ERAML/ANZEN/2023-24/17

May 25, 2023

BSE Limited P J Towers, Dalal Street, Fort, Mumbai – 400 001. **Scrip Code: 543655,974399, 974400**	**National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. **Symbol : ANZEN**

Dear Sir/Madam,

Subject: Submission of Valuation Report and computation of NAV of Anzen India Energy Yield Plus Trust ("Anzen") for the financial year ended March 31, 2023.

In compliance with the provisions of Regulation 21 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines issued thereunder from time to time (**"InvIT Regulations"**), please find attached the following:

1. Valuation Report dated May 23, 2023, issued by independent valuer, Mr. S Sundararaman having IBBI Registration Number IBBI/RV/06/2018/10238, for the financial year ended March 31, 2023, in accordance with InvIT Regulations, be and is hereby submitted.

2. Pursuant to Regulation 10 of InvIT Regulations, the Net Asset Value (**"NAV"**) of Anzen as on March 31, 2023, based on the above Valuation Report is as follows:

NAV computation:

A. Statement of Net Assets at Fair Value- Standalone

(Rs. in Million)

Particulars	**Book Value**	**Fair Value**
A. Assets	23,356.37	24,211.48
B. Liabilities (at book value)	7,458.71	7,458.71
C . Net Asset Value (A-B)	15,897.66	16,752.77
D . Number of units	158.00	158.00
E. NAV (C/D)	100.62	106.03

B. Statement of Net Assets at Fair Value- Consolidated

(Rs. in million)

Particulars	**Book Value**	**Fair Value**
A. Assets	23,256.24	24,840.40
B. Liabilities (at book value)	8,146.64	8,146.64
C . Net Asset Value (A-B)	15,109.60	16,693.76
D . Number of units	158.00	158.00
E. NAV (C/D)	95.63	105.66

Kindly take the same on record.

Thanking you,

For ANZEN INDIA ENERGY YIELD PLUS TRUST
(acting through its Investment Manager Edelweiss Real Assets Managers Limited)

JParekh

JALPA PAREKH
COMPANY SECRETARY & COMPLIANCE OFFICER
ACS 44507

CC:

Axis Trustee Services Limited Axis House, Bombay Dyeing Mills Compound Pandurang Budhkar Marg, Worli, Mumbai - 400 025	**Catalyst Trusteeship Limited** Windsor, 6th Floor, Office No - 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098

Strictly Private and Confidential

Prepared for:
Anzen India Energy Yield Plus Trust ("the Trust")

Edelweiss Real Assets Managers Limited
("the Investment Manager")

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

Fair Enterprise Valuation

Valuation Date: 31st March 2023

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

S. SUNDARARAMAN
Registered Valuer
Registration No - IBBI/RV/06/2018/10238

RV/SSR/R/2024/10
Date: 23rd May 2023

Anzen India Energy Yield Plus Trust
(acting through Axis Trustee Services Limited [in its capacity as "the Trustee" of the Trust])
Plot 294/3, Edelweiss House,
Off CST Road, Kalina,
Santacruz (E), Mumbai - 400 098,
Maharashtra, India.

Edelweiss Real Assets Managers Limited
(acting as the Investment Manager to Anzen India Energy Yield Plus Trust)
Plot 294/3, Edelweiss House,
Off CST Road, Kalina,
Santacruz (E), Mumbai - 400 098,
Maharashtra, India.

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

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 3rd April 2023 as an independent valuer, as defined as per Regulation 2(zzf) of the SEBI InvIT Regulations, by **Edelweiss Real Assets Managers Limited** ("**ERAML**" or "**the Investment Manager**") acting as the investment manager for **Anzen India Energy Yield Plus Trust** ("**the Trust**" or "**InvIT**"), an infrastructure investment trust, registered with the **Securities Exchange Board of India** ("**SEBI**") with effect from 18th January 2022, bearing registration number IN/InvIT/21-22/0020 and **Axis Trustee Services Limited** ("**the Trustee**") acting on behalf of the Trust for the purpose of the financial valuation of the special purpose vehicles (defined below and hereinafter together referred as "**the SPVs**") of Sekura Energy Private Limited ("**the Sponsor**" or "**Sekura**") as per the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**SEBI InvIT Regulations**").

I am enclosing the Report providing opinion on the fair enterprise value of the SPVs as defined hereinafter on a going concern basis as at 31st March 2023("**Valuation Date**").

Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.

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 Trust operates and maintains the following special purpose vehicles which are to be valued as per Regulation 21 read with Chapter V of the SEBI InvIT Regulations:

Sr. No.	Name of the SPV	Term
1	Darbhanga-Motihari Transmission Company Limited	DMTCL
2	NRSS XXXI (B) Transmission Limited	NRSSB

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 prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates, however, 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 an 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 cash flow forecast period.

The valuation provided by RV and the valuation conclusion are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the 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 11 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 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 11 of this Report.

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

Yours faithfully,

SWAMINATHAN SUNDARARAMAN
Digitally signed by SWAMINATHAN SUNDARARAMAN
Date: 2023.05.23 14:56:28 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWGW6804

Contents

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BOOM	Build-Own-Operate-Maintain
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
CTM	Comparable Transactions Multiples
DMTCL	Darbhanga-Motihari Transmission Company Limited
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EIYP Fund	Edelweiss Infrastructure Yield Plus
ERP	Equity Risk Premium
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FY	Financial Year Ended 31st March
GAAP	Generally Accepted Accounting Principles
GW	Giga Watts
Ind AS	Indian Accounting Standards
INR	Indian Rupee
Investment Manager/ ERAML	Edelweiss Real Assets Managers Limited
IVS	ICAI Valuation Standards 2018
Mn	Million
NAV	Net Asset Value Method
NCA	Net Current Assets, Excluding Cash and Bank Balances
NRSSB	NRSS XXXI (B) Transmission Limited
O&M	Operation & Maintenance
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
Sponsor/ Sekura	Sekura Energy Private Limited
SPV	Special Purpose Vehicle
RV	Registered Valuer
TBCB	Tariff Based Competitive Bidding
the Trust or InvIT	Anzen India Energy Yield Plus Trust
the Trustee	Axis Trustee Services Limited
WACC	Weighted Average Cost of Capital

1. Executive Summary

1.1. Background

The Sponsor

1.1.1. Sekura Energy Private Limited ("**the Sponsor**" or "**Sekura**") has floated an infrastructure investment trust under the SEBI InvIT Regulations called "**Anzen India Energy Yield Plus Trust**" ("**the InvIT**" or "**the Trust**"). Sekura is a portfolio company of Edelweiss Infrastructure Yield Plus fund ("**EIYP Fund**"). EIYP Fund is an alternative investment fund having SEBI Registration Number IN/AIF1/17-18/0511 dated 9th January 2018. EIYP Fund is mainly engaged in investment activities primarily with an objective of generating stable returns and earning long-term capital appreciation.

1.1.2. Shareholding of the Sponsor as on the Valuation Date is as under:

Sr. No.	Particulars	No. of shares	%
1	*Edelweiss Infrastructure Yield Plus	87,50,000	100.0%
	Total	**87,50,000**	**100.0%**

Source: Investment Manager
** Includes Shares held by nominees of EIYP Fund*

The Trust

1.1.3. The Sponsor has settled Anzen India Energy Yield Plus Trust as an irrevocable trust under the trust deed, being registered under the Indian Registration Act, 1908, in accordance with the provisions of the Indian Trusts Act, 1882.The Trust is registered with Securities and Exchange Board of India ("**SEBI**") pursuant to the SEBI (Infrastructure Investment Trust) Regulations, 2014 ("**SEBI InvIT Regulations**") with effect from 18th January 2022, bearing registration number IN/InvIT/21-22/0020.

1.1.4. Axis Trustee Services Limited ("**the Trustee**") has been appointed as the Trustee of the Trust.

Investment Manager

1.1.5. Edelweiss Real Assets Managers Limited ("**ERAML**" or "**the Investment Manager**") has been appointed as the Investment Manager to the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.

1.1.6. Shareholding of the Investment Manager as on the Valuation Date is as under:

Sr. No.	Particulars	No. of shares	%
1	*Edelweiss Alternative Asset Advisors Limited	62,000	100.0%
	Total	**62,000**	**100.0%**

Source: Investment Manager
** Includes Shares held by nominees of Edelweiss Securities*

1.1.7. **Financial Assets to be Valued**

The following SPVs are to be considered for Fair Enterprise Valuation:

Sr. No.	Name of the SPV	Term
1	Darbhanga-Motihari Transmission Company Limited	DMTCL
2	NRSS XXXI (B) Transmission Limited	NRSSB

(DMTCL and NRSSB are hereinafter together referred to as "the **SPVs**")

1.2. Purpose and Scope of Valuation

Purpose of Valuation

1.2.1. As per Regulation 21(4) of Chapter V of the SEBI InvIT Regulations,

"A full valuation shall be conducted by the valuer not less than once in every financial year: Provided that such full valuation shall be conducted at the end of the financial year ending March 31st within two months from the date of end of such year."

In this regard, the Investment Manager intends to undertake the fair enterprise valuation of the SPVs as on 31st March 2023.

1.2.2. In this regard, the Investment Manager has appointed me, S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake fair valuation of the SPVs at the enterprise level as per the extant provisions of the SEBI InvIT Regulations issued by SEBI. Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. The EV as described above is not inclusive of the cash and cash equivalents of the SPVs as on the Valuation Date.

1.2.3. I declare that:

i. I am competent to undertake the financial valuation in terms of the SEBI InvIT Regulations:

ii. I am not an associate of the Sponsor or the Investment Manager or the Trustee and I have not less than five years of experience in valuation of infrastructure assets;

iii. I am independent and have prepared the Report on a fair and unbiased basis;

iv. I have valued the SPVs based on the valuation standards as specified / applicable as per 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 ("EV") 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 or 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, I have 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. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value or Market value is usually synonymous to each other except in certain circumstances where characteristics of an asset translate into a special asset value for the party (ies) involved.

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 31st March 2023 ("**Valuation Date**"). The RV is not aware of any other events having occurred since 31st March 2023 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, necessary licenses, systems, and procedures in place etc.

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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 ("**DCF**") method under the income approach. Following table summarizes my explaination 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. Hence, NAV method has been considered for background reference only.
Income Approach	Discounted Cash Flow	Yes	All the SPVs are generating income based on pre-determined 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.
Market Approach	Market Price	No	The equity shares of the SPVs are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPVs, I am unable to consider this method for the current valuation.
	Comparable Transactions	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 the Unaudited provisional financial statements as at 31st March 2023 prepared in accordance with the Indian Accounting Standards (Ind AS) 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 Build-Own-Operate and Maintain ("**BOOM**") and 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	Approx. Projection Period (Balance Project Period)	WACC	Fair Value of EV* (INR Mn)
1	DMTCL	~29 Years and 4 Months	8.05%	13,205
2	NRSSB	~29 Years	8.00%	9,981
Total				**23,186**

** Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.*

(Refer Appendix 1 & 2 for the detailed workings)

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 following unobservable inputs:

1. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 0.5%
2. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 1.0%
3. Total Expenses considered during the projected period by increasing / decreasing it by 20%
4. Terminal period value considered for the SPVs increasing / decreasing it by 20%

1. Fair Enterprise Valuation Range based on WACC parameter (0.5%)

INR Mn

Sr. No.	SPVs	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	DMTCL	8.55%	12,527	8.05%	13,205	7.55%	13,968
2	NRSSB	8.50%	9,455	8.00%	9,981	7.50%	10,573
	Total of all SPVs		21,983		23,186		24,541

2. Fair Enterprise Valuation Range based on WACC parameter (1.0%)

INR Mn

Sr. No.	SPVs	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	DMTCL	9.05%	11,920	8.05%	13,205	7.05%	14,833
2	NRSSB	9.00%	8,986	8.00%	9,981	7.00%	11,246
	Total of all SPVs		20,906		23,186		26,079

3. Fair Enterprise Valuation Range based on Operating Expense parameter (20%)

INR Mn

Sr. No.	SPVs	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	DMTCL	12,856	13,205	13,554
2	NRSSB	9,792	9,981	10,170
	Total	**22,648**	**23,186**	**23,724**

4. Fair Enterprise Valuation Range based on Terminal Period Value ("TV") parameter (20%)

INR Mn

Sr. No.	SPVs	EV at TV - 20%	EV at Base TV	EV at TV + 20%
1	DMTCL	12,982	13,205	13,427
2	NRSSB	9,797	9,981	10,165
	Total	22,780	**23,186**	23,592

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

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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.

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:

- Understanding of the business 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:

- Research publicly available market data including economic factors and industry trends that may impact the valuation;
- Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by me;

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 me;

2.2.7. Conducted physical site visit of the transmission assets of the SPVs;

2.2.8. Determination of fair value of the EV of the SPVs on a going concern basis.

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3. Overview of Sponsor, InvIT and SPVs

3.1. Sponsor / Sekura Energy Private Limited (Sekura)

3.1.1. Sekura Energy Private Limited is the Sponsor of the Trust. The Sponsor is an infrastructure company in India that carries out investments in power transmission companies and renewable energy companies operating in the private sector.

