DRAFT OFFER DOCUMENT
Dated December 2, 2016
Book Built Issue

India Grid Trust

(Registered in the Republic of India as an irrevocable trust under the Indian Trusts Act, 1882, on October 21, 2016, and as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, on November 28, 2016, having registration number IN/InvIT/16-17/0005 at New Delhi)
Principal Place of Business: F-1, The Mira Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi 110 065
Tel: +91 11 4996 2200; **Fax**: +91 11 4996 2288; **Compliance Officer**: Kriti Narula
E-mail: complianceofficer@indigrid.co.in; **Website**: www.indigrid.co.in

TRUSTEE	INVESTMENT MANAGER	SPONSOR
Axis Trustee Services Limited	**Sterlite Infraventures Limited**#	**Sterlite Power Grid Ventures Limited**

#The board of directors of Sterlite Infraventures Limited have, subject to the approval of shareholders of Sterlite Infravetures Limited, pursuant to a resolution dated November 7, 2016 approved the change in name of Sterlite Infraventures Limited to Sterlite Investment Managers Limited.

India Grid Trust ("**IndiGrid**") is issuing up to [●] Units (as defined below) for cash at a price of ₹ [●] per Unit aggregating up to ₹ 26,500 million (the "**Issue**").

INITIAL PUBLIC ISSUE IN RELIANCE UPON REGULATION 14(4) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INFRASTRUCTURE INVESTMENT TRUSTS) REGULATIONS, 2014, AS AMENDED (THE "INVIT REGULATIONS")

The Units of IndiGrid are proposed to be listed on the National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", together with NSE, the "**Stock Exchanges**"). IndiGrid has received in-principle approvals from BSE and NSE for listing of the Units pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange. This Issue will constitute at least 25% of the outstanding Units on a post-Issue basis.

The Price Band and the Minimum Bid Size (as determined by the Investment Manager in consultation with the Lead Managers) will be announced on the websites of IndiGrid, the Sponsor, the Investment Manager and the Stock Exchanges, as well as advertised in all editions of Economic Times (a widely circulated English national daily newspaper) and in all editions of Navbharat Times (a widely circulated Hindi national daily newspaper with wide circulation in New Delhi) at least five Working Days prior to the Bid/Issue Opening Date. For further infomation, please see the section entitled "*Basis for Issue Price*" on page 79.

In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least one Working Day, subject to the total Bid/Issue Period not exceeding 30 days, provided that there shall not be more than two revisions to the Price Band during the Bid/Issue Period. Any revision to the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges during the Bid/Issue Period and by indicating the change on the websites of IndiGrid, the Sponsor, the Investment Manager and Stock Exchanges.

This Issue is being made through the Book Building Process and in compliance with the InvIT Regulations and the SEBI Guidelines, wherein not more than 75% of the Issue shall be available for allocation on a proportionate basis to Institutional Investors, provided that the Investment Manager may, in consultation with the Lead Managers, allocate up to 60% of the Institutional Investor Portion to Anchor Investors on a discretionary basis in accordance with the InvIT Regulations and the SEBI Guidelines. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Investors, in accordance with the InvIT Regulations and the SEBI Guidelines, subject to valid Bids being received at or above the Issue Price. For details, see "*Issue Information*" on page 224.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of IndiGrid, there has been no formal market for the Units of IndiGrid. No assurance can be given regarding an active or sustained trading in the Units or regarding the price at which the Units will be traded after listing.

GENERAL RISKS

Investments in Units involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. For taking an investment decision, investors must rely on their own examination of IndiGrid and this Issue. Bidders are advised to read the section entitled "*Risk Factors*" on page 40 before making an investment decision relating to this Issue. Each prospective investor is advised to consult its own advisors in respect of the consequences of an investment in the Units being issued pursuant to the Offer Document. This Draft Offer Document has been prepared by IndiGrid solely for providing information in connection with this Issue. The Securities and Exchange Board of India ("**SEBI**") and the Stock Exchanges assume no responsibility for or guarantee the correctness or accuracy of any statements made, opinions expressed or reports contained herein. Admission of the Units to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of IndiGrid or of the Units. A copy of this Draft Offer Document has been delivered to the SEBI and the Stock Exchanges.

INVESTMENT MANAGER'S AND SPONSOR'S ABSOLUTE RESPONSIBILITY

The Investment Manager and Sponsor, severally, having made all reasonable inquiries, accept responsibility for, and confirm that this Draft Offer Document contains all information with regard to IndiGrid and this Issue, which is material in the context of this Issue, that the information contained in this Draft Offer Document is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Offer Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LEAD MANAGERS			REGISTRAR TO THE ISSUE
Morgan Stanley India Company Private Limited 18F, Tower 2 One Indiabulls Centre 841, Senapati Bapat Marg Mumbai 400 013 Tel: +91 22 6118 1000 Fax: +91 22 6118 1040 E-mail: indiagridinvit@morganstanley.com Investor Grievance E-mail: investors_india@ morganstanley.com Website: www.morganstanley.com Contact Person: Satyam Singhal SEBI Registration No.: INM000011203	**Citigroup Global Markets India Private Limited** 1202, 12th Floor First International Financial Center G-Block, Bandra Kurla Complex Bandra East Mumbai 400 051 Tel: +91 22 6175 9999 Fax: +91 22 6175 9898 E-mail: indigrid.invit@citi.com Investor Grievance E-mail: investors.cgmib@citi.com Website: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm Contact Person: Amish Thakkar SEBI Registration No.: INM000010718	**Edelweiss Financial Services Limited** Edelweiss House Off. C.S.T. Road, Kalina Mumbai 400 098 Tel: +91 22 4009 4400 Fax: +91 22 4086 3610 E-mail: ig.invit@edelweissfin.com Investor Grievance E-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Sandeep Maheshwari/ Anant Kharad SEBI Registration No.: INM0000010650	**Karvy Computershare Private Limited** Karvy Selenium, Tower B Plot number 31 & 32 Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel : +9140 6716 2222 Fax: +9140 2343 1551 E-mail: indigrid.invit@karvy.com Investor Grievance E-mail: einward.ris@karvy.com Website: https://karisma.karvy.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221

BID/ISSUE PROGRAM

BID/ISSUE OPENS ON: [●]*	BID/ISSUE CLOSES ON: [●]**

**The Investment Manager may, in consultation with the Lead Managers, consider participation by Anchor Investors in accordance with the InvIT Regulations and SEBI Guidelines. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.*

***The Investment Manager may in consultation with the Lead Managers, consider closing the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date in accordance with the SEBI Guidelines.*

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IndiGrid

NOTICE TO INVESTORS

The statements contained in this Draft Offer Document relating to IndiGrid and the Units are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Draft Offer Document with regard to IndiGrid and the Units are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to the Trustee and the Investment Manager. There are no material facts in relation to IndiGrid and the Units, the omission of which would, in the context of the Issue, make any statement in this Draft Offer Document misleading in any material respect. Further, the Investment Manager and Sponsor have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

Investors acknowledge that they have neither relied on the Lead Managers nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on his/her own examination of IndiGrid and the merits and risks involved in investing in the Units. Investors should not construe the contents of this Draft Offer Document as legal, business, tax, accounting or investment advice.

No person is authorized to give any information or to make any representation not contained in this Draft Offer Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of IndiGrid or by or on behalf of the Lead Managers.

Notice to Prospective Investors in the United States

The Units have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Offer Document or approved or disapproved the Units. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of the IndiGrid and the terms of the Issue, including the merits and risks involved. The Units have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Units are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Offer Document as "U.S. QIBs". For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Offer Document as "QIBs") in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Notice to Prospective Investors in the European Economic Area

This Draft Offer Document has been prepared on the basis that all offers of the Units will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of Units. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Units which are the subject of the placement contemplated in this Draft Offer Document should only do so in circumstances in which no obligation arises for IndiGrid or any of the Lead Managers to produce a prospectus for such offer. None of IndiGrid and the Lead Managers have authorized, nor do they authorize, the making of any offer of the Units through any financial intermediary, other than the offers made by the Lead Managers which constitute the final placement of the Units contemplated in this Draft Offer Document.

INDIGRID WILL CONSTITUTE AN ALTERNATIVE INVESTMENT FUND FOR THE PURPOSE OF THE EUROPEAN UNION DIRECTIVE ON ALTERNATIVE INVESTMENT FUND MANAGERS (DIRECTIVE 2011/61/EU) ("**AIFMD**"). THE ALTERNATIVE INVESTMENT FUND MANAGER (THE "**AIFM**") OF INDIGRID WILL BE THE INVESTMENT MANAGER.

UNITS MAY ONLY BE MARKETED TO PROSPECTIVE INVESTORS WHICH ARE RESIDENT, DOMICILED OR HAVE A REGISTERED OFFICE IN A EUROPEAN ECONOMIC AREA (“**EEA**”) MEMBER STATE (“**EEA MEMBER STATE**”) IN WHICH THE MARKETING OF UNITS HAS BEEN REGISTERED OR AUTHORIZED (AS APPLICABLE) UNDER THE RELEVANT NATIONAL IMPLEMENTATION OF ARTICLE 42 OF AIFMD, AND IN SUCH CASES, ONLY TO EEA PERSONS WHICH ARE “PROFESSIONAL INVESTORS” OR ANY OTHER CATEGORY OF PERSON TO WHICH SUCH MARKETING IS PERMITTED UNDER THE NATIONAL LAWS OF SUCH EUROPEAN ECONOMIC AREA MEMBER STATE (EACH AN “**EEA PERSON**”). THIS OFFER DOCUMENT IS NOT INTENDED FOR, SHOULD NOT BE RELIED ON BY AND SHOULD NOT BE CONSTRUED AS AN OFFER (OR ANY OTHER FORM OF MARKETING) TO ANY OTHER EEA PERSON.

A “**PROFESSIONAL INVESTOR**” FOR THE PURPOSES OF AIFMD IS AN INVESTOR WHO IS CONSIDERED TO BE A PROFESSIONAL CLIENT OR WHICH MAY, ON REQUEST, BE TREATED AS A PROFESSIONAL CLIENT WITHIN THE RELEVANT NATIONAL IMPLEMENTATION OF ANNEX II OF DIRECTIVE 2004/39/EC (MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE).

A LIST OF JURISDICTIONS IN WHICH THE INVESTMENT MANAGER AND/OR INDIGRID HAVE BEEN REGISTERED OR AUTHORIZED (AS APPLICABLE) UNDER ARTICLE 42 OF AIFMD IS AVAILABLE FROM THE INVESTMENT MANAGER ON REQUEST. IF THE INVESTMENT MANAGER HAS NOT BEEN REGISTERED OR APPROVED IN A PARTICULAR EEA MEMBER STATE TO MARKET UNITS, THEN INDIGRID IS NOT BEING MARKETED TO ANY EEA PERSON AT SUCH DATE IN THAT EEA MEMBER STATE. TO THE EXTENT THAT AN AFFILIATE OF THE INVESTMENT MANAGER PROMOTES THE TRUST IN AN EEA MEMBER STATE, THEN SUCH PROMOTION IS BEING UNDERTAKEN FOR AND ON BEHALF OF THE INVESTMENT MANAGER IN SUCH CAPACITY.

Notice to Prospective Investors in Canada

The Units may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Units must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Draft Offer Document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), the Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Investors in certain other jurisdictions

The distribution of this Draft Offer Document and the issue of the Units in certain jurisdictions may be restricted by law. As such, this Draft Offer Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Investment Manager or the Lead Managers which would permit an Issue of the Units or distribution of this Draft Offer Document in any jurisdiction, other than India. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Draft Offer Document nor any Issue materials in connection with the Units may be distributed or published in or from any country or jurisdiction that would require registration of the Units in such country or jurisdiction.

DEFINITIONS AND ABBREVIATIONS

This Draft Offer Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein.

References to any legislation, act, regulations, rules, guidelines or policies shall be to such legislation, act, regulations, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made under that provision.

The words and expressions used in this Draft Offer Document, but not defined herein shall have the meaning ascribed to such terms under the InvIT Regulations, the Depositories Act, and the rules and regulations made thereunder.

Notwithstanding the foregoing, the terms not defined but used in the sections entitled "Combined Financial Statements", "Projections of Revenue from Operations and Cash Flow from Operating Activities", "Taxation" and "Legal and other Information" on pages 257, 318, 246 and 207, respectively, shall have the meanings ascribed to such terms in those respective sections.

In this Draft Offer Document, unless the context otherwise requires, a reference to "we", "us" and "our" refers to IndiGrid and the Initial Portfolio Assets on a consolidated basis. For the sole purpose of Combined Financial Statements, reference to "we", "us" and "our" refers to SGL1, BDTCL and JTCL on a combined basis.

IndiGrid Related Terms

Term	Description
Auditors	S R B C & Co. LLP, Chartered Accountants, statutory auditors of IndiGrid
BDTCL	Bhopal Dhule Transmission Company Limited
BDTCL TSA	Transmission services agreement dated December 7, 2010 entered into by BDTCL with LTTCs and a transmission services agreement dated November 12, 2013, entered into by BDTCL with PGCIL
Combined Financial Statements	Audited combined financial statements of SGL1, BDTCL and JTCL, which comprise the combined balance sheets as at September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014, and the related combined statements of profit and loss (including other comprehensive income), combined cash flow statements and combined statements of changes in equity for the six month period ended September 30, 2016 and for the years ended March 31, 2016, March 31, 2015 and March 31, 2014, and a summary of significant accounting policies and other explanatory information
ENICL	East-North Interconnection Company Limited
ENICL TSA	Transmission services agreement dated August 6, 2009 entered into by ENICL with LTTCs and a transmission services agreement dated January 28, 2013 entered into by ENICL with PGCIL
GPTL	Gurgaon Palwal Transmission Limited
GPTL TSA	Transmission services agreement dated March 4, 2016, entered into between GPTL and LTTCs
Holdco	Holding company, as defined in Regulation 2(l)(sa) of the InvIT Regulations
IndiGrid	India Grid Trust
Initial Portfolio Assets	Unless the context otherwise requires, Sterlite Grid 1 Limited and its subsidiaries, BDTCL and JTCL and/or their power transmission projects
Investment Management Agreement	Investment management agreement dated November 10, 2016 and the amendment dated December 1, 2016, entered into between the Trustee (on behalf of IndiGrid), the Investment Manager, SGL1, BDTCL and JTCL
Investment Manager	Sterlite Infraventures Limited
InvIT Assets	InvIT assets as defined in Regulation 2(l)(zb) of the InvIT Regulations, in this case being the Initial Portfolio Assets
JTCL	Jabalpur Transmission Company Limited
JTCL TSA	Transmission services agreement dated December 1, 2010 entered into by JTCL with LTTCs and a transmission services agreement dated November 12, 2013 entered into by JTCL with PGCIL

