2,258	7.09%	2,714
7	NRSS	7.97%	45,362	8.97%	41,550	6.97%	50,117
8	OGPTL	8.12%	14,644	9.12%	13,385	7.12%	16,227
9	ENICL	8.37% to 11.17%	11,439	9.37% to 12.17%	10,706	7.37% to 10.17%	12,286
10	GPTL	8.01%	11,413	9.01%	10,519	7.01%	12,515
11	JKTPL	8.43%	2,884	9.43%	2,725	7.43%	3,063
	Total of all SPVs		**1,39,009**		**1,27,664**		**1,53,046**

The above represents reasonable range of fair enterprise valuation of the SPVs.

<< This space is intentionally left blank >>

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 September 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 September 2020, India Grid Trust holds equity stake in the SPVs as mentioned in the Section 3. As represented to us by the Investment Manager, there are no changes in the shareholding pattern from 30th September 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 28th October 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.

<<This space is intentionally left blank>>

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 September 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 September 2020. The Investment Manager has represented that the business activities of SPVs have been carried out in normal and ordinary course between 30th September 2020 and the Report Date and that no material changes have occurred in the operations and financial position between 30th September 2020 and the Report date.

7.4. In my previous valuation reports in relation to the fair enterprise valuation of the SPVs as at 31st March 2020 and as at 30th June 2020, I had considered Temporary Risk Premiums consisting of Temporary Additional Risk Premium ("TARP") of 1% to the Equity Risk Premium ("ERP" i.e. the measure of premium that investors require for investing in equity markets rather than risk free bond or debt markets appropriately adjusted for Beta adopted) and an additional Temporary Company Specific Risk Premium ("TCSRP") of 1%. The additional TARP of 1% was on account of the uncertainty surrounding the likely impact of COVID-19 impact on the macro-economic factors of the economy and its impact on expected overall equity risk premium. The TCSRP was considered in order to address the possible risk of uncertainty in relation to the likely future impact COVID-19 pandemic on the SPVs' results of operations, financial position, and liquidity. Considering the facts that various policy actions taken by the Indian government and other major economies to counter the pandemic, that there are signs of stabilization of the markets and further taking into account the actual performance of the sector and the entity in the last quarter, I find it appropriate to adopt the TCSRP at 0% as on the Valuation Date while continuing with TARP at 1% (appropriately adjusted for Beta) in view of the continuing uncertainties surrounding the pandemic which pose threats to capital markets and the overall economy.

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.

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 Section 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.

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 Sponsors, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of the RV'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. 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.

7.34. 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.

Swaminathan Sundararama n

Digitally signed by Swaminathan Sundararaman
Date: 2020.10.29 16:41:59 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Place: Chennai
UDIN: 20028423AAAANG8648