3.1.2. Sekura is also the Project Manager of the Trust.

3.1.3. I understand that Sekura is a 100% subsidiary of Edelweiss Infrastructure Yield Plus Fund (the "EIYP Fund").

3.1.4. Edelweiss Infrastructure Yield Plus is an alternative investment fund having SEBI Registration Number IN/AIF1/17-18/0511 dated 9th January 2018.

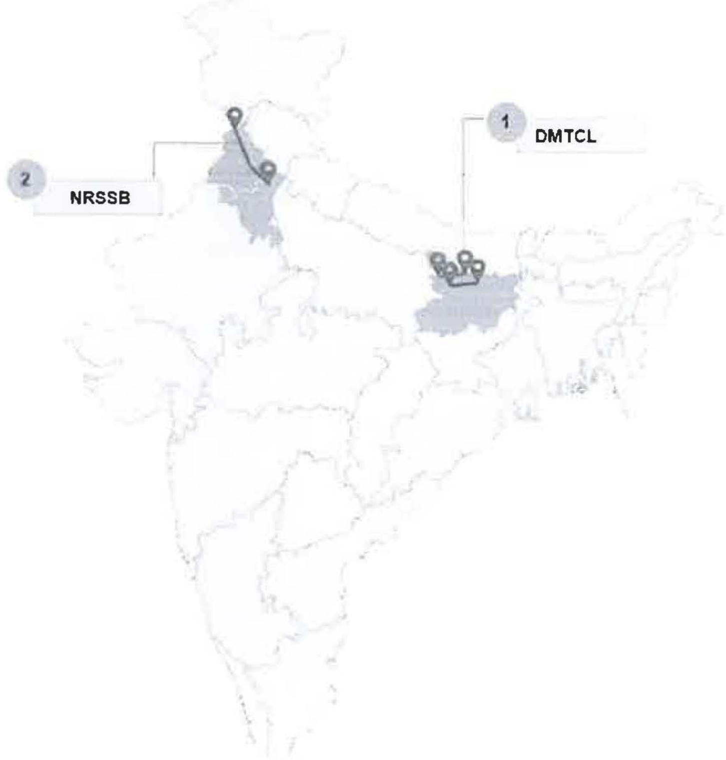
3.1.5. Sekura has settled the InvIT as an irrevocable trust under the trust deed, being registered under the Indian Registration Act, 1908, in accordance with the provisions of the Indian Trusts Act, 1882.

3.2. The Trust

3.2.1. **Anzen India Energy Yield Plus Trust** ("**the Trust**" or "**InvIT**"), would be responsible for holding the InvIT Assets on trust and for the benefit of the unitholders, undertaking the activities and other duties specified as per the SEBI InvIT Regulations. The Trust was established on 1st November 2021 and received its registration certificate from the SEBI which is effective from 18th January 2022 (bearing SEBI Reg. No. IN/InvIT/21-22/0020).

3.2.2. I understand that Anzen India Energy Yield Plus Trust, acting through the Trustee, has acquire the equity held by EIYP Fund in the 2 SPVs following which units will be issued to EIYP Fund by the Trust. Accordingly the Purchase Price of DMTCL is INR 4,700 Mn and that of NRSSB is INR 3,600 Mn.

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



Source: Investment Manager

Background of the SPVs

3.3. Darbhanga-Motihari Transmission Company Limited ("DMTCL"):

3.3.1. Summary of project details of DMTCL are as follows:

Parameters	Details
Project Cost	INR 10,927 Mn
Total Length	277.2 Ckms
Location of Assets	Bihar
TSA signing Date	6th August 2013
SCOD as per TSA	9th August 2016
Revised SCOD	10th August 2017
TL issuance Date	30th May 2014
Expiry Date of License	25 years from issue of Transmission License
Concession period	35 years from Revised SCOD
COD of last element of the SPV	10th August 2017

Source: Investment Manager

3.3.2. DMTCL was incorporated on December 18, 2012 and entered into a transmission service agreement dated August 6, 2013 with its LTTCs for transmission of electricity for transmission system for Eastern Region System Strengthening Scheme – VI on a BOOM basis. The project was awarded on October 17, 2013, through the tariff based competitive bidding ("**TBCB**") mechanism, for a period of 35 years from the SCOD.

3.3.3. DMTCL operates two transmission lines of approximately 277.2 ckms comprising one 400 kV double circuit line of approximately 125.7 ckms from Darbhanga (Bihar) to Muzaffarpur (Bihar) and another, LILO of Barh (Bihar) - Gorakhpur (Uttar Pradesh) of 400 KV double circuit transmission line at 400/132 kv Motihari GIS substation of approximately 151.5 ckms. The DMTCL project was fully commissioned in August 2017.

3.3.4. The project consists of the following transmission lines and substations:

Particulars	kms	COD	Location
400 kV Double Circuit Triple Snowbird Conductor Transmission System	62.8	31-Mar-17	Darbhanga (Bihar) to Muzaffarpur (Bihar)
LILO of 400 kV D/C Quad Moose Barh – Gorakhpur Transmission Line at 400/132 kV Motihari GIS Sub-station	75.8	10-Aug-17	Barh to Motihari (Bihar) - 37.6 km Motihari to Gorakhpur (Uttar Pradesh) - 38.2 km
2 X 500 MVA 400/220 kV Darbhanga Gas Insulated Substations (GIS)	NA	31-Mar-17	Substation Darbhanga (Bihar)
2 X 200 MVA 400/132 kV Motihari Gas Insulated Substations (GIS)	NA	10-Aug-17	Substation Motihari (Bihar)

Source: Investment Manager

3.3.5. The equity shareholding of DMTCL as on Report Date is as follows:

Sr. No.	Particulars	No. of shares	%
1	*AnZen India Energy Yield Plus Trust	1,62,96,667	100.0%
	Total	**1,62,96,667**	**100.0%**

** Including shares held by nominees of AnZen*

Source: Investment Manager

3.3.6. **Past incidents involving Transmission Assets of DMTCL:**

- During the period from August 2017 till March 2021, there were few incidents involving damages to towers due to flooding of Gandak River in the Barh-Motihari-Gorakhpur, and an instance of damage to substation in Darbhanga, due to flooding in Kamala River. Some of these disruptions were covered by Force majeure clause of the TSA.
- Considering that company has incurred capital expenditure for tower strengthening over the years and the fact that there has been no tower collapse in last 2 years since March 2023, we find it appropriate to take a company specific risk premium of 0.5% as compared to 1% in the previous valuations carried out by us.

3.3.7. Operating Efficiency history of DMTCL:

Source: Investment Manager

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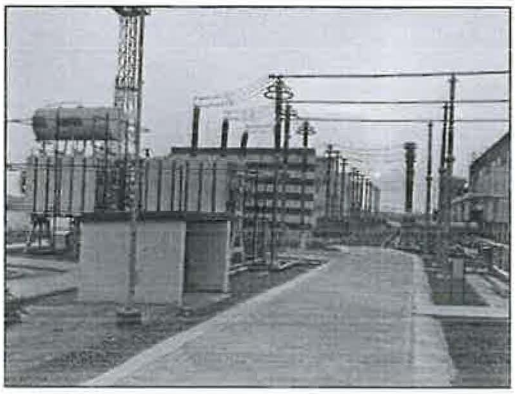
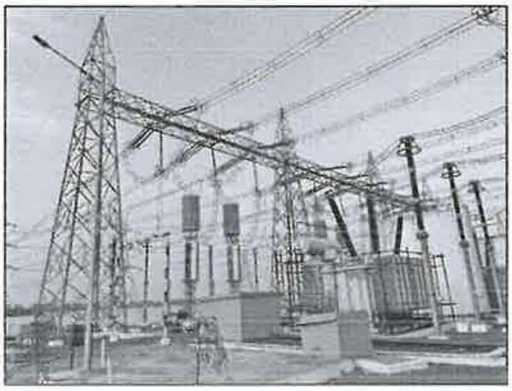
3.3.8. My team had conducted physical site visit of the transmission assets of DMTCL on 21st April 2023, to the extent appropriate. Refer below for the pictures of DMTCL transmission assets:





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3.4. NRSS XXXI (B) Transmission Limited ("NRSSB")

3.4.1. Summary of project details of NRSSB are as follows:

Parameters	Details
Project Cost	INR 6,680 Mn
Total Length	577.7 Ckms
Location of Assets	Punjab and Haryana
TSA signing Date	2nd January 2014
SCOD as per TSA	11th September 2016
Revised SCOD	27th March 2017
TL issuance Date	25th August 2014
Expiry Date of License	25 years from issue of Transmission License
Concession period	35 years from Revised SCOD
COD of last element of the SPV	27th March 2017

Source: Investment Manager

3.4.2. NRSSB was incorporated on July 29, 2013 and entered into a transmission service agreement dated January 2, 2014 with its LTTCs (for transmission of electricity for transmission system for Northern Region System Strengthening Scheme – XXXI(B) on a BOOM basis). The project was awarded on February 26, 2014 through the TBCB mechanism, for a period of 35 years from the SCOD.

3.4.3. NRSSB operates two transmission lines of approximately 577.7 ckms comprising one 400 kV double circuit line of approximately 278.4 ckms from Kurukshetra (Haryana) to Malerkotla (Punjab) and another 400 kV double circuit line of approximately 299.3 ckms from Malerkotla (Punjab) to Amritsar (Punjab). The NRSS project was fully commissioned in March 2017.

3.4.4. The project consists of the following transmission lines and substations:

Particulars	kms	COD	Location
400 kV Double Circuit Transmission System	139.2	18-Jan-17	Kurukshetra (Haryana) to Malerkotla (Punjab)
400 kV Double Circuit Transmission System	149.7	27-Mar-17	Malerkotla (Punjab) to Amritsar (Punjab)

Source: Investment Manager

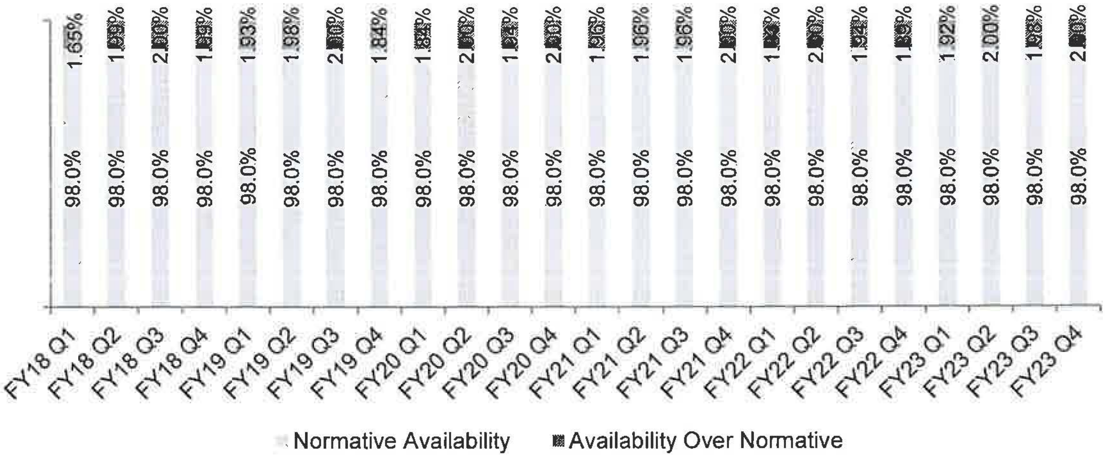
3.4.5. The equity shareholding of NRSSB as on Report Date is as follows:

Sr. No.	Particulars	No. of shares	%
1	*AnZen India Energy Yield Plus Trust	98,32,143	100.0%
	Total	**98,32,143**	**100.0%**

** Including shares held by nominees of AnZen*
Source: Investment Manager

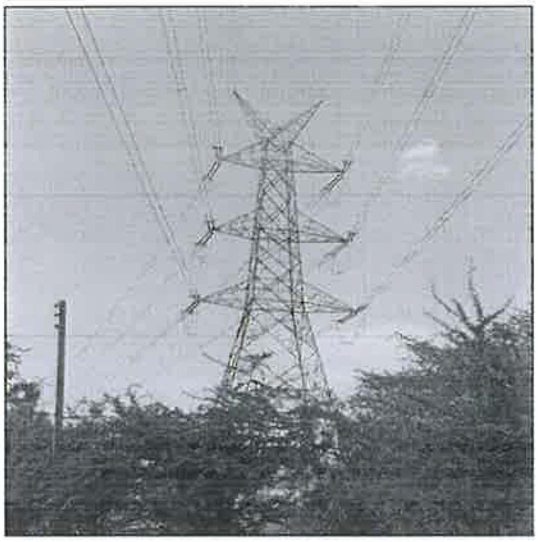
Strictly Private and Confidential

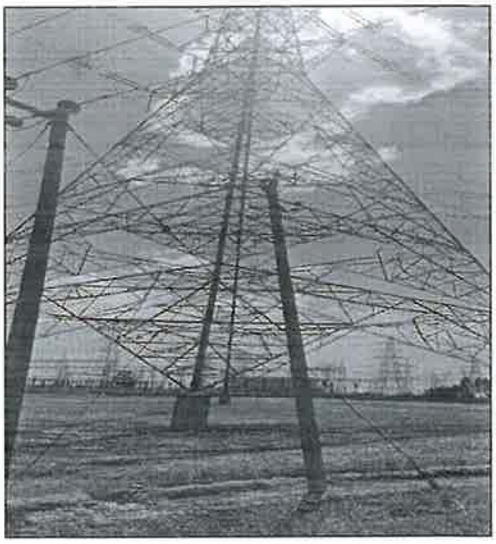
3.4.6. Operating Efficiency history of NRSSB:

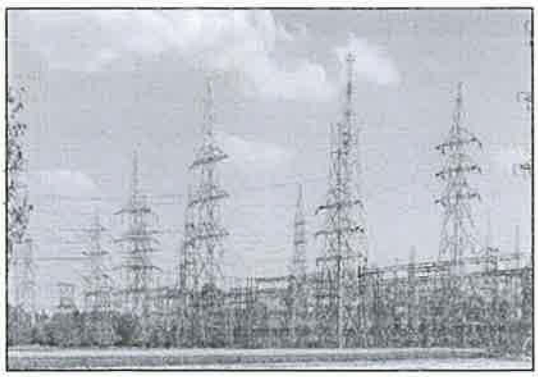


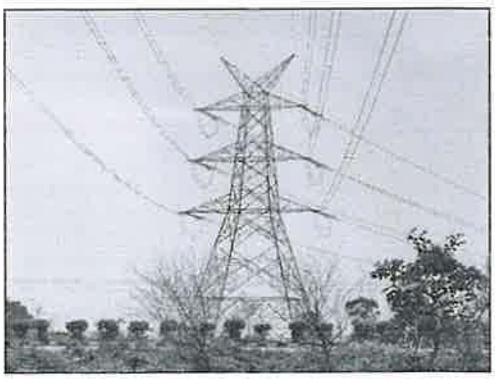
Source: Investment Manager

3.4.7. My team had conducted physical site visit of the transmission assets of NRSSB on 21st April 2023, to the extent appropriate. Refer below for the pictures of NRSSB transmission assets:









4. Overview of the Industry

4.1. Introduction:

4.1.1 India is the third largest producer and third largest consumer of electricity in the world, with the installed power capacity reaching 416 GW as of 31st March 2023. The country also has the fifth largest installed capacity in the world. The country has 4th raking for renewable energy installed capacity.

4.1.2 While conventional sources currently account for 73% of installed capacity, with the Government of India's ("GOI") ambitious projects and targets, power generated from Renewable Energy Sources ("RES"), which currently accounts for 27% of installed capacity, is expected to quickly overtake power generated from conventional sources. With a consistent focus on the renewable sector, the percentage share of installed capacity is expected to shift towards renewable capacity.

4.1.3 Peak Energy Demand grew at a compounded annual growth rate ("CAGR") of 4% from 148 GW in Fiscal 2014 to 203 GW in Fiscal 2022, while peak supply grew at a CAGR of 5% over the same period. As a result, the peak shortage dropped from 3 GW to 1 GW.

4.1.4 Whilst India is the third largest producer of electricity in the world, in 2014, the share of electricity in India's final energy demand was only 17% compared with 23% in the member countries of Organization for Economic Cooperation and Development (OECD) and ranks well below the global average in electricity consumption. The Draft NEP envisages the share of electricity in India's total energy consumption to rise to about 26% in 2040.

4.1.5 The transmission sector is divided into inter-state and intra-state transmission projects, in addition to some dedicated transmission projects, and is owned by across Central, State and private sector entities. In addition, transmission network also includes cross-border interconnections with neighboring countries viz, Bangladesh, Bhutan, Nepal and Myanmar to facilitate optimal utilization of resources.

4.2. Power Demand & Supply:

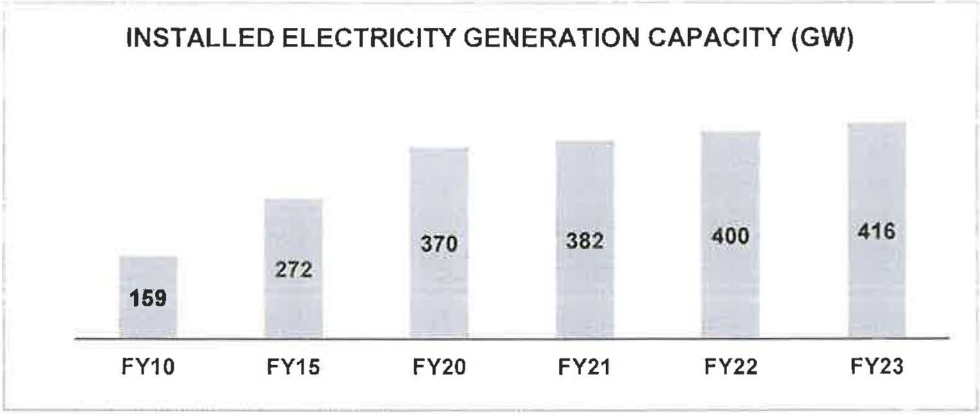
4.2.1. Peak power and energy deficits have considerably reduced over the years. For the year ended 2021-22, peak power and energy deficits were 0.60% and 0.70%, respectively, substantially lower than 10.60% and 8.50%, respectively, recorded for the year ended 2012.

4.2.2. India has seen a robust growth in the installed power generation capacity in the past four years. With a generation of 1,598 Tera-Watt Hour ("TWh"), India is the third largest producer and the third largest consumer of electricity in the world.

4.2.3. As of 31st March 2023, India had installed 168.96 Gigawatts ("GW") of renewable energy capacity. The Government plans to double the share of installed electricity generation capacity of renewable energy to 40% till 2030.

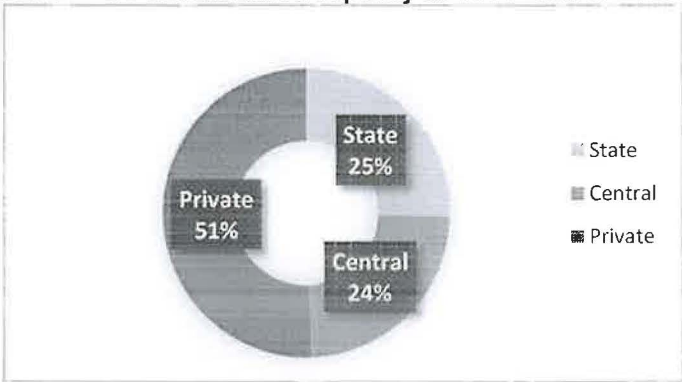
4.2.4. New renewable energy infrastructure can now be built within two years from initial plans through to completion, years faster than any new coal or LNG fired plants. Unlike conventional thermal generation capacity which takes more than 5 years, renewable capacity addition takes less than 2 years to develop.

4.2.5. The per capita electricity consumption in India has increased by about 20% from 1,010 kWh in FY 2015 to 1,208 kWh in FY 2020.



4.2.6. Details of Installed power capacity in India are as follows :-

Sector-wise total installed capacity as at 31st March 2023:

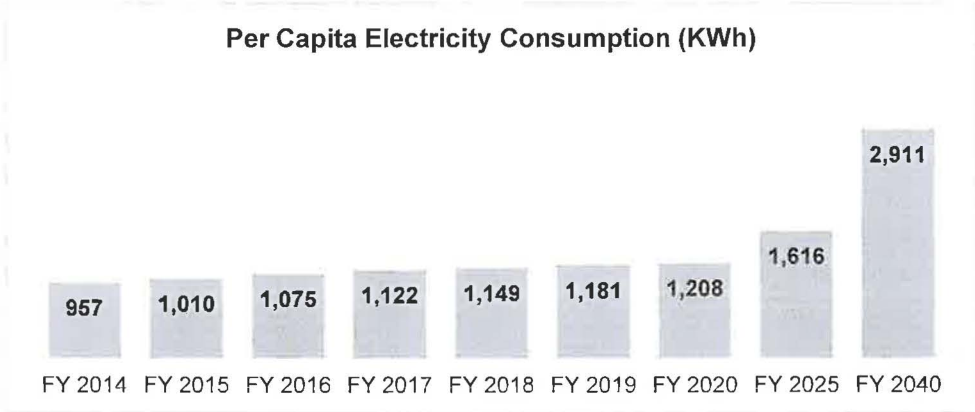


4.2.7. **India's Total Installed Power Capacity as on 31st March 2023 (in GW):**

Particulars	Total Capacity (GW)	% of Total
Thermal:		
- Coal & Lignite	211.86	50.92%
- Gas	24.82	5.97%
- Diesel	0.59	0.14%
Nuclear	6.78	1.63%
Renewable Energy Source		
- Hydro & Small Hydro	51.79	12.45%
- Wind	42.63	10.25%
- Solar	66.78	16.05%
- Others	10.80	2.60%
Total	**416.06**	**100.0%**

4.2.8. New renewable energy infrastructure can now be built within two years from initial plans through to completion, years faster than any new coal or LNG fired plants. Unlike conventional thermal generation capacity which takes more than 5 years, renewable capacity addition takes less than 2 years to develop.

4.2.9. The per capita electricity consumption in India has increased by about 20% from 1,010 kWh in FY 2015 to 1,208 kWh in FY 2020.



4.2.10. In addition, various initiatives introduced by the GoI, such as, Power for All, Deendayal Upadhyaya Gram Jyoti Yojana, Integrated Power Development Scheme (IPDS) and Ujwal DISCOM Assurance Yojana Scheme will improve and strengthen the demand and supply of electricity in India as well as assist the DISCOMs in improving operational and financial efficiencies.

4.3. **India's economic outlook:**

4.3.1. The GDP of India has grown 6.8% during FY 2018-19. The GDP growth for the year 2019-20 was 4.2% which was affected due to the COVID-19 crisis. World Bank has estimated GDP growth to be in the range of 7.5%-12% for the year 2020-21. Also, the GD growth for the year 2021-22 was 8.7%.

4.3.2. National Statistical Office has estimated GDP Growth to be in the range of 7 – 8% for the year 2022 -23.

4.3.3. Planned thermal capacity additions have slowed down significantly and the Government of India (GoI) has set massive renewable power capacity targets. (450GW by 2030 – ambitious but signifies the policy marker's intentions)

4.3.4. Power is one of the key sectors attracting FDI inflows into India as 100 per cent FDI is allowed in this sector.

4.3.5. From April 2000 to September 2022, India recorded FDI of US$ 13.034 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.

4.3.6. In the Union Budget 2022-23, Rs. 19,500 Crore (US$ 2.57 billion) has beenx allocated for PLI scheme to boost the manufacturing of high-efficiency solar modules, while Rs. 5,500 Crore (US$ 786.95 million) has been allocated towards Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY).

4.3.7. The Union Budget for 2023-24 has provided for a Budgetary allocation of Rs 7,327 crore for the solar power sector including grid, off-grid, and PM-KUSUM projects. This is a 48 per cent increase over the previous Rs 4,979 crore provided in the Revised Estimates in the document.

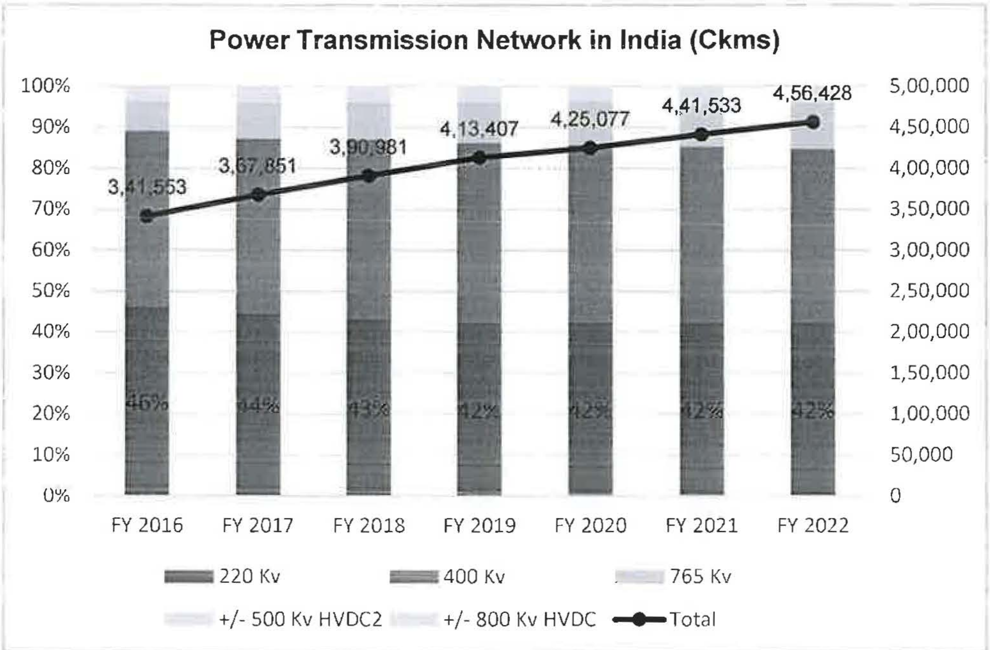
4.3.8. As per Economic Survey 2018-19, additional investments in renewable plants up to year 2022 would be about US$ 80 billion and an investment of around US$ 250 billion for the period 2023-2030.