Term	Description
KTL	Khargone Transmission Limited
KTL TSA	Transmission services agreement dated March 14, 2016, entered into between KTL and LTTCs
Lahmeyer Reports	Technical consultant reports each dated December 1, 2016, issued by Lahmeyer, concerning the Initial Portfolio Assets which are contained in this Draft Offer document.
MTL	Maheshwaram Transmission Limited
MTL TSA	Transmission services agreement dated June 10, 2015, entered into by MTL with LTTCs
NTL	NRSS XXIX Transmission Limited
NTL TSA	Transmission services agreement dated January 2, 2014 entered into by NTL with the LTTCs
OGPTL	Odisha Generation Phase II Transmission Limited
OGPTL TSA	Transmission services agreement dated November 20, 2015 entered into by OGTPL with the LTTCs
Parties to IndiGrid	The Sponsor, the Trustee, the Investment Manager and the Project Manager
PKTCL	Purulia & Kharagpur Transmission Company Limited
PKTCL TSA	Transmission services agreement dated August 6, 2013, entered into by PKTCL with the LTTCs
Portfolio Assets	Initial Portfolio Assets and/or their power transmission projects as the context may require which are owned by IndiGrid from time to time.
Project Implementation and Management Agreement	Project implementation and management agreement dated November 10, 2016, entered into between the Trustee (on behalf of IndiGrid), the Project Manager, the Investment Manager, SGL1, BDTCL and JTCL
Project Manager or SPGVL	Sterlite Power Grid Ventures Limited
Projections of Revenue from Operations and Cash Flow from Operating Activities	Projections of revenue from operations and cash flow from operating activities of IndiGrid (consisting of IndiGrid, SGL1, BDTCL, JTCL and each of BDTCL and JTCL) individually for the years ending March 31, 2018, March 31, 2019 and March 31, 2020 along with the basis of preparation and other explanatory information and significant assumptions.
ROFO Assets	ENICL, PKTCL, NTL, RTCL, MTL, OGPTL, GPTL and KTL
RTCL	RAPP Transmission Company Limited
RTCL TSA	Transmission services agreement dated July 24, 2013 entered into by RTCL with the LTTCs
Securities Purchase Agreement	Securities purchase agreement dated [●], entered into between the Sponsor, the Trustee (on behalf of IndiGrid), the Investment Manager and SGL1
SGL1	Sterlite Grid 1 Limited
SGL2	Sterlite Grid 2 Limited
SGL3	Sterlite Grid 3 Limited
SGL4	Sterlite Grid 4 Limited
SGL5	Sterlite Grid 5 Limited
Sponsor	Sterlite Power Grid Ventures Limited
SPTL	Sterlite Power Transmission Limited
SPV(s)	Special purpose vehicles, as defined in Regulation 2(l)(zy) of the InvIT Regulations
Sterlite group companies	Subsidiaries, associates or affiliates of Sterlite Power Transmission Limited
STL	Sterlite Technologies Limited
Trust Deed	Trust deed dated October 21, 2016, entered into between the Sponsor and the Trustee
Trustee	Axis Trustee Services Limited
Unitholders	Any Person who holds Units (as hereinafter defined) upon making a defined contribution as determined by the Trustee
Units	An undivided beneficial interest in IndiGrid, and such Units together represent the entire beneficial interest in IndiGrid
Valuation Report	Valuation report issued by the Valuer, which sets out their opinion as to the fair enterprise value of the Initial Portfolio Assets as on September 30, 2016
Valuer	Haribhakti & Co. LLP

IndiGrid

Issue Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid by authorising an SCSB to block the Bid Amount in the ASBA Account
Anchor Investor	An Institutional Investor, applying under the Anchor Investor Portion in accordance with the requirements specified in the InvIT Regulations and the SEBI Guidelines in terms of the Offer Document, including a Strategic Investor
Anchor Investor Allocation Price	Price at which Units will be allocated to Anchor Investors in terms of the Offer Document, decided by the Investment Manager in consultation with the Lead Managers
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Offer Document and the Final Offer Document
Anchor Investor Bid/Issue Period	One Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors are to be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Portion	Not more than 60% of the Institutional Investor Portion which may be allocated by the Investment Manager in consultation with the Lead Managers on a discretionary basis
Anchor Investor Issue Price	Final price at which Units will be Allotted to Anchor Investors in terms of the Offer Document and the Final Offer Document, which price will be equal to or higher than the Issue Price but not higher than the Cap Price The Anchor Investor Issue Price will be decided by the Investment Manager in consultation with the Lead Managers
Allocated/ Allocation	Allocation of Units, following the determination of the Issue Price by the Investment Manager, in consultation with the Lead Managers, to Bidders on the basis of the Application Form submitted by Investor
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Units to be issued pursuant to this Issue
Allottees	Bidders to whom Units are Allotted
Allotment Advice	Note, advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted Units after the Basis of Allotment has been approved by the Designated Stock Exchange
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the InvIT Regulations and SEBI Guidelines
ASBA Bidder	All Bidders other than Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Offer Document and the Final Offer Document
Associate	Associate shall have the meaning set forth in Regulation 2(1)(b) of the InvIT Regulations
Basis of Allotment	The basis on which Units will be Allotted to successful Bidders under the Issue and which is described in the section entitled "*Issue Information*" on page 224
Bid	An indication to make an offer during the Bid/Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Issue Period by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase Units of IndiGrid at a price within the Price Band, including all revisions and modifications thereto as permitted under the InvIT Regulations and SEBI Guidelines
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Issue
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/Issue Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after

Term	Description
	which the Designated Intermediaries will not accept any Bids, which will be published in (i) all editions of Economic Times (a widely circulated English national daily newspaper); and (ii) all editions of Navbharat Times (a widely circulated Hindi national daily newspaper with wide circulation in New Delhi)
Bid/Issue Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which will be published in (i) all editions of Economic Times (a widely circulated English national daily newspaper); and (ii) all editions of Navbharat Times (a widely circulated Hindi national daily newspaper with wide circulation in New Delhi)
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which Bidders, other than Anchor Investors, can submit their Bids, including any revisions thereof
Bid Lot	[●] Units
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Offer Document and the Bid cum Application Form and unless otherwise states or implies, includes an Anchor Investor
Bidding Centers	Centers at which the Designated Intermediaries shall accept ASBA Forms, i.e, Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Bodies Corporate	Bodies corporate as defined in Regulation 2(1)(d) of the InvIT Regulations
Book Building Process	The book building process, as provided in Schedule XI of the SEBI ICDR Regulations
Broker Centres	Broker centers notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)
Cap Price	The higher end of the Price Band, being ₹ [●] per Unit, above which the Issue Price will not be finalised and above which no Bids will be accepted
Citi	Citigroup Global Markets India Private Limited
Client ID	Client identification number maintained with one of the Depositories in relation to a demat account
Confirmation of Allocation Note or CAN	Notice or intimation of allocation of Units sent to Anchor Investors, who have been allocated Units, after the Anchor Investor Bid/Issue Period
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Closing Date	Date on which Allotment of Units pursuant to this Issue shall be made, i.e. on or about [●]
Cut-off Price	Issue Price of the Units to be issued pursuant to this Issue which shall be finalised by the Investment Manager, in consultation with the Lead Managers
Demographic Details	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation and bank account details
Depository Participant or DP	A depository participant as defined under the Depositories Act
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Issue

Term	Description
Designated RTA Locations	Such locations of the RTAs where Bidders can submit ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
DP ID	Depository Participant's Identification
Draft Offer Document	This Draft Offer Document dated December 2, 2016, issued in accordance with the InvIT Regulations, which does not contain complete particulars of the price at which the Units will be Allotted and the size of this Issue, including any addenda or corrigenda thereto
Edelweiss	Edelweiss Financial Services Limited
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the ASBA Form and the Offer Document will constitute an invitation to subscribe to the Units
Escrow Account	'No-lien' and 'non-interest bearing' account opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors will transfer money through direct credit/NEFT/NECS/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Agent	[●]
Escrow Agreement	Agreement dated [●], entered into amongst the Trustee (on behalf of IndiGrid), the Investment Manager, the Registrar to the Issue, the Escrow Collection Banks, the Refund Banks, the Escrow Agent and the Lead Managers for, *inter-alia*, collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Final Offer Document	Final Offer Document dated [●], filed with SEBI and the Stock Exchanges after the Pricing Date in accordance with the InvIT Regulations and the SEBI Guidelines containing, amongst other things, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information, including any addenda or corrigenda thereto
First Bidder	Bidder whose name shall be mentioned first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, in this case being ₹ [●] at or above which the Issue Price and the Anchor Investor Issue Price will be finalised and below which no Bids will be accepted
Institutional Investors	Institutional Investor means (i) a Qualified Institutional Buyer, or (ii) a family trust or systematically important non-banking financial companies registered with RBI or intermediaries registered with SEBI all with net-worth of more than ₹5,000 million as per the last audited financial statements
Institutional Investor Portion	Portion of the Issue (including the Anchor Investor Portion) being not more than 75% of the Issue, comprising not more than [●] Units which shall be available for allocation to Institutional Investors (including Anchor Investors), subject to valid Bids being received at or above the Issue Price
Issue	Initial public offer up to [●] Units (as defined below) for cash at a price of ₹ [●] per Unit aggregating up to ₹ 26,500 million
Issue Agreement	Agreement dated December 1, 2016 entered into amongst the Trustee (on behalf of IndiGrid), the Trustee, the Sponsor, the Investment Manager, the Project Manager and the Lead Managers
Issue Price	₹ [●] per Unit, being the final price at which Units will be Allotted to successful Bidders, other than Anchor Investors, in terms of the Offer Document. The Issue Price will be decided by the Investment Manager in consultation with the Lead Managers on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to IndiGrid
Issue Size	Issue of up to [●] Units aggregating up to ₹ 26,500 million

Term	Description
LMs or Lead Managers	Morgan Stanley India Company Private Limited, Citigroup Global Markets India Private Limited and Edelweiss Financial Services Limited
Listing Agreement	Any listing agreement to be entered into with the Stock Exchanges by IndiGrid, in line with the format as specified under the Securities and Exchange Board of India circular number CIR/CFD/CMD/6/2015 dated October 13, 2015 on "Format of uniform Listing Agreement"
Listing Date	Date on which the Units of IndiGrid will be listed on the Stock Exchanges
Minimum Bid Size	₹ 1 million
Morgan Stanley	Morgan Stanley India Company Private Limited
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Issue less the Issue expenses
Non-Institutional Portion	Portion of the Issue being not less than 25% of the Issue, comprising at least [●] Units, which shall be available for allocation on a proportionate basis to Non-Institutional Investors, subject to valid Bids being received at or above the Issue Price.
Non-Resident Indian/ Non-Resident	An individual resident outside India who is a citizen or is an 'overseas citizen of India' cardholder within the meaning of Section 7A of the Citizenship Act, 1955 and includes a Non-Resident Indian, FVCIs, FIIs and FPIs
Offer Document	Offer Document dated [●], to be issued in accordance with the provisions of the InvIT Regulations and the SEBI Guidelines, which will not have complete particulars of the Price Band and the Issue Price at which the Units will be offered and the size of this Issue including any addenda, corrigenda thereto The Offer Document will be filed with SEBI and the Stock Exchanges and shall become the Final Offer Document which shall be filed with SEBI and the Stock Exchanges after the Pricing Date
Pay-in Date	Last date specified in the CAN for payment of application monies by the Allottees
Price Band	Price band between the minimum price of ₹[●] per Unit (Floor Price) and the maximum price of ₹[●] per Unit (Cap Price) including any revision thereof The Price Band will be decided by the Investment Manager, in consultation with the Lead Managers, and will be announced at least five Working Days prior to the Bid/Issue Opening Date, on the websites of IndiGrid, the Sponsor and the Investment Manager, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which the Investment Manager, in consultation with the Lead Managers, finalises the Issue Price
Public Issue Account	'No-lien' and 'non-interest bearing' bank account opened to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
Qualified Institutional Buyers or QIB(s)	Qualified institutional buyers shall mean (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI, (ii) a foreign portfolio investor, other than Category III foreign portfolio investor, registered with SEBI, (iii) a public financial institution as defined in section 2(72) of the Companies Act, 2013, (iv) a scheduled commercial bank, (v) a multilateral and bilateral development financial institution, (vi) a state industrial development corporation, (vii) an insurance company registered with the IRDAI, (viii) a provident fund with minimum corpus of ₹ 250 million, (ix) a pension fund with minimum corpus of ₹ 250 million, (x) National Investment Fund set up by GoI, (xi) insurance funds set up and managed by army, navy or air force of the Union of India, or (xii) insurance funds set up and managed by the Department of Posts, India
Refund Account(s)	'No-lien' and 'non-interest bearing' account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made
Refund Bank(s)	[●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than BRLMs and the Syndicate Members, eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar and Share	Registrar and share transfer agents registered with SEBI and eligible to procure

Term	Description
Transfer Agents or RTAs	Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar Agreement	The agreement dated December 1, 2016, entered into between the Trustee (on behalf of IndiGrid), the Investment Manager and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Revision Form	Form used by the Bidders to modify the quantity of Units or the Bid Amount in any of their ASBA Forms or any previous Revision Forms. Bidders are not allowed to withdraw or lower their Bids (in terms of number of Units or the Bid Amount) at any stage
Self Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders
Strategic Investor	A strategic investor means, (i) an infrastructure finance company registered with RBI as a Non Banking Financial Company, (ii) a Scheduled Commercial Bank, (iii) an international multilateral financial institution, (iv) a systemically important Non Banking Financial Companies registered with RBI, or (v) a foreign portfolio investor, who together invest not less than five per cent of the total offer size of IndiGrid or such amount as may be specified by SEBI from time to time
Syndicate Agreement	The agreement dated [●], entered into between the Trustee (on behalf of IndiGrid), the Investment Manager, the Lead Managers, the Syndicate Members and the Registrar to the Issue in relation to collection of Bid cum Application Forms by the Syndicate
Syndicate/ Members of the Syndicate	The Lead Managers and the Syndicate Members
Syndicate Members	Intermediaries, registered with SEBI who are permitted to carry out activities as an underwriter, being, [●]
Underwriters	[●]
Underwriting Agreement	Agreement dated [●], entered into between the Trustee (on behalf of IndiGrid), the Underwriters, the Investment Manager, the Trustee, the Sponsor and the Project Manager
Working Day	Working Day, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Technical and Industry related terms

Term	Description
ARR	Aggregate Revenue Requirement
BOOM	Build, own, operate and maintain
BPC	Bid process co-ordinator
D/C	Double Circuit
DC	Direct Current
DIC	Designated inter-state transmission system customers
DISCOM	Distribution companies
GW	Giga watt
HVDC	High Voltage Direct Current
ISTS	Inter-state transmission system
ISTS	Inter State Transmission Systems
LTTC	Long term transmission customer
MoP	Ministry of Power
MVA	Mega Volt Ampere

Term	Description
MW	Mega watt
PFC	Power Finance Corporation of India Limited
PGCIL	Power Grid Corporation of India Limited
PoC	Point of Connection
POSOCO	Power System Operation Corporation Limited
REC	Rural Electrification Corporation of India Limited
RLDC	Regional Load Dispatch Centre
RSA	Revenue Sharing Agreement
SEB(s)	State Electricity Boards
SLDC	State Load Dispatch Centre
TBCB	Tariff Based Competitive Bidding
TSA	Transmission Services Agreement
TSP	Transmission Service Provider

Abbreviations

Term	Description
BOCW Act	The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
Financial Year or Fiscal Year or Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
GoI or Government	Government of India
Ind AS	Companies (Indian Accounting Standards) Rules, 2015, notified on February 19, 2015 by the MCA, including any amendments or modifications thereto
Indian GAAP	Generally Accepted Accounting Principles in India
Indian GAAS	Generally Accepted Auditing Standards in India
InvIT Regulations	Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014
IRDAI	Insurance Regulatory and Development Authority of India
MoEF	Ministry of Environment, Forest and Climate Change
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India
NSDL	National Securities Depository Limited
NEFT	National Electronic Funds Transfer
NSE	The National Stock Exchange of India Limited
PAN	Permanent account number
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
Rs./Rupees/INR/₹	Indian Rupees
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the Securities Act
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI Guidelines	SEBI circular dated May 11, 2016 on Guidelines for public issue of units of InvITs

Term	Description
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Securities Act	U.S. Securities Act of 1933
SERC	State Electricity Regulatory Commission
Stock Exchanges	Together, the BSE and the NSE
U.S./U.S.A/United States	United States of America
USD/US$	United States Dollars
ACSR	Aluminium Conductor Steel Reinforced
CCI	Competition Commission of India
Competition Act	Competition Act, 2002
CRISIL	CRISIL Limited
CRISIL Report	"Opportunities in power transmission in India", November 2016, prepared by CRISIL Research
EHS	Environment, Occupational Health and Safety
GAAR	General Anti-Avoidance Rules
InvIT	Infrastructure Investment Trust
Lahmeyer	Lahmeyer International (India) Private Limited
Sharing of Charges and Losses Regulations	Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010

PRESENTATION OF FINANCIAL DATA AND OTHER INFORMATION

Certain Conventions

All references in this Draft Offer Document to "India" are to the Republic of India.