4.3.9. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 43 in 2019-20 from 68 in 2018-1

4.4. **Power transmission network in India:**

4.4.1. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from ~3.13 Lakhs Ckms in FY 15 to around ~4.69 Lakhs Ckms in FY23.

4.4.2. Inter-state transmission has seen considerable growth in the past decade, which led to the creation of a synchronous National Grid, achievement of 'One Nation-One Grid-One Frequency', which has been an enabler for power markets in the country. The total inter-regional transmission capacity of the National Grid was 1,12,250 MW as on March 31, 2023.



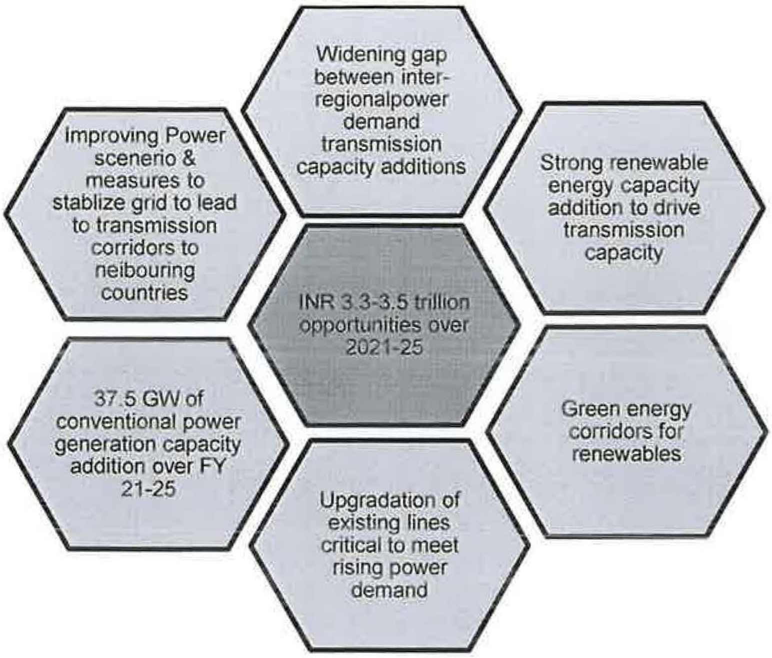
(Source: NIP & CEA Executive Summary)

4.4.3. As on January 2019 approx. 7.2% of total transmission network is owned by private players which showcase the need of more private sector participation in this space. India has been underinvested as far as transmission is concerned.

4.4.4. PGCIL has remained the single largest player in inter regional power transmission capacity addition contributing to 45%-50% of the total investment in the sector. With a planned expenditure outlay of INR 1.10 Trillion for the 12th five-year plan, PGCIL has spent around INR 1.12 Trillion over 2013-17.

4.4.5. Of the total capacity-addition projects in transmission during the 12th FYP, about 42% can be attributed to the state sector. The share of private sector in transmission line and substation additions since the beginning of 12th FYP is 14% and 7%, respectively, as the majority of high-capacity, long-distance transmission projects were executed by PGCIL and state transmission utilities during this period.

4.4.6. Key Growth Drivers for growth in transmission sector:



4.4.7. In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-supply mismatches, up gradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.

4.4.8. Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, it is expected that transmission segments investments will increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period.

4.5. Factors Encouraging Investments In Power Transmission In India:

4.5.1. Operational power transmission projects have minimal risks:

In the project construction phase, transmission assets face execution risks including right of way, forest and environment clearances, increase in raw material prices etc. However, post commissioning, with the implementation of Point of Connection (PoC) mechanism, there is limited offtake and price risk. Thus, operational transmission projects have annuity like cash flows and steady project returns.

4.5.2. Availability based regime:

As per the TSA, the transmission line developer is entitled to get an incentive amount in the ratio of the transmission charge paid or actually payable at the end of the contract year. Maintaining availability in excess of the targeted availability gives the relevant asset the right to claim incentives at pre-determined rates, ensuring an adequate upside to maintaining availability.

4.5.3. Counter-party risk diversified:

Given PAN-India aggregation of revenue among all TSPs and not asset specific billing, the counter party risk is diversified. If a particular beneficiary delays or defaults, the delay or shortfall is prorated amongst all the licensees. Thus, delays or defaults by a particular beneficiary will have limited impact, which will be proportionate to its share in overall ISTS.

4.5.4. **Payment security:**

The TSA includes an arrangement for payment security, which reduces under recovery of revenues. Payment security is available in terms of a revolving letter of credit of required amount that can be utilized to meet the revenue requirement in case of a shortfall.

4.5.5. **Collection risk offset owing to presence of CTU:**

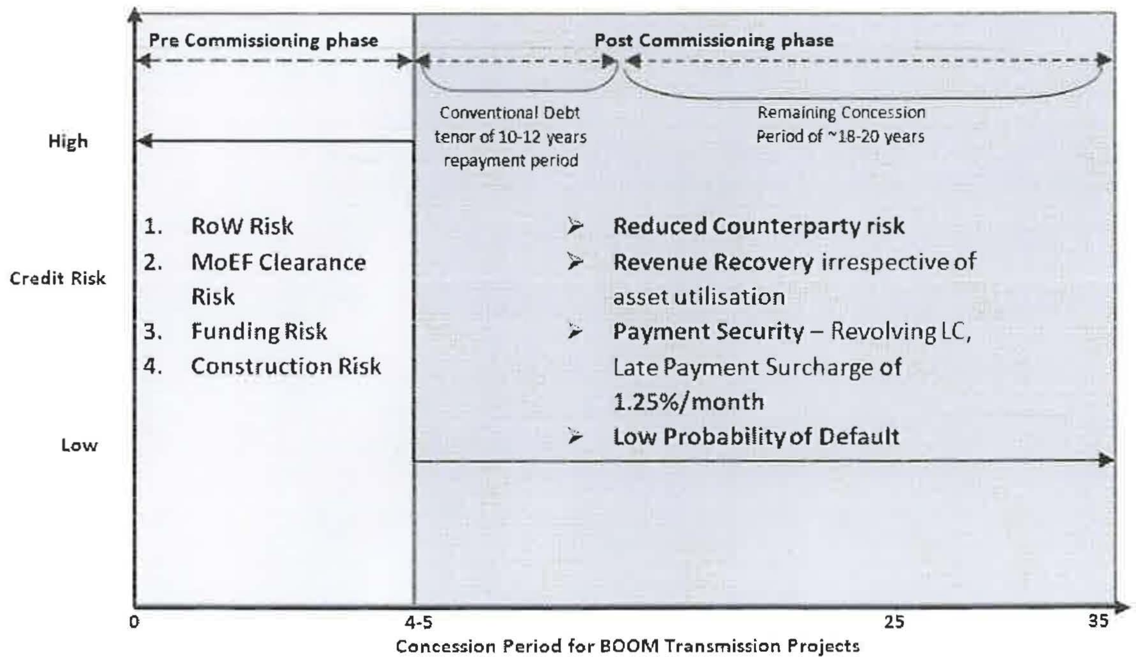
According to CERC (sharing of inter-state transmission charges and losses) regulations, 2010, CTU has been assigned the responsibility of carrying out activities including raising of transmission charge bills on behalf of all ISTS licensees, collecting the amount and disbursing the same to ISTS licensees. Thus, a private transmission licensee no longer needs to collect transmission charges from multiple DISCOMs for each transmission project. Instead, the transmission revenue payable to the licensee is disbursed by the CTU on a monthly basis.

4.5.6. **Increase in Pace of Awarding Projects under TBCB :**

Between 2010-11 and 2014-15, the pace of award of project was slow with only Rs. 180-190 billion (~USD 2.48-2.62 billion) of projects being awarded. However, the pace of award of project has significantly increased. In fact, in 2015-16, projects aggregating to ~Rs. 260 billion (~USD 3.58 billion) were awarded. Awarding of projects through TBCB picked up from fiscal 2017 onwards. In fact, between fiscals 2017 and 2020, projects worth ~312 billion have been awarded by BPCs (REC, PFC).

4.5.7. **Power Transmission infrastructure has better risk return profile as compared to other infrastructure projects:**

Returns from various infrastructure projects (other than transmission line projects) like roads, ports and power generation rely mostly on the operational performance of the assets, which in turn is dependent on factors where developers have limited control. For instance, in the roads sector (non-annuity based project) the company's profits are dependent on collection of toll revenues, the port sector bears risk of cargo traffic, while in the case of power generation, it depends on availability of fuel and offtake by distribution companies while in the case of ISTS transmission projects the charges are independent of the total power transmitted through the transmission lines and hence factors such as volume, traffic do not fluctuate the revenues.



(Sources: CRISIL Search FY 2020-21, FY 2005-2021: Power Supply Position Reports published by the CEA for March 2022, Shelf Prospectus of India Grid Trust dated 22 April 2021, CEA Executive Summary on Power Sector: March 2022, Installed capacity report FY 2021, CRISIL Opportunities in power transmission in India - March 2022, PGCIL and Adani Transmission Limited Annual Reports, Central Electricity Authority of India cea.nic.in)

5. Valuation Methodology and Approach

5.1. The present valuation exercise is being undertaken in order to derive the fair EV of the SPVs.

5.2. 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.

5.3. There are three generally accepted approaches to valuation:

(a) "Cost" approach
(b) "Market" approach
(c) "Income" approach

5.4. **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**") Method

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 cases 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, NAV represents the minimum benchmark value of an operating business.

5.5. **Market Approach**

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

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

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

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

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

Market Price Method

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

5.6. **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.

DCF Method

Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method ("**FCFF**") or Free Cash Flow to Equity Method ("**FCFE**"). Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the 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 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 cash flows over the last year of 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

5.7. 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 my 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.

5.8. The goal in selection of valuation approaches and methods for any business 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.

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Cost Approach

The existing book value of EV of the SPVs comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the Unaudited provisional financial statements as at 31st March 2023 and audited financial statements as at 31st March 2022 prepared as per Indian Accounting Standards (Ind AS) are as under:

INR Mn

Sr No.	SPVs	Book EV*	
		Unaudited	Audited
		31st March 2023	31st March 2022
1	DMTCL	7,470	7,998
2	NRSSB	4,304	4,614
	Total	**11,775**	**12,613**

** Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.*

In the present case, since the SPVs have entered into TSA, the revenue of the 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 arrive at the 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 the SPVs are not listed on any recognized stock exchange of India. Hence, I was unable to apply market price method.

Income Approach

Currently, each of the SPVs are completed and are revenue generating SPVs. The cash flows of the SPVs for the projected period are driven by the contracts entered by the SPVs as on date like the TSA, O&M Agreements, etc. The revenues of the projects are defined for 35 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.

6. Valuation of the SPVs

6.1. I have estimated the fair EV of the SPVs using the DCF Method. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statements of the SPVs as provided by the Investment Manager.

Valuation

The key assumptions for transmission revenue, incentives and penalty of the SPVs, are as follows:

6.1.1. **Transmission Revenue**: Power transmission projects, including the SPVs, earn revenue from electricity transmission tariffs pursuant to TSAs read with the Tariff Adoption Order ("TAO") passed by CERC in accordance with the Electricity Act. These SPVs receive availability based tariffs under the TSAs irrespective of the actual quantum of power transmitted through the line. The tariff for the SPVs is contracted for the period of the relevant TSA, which is up to 35 years from the scheduled commissioning date.

6.1.2. The SPVs have entered into TSAs with long-term transmission customers to set up projects on a BOOM basis and to provide transmission services on a long-term basis to such customers on the terms and conditions contained in the TSAs. The term of each TSA is 35 years from the scheduled commercial date of operation of the applicable project, unless terminated earlier in accordance with the terms of the TSA. The TSAs provide for, among other things, details and procedures for project execution, development and construction, operation and maintenance.

6.1.3. Tariffs under these TSAs are billed and collected pursuant to the 'Point of Connection' (PoC) mechanism, a regulatory payment pooling system offered to interstate transmission system (ISTS) such as the systems operated by majority of the SPVs. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the SPVs.

6.1.4. The tariff rates are comprised of a fixed levelised non-escalable transmission charges and incentives for maintaining targeted availability. There are no escalable transmission charges as per the terms of the respective adoption of tariff order for the SPVs.

- **Non Escalable Transmission Revenue**: As mentioned before, the Non-Escalable Transmission Revenue remains fixed for the entire life of the project. I have corroborated the revenue considered in the financial projections with the respective TSA read with TAO and documents provided to us by the Investment Manager.
- In case of both the SPVs, the transmission lines could not be commissioned on their scheduled commissioning dates due to change in law and force majeure events, including the amendment of Forest Guidelines, delay in grant of forest clearance, change in Gantry coordinates, Right of Way Issues, etc. The scheduled commercial operation dates have been revised to actual commercial operation dates of the respective SPVs vide CERC orders dated 29th March 2019. These delays have also been acknowledged by APTEL in its Order dated 3rd December 2021. Further details relating to the CERC Orders are provided below:

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SPVs	Order date	Status	Description
DMTCL	13th January 2020	Received	In terms of the CERC Order passed in Review Petition no. 08/RP/2019 of Original Petition no. 238/MP/2017, CERC has granted relief to DMTCL by admitting INR 1,848.21 Lakhs incurred during project construction as an expenditure allowed to recover as per the TSA Provision of "Change in Law", which ultimately translated an increase of 3.38% of yearly transmission charges to recover with effect from Project Actual Commercial Operation Date.
NRSSB	15th January 2020	Received	In terms of CERC Order passed in Review Petition no. 07/RP/2019 of Original Petition no. 195/MP/2017, CERC has granted relief to NRSSB by admitting INR 1,029.71 Lakhs incurred during project construction as an expenditure allowed to recover as per the TSA Provision of "Change in Law", which ultimately translated an increase of 2.78% of yearly transmission charges to recover with effect from Project Actual Commercial Operation Date.
DMTCL & NRSSB	13th May 2022 (DMTCL) 11th May 2022 (NRSSB)	Received	CERC has granted relief to the SPVs on account of certain events including the additional Interest During Construction incurred due to Force Majeure Events by allowing an increase of 8.30% (for NRSSB) & 13.64% (for DMTCL) of yearly transmission charges with effect from the actual Commercial Operation Date of respective SPVs.

Accordingly, I have received computation of such incremental revenue from the Investment Manager.

- **Escalable Transmission Revenue:** Escalable Transmission Revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA read with TAO. There are Nil escalable transmission charges as per the terms of the respective adoption of tariff order for the SPVs.

6.1.5. **Incentives:** As provided in the respective TSA, if the annual availability exceeds 98%, the SPVs shall be entitled to an annual incentive as provided in TSA. Provided no incentives shall be payable above the availability of 99.75%. Based on the past track record of the SPVs and the general industry standard, the annual availability shall be above 98% where the SPVs shall be entitled to the incentives as provided in their respective TSA, as represented to us by the Investment Manager.

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

6.1.7. **Expenses**: Expenses are estimated by the Investment Manager for the projected period based on the inflation rate as determined for the SPVs. I have relied on the projections provided by the Investment Manager.

- **Operations & Maintenance ("O&M"):** O&M expenditure is estimated by the Investment Manager for the projected period based on the inflation rate as determined for the SPVs. The Investment Manager has projected expenses to be incurred for the O&M of the SPVs including, but not limited to, transmission line maintenance expenses, rates and taxes, legal and professional fees and other general and administration expenses. I have relied on the projections provided by Investment Manager on the O&M expenses for the projected period.
- **Insurance Expenses:** I understand from the Investment Manager that the insurance expenses of the SPVs are not reasonably expected to inflate for the projected period. I have relied on the projections provided by the Investment Manager on the insurance expenses for the projected period.

6.1.8. **Depreciation:** The book depreciation has been provided by the Investment Manager till the life of the SPVs. For calculating depreciation as per Income Tax Act for the projected period, I have considered depreciation rate as specified in the Income Tax Act and WDV as provided by the Investment Manager.

6.1.9. **Capex:** As represented by the Investment Manager, the maintenance capex has already been considered in the Operations & Maintenance expenditure for the projected period whereas the SPVs are not expected to incur any expansion capex in the projected period.

6.1.10. **Tax and Tax Incentive**: There have been changes in tax regime pursuant to introduction of Taxation Laws (Amendment) Ordinance 2019 made on 20th September 2019 which was enacted to make certain amendments in the Income Tax Act 1961 and the Finance (No. 2) Act 2019.

As per the discussions with the Investment Manager, the old provisions of Income Tax Act have been considered for the projected period of the SPVs for the current valuation exercise, which inter alia provide benefits of additional depreciation, section 115JB and section 80-IA (Section 80-IA is not applicable for DMTCL). After the utilization / lapse of such benefits, the tax outflows are calculated as per the new provisions of Income Tax Act (i.e. Section 115BAA,with base corporate tax rate of 22%) the SPVs.

6.1.11. **Working Capital:** The Investment Manager has represented the working capital requirement of the SPVs for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of prepaid expense, security deposit, trade receivables, trade payables and others.

Tariffs under the ISTS project TSAs, which contribute to the majority of the SPVs, are billed and collected pursuant to the PoC mechanism. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the SPVs. Any shortfall in collection of transmission charges by the CTU is shared on a pro rata basis by all transmission service providers. Payment securities in the form of a revolving letter of credit, a late payment surcharge of 1.25% per month for delay in payment beyond 60 days from the date of billing, pursuant to provisions of the project TSAs (and a late payment surcharge of 1.50% per month pursuant to the Sharing of Charges and Losses Regulations) and lack of alternate power infrastructure, deter beneficiaries from defaulting. I have obtained the working capital assumptions from the Investment Manager and have corroborated the debtor assumptions of 90 days with the past receivable collection days and other data points to extent appropriate.

6.1.12. **Terminal Period Cash Flows:** Terminal value represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life.

I understand, based on the representation of the Investment Manager, that the SPVs are expected to generate cash flow even after the expiry of concession period as the projects are on BOOM model and the ownership will remain with the respective SPVs even after the expiry of concession period. The value of SPVs at the end of the concession period may be dependent on the expected renewal/extension of concession period with limited capital expenditure or the estimated salvage value the assets of the SPVs can fetch.

Considering the estimation uncertainty involved in determining the salvage value and basis my discussion with the Investment Manager on the cash flow estimates for the period after the concession period, I found it appropriate to derive terminal period value, which represents the present value at the end of explicit forecast period/concession period of all subsequent cash flows to the end of the life of the asset, based on the perpetuity value derivation / Gordon growth model with 0% terminal growth rate. Accordingly, for the terminal period (i.e. after the expiry of 35 years), a terminal growth rate of 0% has been applied on cash flows based on Investment Manager's estimate for the SPVs.

6.2. Impact of Ongoing Material Litigation on Valuation

As on 31st March 2023, there are ongoing litigations as shown in Appendix 4. Further, Investment Manager has informed us that majority of the cases are low to medium risk and accordingly no material outflow is expected against the litigations.

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6.3. Calculation of Weighted Average Cost of Capital for the SPVs

6.3.1. Cost of Equity:

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

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

K(e) = Rf + (ERP* Beta) + CSRP

Wherein:
K(e) = cost of equity
Rf = risk free rate
ERP = Equity Risk Premium
Beta = a measure of the sensitivity of assets to returns of the overall market
CSRP = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).
For valuation exercise, I have arrived at adjusted cost of equity of the SPVs based on the above calculation (Refer Appendix 2).

6.3.2. Risk Free Rate:

I have applied a risk free rate of return of 7.17% on the basis of the zero coupon yield curve as on 31st March 2023 for government securities having a maturity period of 10 years, as quoted on the Website of Clearing Corporation of India Limited ("CCIL").

6.3.3. Equity Risk Premium ("ERP"):

Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds. Based on the aforementioned, a 7% equity risk premium for India is considered appropriate.

6.3.4. Beta:

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. In the present case, I find it appropriate to consider the beta of companies in similar business/ industry to that of the SPVs for an appropriate period.

Based on my analysis of the listed InvITs and other companies in power and infrastructure sectors, I find it appropriate to consider the beta of Power Grid Corporation of India Limited ("PGCIL") for the current valuation exercise.

I have further unlevered the beta of PGCIL based on market debt-equity of the respective company using the following formula:

Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

However, for the current valuation exercise, I have adjusted the unlevered beta of PGCIL based on advantageous factors to the SPVs like completion of projects, revenue certainty, and concentration in transmission business, lack of execution uncertainty etc. to arrive at the adjusted unlevered beta appropriate to the SPVs.

Further I have re-levered it based on debt-equity at 70:30 based on the industry standard using the following formula:

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

Accordingly, as per above, I have arrived at re-levered betas of the SPVs. (Refer Appendix 2)

6.3.5. **Company Specific Risk Premium ("CSRP"):**

Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In the present case, considering the length of the explicit period, the basis of deriving the underlying cash flows and basis my discussion with Investment Manager, I found it appropriate to consider 0% CSRP for NRSSB. However, while determining the WACC of DMTCL, I have considered a CSRP of 0.5 % mainly on account of past incidents as mentioned in para 3.3.6.

6.3.6. **Cost of Debt:**

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

K(d) = K(d) pre-tax * (1 - T)

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

For the current valuation exercise, pre-tax cost of debt has been considered as 8.14%, as represented by the Investment Manager.

6.3.7. **Debt : Equity Ratio:**

In present valuation exercise, I have considered debt:equity ratio of 70:30 based on industry standard and as per the guidance provided by various statutes governing the industry. Accordingly, I have considered the same weightage to arrive at the WACC of the SPVs.

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

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

Formula for calculation of WACC:

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

Accordingly, as per above, I have arrived the WACC for the explicit period of the SPVs. *(Refer Appendix 2 for detailed workings).*

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7. Valuation Conclusion

7.1. 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.

7.2. 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 has been factored in to arrive at fair EV of the SPVs.

7.3. Based on the above analysis, the fair EV as on the Valuation Date of the SPVs is as mentioned below:

Sr. No.	SPVs	Approx. Projection Period (Balance Project Period)	WACC	Fair Value of EV* (INR Mn)
1	DMTCL	~29 Years and 4 Months	8.05%	**13,205**
2	NRSSB	~29 Years	8.00%	**9,981**
Total				**23,186**

(Refer Appendix 1 for detailed workings)

7.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

7.5. The EV as described above is not inclusive of cash and cash equivalents of the SPVs as on the Valuation Date.

7.6. The fair EV of the SPVs is estimated 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.

7.7. 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.

7.8. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:

1. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 0.5%
2. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 1.0%
3. Total Expenses considered during the projected period by increasing / decreasing it by 20%
4. Terminal period value considered for the SPVs increasing / decreasing it by 20%

1. Fair Enterprise Valuation Range based on WACC parameter (0.5%)

INR Mn

Sr. No.	SPVs	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	DMTCL	8.55%	12,527	8.05%	13,205	7.55%	13,968
2	NRSSB	8.50%	9,455	8.00%	9,981	7.50%	10,573
	Total of all SPVs		21,983		23,186		24,541

2. **Fair Enterprise Valuation Range based on WACC parameter (1.0%)**

INR Mn

Sr. No.	SPVs	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	DMTCL	9.05%	11,920	8.05%	13,205	7.05%	14,833
2	NRSSB	9.00%	8,986	8.00%	9,981	7.00%	11,246
	Total of all SPVs		20,906		23,186		26,079

3. **Fair Enterprise Valuation Range based on Operating Expense parameter (20%)**

INR Mn

Sr. No.	SPVs	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	DMTCL	12,856	13,205	13,554
2	NRSSB	9,792	9,981	10,170
	Total of all SPVs	**22,648**	**23,186**	**23,724**

4. **Fair Enterprise Valuation Range based on Terminal Period Value ("TV") parameter (20%)**

INR Mn

Sr. No.	SPVs	EV at TV - 20%	EV at Base TV	EV at TV + 20%
1	DMTCL	12,982	13,205	13,427
2	NRSSB	9,797	9,981	10,165
	Total of all SPVs	**22,780**	**23,186**	**23,592**

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

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8. Additional Procedures to be complied with in accordance with InvIT regulations

Scope of Work

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

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

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

Limitations

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

8.3 I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as original, and the conformity of the copies or extracts submitted to me with that of the original documents.

8.4 I have assumed that the documents submitted to me by the representatives of Investment Manager in connection with any particular issue are the only documents related to such issue.

8.5 I have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and I do not express any opinion as to the legal or technical implications of the same.

Analysis of Additional Set of Disclosures for the SPVs

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

The list of sanctions/ approvals obtained by the SPVs till the date of this Report is provided in Appendix 3.1 to Appendix 3.2. As informed by the Investment Manager, there are no applications for government sanctions/licenses by the SPVs for which approval is pending as on 31st March 2023.

B. List of up to date/ overdue periodic clearances:

The list of clearances obtained by the SPVs till the date of this Report is provided in Appendix 3.1 to Appendix 3.2. Investment Manager has confirmed that the SPVs are not required to take any periodic clearances other than those mentioned in Appendix 3.1 and Appendix 3.2.