Unless stated otherwise, all references to page numbers in this Draft Offer Document are to the page numbers of this Draft Offer Document.

Financial Data

Unless the context requires otherwise, the financial information in this Draft Offer Document in relation to IndiGrid, is derived from the audited combined financial statements of SGL1, BDTCL and JTCL, which comprise the combined balance sheets as at September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014, and the related combined statements of profit and loss (including other comprehensive income), combined cash flow statements and combined statements of changes in equity for the six month period ended September 30, 2016 and for the years ended March 31, 2016, March 31, 2015 and March 31, 2014, and a summary of significant accounting policies and other explanatory information ("**Combined Financial Statements**"). The Combined Financial Statements have been prepared in accordance with the basis of preparation as set out in note 2.1 to the Combined Financial Statements. Please see the section entitled "*Combined Financial Statements*" on page 257.

Further, this Draft Offer Document includes projections of revenue from operations and cash flow from operating activities of IndiGrid consisting of IndiGrid, SGL1, BDTCL and JTCL and each of BDTCL and JTCL individually, for the financial years ended March 31, 2018, 2019 and 2020, prepared in accordance with the basis of preparation as set out in note II of projections of revenue from operations and cash flow from operating activities (the "**Projections of Revenue from Operations and Cash Flow from Operating Activities**"). Please see the section entitled "*Projections of Revenue from Operations and Cash Flow from Operating Activities*" on page 318.

Further, this Draft Offer Document includes summary financial statements of the (i) Sponsor, as of and for the financial years ended March 31, 2016 and March 31, 2015; and (ii) Investment Manager, as of and for the financial years ended March 31, 2016, March 31, 2015 and March 31, 2014, derived respectively from the consolidated financial statements of the Sponsor for the respective years and from the standalone financial statements of the Investment Manager for the respective years, which were prepared in accordance with Indian GAAP and the Companies Act. The financial statements of the Sponsor for the financial year ended March 31, 2014 are not available, since the Sponsor was incorporated on June 3, 2014. For further details, please see the sections entitled "*Summary Financial Information of the Sponsor*" and "*Summary Financial Information of the Investment Manager*" on pages 28 and 32, respectively.

The degree to which the financial information included in this Draft Offer Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP, Ind AS and the InvIT Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Offer Document should accordingly be limited.

The financial year for IndiGrid and Parties to IndiGrid commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

In this Draft Offer Document, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals and all percentage figures have been rounded off to two decimal places. Certain other operational data, including route length of transmission lines in ckms and the number of years under the term of a TSA, have been rounded to whole numbers.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US$" are to United States Dollar, the official currency of the United States.

Except otherwise specified, certain numerical information in this Draft Offer Document have been presented in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Unless the context requires otherwise, any percentage amounts, as set forth in this Draft Offer Document, have been calculated on the basis of the Combined Financial Statements, and the summary financial statements of the Sponsor on a consolidated basis and the Investment Manager on a standalone basis.

Historically, the audited standalone financial statements of the Initial Portfolio Assets have been prepared in accordance with Indian GAAP and the Companies Act and audited by the statutory auditors of the respective Initial Portfolio Assets. However, for the purposes of this Draft Offer Document, the Combined Financial Statements consisting of SGL1, BDTCL and JTCL have been prepared in accordance with Ind AS. The date of transition for the purpose of Ind AS for the Combined Financial Statements has been considered as April 1, 2013.

Exchange Rates

This Draft Offer Document contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the dates indicated, information with respect to the exchange rate between the Rupee and the US$ (in Rupees per US$):

	As on (in ₹)				
Currency	**September 30, 2016**	**September 30, 2015**	**March 31, 2016**	**March 31, 2015**	**March 28, 2014***
1 US$	67.61	63.75	66.33	62.59	60.09

**Data provided as on March 28, 2014, the last trading date of financial year ended March 31, 2014*
Source: www.rbi.org.in

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Offer Document has been obtained or derived from publicly available information as well as industry publications, "*Opportunities in power transmission in India*" issued by CRISIL Research ("**CRISIL Report**"), and other sources. For details, see the section entitled "*Industry Overview*" on page 118.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information. Although the Investment Manager believes that the industry and market data used in this Draft Offer Document is reliable, it has not been independently verified by the Investment Manager, the Sponsor, the Trustee or the Lead Managers, or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section entitled "*Risk Factors*" on page 40 of this Draft Offer Document. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Offer Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of IndiGrid is conducted, and methodologies and assumptions may vary widely among different industry sources.

Disclaimer of CRISIL Research

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not *responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. India Grid Trust and Sterlite Infraventures Limited will be responsible for ensuring compliances and consequences of non-compliance for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Offer Document that are not statements of historical fact constitute "forward-looking statements". Bidders can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "seek to", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of IndiGrid and the Projections of Revenue from Operations and Cash Flow from Operating Activities are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding IndiGrid's expected financial conditions, results of operations and cash flows, business plans and prospects including the Projections of Revenue from Operations and Cash Flow from Operating Activities are forward-looking statements. These forward-looking statements include statements as to IndiGrid's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Offer Document that are not historical facts. Further, please note that the Projections of Revenue from Operations and Cash Flow from Operating Activities included in this Draft Offer Document are based on a number of assumptions. For further details, please see the section entitled "*Projections of Revenue from Operations and Cash Flow from Operating Activities*" on page 318.

The Valuation Report included in this Draft Offer Document, is based on certain projections and accordingly, should be read together with assumptions and notes thereto.

Actual results may differ materially from those suggested by the forward-looking statements or financial projections due to certain known or unknown risks or uncertainties associated with the Investment Manager's expectations with respect to, but not limited to, the actual growth in the power transmission sector, the Investment Manager's ability to successfully implement the strategy, growth and expansion plans, cash flow projections, the outcome of any legal or regulatory changes, the future impact of new accounting standards, regulatory changes pertaining to the power transmission sector in India and our ability to respond to them, and general economic and political conditions in India which have an impact on our business activities or investments, changes in competition and the Project Manager's ability to operate and maintain the Initial Portfolio Assets and successfully implement any technological changes. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

Factors that could cause actual results, performance or achievements of IndiGrid to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*", "*Industry Overview*", "*Business*" and "*Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows*", on pages 40, 118, 142 and 179, respectively. Some of the factors that could cause IndiGrid's actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information include, but are not limited to, the following:

- IndiGrid is a new entity and does not have an established operating history;
- We may be unable to operate and maintain our power transmission projects to achieve the prescribed availability;
- We may lose tariff revenues and incur significant repair and replacement costs in the event our power transmission projects are rendered inoperable due to force majeure events;
- Substantially all our revenues are derived from tariff payments received from LTTCs. A delay in payments of point of connection charges to the CTU by users and customers may adversely affect our cash flows and results of operations;
- As the terms and conditions, including the tariff structure under the TSAs are generally fixed, we may not be able to offset increase in costs, including operation and maintenance costs, solely from tariffs payable to us under the TSAs;
- The ability of the Project Manager to ensure that our power transmission systems are fully operational at all times may be subject to the limitations of the power grid, existing equipment or operational risks outside of their control;

- The Initial Portfolio Assets may not achieve the projected financial performance referred to in the financial projections, which would adversely affect our ability to meet our projected distributions to our Unitholders;
- The assumptions in "Projections of Revenue from Operations and Cash Flow from Operating Activities" are inherently uncertain and are subject to significant business, economic, financial, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those projected;
- The Projections of Revenue from Operations and Cash Flow from Operating Activities assume the successful refinancing of our existing indebtedness which are based on term sheets which are non-binding;
- We may not be able to make distributions to our Unitholders comparable to our Unitholders' estimated or anticipated distributions or the level of distributions may fall;
- Any changes to current tariff policies or modifications of tariffs standards by regulatory authorities could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows;
- Our businesses could be adversely affected if we are unable to maintain or renew our existing regulatory approvals due to changes to the regulatory environment and the laws, rules and directives of the GoI;
- Any power transmission project that we acquire, which is still under construction and development, may be subject to cost overruns or delays;
- ROFO Assets which are under development by the Sponsor are subject to risks associated with the engagement of third party contractors which may delay or even prevent such ROFO Assets from being offered to us under the ROFO Deed; and
- Price increases, foreign exchange movement or shortages in the availability of equipment could adversely affect the Sponsor's ability to develop the ROFO Assets in line with its projected budget or originally envisaged timeframes.

Forward-looking statements and financial projections reflect current views as of the date of this Draft Offer Document and are not a guarantee of future performance or returns to Bidders. These statements and projections are based on certain beliefs and assumptions, which in turn are based on currently available information. Although the Investment Manager believes that the expectations and the assumptions upon which such forward-looking statements are based, are reasonable at this time, it cannot assure Bidders that such expectations will prove to be correct or accurate. In accordance with the InvIT Regulations, the assumptions underlying the Projections of Revenue from Operations and Cash Flow from Operating Activities have been examined by the Auditors. The Projections of Revenue from Operations and Cash Flow from Operating Activities have been prepared for inclusion in the Draft Offer Document for the purposes of this Issue, using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur, and have been approved by the board of directors of the Investment Manager. Consequently, Bidders are cautioned that the Projections of Revenue from Operations and Cash Flow from Operating Activities may not be appropriate for purposes other than that described above. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and Projections of Revenue from Operations and Cash Flow from Operating Activities. In any event, these statements speak only as of the date of this Draft Offer Document or the respective dates indicated in this Draft Offer Document, and IndiGrid, the Investment Manager and the Lead Managers or any of their affiliates or advisors, undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise after the date of this Draft Offer Document. If any of these risks and uncertainties materialize, or if any of the Investment Manager's underlying assumptions prove to be incorrect, the actual results of operations or financial condition or cash flow of IndiGrid could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to IndiGrid are expressly qualified in their entirety by reference to these cautionary statements.

THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Draft Offer Document:

Issue	Up to [●] Units aggregating up to ₹ 26,500 million
Of which	
Institutional Investor Portion (not more than 75% of this Issue)*	Not more than [●] Units
Non-Institutional Investor Portion (not less than 25% of this Issue)	Not less than [●] Units
Floor Price	₹ [●]
Cap Price	₹ [●]
Issue Price	₹ [●]
Minimum Bid Size	₹ 1 million
Issue Opening Date**	[●]
Issue Closing Date***	[●]
Sponsor	Sterlite Power Grid Ventures Limited
Trustee	Axis Trustee Services Limited
Investment Manager	Sterlite Infraventures Limited
Project Manager	Sterlite Power Grid Ventures Limited
Authority for this Issue	This Issue was authorised and approved by the board of directors of the Investment Manager on November 7, 2016.
Tenure of IndiGrid	IndiGrid shall remain in force perpetually until it is dissolved or terminated in accordance with the Trust Deed. For details, please see the section entitled "*Parties to IndiGrid*" on page 81.
Units issued and outstanding immediately prior to this Issue	[●]
Units issued and outstanding immediately after this Issue	[●]
Details of commitment received from Strategic Investors, if any	[●]
Sponsor Units	Up to [●] Units. The Units held by the Sponsor may rank *pari passu* with, and have the same rights as the Units to be Allotted pursuant to this Issue. However, IndiGrid may issue subordinate units of IndiGrid only to the Sponsor and its Associates, which will be disclosed in the Offer Document, where such subordinate units shall carry only inferior voting or any other rights compared to other Units. The Units to be held by the Sponsor will be allotted to the Sponsor, simultaneously with the Allotment pursuant to this Issue.
Distribution	Please see the section entitled "*Distribution*" on page 177.
Indian Taxation	Please see the section entitled "*Taxation*" on page 246.
Use of proceeds	Please see the section entitled "*Use of Proceeds*" on page 170.
Listing	Prior to this Issue, there was no market for the Units. The Units are proposed to be listed on the NSE and BSE. In-principle approvals for listing of the Units have been received from BSE and NSE on [●] and [●], respectively. The Investment Manager shall apply to BSE and NSE for the final listing and trading approvals, after the Allotment and after the credit of the Units to the beneficiary accounts with the Depository Participants.
Designated Stock Exchange	[●]
Closing Date	The date on which Allotment of the Units pursuant to this Issue shall be made, i.e. on or about [●]
Ranking	The Units being issued may rank *pari passu* in all respects, including rights in respect of distribution. However, IndiGrid may issue subordinate units of IndiGrid only to the Sponsor and its Associates, which will be disclosed in the Offer Document, where such subordinate units shall carry only inferior

	voting or any other rights compared to other Units. The Unitholders will be entitled to participate in distribution, if any, declared by IndiGrid after the date of Allotment. Please see the section entitled *"Rights of Unitholders"* on page 218.
Lock-in and Rights of Unitholders	For details, please see the sections entitled "*Information concerning the Units*" and "*Rights of Unitholders*" on pages 169 and 218, respectively.
Risk Factors	Prior to making an investment decision, Bidders should consider carefully the matters discussed in the section entitled *"Risk Factors*" on page 40.

* *The Investment Manager may, in consultation with the Lead Managers, consider participation by Anchor Investors in this Issue for up to 60% of the Institutional Investor Portion in accordance with the InvIT Regulations and the SEBI Guidelines.*

** *The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.*

*** *The Investment Manager may in consultation with the Lead Managers, consider closing the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date in accordance with the SEBI Guidelines*

Allocation to Bidders in all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis. In case of under-subscription in any category, the unsubscribed portion in either category may be Allotted to Investors in the other category at the discretion of the Investment Manager, in consultation with the Lead Managers and the Designated Stock Exchange.

The Issue is being made through the Book Building Process, wherein not more than 75% of the Issue shall be available for allocation to Institutional Investors on a proportionate basis, provided that the Investment Manager, in consultation with the Lead Managers, may allocate up to 60% of the Institutional Investor Portion to Anchor Investors on a discretionary basis in accordance with the InvIT Regulations and the SEBI Guidelines. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Investors, subject to valid Bids being received at or above the Issue Price. In case of under-subscription in any category, the unsubscribed portion in either category may be Allotted to Bidders in the other category at the discretion of the Investment Manager, in consultation with the Lead Managers and the Designated Stock Exchange.

The Units, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

In accordance with the InvIT Regulations and the SEBI Guidelines, no Unitholder shall enjoy superior voting or any other rights over another Unitholder. Further, there shall not be multiple classes of Units. However, IndiGrid may issue subordinate units of IndiGrid only to the Sponsor and its Associates, which will be disclosed in the Offer Document, where such subordinate units shall carry only inferior voting or any other rights compared to other Units.

For further details in relation to this Issue, including the method of application, please see the section entitled "*Issue Information*" on page 224.

OVERVIEW OF INDIGRID

The following overview is qualified in its entirety by, and is subject to, the more detailed information contained in or referred to elsewhere in this Draft Offer Document. Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions that could cause actual results of IndiGrid to differ materially from those forecasted or projected in this Draft Offer Document. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction of the accuracy of the underlying assumptions by IndiGrid, the Parties to IndiGrid or the Lead Managers or any other person or that these results will be achieved or are likely to be achieved. Investment in Units involves risks. Bidders are advised not to rely solely on this overview, however, should read this Draft Offer Document in its entirety and, in particular, the section entitled "Risk Factors" on page 40.

Structure and description of IndiGrid

The Sponsor settled IndiGrid on October 21, 2016 as an irrevocable trust, pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882. IndiGrid was registered with SEBI on November 28, 2016 as an infrastructure investment trust under Regulation 3(1) of the InvIT Regulations having registration number IN/InvIT/16-17/0005. The Sponsor has settled IndiGrid for an initial sum of ₹10,000.

For details of the registered office and contact person of the Sponsor, please see the section entitled *"General Information"* on page 72.

Further, SIVL has been appointed as the Investment Manager, and SPGVL has been appointed as the Project Manager to IndiGrid. For further details please see the section entitled "*Parties to IndiGrid*" on page 81.