C. Statement of assets included:

The details of assets of the SPVs as per unaudited provisional financial statements as at 31st March 2023 are as mentioned below:

INR Mn

Sr. No.	SPVs	Net Fixed Assets	Non-Current Assets	Current Assets
1	DMTCL	7,120	20	976
2	NRSSB	4,033	9	619
Total of all SPVs		**11,152**	**29**	**1,595**

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

I have been informed that maintenance is regularly carried out by the SPVs in order to maintain the working condition of the assets and there are no material maintenance charges which has been deferred to the upcoming year, as the maintenance activities are carried out regularly.

The maintenance charges of Transmission Lines incurred by the SPVs for the period from 1st April 2022 to 31st March 2023 are given in the below table:

INR Mn

Sr. No.	Name of the SPV	Infrastructure maintenance charges
1	DMTCL	0.13
2	NRSSB	0.81

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

Investment Manager has informed me that there are no material dues including local authority taxes (such as Municipal Tax, Property Tax, etc.) pending to be payable to the government authorities with respect to the SPVs (proposed InvIT assets).

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

As informed by the Investment Manager, the status of ongoing litigations and tax assessments are updated in Appendix 4 and 5 respectively.

Investment Manager has informed us that it expects majority of the cases to be settled in favour of the SPVs. Further, Investment Manager has informed us that majority of the cases are having low to medium risk and accordingly no material outflow is expected against the litigations.

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

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

9. 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:

9.1 Audited financial statements of the SPVs for the Financial Year ("FY") ended 31st March 2018, 31st March 2019, 31st March 2020, 31st March 2021 and 31st March 2022;

9.2 Unaudited provisional financial statements of the SPVs for the Financial Year ("FY") ended 31st March 2023;

9.3 Projected incremental tariff revenue workings (including due to change in law claims in NRSSB and DMTCL);

9.4 Projected financial information for the remaining project life for each of the SPVs;

9.5 Details of projected Major Repairs & Capital Expenditure (Capex);

9.6 Technical Study Report by Tata Projects Limited for the SPVs dated 11th July 2022;

9.7 Details of brought forward losses and MAT credit (as per Income Tax Act) of the SPVs as at 31st March 2023;

9.8 Details of Written Down Value (WDV) (as per Income Tax Act) of SPVs as at 31st March 2023;

9.9 Shareholding pattern of the equity shares issued by the SPVs and other entities mentioned in this Report as at 31st March 2023 and as at the date of this report;

9.10 Transmission Service Agreement of the SPVs with Long Term Transmission Customers and Tariff Adoption Order issued by CERC;

9.11 List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPVs;

9.12 Management Representation Letter by the Investment Manager dated 18th May 2023;

9.13 Relevant data and information about the SPVs provided to us by the Investment Manager either in written or oral form or in the form of soft copy;

9.14 Information provided by leading database sources, market research reports and other published data.

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 me 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 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.

10. Exclusions and Limitations

10.1. My 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 herein.

10.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 31st March 2023 ("Valuation Date") mentioned in the Report and as per agreed terms of my 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.

10.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date; and (iii) are based on the financial information of the SPVs till 31st March 2023. The Investment Manager has represented that the business activities of the SPVs have been carried out in normal and ordinary course between 31st March 2023 and the Report Date and that no material changes have occurred in the operations and financial position between 31st March 2023 and the Report date.

10.4. I have been informed by the Investment Manager that there will be limited impact of the on-going COVID-19 pandemic outbreak on the operations of the SPVs and the projections provided to me are after considering the same.

10.5. The scope of my assignment did not involve me 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 my 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.

10.6. In addition, I do not take any responsibility for any changes in the information used by me to arrive at my conclusion as set out herein which may occur subsequent to the date of my Report or by virtue of fact that the details provided to me are incorrect or inaccurate.

10.7. 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 the 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 my Report.

10.8. 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.

10.9. 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.

10.10. 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.

10.11. This Report is based on the information received from the sources as mentioned in Section 9 of this Report and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of my Report.

10.12. 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 my engagement, others may place a different value on this business.

10.13. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.

10.14. 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.

10.15. 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 ourselves to the extent possible that they are consistent with other information provided to me in the course of this engagement.

10.16. 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, except for changes occurring due to ordinary course of business.

10.17. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my associates, 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.

10.18. The scope of my work has been limited both in terms of the areas of the business & 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.

10.19. 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 me.

10.20. In the particular circumstances of this case, my liability (in contract or under any 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. However, such cap shall not be applicable to damages arising from fraud or wilful default or gross negligence as established in civil or criminal proceedings.

10.21. 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.

10.22. 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.

10.23. I am not an 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.

10.24. 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 SPVs.

10.25. I have submitted the draft valuation report to the Trust & Investment Manager for confirmation of accuracy of factual data used in my analysis and to prevent any error or inaccuracy in this Report.

10.26. **Limitation of Liabilities**

i. 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 the RV personally.

ii. In no circumstances 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, 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 (including this Report) 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(s).

iii. It is clarified that the Investment Manager 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.

iv. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Investment Manager.

10.27. **Limitation on account of COVID-19 and Uncertainty in Valuation**

i. It is important to highlight that the COVID-19 pandemic has created uncertainty in valuation. The mitigation in the spread of COVID-19 and commencement of vaccination process has led to relaxation of restrictions and consequent opening up of the economy. Accordingly, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and durations.

ii. 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 estimates and judgement made by the Investment Manager, could vary on future developments, including, among other things, any new information concerning the impact created by the COVID-19 pandemic on the economy and consequent effect on the business and on the customer's ability to make the payment. The Investment Manager continues to monitor any material changes to future economic conditions, which will be given effect, where relevant, in the respective future period. Accordingly, I would recommend a degree of caution to the values arrived under current circumstances.

10.28. 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.

Yours faithfully,

SWAMINATHAN SUNDARARAMAN Digitally signed by SWAMINATHAN SUNDARARAMAN Date: 2023.05.23 14:57:37 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWGW6804

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Appendix 1 – Valuation of SPVs as on 31st March 2023

Abbreviations	Meaning
EBITDA	Operating Earnings Before Interest, Taxes, Depreciation and Amortization
Capex	Capital Expenditure
WC	Working Capital
FCFF	Free Cash Flow to the Firm
CAF	Cash Accrual Factor
PV	Present value

Appendix 1.1 – Valuation of DMTCL as on 31st March 2023

WACC **8.05%** **INR Mn**

Year	Revenue	EBITDA	EBITDA Margin	Capex	Changes in WC	Taxation	FCFF	CAF	Discounting Factor	PV of Cash Flows
FY24	1,407	1,255	89%	-	37	118	1,100	0.50	0.96	1,058
FY25	1,408	1,273	90%	-	1	129	1,143	1.50	0.89	1,017
FY26	1,436	1,298	90%	-	7	141	1,150	2.50	0.82	948
FY27	1,409	1,270	90%	-	(7)	143	1,133	3.50	0.76	864
FY28	1,410	1,268	90%	-	(1)	150	1,119	4.50	0.71	790
FY29	1,410	1,265	90%	-	1	155	1,109	5.50	0.65	724
FY30	1,411	1,262	89%	-	0	160	1,102	6.50	0.60	666
FY31	1,412	1,259	89%	-	0	164	1,094	7.50	0.56	612
FY32	1,413	1,256	89%	-	(1)	168	1,088	8.50	0.52	564
FY33	1,413	1,252	89%	-	1	172	1,079	9.50	0.48	517
FY34	1,414	1,249	88%	-	0	175	1,074	10.50	0.44	476
FY35	1,415	1,245	88%	-	0	260	985	11.50	0.41	404
FY36	1,416	1,242	88%	-	(1)	293	950	12.50	0.38	361
FY37	1,417	1,238	87%	-	1	295	942	13.50	0.35	331
FY38	1,417	1,234	87%	-	0	296	938	14.50	0.33	305
FY39	1,418	1,230	87%	-	0	297	932	15.50	0.30	281
FY40	1,419	1,226	86%	-	(1)	298	928	16.50	0.28	259
FY41	1,420	1,221	86%	-	1	298	921	17.50	0.26	237
FY42	1,421	1,216	86%	-	0	299	917	18.50	0.24	219
FY43	1,422	1,211	85%	-	0	298	912	19.50	0.22	201
FY44	1,423	1,206	85%	-	(1)	298	909	20.50	0.20	186
FY45	1,425	1,200	84%	-	1	297	901	21.50	0.19	171
FY46	1,426	1,195	84%	-	0	297	898	22.50	0.18	157
FY47	1,427	1,188	83%	-	0	296	892	23.50	0.16	145
FY48	1,428	1,182	83%	-	(1)	295	888	24.50	0.15	133
FY49	1,429	1,175	82%	-	1	293	881	25.50	0.14	122
FY50	1,431	1,169	82%	-	0	292	876	26.50	0.13	113
FY51	1,432	1,161	81%	-	0	291	870	27.50	0.12	103
FY52	1,434	1,154	81%	-	(1)	289	866	28.50	0.11	95
FY53*	517	414	80%	-	(6)	104	316	29.18	0.10	33
TV	1,435	1,146	80%	-	-	287	859	29.18	0.10	90
Present Value of Explicit Period Cash Flows										12,092
Present Value of Terminal Period Cash Flows										1,113
Enterprise Value										**13,205**

** 9th August 2052*

Appendix 1.2 – Valuation of NRSSB as on 31st March 2023

WACC **8.00%** **INR Mn**

Year	Revenue	EBITDA	EBITDA Margin	Capex	Changes in WC	Taxation	FCFF	CAF	Discounting Factor	PV of Cash Flows
FY24	1,013	939	93%	-	(0)	106	833	0.50	0.96	802
FY25	1,013	941	93%	-	1	111	829	1.50	0.89	739
FY26	1,013	940	93%	-	-	116	825	2.50	0.83	681
FY27	1,013	939	93%	-	-	119	820	3.50	0.76	626
FY28	1,013	938	93%	-	(1)	123	816	4.50	0.71	577
FY29	1,013	936	92%	-	1	126	809	5.50	0.66	530
FY30	1,013	935	92%	-	-	129	806	6.50	0.61	489
FY31	1,013	933	92%	-	-	131	802	7.50	0.56	450
FY32	1,013	932	92%	-	(1)	134	799	8.50	0.52	415
FY33	1,013	930	92%	-	1	136	793	9.50	0.48	382
FY34	1,013	928	92%	-	-	138	790	10.50	0.45	352
FY35	1,013	926	91%	-	-	139	787	11.50	0.41	325
FY36	1,013	924	91%	-	(1)	141	784	12.50	0.38	300
FY37	1,013	922	91%	-	1	142	779	13.50	0.35	276
FY38	1,013	920	91%	-	-	143	777	14.50	0.33	255
FY39	1,013	918	91%	-	-	144	773	15.50	0.30	235
FY40	1,013	916	90%	-	(1)	215	701	16.50	0.28	197
FY41	1,013	913	90%	-	1	225	688	17.50	0.26	179
FY42	1,013	911	90%	-	-	225	686	18.50	0.24	165
FY43	1,013	908	90%	-	-	225	683	19.50	0.22	152
FY44	1,013	905	89%	-	(1)	225	681	20.50	0.21	141
FY45	1,013	902	89%	-	1	224	677	21.50	0.19	130
FY46	1,013	900	89%	-	-	224	675	22.50	0.18	120
FY47	1,013	896	88%	-	-	224	673	23.50	0.16	110
FY48	1,013	893	88%	-	(1)	223	671	24.50	0.15	102
FY49	1,013	890	88%	-	1	223	666	25.50	0.14	94
FY50	1,013	886	88%	-	-	222	665	26.50	0.13	87
FY51	1,013	882	87%	-	-	221	661	27.50	0.12	80
FY52*	1,002	869	87%	-	0	218	651	28.49	0.11	73
TV	1,013	879	87%	-	-	221	658	28.49	0.11	73
Present Value of Explicit Period Cash Flows										9,062
Present Value of Terminal Period Cash Flows										919
Enterprise Value										**9,981**

** 26th March 2052*

Appendix 2 – Weighted Average Cost of Capital of the SPVs

Particulars	DMTCL	NRSSB	Remarks
Risk Free Rate (Rf)	7.17%	7.17%	Risk Free Rate has been considered based on zero coupon yield curve as at 31st March 2023 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Equity Risk Premium (ERP)	7.00%	7.00%	Based on the historical realized returns on equity investments over a risk free rate of as represented by 10 year government bonds, a 7% equity risk premium is considered appropriate for India.
Beta (relevered)	0.63	0.64	Beta has been considered based on the beta of companies operating in the similar kind of business in India.
Base Cost of Equity	11.57%	11.62%	Base Ke = Rf + (β x ERP)
Company Specific Risk Premium (CSRP)	0.50%	0.00%	Risk Premium/ (Discount) Specific to the SPVs
Adjusted Cost of Equity (Ke)	**12.07%**	**11.62%**	**Adjusted Ke = Rf + (β x ERP) + CSRP**
Pre-tax Cost of Debt	8.14%	8.14%	As represented by the Investment Manager
Effective tax rate of SPV	22.26%	20.88%	Average tax rate for the life of the SPVs have been considered
Post-tax Cost of Debt	**6.33%**	**6.44%**	**Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)**
Debt/(Debt+Equity)	70.00%	70.00%	The debt - equity ratio computed as [D/(D+E)] is considered as 70% as per industry standard.
WACC Adopted	**8.05%**	**8.00%**	**WACC = [Ke*(1-D/(D+E))]+[Kd*(1-t)*(D/(D+E))]**