Investment Objectives

The Investment objectives of IndiGrid are to undertake activity as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations. The investment of IndiGrid shall only be in infrastructure special purpose vehicles or infrastructure projects or securities of Indian companies in accordance with the provisions of the InvIT Regulations and the investment strategy as detailed in the section entitled "*Our Business*" on page 142. The investment by IndiGrid shall be in compliance with the provisions of the InvIT Regulations.

As on the date of this Draft Offer Document, IndiGrid is not permitted to undertake any such activity as may be prohibited under the InvIT Regulations.

Subject to the restrictions prescribed, and requirements of, applicable law, IndiGrid may not carry on any other principal activity.

Fee and expenses

Annual Expenses

The expenses in relation to IndiGrid, other than such expenses incurred in relation to operations of Initial Portfolio Assets, would broadly include fee payable to (i) Trustee; (ii) Investment Manager; (iii) Project Manager; (iv) Auditor; (v) Valuer; and (iv) other intermediaries and consultants.

The estimated recurring expenses on an annual basis are as follows:

(₹ in million)

Payable by IndiGrid	Estimated Expenses
Trustee fee	Please see Note 1 below.
Investment Manager fee	Please see Note 2 below.
Project Manager fee	Please see Note 3 below.
Auditor fee, Valuer fee and others	[●]*

**To be included in the Final Offer Document*

Note 1:

The Trustee shall be entitled to an initial acceptance fee of ₹ 0.30 million. Further, the Trustee shall be entitled to annual fees of ₹ 0.40 million, and any out of pocket expenses, exclusive of any taxes. The annual fee is subject to revision every two years, subject to a cap of 10%.

***Note 2**:*

The Investment Manager shall be entitled to fees aggregating to 1.75% of the difference between revenue from operations and operating expenses (other than the fee of the Investment Manager) of each Initial Portfolio Asset, per annum. For this purpose, operating expenses would not include depreciation, finance cost and income tax expense. This fee will be exclusive of all taxes. For each Financial Year, such fee shall be payable every six months, based on actuals, within a period of 15 days from the date of declaration of financial results by IndiGrid (being the periods ending March 31 and September 30, respectively, of each financial year).

Note 3:

The Project Manager shall be entitled to a fee amounting to 10% of the gross expenditure incurred by each Initial Portfolio Asset in relation to operation and maintenance costs, per annum. IndiGrid, or any or all of the Initial Portfolio Assets, as the case may be, shall bear any service tax and other applicable taxes payable on the fee and any other payments made to the Project Manager in terms of the Project Implementation and Management Agreement, provided that the Project Manager shall be liable to pay income tax on such fee and payments. For each Financial Year, the fee shall be payable every six months, based on actuals, within a period of 15 days from the date of declaration of financial results by IndiGrid (being the periods ending March 31 and September 30, respectively, of each financial year).

Further, the Project Manager would receive Units equivalent to 80% of the difference between implied equity values set out in: (a) valuation(s) undertaken without taking into consideration the orders passed by CERC in favour of JTCL and BDTCL for upward revision of levelised transmission charges on account of project cost escalation ("**Valuation I**") and (b) valuation(s) undertaken after taking into consideration the orders passed by CERC in favour of JTCL and BDTCL for upward revision of levelised transmission charges on account of project cost escalation ("**Valuation II**"). Such allotment of Units to the Project Manager shall be completed within three months of submission of Valuation I and Valuation II to IndiGrid or such other extended period as may be mutually agreed to between the parties to the Project Implementation and Management Agreement, subject to applicable law.

Issue Expenses

The total expenses of this Issue are estimated to be approximately ₹ [●] million which will be incurred by IndiGrid. For details in relation to the issue expenses for this Issue, please see the section entitled "*Use of Proceeds*" on page 170.

Set-up expenses

The expenses in relation to setting up IndiGrid shall be borne by the Sponsor, details of which shall be included in the Final Offer Document.

Details of credit ratings

IndiGrid has been given a Corporate Credit Rating AAA by CRISIL, 'IND AAA'/Stable by India Ratings and "IrAAA" (pronounced as IR triple A) with stable outlook by ICRA, the rationale for which will be available on their respective websites.

FORMATION TRANSACTIONS IN RELATION TO INDIGRID

Details of arrangement pertaining to IndiGrid

IndiGrid's Initial Portfolio Assets comprise BDTCL and JTCL, which are held by SGL1. The details of SGL1, BDTCL and JTCL, are provided below:

1. ***Sterlite Grid 1 Limited***

SGL1 was incorporated on March 30, 2010 under the Companies Act, 1956. Its registered office is situated at 4th Floor, Godrej Millennium, 9 Koregaon Road, Pune 411 001.

Capital structure of SGL1

Particulars	Number of equity shares of ₹10 each on a pre-Issue basis as on September 30, 2016	Number of equity shares of ₹10 each on a post-Issue basis as on [●]*
Authorised capital	20,000,000	[●]
Issued, subscribed and paid-up capital	17,673,250	[●]

**To be determined on finalisation of the Issue Price and updated in the Final Offer Document, prior to filing with SEBI and the Stock Exchanges.*

The Sponsor holds 100% of the issued, subscribed and paid-up share capital of SGL1.

2. ***Bhopal Dhule Transmission Company Limited***

BDTCL was incorporated on September 8, 2009 under the Companies Act, 1956 as a special purpose vehicle. Its registered office is situated at F-1,The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road New Delhi 110 065.

Capital structure of BDTCL

Particulars	Number of equity shares of ₹10 each on a pre-Issue basis as on September 30, 2016	Number of equity shares of ₹10 each on a post-Issue basis as on [●]*
Authorised capital	2,000,000	[●]
Issued, subscribed and paid-up capital	600,000**	[●]

**To be determined on finalisation of the Issue Price and updated in the Final Offer Document, prior to filing with SEBI and the Stock Exchanges.*
***51% of the equity shares of BDTCL have been pledged by SGL1 in favour of lenders of BDTCL, which are proposed to be released post repayment of loans from Issue Proceeds. For details of the facility availed pursuant to which such equity shares were pledged, please see the section entitled "Use of Proceeds" on page 170.*

The Sponsor indirectly holds 100% of the issued, subscribed and paid-up share capital of BDTCL.

3. ***Jabalpur Transmission Company Limited***

JTCL was incorporated on September 8, 2009 under the Companies Act, 1956 as a special purpose vehicle. Its registered office is situated at F-1,The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road New Delhi 110 065.

Capital structure of JTCL

Particulars	Number of equity shares of ₹10 each on a pre-Issue basis as on September 30, 2016	Number of equity shares of ₹10 each on a post-Issue basis as on [●]*
Authorised capital	2,000,000	[●]
Issued, subscribed and paid-up capital	550,000**	[●]

**To be determined on finalisation of the Issue Price and updated in the Final Offer Document, prior to filing with SEBI and the Stock Exchanges.*
***51% of the equity shares of JTCL have been pledged by SGL1 in favour of lenders of JTCL, which are proposed to be released post repayment of loans from Issue Proceeds. For details of the facility availed pursuant to which such equity shares were pledged, please see the section entitled "Use of Proceeds" on page 170.*

The Sponsor indirectly holds 100% of the issued, subscribed and paid-up share capital of JTCL.

BDTCL and JTCL are completed and revenue generating projects in terms of Regulation 18(5) of the InvIT Regulations as certified by KNPS & Associates, Chartered Accountants (firm registration number 024073N) through their certificate dated November 29, 2016. The Trustee confirms that adequate insurance for the Initial Portfolio Assets has been obtained. For further details in relation to the Initial Portfolio Assets, please see the section entitled "*Our Business*" on page142.

Acquisition of the Initial Portfolio Assets

Prior to the Allotment pursuant to this Issue, IndiGrid, acting through its Trustee, proposes to acquire 100% of the issued and paid-up equity share capital of SGL1, which, in turn, holds 100% of the issued, subscribed and paid-up equity share capital of BDTCL and 100% of the issued, subscribed and paid-up equity share capital of JTCL (the "**Share Capital**"), pursuant to the Securities Purchase Agreement. For further details in relation to the Securities Purchase Agreement, please see the section entitled "*Related Party Transactions*" on page 194.

Acquisition of Units by the Sponsor

The Sponsor has provided a loan to SGL1, and has subscribed to non-convertible debentures of SGL1. The Sponsor proposes to transfer its equity shareholding in SGL1 and, all or a portion of the loan provided to SGL1, and/or all or a portion of the non-convertible debentures of SGL1 to IndiGrid ("**Securities Transfer**") pursuant to the Securities Purchase Agreement, in exchange for Units.

Accordingly, the Sponsor will receive Units pursuant to the Securities Transfer and any infusion of additional funds by the Sponsor, if required, by way of a bridge loan or from its internal accruals. Such aggregate Unitholding of the Sponsor shall amount to at least 15% of the post-Issue Units, subject to the conditions specified in the InvIT Regulations.

Utilisation of Net Proceeds

Further, upon the Listing of the Units, IndiGrid shall utilize the Net Proceeds to provide loans to BDTCL and JTCL ("**IndiGrid Loans**"), through facility agreements, entered into between the Trustee (on behalf of IndiGrid), the Investment Manager, and each of BDTCL and JTCL ("**Facility Agreements**").

The key terms of the Facility Agreements include:

Interest: The facility shall carry an interest rate of 13% per annum, which may be reset on the date falling on the anniversary of the first disbursement of the facility and annually thereafter.

Repayment: The relevant Initial Portfolio Asset shall repay the principal amount of the facility through a single bullet payment upon expiry of the TSA. The relevant Initial Portfolio Asset shall repay the interest due, through two bi-annual bullet payments each year, which dates may be reset annually on mutually agreeable terms. Such repayment amount shall be equivalent to at least 90% of the net distributable cash flows of such relevant Initial Portfolio Asset, calculated in accordance with the InvIT Regulations, and if such amount is less than the interest due to be paid, the balance amount shall be carried over to the subsequent Financial Year and paid subject to the terms of the Facility Agreements. No additional interest or penalty shall be payable on such accrued interest.

All payments under the Facility Agreements shall be subordinate to any secured or unsecured loan obligations incurred by the relevant Initial Portfolio Asset from any bank, non-banking financial company or financial institution, which is neither an affiliate of IndiGrid or the Sponsor.

Premature repayment: The relevant Initial Portfolio Asset shall, with a prior notice to the Trustee, be entitled to prepay all or any portion of the outstanding principal amounts of such facility, without any prepayment penalty.

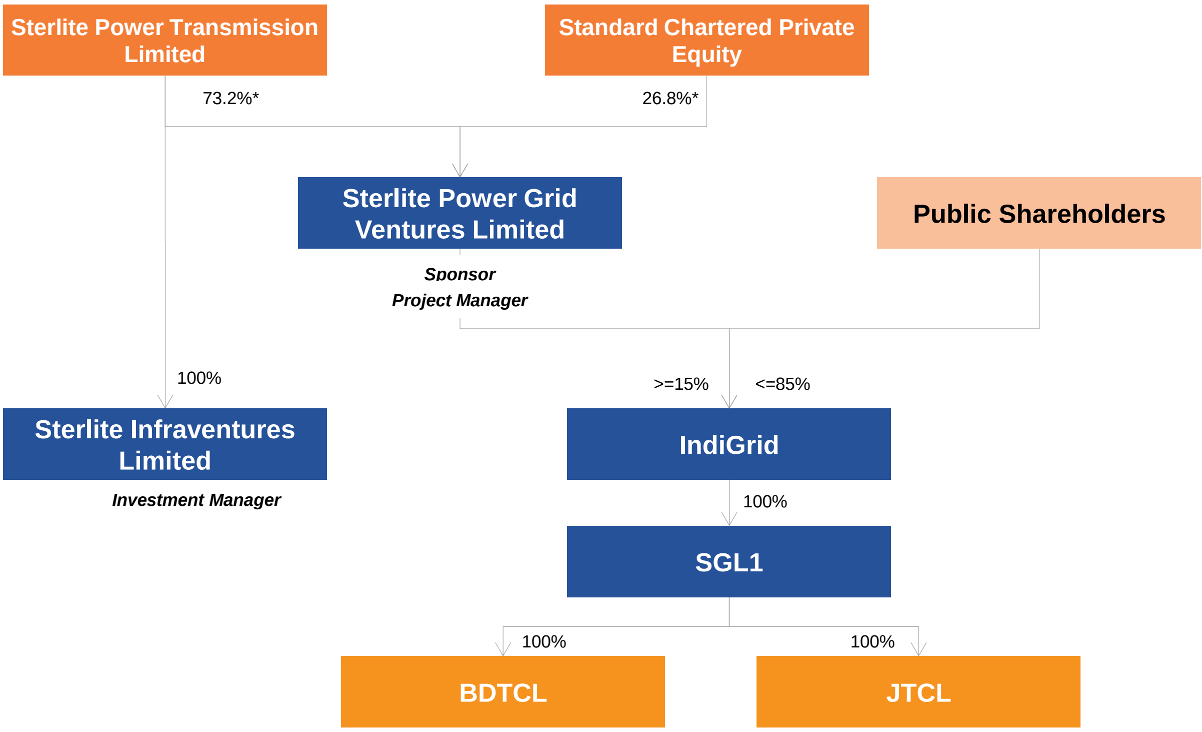
For further details on utilization of Net Proceeds, please see the section entitled "*Use of Proceeds*" on page 170.

The IndiGrid Loans will be utilized to repay or pre-pay debt of banks, financial institutions, SGL1, SGL2 and repayment of any other long term and short term liabilities, by BDTCL and JTCL. For details of the outstanding borrowings of SGL1, BDTCL and JTCL, please see the sections entitled "*Use of Proceeds*" and "*Financial Indebtedness and Deferred Payments*" on pages 170 and 173.

Proposed post-listing structure

For details of the pre-Issue and post-Issue unitholding structure of IndiGrid, please see the section entitled *"Information concerning the Units"* on page 169.

The following structure illustrates the relationship between IndiGrid, the Trustee, the Sponsor, the Investment Manager, the Project Manager and the Unitholders as at the Listing Date:



**On a fully diluted basis*

SUMMARY COMBINED FINANCIAL STATEMENTS

The following tables set forth the summary financial information derived from the Combined Financial Statements.

The Combined Financial Statements referred to above are presented under the section entitled "Combined Financial Statements" on page 257. The summary financial information presented below should be read in conjunction with these financial statements, the notes thereto and the sections entitled "Combined Financial Statements" and "Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows" on pages 257 and 179, respectively.

Summary Combined Balance Sheet

(₹ in million)

Particulars	September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	38,995.58	39,679.86	16,995.42	226.23
(b) Capital work-in-progress	-	1.78	20,389.54	29,264.20
(c) Intangible Assets	1.39	1.89	3.38	2.74
(d) Financial assets				
(i) Trade and other receivables	101.62	101.62	101.62	30.34
(ii) Loans	718.01	718.01	1,276.30	1,742.10
(iii) Other financial assets	271.38	270.45	273.47	180.14
(e) Deferred tax assets (net)	-	107.53	59.46	-
(f) Other assets	36.91	81.56	513.77	1,194.85
Total Non-Current Assets	**40,124.89**	**40,962.70**	**39,612.96**	**32,640.60**
II. Current assets				
(a) Financial assets				
(i) Investments	137.50	7.04	-	-
(ii) Trade and other receivables	618.18	639.26	176.62	17.60
(iii) Cash and cash equivalents	228.47	217.23	548.40	314.61
(iv) Others financial assets	367.02	454.51	173.52	-
(b) Current tax assets (net)	-	-	-	0.83
(c) Other assets	225.49	151.31	33.18	55.26
Total Current Assets	**1,576.66**	**1,469.35**	**931.72**	**388.30**
Total assets	**41,701.55**	**42,432.05**	**40,544.68**	**33,028.90**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Capital	176.73	176.73	176.73	1.75
(b) Other equity	1,891.14	2,177.77	2,958.10	(60.56)
Total equity	**2,067.87**	**2,354.50**	**3,134.83**	**(58.81)**
LIABILITIES				
I. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	34,714.76	34,848.95	32,577.97	24,949.14
(ii) Other financial liabilities	7.63	7.63	7.63	674.14
(b) Provisions	-	-	8.32	3.15
(c) Deferred tax liabilities (net)	1,250.87	1,455.07	1,712.94	-
Total Current Liabilities	**35,973.26**	**36,311.65**	**34,306.86**	**25,626.43**
II. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	1,778.35	1,664.89	128.73	309.11
(ii) Trade and other payables	13.73	21.58	45.85	1.32
(iii) Other financial liabilities	1,863.51	2,073.48	2,908.19	5,349.46
(b) Other liabilities	4.83	5.95	12.44	1,798.14
(c) Provisions	-	-	7.78	3.25
Total Current Liabilities	**3,660.42**	**3,765.90**	**3,102.99**	**7,461.28**
Total liabilities	**39,633.68**	**40,077.55**	**37,409.85**	**33,087.71**
Total equity and liabilities	**41,701.55**	**42,432.05**	**40,544.68**	**33,028.90**

Summary Combined Statement of Profit and Loss

(₹ in million)

Particulars	Six months ended September 30, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Income				
Revenue from operations	2,180.59	3,542.37	598.67	-
Other income	53.94	21.21	91.69	301.37
Total	**2,234.53**	**3,563.58**	**690.36**	**301.37**
Expenses				
Employee benefit expense	17.99	48.60	7.16	0.27
Other expenses	126.22	361.44	145.67	245.80
Total	**144.21**	**410.04**	**152.83**	**246.07**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**2,090.32**	**3,153.54**	**537.53**	**55.30**
Depreciation, amortisation and impairment	678.61	962.68	373.37	17.22
Finance cost	1,798.60	3,299.28	936.89	563.54
Finance income	(3.58)	(22.16)	(108.80)	(138.01)
Loss before tax	**(383.31)**	**(1,086.26)**	**(663.93)**	**(387.45)**
Tax expense				
Current tax	-	-	-	2.37
Adjustment of tax relating to earlier periods	-	-	(1.24)	-
Deferred tax	(96.68)	(305.93)	(195.76)	6.41
Total tax expense	(96.68)	(305.93)	(197.00)	8.78
Loss for the year	**(286.63)**	**(780.33)**	**(466.93)**	**(396.23)**
Other Comprehensive Income				
Re-measurement of defined benefit plans	-	-	(3.05)	(0.30)
Income tax effect	-	-	1.06	0.10
Total Other Comprehensive Income for the year, net of tax	**-**	**-**	**(1.99)**	**(0.20)**
Total Comprehensive Income for the year, net of tax	**(286.63)**	**(780.33)**	**(468.92)**	**(396.43)**
attributable to:				
Loss for the year				
Attributable to:				
Equity holders of the parent	(286.63)	(780.33)	(466.93)	(396.23)
Non-controlling interests	-	-	-	-
Total comprehensive income for the year				
Attributable to:				
Equity holders of the parent	(286.63)	(780.33)	(468.92)	(396.43)
Non-controlling interests	-	-	-	-

Summary Combined Cash Flow Statement

(₹ in million)

Particulars	Six months ended September 30, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Cash flow from Operating Activities				
Loss before tax	**(383.31)**	**(1,086.26)**	**(663.93)**	**(387.45)**
Adjustments to reconcile loss before tax to net cash flows:				
- Depreciation and amortisation expense	678.61	962.68	373.37	17.22
- Fair valuation of derivative instruments at FVTPL	(34.92)	138.20	35.30	(26.73)
- Loss on disposal of property plant and equipment	-	-	5.64	-
- Interest income on bank deposit	(0.01)	(18.48)	-	(5.13)
- Finance costs	1,798.60	3,299.28	936.89	563.54
- Income from investment in mutual funds	(9.12)	(20.86)	(5.00)	(23.91)
Operating profit before working capital changes	**2,049.85**	**3,274.56**	**682.27**	**137.54**
Movements in working capital:				
- Increase/(Decrease) in provisions	-	(7.78)	4.53	(6.55)
- Increase/(Decrease) in long term provisions	-	(8.32)	5.17	0.72
- Increase/(Decrease) in trade payables	(7.85)	(24.27)	44.53	(3.45)
- Increase/(Decrease) in Other current liabilities	(1.12)	(6.48)	(38.35)	(57.03)
- Increase/(Decrease) in Other financial Liabilities	1.49	189.66	3.82	9.90
- (Increase)/Decrease in Trade receivable	21.08	(462.64)	(230.30)	(47.94)
- (Increase)/Decrease in other non-current assets	0.00	(0.00)	0.00	(12.90)
- (Increase)/Decrease in other non-current financial assets	(0.93)	3.02	(93.33)	(117.78)
- (Increase)/Decrease in other current financial assets	87.49	(280.99)	(173.52)	1.14
- (Increase)/Decrease in other current assets	(74.18)	(118.13)	22.08	(24.16)
Changes in working capital	**25.98**	**(715.93)**	**(455.37)**	**(258.05)**
Cash generated from operations	**2,075.83**	**2,558.63**	**226.90**	**(120.51)**
Direct taxes (paid) /refund received (net)	44.65	47.20	(33.97)	(31.33)
Net cash flow from/(used in) operating activities (A)	**2,120.48**	**2,605.83**	**192.93**	**(151.84)**
Cash flow from Investing Activities				
Purchase of fixed assets (including capital work in progress and capital advances)	(211.34)	(3696.92)	(7596.75)	(13,948.91)
(Purchase)/Sale of mutual fund investments (net)	(121.33)	13.82	5.00	164.06
Loans to subsidiaries	-	(546.90)	(1,494.40)	(614.10)
Loans repaid by subsidiaries		1,105.19	1,960.20	
Interest income on bank deposits	0.01	18.48	-	5.13
Net cash used in investing activities (B)	**(332.66)**	**(3,106.33)**	**(7,125.95)**	**(14,393.82)**
Cash flow from Financing Activities				
Proceeds from issue of Non-convertible debentures	-	-	12,881.45	-
Proceeds from issue of shares	-	-	174.98	0.00
Proceeds from share application money	-	-	-	1,753.05
Proceeds of loan from holding company (net)	161.47	4,831.20	3,906.30	(435.05)
Repayments of loan from holding company (net)	(48.00)	(4,081.36)	(6,895.71)	-
Refund of Share application money	-	-	(1,753.05)	-
Proceeds from long term loans		21,318.59	2,312.27	11,846.18
Repayment of long term loans	(564.85)	(19,057.62)	-	-
Proceeds from short term loans	-	-	50.81	309.11
Repayment of short term loans	-	(128.73)	(231.19)	(250.00)
Finance costs	(1,325.20)	(2,712.74)	(3,279.05)	(1,871.52)
Net cash flow from / (used in) financing activities (C)	**(1,776.58)**	**169.34**	**7,166.81**	**11,351.77**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	11.24	(331.16)	233.79	(3,193.89)
Cash and cash equivalents as at beginning of the year	217.23	548.40	314.61	3,508.50
Cash and cash equivalents as at the end of the year	**228.47**	**217.23**	**548.40**	**314.61**
Components of Cash and cash equivalents:				
Balance with banks:				
- On current accounts	228.37	217.23	535.70	311.72
- Deposits with original maturity of less than 3 months	0.10	-	12.70	2.89
Total cash and cash equivalents	**228.47**	**217.23**	**548.40**	**314.61**

SUMMARY FINANCIAL INFORMATION OF THE SPONSOR

Sterlite Power Grid Ventures Limited

Summary Consolidated Balance Sheet

(₹ in million)

	Particulars	As at	
		March 31, 2016	**March 31, 2015**
A	**EQUITY AND LIABILITIES**		
1	**Shareholders' funds**		
	(a) Share capital	16,980.84	16,071.75
	(b) Reserves and surplus	(652.82)	120.50
		16,328.02	16,192.25
2	**Non - Current liabilities**		
	(a) Long Term Borrowings	41,049.77	33,008.57
	(b) Other Long Term Liabilities	-	940.41
	(c) Long Term Provision	13.94	9.70
		41,063.71	33,958.68
3	**Current Liabilities**		
	(a) Short-term borrowings	3,497.65	128.73
	(b) Trade Payables	29.92	6.02
	(c) Other current liabilities	5,333.85	3,759.51
	(d) Short Term Provisions	19.33	9.31
		8,880.75	3,903.57
	TOTAL (A)	**66,272.48**	**54,054.50**
B	**ASSETS**		
1	**Non-Current Assets**		
	(a) Fixed Assets Tangible Assets	52,881.73	29,029.32
	Intangible Assets (including goodwill on consolidation)	719.61	721.11
	Capital Work in Progress	7,830.11	21,210.72
	Intangible Assets under Development	1.78	0.57
	(b) Deferred Tax Asset (Net)	262.23	118.92
	(c) Long Term Loans and advances	1,853.30	908.77
	(d) Other Non-Current assets	269.89	243.93
		63,818.65	52,233.34
2	**Current assets**		
	(a) Current Investments	336.00	36.70
	(b) Trade Receivables	822.37	322.18
	(c) Cash and bank balances	279.30	1,010.56
	(d) Short-term loans and advances	245.30	78.06
	(e) Other Current Assets	770.86	373.66
		2453.83	1,821.16
	TOTAL (B)	**66,272.48**	**54,054.50**

Sterlite Power Grid Ventures Limited

Summary Consolidated Statement of Profit and Loss

(₹ in million except per share data)

Particulars	For the year ending	
	March 31, 2016	March 31, 2015
Income		
Revenue from operations	4975.18	1337.22
Other income	81.81	43.25
Total Income	**5056.99**	**1380.47**
Expenses		
(a) Employee Benefit Expenses	108.68	42.00
(b) Other expenses	481.11	215.40
Total Expense	**589.79**	**257.40**
Earnings before interest, tax, derpreciation and amortisation (EBITDA)	4,467.20	**1,123.07**
(c) Finance Cost	3,830.53	987.16
(d) Depreciation and Amortisation Expense	1,644.22	499.26
Loss before tax	**(1,007.55)**	**(363.35)**
Tax expense / (benefit):		
Current Tax	-	-
Deferred Tax	(143.32)	(118.92)
Loss for the period	**(864.23)**	**(244.43)**
Earning per equity share [nominal value of share ₹ 10 each (31 March 2015 – ₹ 10 each)]		
(1) Basic and diluted (₹ per share)	(16,619.81)	(4,700.67)

Sterlite Power Grid Ventures Limited

Summary Consolidated Cash Flow Statements

(₹ in million)

	For the Year ended	
	March 31, 2016	**March 31, 2015**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss as per Consolidated Statement of Profit and Loss	(864.23)	(244.43)
Adjustments for Taxation	(143.32)	(118.92)
Loss Before Tax	**(1,007.55)**	**(363.35)**
Non-cash adjustment to reconcile loss before tax to net cash flows		
- Depreciation and amortisation expenses	1,644.22	499.26
- Loss on sale of fixed assets, net	-	5.64
- Dividend of current investments	(41.87)	(27.92)
- Provision for employees stock appreciation rights	18.23	-
- Diminution in value of asset held for sale	11.97	-
- Finance costs	3,830.53	987.16
- Interest income	(36.20)	(4.09)
Operating profit before working capital changes	**4,419.33**	**1,096.70**
Movements in working capital:		
Increase in trade payables	23.90	6.02
Increase in long-term provisions	4.25	5.83
Increase in short-term provisions	10.03	1.91
Increase in other current liabilities	285.37	255.36
Increase in trade receivable	(500.19)	(119.32)
(Increase)/Decrease in long-term loans and advances	1.93	(36.87)
(Increase)/Decrease in short-term loans and advances	(119.97)	51.81
Increase in other current assets	(399.96)	(364.98)
Change in working capital	**(694.64)**	**(200.24)**
Cash Generated from Operations	**3,724.69**	**896.46**
Direct taxes paid (net of refunds)	2.66	(26.65)
Net Cash Flow from Operating Activities	**3727.35**	**869.81**
Net cash flow from / (used in) operating activities	**3727.35**	**869.81**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including capital work-in-progress and capital advances	(12598.52)	(8536.03)
Proceeds from sale of fixed assets	-	0.50
Purchase of equity shares of subsidiaries	(0.50)	(501.17)
Purchase of Compulsorily Convertible Debentures (CCD) of subsidiary	-	(764.80)
(Purchase)/proceeds of current investments (net)	(299.31)	(36.70)
Investment in bank deposits (having original maturity of more than twelve months)	(4.24)	(5.00)
Investment of bank deposits (having original maturity of more than three months but less than twelve months)	4.59	(12.70)
Dividend received on current investments	41.87	27.92
Interest received on fixed deposits	35.49	3.63
Net cash flow from / (used in) investing activities	**(12,820.58)**	**(9,824.35)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of issue of Optionally Convertible Preference Shares (including premium)	500.00	4,500.08
Proceeds of issue of Compulsorily Convertible Preference Shares (including premium)	500.00	11,980.25
Proceeds of issue of equity shares	-	0.52
Refund of Share Application Money by subsidiaries	-	(1,861.05)
Proceeds of long term borrowings	39,565.63	16,388.41

	For the Year ended	
	March 31, 2016	March 31, 2015
Repayment of long term borrowings	(31,143.85)	(17,660.39)
Proceeds/(repayment) of short term borrowings (net)	3,368.92	(674.26)
Finance costs paid	(4,419.11)	(2,736.65)
Net cash flow from / (used in) financing activities	**8,371.59**	**9,936.91**
Net increase / (decrease) in Cash and cash equivalents	(721.66)	982.37
Cash and cash equivalents as at the beginning of the year	992.86	10.49
Cash and cash equivalents as at period end	**271.20**	**992.86**
Components of cash and cash equivalents		
(a) Balances with banks on current accounts	271.20	990.95
(b) Cheques in hand	-	1.91
Total cash and cash equivalents	**271.20**	**992.86**

SUMMARY FINANCIAL INFORMATION OF THE INVESTMENT MANAGER

Sterlite Infraventures Limited

Summary Standalone Statement of Assets and Liabilities

(₹ in million)

Particulars		As at		
		March 31, 2016	**March 31, 2015**	**March 31, 2014**
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	1.30	1.30	1.30
	(b) Reserves and surplus	(28.02)	(23.19)	(4.00)
		(26.72)	(21.89)	(2.70)
2	**Current liabilities**			
	(a) Short-term borrowings	23.70	22.20	15.40
	(b) Other current liabilities	3.08	3.53	1.86
		26.78	25.73	17.26
	TOTAL (A)	**0.06**	**3.84**	**14.56**
B	**ASSETS**			
1	**Current assets**			
	(a) Cash and bank balances	0.06	0.12	0.01
	(b) Short-term loans and advances	-	3.72	14.55
		0.06	3.84	14.56
	TOTAL (B)	**0.06**	**3.84**	**14.56**

Sterlite Infraventures Limited

Summary Standalone Statement of Profit and Loss

(₹In million)

Particulars	For the year ended		
	March 31, 2016	March 31, 2015	March 31, 2014
REVENUE			
Revenue from operations	-	-	-
Other income	-	-	-
Total revenue	-	-	-
Expenses			
(a) Finance costs	0.79	0.45	-
(b) Other expenses	4.04	18.73	0.43
Total expenses	**4.83**	**19.18**	**0.43**
Loss before exceptional and extraordinary items and tax	(4.83)	(19.18)	(0.43)
Exceptional items	-	-	-
Loss before extraordinary items and tax	(4.83)	(19.18)	(0.43)
Extraordinary items	-	-	-
Loss before tax	(4.83)	(19.18)	(0.43)
Tax expense / (benefit):			
Net Tax expenses	-	-	-
Loss for the period	**(4.83)**	**(19.18)**	**(0.43)**
Earning per share (face value-₹ 2/-each)			
(1) Basic	-0.04	-0.17	-0.004
(2) Diluted	-0.04	-0.17	-0.004

Sterlite Infraventures Limited

Summary Standalone Statement of Cash Flows

(₹ in million)

Particulars	For the year ended		
	March 31, 2016	March 31, 2015	March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES			
Loss before tax	(4.83)	(19.18)	(0.43)
Adjustments for:			
Operating profits before working capital changes	**(4.83)**	**(19.18)**	**(0.43)**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Loans and advances/Current assets	3.72	10.83	(14.49)
Adjustments for increase / (decrease) in operating liabilities:			
Other current liabilities/Provisions	(0.45)	1.66	0.14
Cash Generated from Operations	**(1.56)**	**(6.69)**	**(14.78)**
Net income tax (paid) / refunds	-	-	-
Net Cash from Operating Activities before exceptional item	**(1.56)**	**(6.69)**	**(14.78)**
Exceptional Item	-	-	-
Net cash flow from / (used in) operating activities	**(1.56)**	**(6.69)**	**(14.78)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Net cash flow from / (used in) investing activities	**-**	**-**	**-**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/(repayment) of short term borrowings	1.50	6.80	14.70
Net cash flow from / (used in) financing activities	**1.50**	**6.80**	**14.70**
Net increase / (decrease) in Cash and cash equivalents	(0.06)	0.11	(0.08)
Cash and cash equivalents at the beginning of the year	0.12	0.01	0.09
Cash and cash equivalents at the end of the year	**0.06**	**0.12**	**0.01**

Cash and cash equivalents at the end of the year comprises of			
(a) Balances with banks in current account	0.06	0.12	0.01
	0.06	**0.12**	**0.01**

SUMMARY OF INDUSTRY

The Indian Power Sector

India is the third largest consumer and producer of electricity in the world with a global share of 5.3% and 5% for electricity consumption and production, respectively, in fiscal 2015. In September, 2016 the total installed generation capacity in India was 306 GW and approximately 105 GW of capacity was added in the past four years. Coal-based power generation has maintained its dominant position and accounts for 61% of the installed capacity. Renewable energy installations have also witnessed robust growth over the past few years, and have reached approximately 46 GW capacity in September 2016, compared with 9.3 GW in January 2007, constituting approximately 15% of total generation capacity as of date.