Appendix 3.1 – DMTCL: Summary of approvals and licences (1/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Transmission License	30-May-14	25	Central Electricity Regulatory Commission
2	**Transmission Service Agreement**			
	Transmission Service Agreement between DMTCL & LTTCs	6-Aug-13	Valid	
	Transmission Service Agreement between DMTCL & Power Grid Corporation of India Ltd	4-Aug-16	Valid	
	Revenue Sharing Agreement between DMTCL & Power Grid Corporation of India Ltd	1-Oct-21	Valid	
3	Approval under section 68(1) of Electricity Act, 2003	24-Jul-13	Valid	Ministry of Power, Government of India
4	Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	4-Sep-14	25	Ministry of Power, Government of India
5	Connection Agreement between DMTCL and the CTU (Power Grid Corporation of India Ltd)	2-Mar-17	Valid	
6	Tariff Adoption order under section 63 of the Electricity Act, 2003	20-May-14	Valid	Central Electricity Regulatory Commission
7	**Approval for Energisation under regulation 43 of CEA**			
	Electrical installations of 62.79 km of 400 kV D/C Muzaffarnagar – Darbhanga Transmission Line	14-Dec-21	Valid	Central Electricity Authority, Ministry of Power, GOI
	400/220 kV GIS substation at Darbhanga, Bihar	14-Dec-21	Valid	Central Electricity Authority, Ministry of Power, GOI
	LILO section of 400 kV D/C Barh – Motihari - Gorakhpur Line at 400 kV substation of DMTCL	31-May-22	Valid	Central Electricity Authority, Ministry of Power, GOI
	400/132 kV GIS substation at Motihari, Bihar	18-Apr-22	Valid	Central Electricity Authority, Ministry of Power, GOI
8	**Defence Clearance**			
	NOC from aviation angle for construction of Transmission line by DMTCL	18-Oct-16	Valid	Air HQ, Ministry of Defence
9	**Aviation Clearance**			
	NOC for Height Clearance for Pole ID 16	16-Sep-16	7	Airports Authority Of India
	NOC for Height Clearance for Pole ID 47	20-Sep-16	7	Airports Authority Of India

Source: Investment Manager

Appendix 3.1 – DMTCL: Summary of approvals and licences (2/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
10	**Power & Telecommunication Coordination Committee ("PTCC") Clearance**			
	Approval to the route of 400 KV D/C triple snowbird Muzaffarpur - Darbhanga transmission line	11-Jul-16	Valid	Power & Telecom Co-ordination Committee, GOI
	Approval to the route of LILO of 400 KV D/C Barh - Gorakhpur at Motihari transmission line	20-Aug-16	Valid	Power & Telecom Co-ordination Committee, GOI
11	**Road Crossing**			
	NOC for crossings of 400 KV D/C Muzaffarpur-Darbhanga lines over NH-28	23-Nov-16	Valid	National Highway Authority of India
	NH-28, at Gorakhpur-Gopalganj, for Barh-Gorakhpur transmission line	07-Sep-16	Valid	National Highway Authority of India
12	**Railway Crossing**			
	Narayanpur anant-Silaut Railway Stations	29-Sep-16	Valid	East Central Railway, Sonpur
13	**Diversion of Forest Land/ Permission for felling of trees**			
	Diversion of Forest land in favour of DMTCL (Gopalganj and Motihari)	5-Jun-18	Valid	Ministry of Environment, Forests & Climate Change, GOI
	Diversion of Forest land in favour of DMTCL (Gopalganj and East Champaran)	9-Jan-17	Valid	Ministry of Environment, Forests & Climate Change, GOI
14	**Power Line Crossing**			
	Approval for crossing of 400 KV D/C Muzaffarpur-Darbhanga line with Muzaffarpur-Samastipur Line	16-May-15	Valid	Bihar State Power Transmission Co Ltd, Patna
	Approval for crossing of 400 KV D/C Muzaffarpur-Darbhanga line with Muzaffarpur-Gopalganj Line at Loop in Loop out	19-Sep-15	Valid	Bihar State Power Transmission Co Ltd, Patna
	NOC for under pass gantry power line crossing of 400 KV D/C Muzaffarpur-Darbhanga at Muzaffarpur, Bihar with Purnea-Muzaffarpur transmission line	02-Nov-15	Valid	Powerlinks Transmission Limited
	NOC for power line crossing arrangement for LILO of 400 KV D/C Barh-Gorakhpur transmission line up to 400/132 GIS substation with Muzaffarpur-Gorakhpur transmission line	06-Jul-15	Valid	Powerlinks Transmission Limited

Source: Investment Manager

Appendix 3.2 – NRSSB: Summary of approvals and licences (1/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Transmission License	25-Aug-14	25	Central Electricity Regulatory Commission
2	<u>Transmission Service Agreement</u>			
	Transmission Service Agreement between NRSS & LTTCs	2-Jan-14	Valid	
	Supplementary Transmission Service Agreement between NRSSB & Power Grid Corporation of India Ltd	4-Aug-16	Valid	
3	Approval under section 68(1) of Electricity Act, 2003	16-Sep-13	Valid	Ministry of Power, Government of India
4	Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	15-Oct-14	25	Ministry of Power, Government of India
5	Connection Agreement between NRSS XXXI (B) TL and the CTU (Power Grid Corporation of India	14-Dec-16	Valid	
6	Tariff Adoption order under section 63 of the Electricity Act, 2003	7-Aug-14	Valid	Central Electricity Regulatory Commission
7	Approval for Energisation under regulation 43 of CEA - Malerkotla-Amritsar	24-Jun-22	Valid	Central Electricity Authority, Ministry of Power, GOI
8	Approval for Energisation under regulation 43 of CEA - Kurukshetra-Malerkotla	24-Jun-22	Valid	Central Electricity Authority, Ministry of Power, GOI
9	<u>Defence Clearance</u>			
	NOC from aviation angle for construction of Transmission line Malerkotla-Amritsar	14-Feb-17	Valid	Air HQ, Ministry of Defence
	NOC from aviation angle for construction of Transmission line Kurukshetra-Malerkotla	17-Oct-16	Valid	Air HQ, Ministry of Defence
	NOC of PTCC for 400 kV D/C transmission line from PGCIL substation at Kurukshetra to PGCIL substation at Malerkotla and PGCIL substation at Malerkotla to PGCIL substation at Amritsar	18-Jan-16	Valid	Directorate General of Signals, Integrated HQ of Ministry of Defense (Army)
10	<u>Aviation Clearance</u>			
	NOC for Height Clearance Malerkotla-Amritsar	22-Feb-16	7	Airports Authority Of India
	NOC for Height Clearance Kurukshetra-Malerkotla	6-Apr-16	7	Airports Authority Of India
11	<u>Power & Telecommunication Coordination Committee ("PTCC") Clearance</u>			
	Approval to the route of 400 KV D/C Malerkotla-Amritsar transmission line	14-Mar-17	Valid	Power & Telecom Co-ordination Committee, GOI

Source: Investment Manager

Appendix 3.2 – NRSSB: Summary of approvals and licences (2/2)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
12	**Road Crossing**			
	NOC for crossings of 400 KV D/C Malerkotla-Amritsar lines over NH-95 near Mullanpur of Ludhiar	07-Apr-16	Valid	National Highway Authority of India
	NOC for crossings of 400 KV D/C Kurukshetra-Malerkotla lines over NH-64 of Patiala-Bathinda	10-May-16	Valid	National Highway Authority of India
13	**Railway Crossing**			
	400 KV D/C overhead line crossing the railway track between Kup and Malerkotla Railway statior	21-Apr-16	Valid	Nothern Railway, Ambala Cantt
	Crossing between Mullanpur and Chaukiman railway stations	28-Jun-16	Valid	Nothern Railway, Firozpur
	Crossing between Gahandran halt and Malsian Shahkot railway stations	6-Jun-16	Valid	Nothern Railway, Firozpur
	Crossing between Dadwindi and Sultanpur Lodhi railway stations	22-Jun-16	Valid	Nothern Railway, Firozpur
	Crossing between Goindwal Sahib and Malmori railway stations	24-Jun-16	Valid	Nothern Railway, Firozpur
	Crossing between Sangrana Sahib and Gohalwar Varpal railway stations	23-Nov-16	Valid	Nothern Railway, Firozpur
	400 KV D/C overhead line crossing the railway track between Amin and Kurukshetra Railway stat	7-Nov-16	Valid	Nothern Railway, New Delhi
	Crossing between Pindarsi and Thanesar city railway stations	7-Nov-16	Valid	Nothern Railway, New Delhi
	Crossing between Kakrala and Chintawala city railway stations	21-Apr-16	Valid	Nothern Railway, Ambala Cantt
14	**Diversion of Forest Land/ Permission for felling of trees**			
	Diversion of Forest land in favour of NRSS (B) at Amritsar	22-Aug-17	Valid	Ministry of Environment, Forests & Climate Change, GOI
	Diversion of Forest land in favour of NRSS (B) from Kurukshetra and Malerkota	4-Jul-16	Valid	Ministry of Environment, Forests & Climate Change, GOI
	Diversion of Forest land in favour of NRSS (B) from Kurukshetra and Malerkota	16-Jun-17	Valid	Ministry of Environment, Forests & Climate Change, GOI
15	**Power Line Crossing**			
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Jalandhar Moga TL of Powergrid	29-Sep-15	Valid	PGCIL
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Kishenpur Moga TL of Powergrid	05-Nov-15	Valid	PGCIL
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Patiala Malerkotla TL	30-Nov-15	Valid	PGCIL
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Malerkotla Ludhiana TL	30-Nov-15	Valid	PGCIL
	Approval for crossing of 400 KV D/C Malerkotla Amritsar TL over Jamalpur Moga TL	23-Nov-15	Valid	Punjab State Transmission Corporation Ltd
	Approval for crossing of 400 KV D/C Kaithal Patiala TL by Kurukshetra Malerkotla TL	26-Jul-16	Valid	PGCIL
	Approval for crossing of 400 KV D/C Patiala Patran TL by Kurukshetra Malerkotla TL	28-Oct-15	Valid	Punjab State Transmission Corporation Ltd
	Approval for crossing of 400 KV D/C Rajpura Dhuri TL by Kurukshetra Malerkotla TL	05-Aug-15	Valid	Punjab State Transmission Corporation Ltd
	Approval for crossing of 400 KV D/C Nabha Dhuri TL by Kurukshetra Malerkotla TL	05-Nov-15	Valid	Punjab State Transmission Corporation Ltd
	Approval for crossing of 400 KV D/C Malerkotla - Barnala,Dhuri,Gobindgarh TL by Kurukshetra Malerkotla TL	21-Dec-15	Valid	Punjab State Transmission Corporation Ltd

Source: Investment Manager

Appendix 4.1 – Summary of Ongoing Litigations – DMTCL (1/2)

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
1	Regulatory	APTEL, New Delhi	**Background of the case:** DMTCL filed a petition dated October 26, 2017, before the CERC against Bihar State Power Transmission Co. Ltd, amongst others, for seeking extension of SCOD and compensation for force majeure and change in law events which impacted the ERSS-VI as per the scope of work specified in the TSA dated August 6, 2013, and for the grant of an increase in transmission charges to offset the cost of Rs. 21.75 crore incurred on account of additional IDC, among other things. CERC, by way of its order dated March 29, 2019, allowed DMTCL to recover expenditure incurred on account of change of law i.e. obtaining forest clearance, extension of SCOD on account of force majeure, and increase in taxes and duties. However, CERC disallowed recovery of IDC and IEDC beyond scheduled COD till actual COD, additional expenditure. Thereafter, DMTCL filed an appeal dated June 20, 2020 ("Appeal I") before the Appellate Tribunal for Electricity at New Delhi ("APTEL"), against the Review Order, wherein DMTCL challenged, amongst others, (i) the Impugned Order, claims in relation to IDC and IEDC, grant of relief for compensation due to delay in SCOD and loss of tariff along with seeking grant of consequential interest on account of change of law and force majeure events. APTEL passed order dated December 3, 2021 and held that, (i) DMTCL would be entitled to be fully compensated for the IDC and IEDC incurred on account of the change in law and force majeure events, (ii) DMTCL would be compensated for the actual change in the length of the transmission lines, (iii) tariff would be levied only for services provided, (iv) DMTCL would be allowed to recover amounts paid to PGCIL along with interest pursuant to order dated September 1, 2017, and (v) compensation for increased number of power lines crossings would be paid, amongst other things, and directed the matter back to CERC for passing appropriate orders. DMTCL submitted relevant details to CERC in relation to 69.60 crore incurred towards IDC and IEDC along with consequential carrying costs, 3.15 crore towards change in length of transmission lines, 1.84 crore on account of increase in number of power line crossing along with carrying costs, along with additional expenditure of approximately 7.32 crores along with carrying costs, amongst other things. Accordingly, CERC through order dated May 13, 2022 allowed DMTCL's claims, however, the claims in relation to carrying costs were disallowed. Consequently, DMTCL filed an appeal dated June 24, 2022 challenging the said CERC order seeking the payment of carrying costs in relation to IDC, IEDC and other costs claimed by DMTCL and approved by the said CERC order. **Current Status:** Current Status: The matter is currently pending in appeal at APTEL. In the listing on 16 January 2023 for the Tribunal to hear the urgent application filed by DMTCL, the Tribunal, citing pendency of matters for years, did not agree to take this matter on an urgent basis but granted liberty to file a fresh urgent listing application after June 2023.	NQ