There are significant investment opportunities in the power sector in India. Total investment has increased from approximately ₹ 1 trillion in fiscal 2012 to approximately ₹ 2 trillion in fiscal 2016. With urbanisation and industrialization, demand for power has increased, encouraging private sector participation in the sector. As the per capita electricity consumption closely follows the growth pattern of per capita GDP, it is expected that growth in power demand should continue.

The power sector value chain comprises generation, transmission and distribution segments. The power generation installed capacity is expected to increase from 198 GW in fiscal 2012 to 435 GW in fiscal 2022 (8.2% CAGR) and the share of inter-regional transmission capacity is expected to increase from 13.9% in fiscal 2012 to 20.9% in fiscal 2022 (inter-regional transmission capacity as a fraction of total installed generation capacity) resulting in three times growth of investment in the power transmission sector.

Power Transmission and Distribution Sector in India

The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the transmission and distribution or T&D system is a three-tier structure comprising distribution networks, state grids and regional grids. The distribution networks and state grids are primarily owned and operated by the respective state transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by PGCIL, which facilitates the transfer of power between different regions.

The government's focus on providing electricity to rural areas has led to the T&D systems being extended to remote villages. The total length of transmission lines in the country has increased from 358,580 ckm in fiscal 2007 to 554,774 ckm in fiscal 2016.

There has been strong growth in the transmission system at higher voltage levels and substation capacities (400 kV and above). This is a result of an increase in the demand for transmission networks to carry bulk power over longer distances and at the same time optimize the right of way, minimize losses and improve grid reliability. The total length of the '220 kV and above' transmission lines in the country has increased from 198,407 ckm in fiscal 2007 to 341,551 ckm in March 2016.

With the government's focus on alleviating congestion through several grid enhancement projects, transmission capacities are expected to witness robust growth. It is expected that the transmission segment share in total power sector investments will rise sharply to 33% over fiscals 2017 to 2021 from 20% over fiscals 2012 to 2016. Thus, investments in the transmission segments are expected to increase 1.5 times over fiscals 2017 to 2021 as compared to the previous 5 year period. With such large additions, the estimated investment in the transmission sector is expected to be ₹ 3.1-3.2 trillion over 2018-22. Investments in the sector are expected to be driven by the need for robust and reliable inter and intra state transmission system, to support continued generation addition, a strong push for renewable energy sector and rural electrification.

Electricity Act, 2003 coupled with tariff based competitive bidding or TBCB for power procurement, encouraged private participation in the power transmission sector. Private players have commissioned significant capacity over the past decade. In fact, the share of the private sector in the power transmission segment has risen from nil in fiscal 2007 to almost 6% (in ckm) as of fiscal 2016.

Regulatory

The electricity sector in India was largely controlled by government owned entities. With rapid industrialization, demand for power witnessed an upsurge, which necessitated significant investments. This compelled the government to open this sector to private participation.

Electricity Act, 2003

The electricity sector in India has undergone significant structural changes, particularly over the last decade, with the enactment of the Electricity Act 2003. The act lowered barriers to private participation in the transmission sector and established competitive bidding for certain transmission projects under the TBCB scheme, with both public utilities and private businesses being allowed to participate in the bidding for these projects, either individually or through joint ventures. The act also gave CERC and the state regulatory boards the mandate to grant licenses for the construction, maintenance and operation of transmission lines.

National Tariff Policies

Under the National Tariff Policy, 2006, the government further emphasized competitive bidding for new transmission projects by introducing the TBCB scheme for all transmission projects. The policy also promoted competition in the construction of transmission infrastructure, encouraged greater investment by private business in the sector and increased transparency. India is one of the few countries which has opened up its transmission sector for private participation, and has garnered significant interest from private business. In January 2016, the cabinet approved the proposal of the government for amendments in the policy. The new policy aims to improve power supply, provide tariff clarity to competitively bid projects and boost the renewable energy segment.

Role of Various Agencies

Transmission of power in India takes place under a comprehensive framework involving multiple organisations including, state transmission utilities or STUs, central transmission utility or CTU, Power System Operation Corporation or POSOCO, state load dispatch centres or SLDCs, regional load dispatch centres or RLDCs, and National Load Dispatch Centre or NLDC. Other agencies such as the Central Electricity Authority or CEA and Regional Power Committees or RPCs play an advisory role in shaping up the transmission sector policies, ensuring grid stability, smooth and economical operation of the grid.

Tariff Structure

Being a critical link in the power sector value chain, the transmission sector needed more attention to cater to the growing power demand and the increasing generation capacity. Investments in the form of budgetary allocations, internal accruals and PSU borrowings were unable to fund this growing need. Keeping this in mind, the Electricity Act permitted private sector participation through the TBCB route in the power transmission sector. Guidelines for the TBCB process were laid down in the National Tariff Policy, 2006.

Tariff Based Competitive Bidding

Under the TBCB, tariff for projects is not on a cost plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines. The bidder quoting the lowest levelised tariff, is selected. The successful bidder is then required to acquire a special purpose vehicle or SPV incorporated by the bid process coordinator or BPC. Once the process of acquisition is complete, the SPV approaches CERC to obtain a transmission license.

Point of Connection Mechanism

In 2011, CERC introduced the PoC mechanism under the Central Electricity Regulatory Commission (Sharing of inter-state Transmission Charges and Losses) Regulations, 2010 for determining inter-state transmission charges. The PoC methodology was introduced to meet the requirements of an integrated grid with rapidly increasing inter-regional transmission of power. It replaced the regional postage stamp method, which was more suited to simple power flows restricted to a small geographical area or electric network. With the new system, the regulator aims to promote an efficient transmission pricing regime that is sensitive to distance, direction and quantum of power flow – factors which were not addressed by the postage stamp method.

In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. The inter-state grid has been divided into generation and withdrawal (demand) zones, and prices for each zone are determined by an algorithm based on the load profile of the zone. Separate transmission charges are attributable to both generators and distribution companies as they are both deemed to be beneficiaries of the transmission network. However, in almost all cases, transmission charges attributed to the generator are recovered from the DISCOMs. The transmission grid is divided into injection and withdrawal nodes and for the sake of simplicity, various nodes of a contiguous region have been further aggregated into zones. The charges for each node are determined by an algorithm. The algorithm is based on load flow analysis of the entire transmission network and how a change in injection or withdrawal of 1 MW of power at each node affects the network. Thus, it captures the network utilisation of each zone. The algorithm also takes into account the electrical distance and direction of power flows for each node in the system.

The total PoC charges to be paid for a transaction between two locations is the sum of the PoC charges and losses of a generator zone and injection zone. With the PoC mechanism, a universal TSA and revenue sharing agreement ("**RSA**") is in place and all beneficiaries including ISTS licensees, deemed ISTS licensees, other non-ISTS licensees whose assets have been certified as being used for interstate transmission by the RPCs will be default signatories to the TSA and RSA approved by CERC. The RSA determines the terms and conditions for billing, collection and disbursement procedure for the ISTS licenses and DICs while TSA determines the terms and conditions for revenue accrual and other operation related parameters.

Under the PoC mechanism, the CTU or PGCIL acts as the revenue aggregator and collects payments from all the DICs based on the inputs received related to utilization of the transmission network. The CTU is responsible for billing and collecting these charges from the various users and disbursing them to transmission licensees. CTU functions as a single point of contact between transmission licensees and the users.

Components of Tariff

Tariffs comprise fixed and variable components and are billed, collected and paid through the PoC mechanism.

Availability Based Tariff

Inter-state power transmission projects receive tariffs on the basis of availability, irrespective of the quantum of power transmitted through the line. These 'availability-based' tariffs incentivize transmission system operators to provide the highest possible system reliability, which is defined as the time in hours during a given period for which the transmission system is capable of transmitting electricity at its rated voltage, expressed as a percentage of total hours in the period. The transmission line developer is entitled to get an incentive amount (if availability is more than 98.5% for HVDC and more than 99.75% for HVAC) in the ratio of the transmission charges paid or actually payable at the end of the contract year. Also, in the case of low availability of a transmission line, a penalty is to be paid by the transmission service provider, which will be apportioned in favour of the long term transmission customers in the ratio of transmission charges paid or actually payable at the end of contract year.

*Transmission Charge*s

The electricity transmission tariff is paid to license holders in the form of transmission charges by PGCIL. The tariff rates are comprised of a fixed non-escalable charge and a variable escalable charge which in linked to the inflation index in India which is published by CERC every 6 months. In addition to this, there might be an incentive payment, as described above.

Market Share under TBCB

As on September 2016, 34 interstate transmission projects have been awarded through TBCB system, of which almost 26 are won by private players while remaining 8 by PGCIL. Among private developers, Sponsor is the leading market player with a market share of 29.4%. Based on the transmission assets under operation, Sponsor is operating maximum line length of approximately 6,767 ckms and 12,630 MVA of transformation capacity across 15 states. Some of the other major players include Adani Transmission and Essel Infra.

SUMMARY OF BUSINESS

We are an infrastructure investment trust ("**InvIT**") established to own inter-state power transmission assets in India. IndiGrid was established on October 21, 2016 by our Sponsor, Sterlite Power Grid Ventures Limited, and is registered with SEBI pursuant to the InvIT Regulations. Our Sponsor is one of the leading independent power transmission companies operating in the private sector, with extensive experience in bidding, designing, financing, constructing and maintaining power transmission projects across India.

We are focused on providing stable and sustainable distributions to our Unitholders. We believe that we are well positioned to take advantage of the growth potential of India's power transmission industry given our financial position, support from our Sponsor and the robust regulatory framework for power transmission in India.

We believe the infrastructure necessary to transmit and deliver electricity is vital to India's continued economic advancement given the inter-regional power deficit resulting from a mismatch between power generation and load centers and the demand-supply deficit which is expected to result from India's projected GDP growth. Private investment in transmission is a key focus area for India's Ministry of Power (for further details, see "*Industry Overview*" on page 118).

Our Sponsor is one of the leading independent power transmission companies operating in the private sector. Our Sponsor owns 10 inter-state power transmission projects with a total network of 29 power transmission lines of approximately 6,767 ckms and seven substations having 12,630 MVA of transformation capacity. Some of these projects have been fully commissioned, while others are at different stages of development. Our Sponsor generated total consolidated income of ₹ 5.06 billion in fiscal 2016 and had total consolidated assets of ₹ 66.27 billion as at March 31, 2016.

Of the 10 inter-state power transmission projects owned by the Sponsor, we will initially acquire two projects with a total network of eight power transmission lines of approximately 1,936 ckms and two substations having 6,000 MVA of transformation capacity across four states (the "**Initial Portfolio Assets**"). Each of the Initial Portfolio Assets has been completed and revenue-generating for more than a year. Pursuant to the ROFO Deed, we have a 'right of first offer' to acquire the remaining eight projects (the "**ROFO Assets**"). For further details in relation to the Deed of Right of First Offer, see "*Related Party Transactions"* on page 194.

These Initial Portfolio Assets were awarded to subsidiaries of our Sponsor under the 'tariff based competitive bidding' mechanism ("**TBCB**") on a 'build-own-operate-maintain' ("**BOOM**") basis. The power transmission projects earn revenue pursuant to long-term transmission services agreements ("**TSAs**") and Tariff Orders. These projects receive availability-based tariffs under the TSAs irrespective of the quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including the Initial Portfolio Assets, is contracted for the period of the TSA, which is up to 35 years from the scheduled commission date of the asset, which may be renewed in accordance with the TSA and the Electricity Act, 2003. With periodic maintenance, the assets will have a useful life of 50 years according to Lahmeyer.

Tariffs under these TSAs are billed and collected pursuant to the 'point of connection' ("**PoC**") mechanism, a regulatory payment pooling system offered to Inter State Transmission Systems ("**ISTS**") such as the systems operated by the Initial Portfolio Assets. 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 Initial Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream (for further details, see "*Industry Overview*" on page 118).

We intend to distribute at least 90% of our net cash available for distribution to our Unitholders once at least every six months in every financial year. For further details see "*Distribution*" on page 177. We believe our financial position will enable us to offer stable distributions to our Unitholders and finance our growth plans in the coming years. IndiGrid has been given a Corporate Credit Rating AAA by CRISIL, 'IND AAA'/Stable by India Ratings and "IrAAA" (pronounced as IR triple A) with stable outlook by ICRA. Following utilization of the Net Proceeds, our consolidated borrowings and deferred payments net of cash and cash equivalents will be below 49% of the total value of IndiGrid's assets, as prescribed by the InvIT Regulations. The industry standard debt to equity ratio for inter-state power transmission projects is 70% debt, according to the CRISIL Report.

On the basis of our strengths and through the implementation of our strategies, we believe that we are well-positioned to capitalize on the growth potential of India's power transmission industry.

Competitive Strengths

- Stable cash flows from assets with minimal counter party risks
- Strong Financial Position
- Ownership and location of assets
- Strong lineage and support from the Sponsor
- Rights to our Sponsor’s pipeline of power transmission projects
- Strong corporate governance and skilled and experienced Investment Manager.

Business Strategy

- Focused business model
- Pursue additional transmission revenue
- Pursue non-transmission revenues
- Institute and maintain optimal capital structure
- Value accretive growth through acquisitions
- Distribution Policy

RISK FACTORS

An investment in the Units involves a high degree of risk. Before investing in the Units, you should pay particular attention to the fact that IndiGrid, the Trustee, our Portfolio Assets, our Sponsor, the Project Manager, the Investment Manager and each of their activities are governed by the legal, regulatory and business environment in India, which differs from that which prevails in other countries. You should carefully consider the risks described below as well as other information as disclosed in this Draft Offer Document before making an investment in the Units. The risks described in this section are those that IndiGrid, our Sponsor and the Investment Manager consider to be the most significant to our business, prospects, financial condition, results of operations and cash flows and are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us, Sponsor and/or the Investment Manager or that they currently believe to be immaterial may also have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. If any or a combination of the following events occur, or if other risks that are not currently known or are now deemed immaterial give rise to similar events, our business, prospects, financial condition, results of operations and cash flows could materially suffer, the value of the Units could decline and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, IndiGrid, our Sponsor and the Investment Manager are not in a position to quantify the financial or other implication of any of the risks mentioned herein.