Source: Investment Manager

Appendix 4.1 – Summary of Ongoing Litigations – DMTCL (2/2)

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
2	Regulatory	CERC (filed by PGCIL)	**Background of the matter:** DMTCL filed a claim for recovery of INR 0.55 Cr plus interest which was borne by it as IDC and IEDC for PGCIL's 2x400 kV line bays at Muzaffarpur sub-station for the period 31 August 2016 to 21 April 2017. CERC through its order dated 13 May 2022 referred to in (1) above, also allowed DMTCL to recover this amount from PGCIL. in furtherance of this, PGCIL paid INR 0.55 Cr to DMTCL but no interest was paid. Subsequently, PGCIL filed a petition in CERC to seek mechanism for recovery of INR 0.55 Cr plus interest which it had paid to DMTCL, and has made DMTCL a party to this petition. **Current Status:** This matter was last heard on 16 March 2023. Post that, PGCIL disbursed an interest amount of INR 0.21 Cr to DMTCL. Currently pleadings are ongoing in the matter, and subject to that CERC has reserved the order.	NIL (at present) There is no amount claimed by PGCIL against DMTCL
3	Regulatory	CERC	**Background of the matter:** DMTCL filed a petition against *inter alios* Bihar power utilities (such as BSPTCL, NBPDCL and SBPDCL), for recovery of deemed transmission charges (plus applicable late payment surcharge and carrying cost) from the date of its deemed commercial operations being 31 March 2017, up to 15 April 2017, for its 2 x 500 MVA, 400/220kV Darbhanga sub-station and Muzaffarpur-Darbhanga 400kV D/C line with triple snowbird, which remained unrecovered due to non-availability of 220 kV downstream transmission network developed by BSPTCL. **Current Status:** The petition was filed on 24 April 2023 and is yet to be registered.	INR 26.5 million plus applicable late payment surcharge INR 3.5 million for change in tariff plus applicable carrying cost

Source: Investment Manager

Appendix 4.2 – Summary of Ongoing Litigations - NRSSB (1/2)

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	Civil Court, Pehowa, Kurukshetra	**Background of the case:** This suit has been filed by landowners Jagtar Singh & Mukesh Kumar of agricultural land located at Tehsil Pehowa, District Kurukshetra, Haryana at which they were having two separate tubewells/ submersible pumps for their irrigation purpose with two separate Kothas constructed with allegedly having 22 no. of fruit bearing trees on the same land. Though both the landowners have expressly admitted to receive compensation from the Transmisison Licensee (NRSS XXXI B) for the installation of transmission tower and lines through their land and having accepted the same. However, filed the exisitng suit of mandatory injunction as well as for the recovery of damage occurred due to the installation of the transmission system, which has allegedly led to reduce their value of land, destruction of tubewell power supply connections and the Kothas, cost required for digging of two new bores, alleged destruction of 22 no. of fruit trees and alleged loss of cultivation at their land. **Current Status:** NRSS has filed its written statement, reply to application under O39R1&2 as well as application under O7R11 and under O1R10 of CPC. The plaintiff has also filed its reply to O1R10 and O7R11. The next date is scheduled on 4 May 2023.	2.0
2	Civil Suit	Addl. District & Session Court , Ludhiana (Punjab)	**Background of the case:** This suit has been filed by Mr. Amarjeet Singh Ruprai (Land owner) claiming additional compensation for the land over which the transmission lines have been drawn on the ground that the same has become unusable completely due to stringing of high tension wire. Land owner is claiming additional compensation for the total land parcel basis commercial circle rate over which the transmission lines have been drawn on the ground that the same has become unusable completely **Current Status:** The next hearing is scheduled on 8 May 2023.	70.0
3	Petition	CERC	**Background of the case:** In the tariff determination process u/s 62 of EA-2003 of PGCIL Malerkotla & AMritsar bays for the tariff period of 2014-2019, CERC decided liability of iDC/ IEDC on account of mismatching of PGCIL consttrcuted terminal bays (upstream network) & NRSS XXXI (B) constructed lines (downstream network). Later upon NRSS XXXI (B) Appealed against this CERC Order, APTEL set aside CERC Order for the recovery of IDC/IEDC charges from NRSS since NRSS XXXI (B) transmisison line delay was condoned under fore majeure provision of TSA and matter remanded back to CERC to pass a reasonable order based on the present facts of the matter. Further, despite of APTEL Judgement & matter remanded to CERC, vide Order dt. 26/04/2022, CERC ultimately again decided this liability of IDC/ IEDC pertains to up/ downstream element mismatching to be recovered by NRSS. **Current Status:** NRSS has filed appeal challenging CERC Order dt. 26.04.2022 in which notice have been issued to respondnets & next listing is scheduled on 25th August 2022.	12.8
4	Regulatory	APTEL, New Delhi	**Background of the case:** In the tariff determination process u/s 62 of EA-2003 of PGCIL Kuruskshetra bays for the tariff period of 2014- 2019, CERC decided liability of transmisison charges on account of mismatching of PGCIL consttrcuted terminal bays (upstream network) & NRSS XXXI (B) constructed lines (downstream network). Later upon NRSS XXXI (B) Appealed against this CERC Order , for getting set aside CERC Order for the recovery of transmisison charges on the grounds that NRSS COD was delayed on account of FM events and situation beyond their control , such grounds are also upheld by APTEL in other matters **Current status:** Next listing is on 19 May 2023.	2.0
5	Petition	CERC	**Background of the case:** Central Transmission Utility (CTUIL) filed a petition before CERC dated 19 March 2021 against NRSS seeking directions for installation of optical fibre ground wire (**OPGW**) on the 400kV Kurukshetra-Malerkotla transmission line owned by NRSS. **Current Status:** On 30 March 2022, CTUIL filed an affidavit in CERC, stating that PGCIL has informed that it has no objection if NRSS lays down the OPGW on its own. NRSS has submitted its detailed project report to the CTUIL for taking up this work, and further discussions were also held on 13 March 2023 for which minutes have been circulated by CTUIL.	86.0

Source: Investment Manager

Appendix 4.2 – Summary of Ongoing Litigations - NRSSB (2/2)

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
6	Regulatory	APTEL, New Delhi	**Background of the case:** NRSS filed a petition dated 4 September 2017, before the CERC for seeking extension of SCOD and compensation for force majeure and change in law events as per the provisions of the Transmission Services Agreement, and for grant of an increase in transmission charges to offset costs on account of additional IDC and IEDC and carrying cost. CERC passed orders on 30 November 2017 and 29 March 2019, allowing NRSS to recover expenditure incurred on account of change in law, extension of SCOD on account of force majeure, and increase in taxes and duties. However, CERC disallowed recovery of IDC and IEDC beyond scheduled COD till actual COD and carrying cost. Thereafter, NRSS filed appeals dated 9 August 2019 and 19 March 2020 before the Appellate Tribunal for Electricity ("APTEL") at New Delhi challenging the CERC orders, claims in relation to IDC and IEDC along with seeking grant of consequential interest. Consequently, APTEL vide its order dated 14 September 2020, set aside the first CERC order and held that NRSS cannot be held liable to pay IDC and IEDC on account of delay in commissioning of PGCIL's transmission assets, and remanded the matter back to CERC ("Remand Order I"). Further, APTEL vide order dated 13 December 2021 held that NRSS was liable to be fully compensated for the IDC and IEDC incurred on account of change in law and force majeure events amongst other things and remanded the matter back to CERC ("Remand Order II"). However, APTEL, vide order dated 11 May 2022 in relation to clarification application filed by NRSS upheld Remand Order II, however, disallowing NRSS's claim for carrying costs in relation to IDC and IEDC. In furtherance of this, NRSS has filed an appeal dated 23 June 2022 challenging order dated 11 May 2022 and seeking compensation in relation to the carrying costs for IDC and IEDC. Separately, CERC vide order dated 26 April 2022 stated that the liability for payment of the IDC and IEDC is on NRSS and not PGCIL, contrary to the finding of the APTEL in the Remand Order I. Accordingly, NRSS filed appeal dated 10 June 2022 challenging this order and seeking a declaration from APTEL to hold NRSS not liable for the payment of IDC and IEDC. **Current Status:** The matter is currently pending in appeal at APTEL. In the listing on 16 January 2023 for the Tribunal to hear the urgent application filed by NRSS, the Tribunal, citing pendency of matters for years, did not agree to take this matter on an urgent basis but granted liberty to file a fresh urgent listing application after June 2023.	NQ

Source: Investment Manager

Appendix 5.1 – Summary of Tax Notices – DMTCL

Sr. No	Period	Act	Section	Particulars	Amount Involved (INR Million)
1	AY 2019-20	Income Tax	143 (1)	**Background of the case:** Intimation received on 24 June 2020. As per the intimation order loss of current year to be carry forward is disallowed to the extent of Rs.497,763 on account of issues identified in proposed adjustment notice. Rectification for reprocesing the return was filed on 09.03.2020, 22.05.2020 & 07.07.2020. However, rectification was processed unchanged on 19.08.2020. **Current Status:** A physical submission for rectification will be filed once rectification rights are transferred to AO.	NA
2	FY 2017-18	Bihar VAT	31	**Background of the case:** Notice u/s 24 is received for FY 2017-18 on 13.05.2022 and consultant has attended personal hearing on 31.05.2022. Draft order has been received on 30th January 2023 raising a demand of Rs.11,77,902. The management had filed requisite details in response to said notice. No futher communication is received from Department. **Current Status:** Regular followups are done with the consultant as well the officer to issue final order.	1.2

Source: Investment Manager

Appendix 5.2 – Summary of Tax Notices – NRSSB

Sr. No	Period	Act	Section	Particulars	Amount Involved (INR Million)
1	AY2020-21	Income Tax	143(1)	**Background of the case:** Intimation issued u/s 143(1) dated 09 November 2021 for AY 2020-21 in the case of NRSSB, refund is issued after adjusting outstanding demand of INR 1.79 Lacs and interest of INR 0.12 Lacs. There are differences on account of various 43B items. Once the rectification is processed for AY 2018-19, the company will apply for refund for AY 2020-21. Once the rectification is processed for AY 2018-19, the company will apply for refund for AY 2020-21. **Current Status:** Rectification Application has been filed for 43B differences. Order u/s 154 is yet to be received.	NA
2	AY2021-22	Income Tax	143 (1) (a)	**Background of the case:** Inconsistency in the amount of profit chargeable to tax u/s 41 specified in return & in audit report. Appropriate response is filed on 25.04.2022. Adjustment of INR 10.79 Lacs is done by CPC u/s 143(1) on 30.05.2022. As per the intimation, CPC had calculated refund of INR 21,72,020 (including interest u/s 244A of INR 1,42,090). Refund of INR 21,72,020 was received on 8 July 2022. To rectify the adjustment of INR 10.79 lakhs, Company has filed rectification online. To this Company has received an order u/s 154 on 4 April 2023 rectifying the adjustment and restating the losses to the extent of INR 10.79 lakhs. However, the Company has received a demand of INR 1,31,940. This demand is on account of reduction in interest on income-tax refund from INR 1,42,090 to INR **10,150.** **Current Status:** In relation to the same the Company is deliberating with the Consultants on the possible solution.	NA
3	AY 2022-23	Income Tax	143 (1) (a)	**Background of the case:** Intimation issued u/s 143(1)(a) dated 14.12.2022. As per the intimation CPC has proposed adjustment to total income of Rs. 5,23,647 due to inconsistency in amount mentioned at Sl. No. 3(a) of Part A OI "Increase in the profit or decrease in loss because of deviation, if any, as per Income Computation Disclosure Standards notified under section 145(2)" in return as compared to amount mentioned in clause 13 (e) of audit report. Response to intimation rejecting the proposed adjustment has been filed on 02.01.2023. In response, CPC has issued intimation u/s 143(1) on 19.01.2023 reducing the losses to the extent of Rs. 5,23,647. Consultants have liased with CPC wherein they were informed to upload a JSON file under return data correction alongwith comments. The company have also uploaded on the JSON file on 16.02.2023. In response, the company received an order u/s 154 without rectification of losses. **Current Status:** The company have written an email to efilingwebmanager on 09.03.2023 and 06.04.2023 and are waiting for their response. The company will be raising greviance on IT portal.	NA

Source: Investment Manager

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