This Draft Offer Document contains forward-looking statements (including Projections of Revenue from Operations and Cash Flow from Operating Activities) that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Offer Document.

To obtain a complete understanding, prospective investors should read this section together with the sections "Our Business" on page 142 and "Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows" on page 179, as well as the other financial and statistical information contained in this Draft Offer Document.

In making an investment decision, you must rely upon your own examination and the terms of the Issue, including the merits and the risks involved. You should consult your tax, financial and legal advisors about the particular consequences of investing in the Issue.

In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to IndiGrid and the Initial Portfolio Assets on a consolidated basis. Furthermore, unless the context otherwise requires, the financial information used in this section is derived from our Combined Financial Statements prepared under IndAS.

RISKS RELATING TO OUR BUSINESS

1. IndiGrid is a new entity and does not have an established operating history, which will make it difficult for our future performance to be assessed.

IndiGrid was established on October 21, 2016 and will acquire the Initial Portfolio Assets immediately prior to allotment of our Units to our Unitholders. Accordingly, IndiGrid, as an infrastructure investment trust, does not have an operating history by which our past performance may be judged. This will make it difficult for investors to assess our future performance. There can be no assurance that we will be able to generate sufficient revenue from our operations to make distributions to our Unitholders or that such distributions will be in line with those set out in the "Projections of Revenue from Operations and Cash Flow from Operating Activities" on page 318. Historical financial data has been included elsewhere in this Draft Offer Document, and there are estimates and judgments inherent in the preparation of such data. There can be no assurance that our future performance will be consistent with the estimates of past financial performance included elsewhere in this Draft Offer Document.

2. We may be unable to operate and maintain our power transmission projects to achieve the prescribed availability.

We operate our power transmission projects under an availability-based tariff regime. The CERC Tariff Regulations provide specific guidance on the calculation of availability, and take into account the elements in the transmission system (including transmission lines and substations) as well as the reason for any outages, with force majeure outages being excluded from such calculation. If our availability falls below 95% for a particular line, we are subject to a penalty which reduces the Annual Transmission Charge we receive for the period.

We may be unable to operate and maintain our power transmission projects to achieve prescribed availability due to a number of factors, which include:

- failure to meet licensing requirements or to obtain, maintain or renew permits and licenses;
- operator error, improper installation or mishandling of equipment;
- breakdown or failure of power transmission systems;
- flaws in equipment design or construction of power lines or substations;
- work stoppages or labor disturbances or disputes;
- performance of equipment below expected levels of output or efficiency;
- environmental issues affecting the operations of transmission systems;
- planned or unplanned power outages;
- theft of equipment and lines;
- claims on completed projects and litigations, proceedings, judgments or awards arising therefrom; and
- force majeure and catastrophic events, including fires, explosions, landslides, storms, floods, social unrest, earthquakes and terrorist acts, to the extent such events are not excluded from the calculation of availability under the CERC Tariff Regulations.

Accidents or malfunctions involving transmission lines or sub-stations including failure of transmission towers, power conductors or insulators, may disrupt transmission of electricity and result in availability being below expected levels.

In addition, power transmission projects rely on equipment that is built by third parties, and which is subject to malfunction. Although, in certain cases, manufacturers provide warranties and performance guarantees, and may be required to compensate us for certain equipment failures, engineering and design defects, such arrangements are subject to time limits, fixed liability caps and may not fully compensate us for the damage incurred or for penalty payments which may be imposed on us due to any reduced availability below required levels. Warranties under the various supplier contracts for our Initial Portfolio Assets have expired, as a result of which we may not be compensated for equipment failures, engineering and design defects from such suppliers.

The power transmission projects comprising the Initial Portfolio Assets are generally in geographically remote areas with difficult terrain, which poses particular challenges for their operation and maintenance including security and accessibility.

If any of these risks or any similar risks materialize, our ability to operate and maintain power transmission projects to achieve prescribed availability thresholds could be adversely affected. We may also face reputational risks which could affect our ability to bid for future power transmission projects and, may face potential claims for loss of business or for damages if we are unable to transmit power as agreed under transmission services agreements (“**TSAs**”). A Portfolio Asset may have its license cancelled by CERC or its TSA terminated by either Long Term Transmission Customer or LTTC or the CTU for failure to operate and maintain the power transmission projects in accordance with prescribed requirements. Any of these circumstances could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

3. We may lose tariff revenues and incur significant repair and replacement costs in the event our power transmission projects are rendered inoperable due to force majeure events.

In the event that any of our power transmission projects are rendered inoperable due to force majeure events, there can be no assurance that we will be able to successfully apply to obtain a deemed availability certificate to receive tariffs under the force majeure provisions under the TSA, or that our insurance will reimburse us for repair and replacement costs, either partially or fully for the period of such force majeure event, which could materially affect our business, prospects, financial condition, results of operations and cash flows.

One of the Initial Portfolio Assets, BDTCL, had its 765 KV S/C Bhopal - Indore transmission line rendered inoperable for approximately 51 days in fiscal 2015 when gale force winds damaged a tower. BDTCL received a deemed availability certificate for the same period. One of the ROFO Assets, ENICL, has had its 400 KV D/C Purulia - Bihar Sharif transmission line rendered inoperable since August 23, 2016, when flooding damaged several towers. ENICL has received a deemed availability certificate for the month of August 2016.

However, the line continues to remain inoperable and there can be no assurance that we will be able to successfully apply for a deemed availability certificate to continue receiving tariffs under the TSAs or that our insurance will reimburse us for the repair and replacement costs.

4. Substantially all our revenues are derived from tariff payments received from LTTCs. A delay in payments of point of connection ("PoC") charges to the CTU by users and customers may adversely affect our cash flows and results of operations.

In accordance with the CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 and the CERC's PoC payment system, transmission licensees, such as our Portfolio Assets, are entitled to recover their approved tariffs from Inter-State Transmission Systems ("**ISTS**") charges collected by the CTU. The CTU collects transmission charges from customers, including our LTTCs on a regular basis and pays such transmission charges to the transmission licensees, including the Initial Portfolio Assets. The payment mechanism is structured, in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2014 to incentivize the end consumers to make timely payments through rebates and a surcharge that is levied on untimely payments by LTTCs.

The LTTCs under the PoC mechanism includes various state utilities, other distribution licensees and TSUs. These customers have experienced periods of financial weakness in the past. A failure or delay on the part of any LTTCs to make timely payments or on the part of distribution licensees or TSUs to make the requisite payments to the CTU could affect the capability of the CTU to make the corresponding payments to transmission licensees, including our Portfolio Assets. As a result, factors beyond our control that affect the business, prospects, financial condition, results of operations or cash flows of the LTTCs could result in the delay or failure of our Portfolio Assets to receive tariff payments.

PGCIL serves as a Central Transmission Utility or CTU and is responsible for planning, development and operation of inter-state transmission of electricity and national grid. PGCIL also undertakes high capacity transmission corridor and grid strengthening projects. Its dual roles as CTU and power transmission project developer and operator may give rise to conflicts of interest that could result in delays in tariff payments to us. As a result of these and similar factors that may be beyond our control, our business, prospects, financial condition, results of operations and cash flows may be adversely affected.

5. As the terms and conditions, including the tariff structure under the TSAs are generally fixed, we may not be able to offset increase in costs, including operation and maintenance costs, solely from tariffs payable to us under the TSAs.

The tariff structure under the TSAs is largely fixed for the entire term of the TSA. Operation and maintenance costs of the Portfolio Assets may increase due to factors beyond our control, including the following:

- Increase in the cost of labour, materials and insurance;
- Restoration costs in case of events such as, floods, natural disasters and accidents;
- Increase in raw material costs;
- Adverse weather conditions;
- Unforeseen legal, tax and accounting liabilities; and
- Other unforeseen operational and maintenance costs.

We may not be able to offset increased operation and maintenance costs as the tariff is fixed under the TSAs and as the escalable component forms only a small portion of the tariff payable to us, it may be insufficient to offset such cost increases. Additionally as the escalable portion of our tariff is linked to inflation, there can be no assurance that adjustments of the escalable tariff will be sufficient to cover increased costs resulting from inflation. Significant increase in operation and maintenance costs may reduce our profits, could expose us to penalties under the TSAs and could adversely impact our business, prospects, financial condition, results of operations and cash flows.

Any increased volatility or rate of inflation of global commodity prices, in particular oil and steel prices, could adversely affect our customers, contractual counterparties and end users. Although the Reserve Bank of India periodically imposes certain policy measures designed to curb inflation, these policies may not be successful. Any slowdown in India's growth, inflation volatility or fluctuation or sustained periods of hyperinflation could cause our actual results of operations to deviate from our financial projections and estimates and adversely impact our business, prospects, financial condition, results of operations and cash flows.

6. The ability of the Project Manager to ensure that our power transmission systems are fully operational at all times may be subject to the limitations of the power grid, existing equipment or operational risks outside of their control.

Power grid outages at the state, regional or national level disrupt the transmission of electricity and could result in performance being below expected levels. For example, there could be failure in the transmission towers, power conductors or insulators. In addition, power transmission projects rely on sophisticated machinery that is built by third parties which may malfunction. Injuries to people or property may also occur in ordinary course of carrying on our business, which could subject us to significant disruptions in business and legal and regulatory actions. For example, a fatal accident along the transmission lines set up by BDTCL at the time of construction, resulted in the death of eight laborers. The operation of power transmission projects also involves many operational risks, some of which are outside our control, including explosions, fires, damages due to earthquakes and other natural disasters, the breakdown or failure of transmission equipment or other equipment or processes, operating below expected levels, labor disputes, civil unrest, terrorism and war. For example, the construction of ENICL, one of the ROFO Assets, was delayed due to riots and other civil unrests in Assam. Any disruption in the operations of our power transmission projects could negatively impact the reputation of IndiGrid, the Project Manager, the Investment Manager or the Sponsor among our customers, stakeholders, regulators or within our industry. The occurrence of any of the above events could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

7. The Initial Portfolio Assets may not achieve the projected financial performance referred to in the financial projections, which would adversely affect our ability to meet our projected distributions to our Unitholders.

The "*Projections of Revenue from Operations and Cash Flow from Operating Activities*" of IndiGrid on page 318 of this Draft Offer Document are based upon the projected financial performance of each of the Initial Portfolio Assets. Should any of the Initial Portfolio Assets be unable to meet the expected financial projections for any reason, this would materially and adversely affect our ability to meet our financial projections.

These financial projections are only estimates of possible future operating results and not guarantees of future performance. The financial projections, while presented with numerical specificity, are necessarily based on a variety of estimates and assumptions as set out in this Draft Offer Document, though considered reasonable by the Investment Manager, may not be realized and are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial uncertainties and contingencies, many of which are beyond the control of IndiGrid, the Investment Manager or the Sponsor. Our actual future operating results will be affected by numerous factors, including those discussed in the section entitled "*Forward-looking Statements*" on page 15 and in this risk factor.

Actual results or developments may differ materially from the expectations expressed or implied in the Projections of Revenue from Operations and Cash Flow from Operating Activities. Accordingly, there is no assurance that we will be able to achieve the projections or make the distributions set out in "*Projections of Revenue from Operations and Cash Flow from Operating Activities"* on page 318. As a result, you should not rely upon the financial projections in making an investment decision given how they are calculated and the possibility that actual results may differ materially from the underlying estimates and assumptions.

Furthermore, the outstanding indebtedness and the proposed indebtedness, including any refinancing of existing indebtedness, of the Initial Portfolio Assets may be subject to certain financial covenants which may have the effect of restricting the distributions that the Initial Portfolio Assets may make to us, which may in turn restrict the amount of distributions that we can make to our Unitholders.

8. The assumptions in "Projections of Revenue from Operations and Cash Flow from Operating Activities" are inherently uncertain and are subject to significant business, economic, financial, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those projected.

The "*Projections of Revenue from Operations and Cash Flow from Operating Activities"* on page 318 of this Draft Offer Document are forward-looking statements which are subject to a number of assumptions. These include assumptions concerning inflation, which affects the escalable component of the tariffs. Although the projections have been prepared after due and careful deliberation by the Investment Manager, the assumptions underlying the projections are inherently uncertain and are subject to significant business, economic, financial, regulatory and competitive risks, uncertainties and contingencies, many of which are outside of the Investment Manager's control and subject to change. In addition, our revenue from operations is dependent on a number of factors, including the performance of our transmission systems, which may decrease for a number of reasons. We may be unable to operate and maintain our power transmission projects to achieve the prescribed availability.

These factors may adversely affect our ability to achieve the projected operating results and distributions as some or all of the events and circumstances assumed may not occur as expected, or events and circumstances that are not currently anticipated may arise. There is no assurance that the assumptions will be realized or that actual distributions will be as projected. If we do not achieve the projected operating results, we may not be able to make the expected distributions, in which case the market price of the Units may decline materially or we may be in default under the InvIT Regulations. The Investment Manager will not, and disclaims any obligation to, furnish updated business plans or projections to our Unitholders, or to otherwise make public such information.

9. The proposed refinancing of our existing indebtedness is based on an arrangement letter, which is non-binding.

The proposed refinancing of our existing indebtedness as described in the section entitled "*Financial Indebtedness and Deferred Payments*" on page 173, is based on an arrangement letter, which is non-binding. There is no assurance that we will be able to refinance our existing indebtedness on such terms and conditions or at all.

10. We may not be able to make distributions to our Unitholders comparable to our Unitholders' estimated or anticipated distributions or the level of distributions may fall.

Our distributions will be based on the net distributable cash flows available for distribution. The InvIT Regulations provide that not less than 90% of our net distributable cash flows will be distributed to the Unitholders. Such distributions must be declared and made not less than once every six months in each financial year and will be made not later than fifteen days from the date of such declaration. The amount of our cash available for distribution principally depends upon the amount of cash that IndiGrid receives as dividends or the interest and principal payments from our Portfolio Assets, which in turn depends on the amount of cash that the relevant Portfolio Assets generate from operations and may fluctuate based on, among other things:

- insufficient cash flows received from our Portfolio Assets;
- debt service requirements and other liabilities of the our Portfolio Assets;
- fluctuations in the working capital needs of the our Portfolio Assets;
- ability of our Portfolio Assets to borrow funds and access capital markets;
- restrictions contained in any agreements entered into by our Portfolio Assets, including financing agreements; and
- respective businesses and financial positions of our Portfolio Assets;
- applicable laws and regulations, which may restrict the payment of dividends by the Portfolio Assets;
- operating losses incurred by the Portfolio Assets in any financial year;
- changes in accounting standards, taxation laws and regulations, laws and regulations in respect of foreign exchange repatriation of funds, corporation laws and regulations relating thereto; and
- amount and timing of capital expenditures on our Portfolio Assets.
- amount of management fees we pay to the Investment Manager and the Project Manager;

Further, the method of calculation of the net distributable cash flows may change subsequently due to regulatory changes. Any change in applicable laws in India or elsewhere (including, for example, tax laws and foreign exchange controls) may limit our ability to pay or maintain distributions to our Unitholders. Furthermore, no assurance can be given that we will be able to pay or maintain the levels of distributions or that the level of distributions will increase over time, or that future acquisitions will increase our distributable cash flow to our Unitholders. Any reduction in, or delay/default of, payments of distributions could materially and adversely affect the market price of our Units.

As a result of all these factors, we cannot guarantee that we will have sufficient cash generated from operations to achieve distributable or realized profits or surplus in any future period in order to make distributions every six months or at all.

11. The independent auditors' report on IndiGrid's Projections of Revenue from Operations and Cash Flow from Operating Activities contains restrictions with respect to the purpose of the report and, use of the report by investors in the United States.

The independent auditors report on IndiGrid's Projections of revenue from Operations and Cash flow from Operating Activities, contains the following restrictions:

The report is required by the InvIT Regulations requiring the independent auditor to issue a report on the Projection Information and is issued for the sole purpose of the Offering in accordance with the Indian InvIT Regulations. The independent auditor's work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India, including in the United States, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. U.S. securities regulations do not require profit forecasts to be reported by a third party. The report should not be relied upon by prospective investors in the United States, including persons who are Qualified Institutional Buyers as defined under Rule 144A under the United States Securities Act of 1933 participating in the Offering. The independent auditors accept no responsibility and deny any liability to any person who seeks to rely on the report and who may seek to make a claim in connction with any offering of securities on the basis that they had acted in reliance of such information under the protections afforded by the law of the United States.

12. Any changes to current tariff policies or modifications of tariffs standards by regulatory authorities could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Tariffs determined by regulatory order and charged to customers comprise virtually all of our Portfolio Assets' revenue. Such tariffs are collected by the CTU, under a payment pooling mechanism and subject to periodic reviews by the CERC. The Initial Portfolio Assets have no ability or flexibility to charge more for regulated services than is provided for under the relevant tariff.

With respect to potential impacts on statutory payment pooling bodies, in accordance with the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 dated June 15, 2010 (the "**Sharing of Charges and Losses Regulations**"), transmission licensees such as the Initial Portfolio Assets are entitled to recover their approved tariffs from Inter-State Transmission System ("**ISTS**") charges collected by the CTU. The CTU collects transmission charges from distribution licensees and TSUs on a regular basis and pay such charges to transmission licensees, including us. In the event of any change in the operating statutory parameters of the CTU, or a failure or delay on the part of the CTU, to make the corresponding payments to the Initial Portfolio Assets, their counterparty risk may increase significantly and our business, prospects, financial condition, results of operations and cash flows may be materially and adversely affected.

With respect to potential impacts on statutory dispatch bodies, in accordance with the Electricity Act, 2003 ("**Electricity Act**"), the operators of the national or state transmission grids, the NLDC, the RLDCs and the SLDCs, operate the grids as independent operators. Any negative change in the operating statutory parameters of the NLDC, the RLDCs or the SLDCs, as applicable, may negatively impact the corresponding availability of the Initial Portfolio Assets' assets and in turn materially and adversely impact the business, prospects, financial condition, results of operations and cash flows of the Initial Portfolio Assets. Any such unfavorable changes, particularly to tariff, payment pooling and dispatch regulations, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

13. Our businesses could be adversely affected if we are unable to maintain or renew our existing regulatory approvals due to changes to the regulatory environment and the laws, rules and directives of the GoI.

The power industry in India is regulated by a wide variety of laws, rules and directives issued by government and relevant regulatory authorities.

The timing and content of any new law or regulation is not within the control of the Initial Portfolio Assets and any changes to current regulatory bodies or existing regulatory regime could have a material adverse effect on the business, prospects, financial condition, results of operations and cash flows of the Initial Portfolio Assets.

The laws and regulations governing the power transmission industry have become increasingly complex and govern a wide variety of issues, including billing and collections, allocation of transmission charges amongst the LTTC's, right of way, land acquisition, calculation of availability and forest clearance. Any change in policy, for such issues, may result in our inability to meet such increased or changed requirements. Future changes in laws and regulations and failure or the apparent failure to address any regulatory changes or enforcement initiatives could have an adverse impact on the business and future financial performance of our Portfolio Assets, impair their ability to declare dividends to IndiGrid, harm our reputation, subject us to penalties, fines, disciplinary actions or suspensions of any kind or increase the risk of litigation and have an adverse effect on the price of the Units.

14. Any power transmission project that we acquire, which is still under construction and development, may be subject to cost overruns or delays.

We may acquire power transmission projects, including any or all the ROFO Assets, which are still under construction and development, in accordance with the InvIT Regulations and is subject to Unitholders' approval in certain cases. The development of power transmission projects is subject to substantial risks, including various planning, engineering and construction risks. Power transmission projects typically require substantial capital outlays and a long gestation period of between three to four years before the commencement of commercial operation. The owner generally begins generating a return on investment in a power transmission project after the commencement of commercial operation, which may be delayed due to various reasons.

Under the InvIT Regulations, we can only acquire a power transmission project which has received all permits, approvals and licenses. Several key steps must be taken before power transmission projects start operating, recover costs and generate revenue, including:

- conducting surveys and investigations for the proposed route;
- entering into construction contracts and long-term service agreements with contractors with sufficient expertise;
- purchasing necessary transmission equipment;
- acquiring land/obtaining rights of way from land owners and local authorities;
- complying with ongoing requirements of the required permits, approvals and licenses;
- procuring sufficient equity, debt, mezzanine and other necessary financing;
- entering into or securing transmission and tariff related arrangements including, TSAs, RSAs and tariff orders; and
- Obtaining the requisite approvals to commence transmission on the line.

During the construction and development phases of a power transmission project, we may also suffer from the unavailability of equipment or supply, work stoppages, labor or social unrest, adverse weather conditions, natural calamities, delays in construction, delays in clearances, unforeseen construction-related and/or operational delays and defects, delivery failures by contractors, increased cost of raw materials, unavailability of adequate funding, inability to secure rights of way for certain portions of the transmission line, failure to complete power transmission projects within budget and in accordance with the required specifications, additional interest costs incurred due to project delays, legal actions brought by third parties, changes in government, regulatory policies and tax policies, foreign exchange movements, adverse trends in the power transmission industry or general economic conditions in India. For example, the construction of the transmission lines of the Initial Portfolio Assets, was delayed by more than a year due to delays in obtaining approvals and clearances from relevant authorities. Similarly, for some of the ROFO Assets which are under construction, approvals and permits such as the transmission licenses in certain cases, are still pending and any delays in procuring these approvals and permits could impact construction timelines, which in turn could affect the Sponsor's ability to offer them to us under the ROFO Deed.

For ROFO Assets, the Sponsor must also obtain rights of way to expand transmission lines and find suitable, available land on which to construct substations. The Sponsor has limited control over the land acquisition process, both in terms of timing and ability to obtain the land on commercially acceptable terms, as the Sponsor needs to acquire land through the state governments or from private landowners. Similarly, the Sponsor has limited control over obtaining forest clearances that block its projects. The Sponsor may not be able to acquire the land required for substations, obtain forest clearance for diversion of forest land or secure the required rights of way in a timely manner or at all. Delay in constructing infrastructure, such as bay ends at connecting sub-stations, which are not within the scope of the project, but are critical for the operation of the project may also delay the construction of the project. Certain ROFO Assets have also filed petitions in this regard. For details, please see "*Legal and Other Informations"* on page 207. Such delays in the development of the Sponsor's power transmission projects could in turn delay the Trustee's exercise of our right of first offer with respect to such projects.

The foregoing factors may also give rise to risks in the building and construction phase of power transmission projections and create delays in the completion of such projects. Construction disruptions or delays could impede our ability to exercise our right of first refusal in respect of assets owned by the Sponsor, and in turn materially and adversely affect our financial and operational estimates and projections, our business, prospects, financial condition, results of operations and cash flows.

15. ROFO Assets which are under development by the Sponsor are subject to risks associated with the engagement of third party contractors which may delay or even prevent such ROFO Assets from being offered to us under the ROFO Deed.

The Sponsor's ability to complete the construction of the ROFO Assets on time is subject to its ability to award subcontracts to competent contractors in a timely manner and to ensure the timely execution of such contracts, while ensuring that the required quality is maintained by these contractors. Some of the Sponsor's subcontracts in relation to the power transmission projects are yet to be awarded and will be awarded by the Sponsor at an appropriate time during the course of implementation of these ROFO projects.

The Sponsor undertakes construction of the relevant infrastructure and sub-stations for its power transmission projects through third party contractors and suppliers and are accordingly, entirely dependent on the skills of these third party contractors for the construction and installation of the power transmission projects and the supply of most infrastructure and equipment. The Sponsor's selection criteria for contractors are primarily based on their execution capability and track record, and the technical experience and financial position requirements of the projects. The availability of competent construction companies may be limited due to experience, skills and competence required for the construction of power transmission of the voltage as the Sponsor's projects and the shortage of construction companies available to undertake large and complex power transmission projects.

The Sponsor has limited control over the quality of services, equipment or supplies provided by these contractors and may be exposed to risks relating to the timely delivery and the quality of the services, equipment and supplies provided by the contractors necessitating additional investments by the Sponsor to ensure the adequate performance and delivery of contracted service. The Sponsor does not have full direct control over the day-to-day activities of its third-party contractors and are reliant on such contractors performing their tasks and services in accordance with the relevant contracts. We may not be able to claim damages for indirect losses and losses which exceed the contract price from the supplier in case of their default.

If the performance of contractors is inadequate, this could result in incremental cost and time overruns which in turn could adversely affect the Sponsor's future projects and expansion plans. If the Sponsor is not able to outsource certain project aspects to competent contractors on a timely basis, or on terms that provide for the timely and cost-effective execution of its projects, the Sponsor may be delayed in completing projects and the applicable returns on its projects may be adversely affected. The Sponsor's budgeted costs for its power transmission projects are calculated on the basis of management estimates and the occurrence of any contingencies beyond the Sponsor's control may adversely affect the returns from the affected project.

Contractors and suppliers in the transmission business are generally subject to liquidated damages payments for performance shortfalls and they may also give limited warranties in connection with design and engineering work as well as provide guarantees and additional liabilities. However, liquidated damages provisions and guarantees are available for a limited time period from the commissioning date and may not address all losses, damages or risks or cover the full loss or damage suffered due to construction delays or performance shortfalls.

Furthermore, there is no assurance that the Sponsor's contractors will not violate any applicable laws and regulations, including environmental laws and regulations, in their provision of services. If the Sponsor becomes aware that any of its contractors is involved in any material breach of applicable laws and regulations, the Sponsor may not be able to continue with the relevant contracting agreement with such contractor or be able to replace such contractors on similar terms or terms acceptable to the Sponsor or at all.

16. Price increases, foreign exchange movement or shortages in the availability of equipment could adversely affect the Sponsor's ability to develop the ROFO Assets in line with its projected budget or originally envisaged timeframes.

Price increases, foreign exchange movement or shortages in the availability of equipment could adversely affect the Sponsor's ability to develop projects in line with its projected budget or originally envisaged timeframes. While the Sponsor may enter into fixed price contracts for its power transmission projects under implementation, the cost of these contracts is ultimately affected by the availability, cost and quality of raw materials. The tower structure, conductors, insulators and transformers are major components in a power transmission project and any delay in placing orders or obtaining delivery may result in increased prices. The prices and supply of the tower structure, conductors, insulators and transformers and other equipment depend on factors not under the Sponsor's control, including general economic conditions, foreign exchange rate fluctuations, competition, production levels, transportation costs, exchange rates and import duties.

The Sponsor has not yet placed orders for all required equipment and services for power transmission projects which are in the early stages of development. Any delay in placing the orders or procurement of equipment and services may delay the Sponsor's implementation schedule for these projects. Such delays may also lead to increase in prices of these equipment and services, further affecting the costs of the ROFO Assets and the yield generated by such ROFO Assets.

17. The Investment Manager may not be able to execute our growth strategy successfully, including in respect of acquisitions of the ROFO Assets.

Under the terms of our right of first offer arrangements with the Sponsor, we are not able to acquire the power transmission projects of the Sponsor until such projects meet the eligibility criteria as specified in the InvIT Regulations. Our growth therefore depends on the ability of the Sponsor to manage the development and construction of new projects in a timely and cost-effective manner. If the Sponsor determines that any one or more of the ROFO Assets which have been awarded to it are based on bids that it later determines to be unviable or if the Sponsor's expenses required for the completion of such projects are not on commercial terms favorable to it, the Sponsor's ability to complete awarded projects profitably or at all may be adversely affected, which could materially and adversely affect our ability to realize the anticipated benefits from the ROFO Deed.

In addition, the projected yields which our Sponsor anticipates at the point of bidding may not materialize and the Sponsor may have to apply to the CERC for tariff enhancements. While, tariff enhancement applications in respect of the ENICL project have been approved by CERC previously, there can be no assurances that future tariff enhancements applications, such as the applications made by the Initial Portfolio Assets, will be granted.

Our growth strategy includes expanding our portfolio of project companies through acquisitions in order to maximise distributions for our Unitholders, improve portfolio diversification and enhance flexibility. The Investment Manager will undertake the day-to-day management and control of our business and growth strategy. Except in respect of transactions greater than 25% of our assets which require prior Unitholders' approval, or the approval of an issuance of Units to fund the future acquisitions, our Unitholders may not have the opportunity to evaluate the Investment Manager's decisions regarding specific strategies used or the acquisitions made on our behalf, or the terms of any such acquisitions, including in respect of the ROFO Assets.

The primary component of our growth strategy is to acquire additional infrastructure projects within the power transmission sector from the Sponsor pursuant to our right of first offer over the Sponsor's current power transmission projects. There can be no assurance that the Investment Manager will be able to implement this strategy successfully or that it will be able to expand our portfolio at all, or at any specified rate or to any specified size. The Investment Manager may not be able to make acquisitions or investments or divestments of power transmission projects on favorable terms or within a desired time frame. Even if the Investment Manager was able to successfully make additional acquisitions or investments, there can be no assurance that such acquisitions or investments will produce incremental distributions to our Unitholders. We may also be exposed to liability with the acquisition of additional power transmission projects.

In addition, the Sponsor may not be able to sell ROFO Assets to us even if we agree with the Sponsor on the price and other terms of the sale if the Sponsor remains subject to lock-in requirements under the project agreements entered into with the authorities or any requisite consents from LTTCs and/or CERC are not obtained. As power transmission projects are illiquid in nature, it also may make it difficult for us to sell our Portfolio Assets. Further, in terms of the InvIT Regulations, IndiGrid will be required to hold an infrastructure asset for a minimum period of three years from the date of purchase by IndiGrid.

The Investment Manager expects to face competition for acquisition opportunities, and competitors for these opportunities may have greater financial resources or access to financing on more favorable terms than us. Further, it may be that the types of investments sought by the Investment Manager are small in number. This competition, and possible limits in the number of available opportunities, may limit acquisition opportunities, lead to higher acquisition prices, or both.

In general, acquisitions involve a number of risks, including the inability to secure or repay the financing required to acquire large power transmission projects, the failure to retain key personnel of the acquired business and the failure of the acquired business to achieve expected results. Our Investment Manager may fail to identify material risks or liabilities associated with the acquired business prior to its acquisition, such as repayment or default risks related to existing debt of assets that we may acquire. The execution of our acquisition growth strategy may also divert the Investment Manager's attention from the profitable management of IndiGrid.

Additionally, acquisition of power transmission assets is subject to substantial risks, including the failure to identify material problems during due diligence (for which we may not be indemnified), the risk of over-paying for assets or not making acquisitions on an accretive basis, the ability to collect revenues and, if the projects are in new markets, the risk of entering markets and technologies where the Investment Manager has limited or no experience. In addition, any control deficiencies in the accounting systems of the assets that we acquire may make it more difficult to integrate them into its existing accounting systems. While the Investment Manager will perform due diligence on our prospective acquisitions, we may not be able to discover all potential operational deficiencies in such projects. The integration and consolidation of acquisitions requires substantial human, financial and other resources and may divert the Investment Manager's attention from our existing business concerns, disrupt our ongoing business or otherwise fail to be successfully integrated. There can be no assurance that any future acquisitions will perform as expected or that the returns from such acquisitions will support the financing utilized to acquire them or maintain them. As a result, the consummation of acquisitions may have a material adverse effect on the Investment Manager's ability to execute our growth strategy, which could have a material adverse effect on our business, cash flow and ability to make distributions to our Unitholders.

18. We may not be able to successfully fund future acquisitions of new projects due to the unavailability of debt or equity financing on acceptable terms, which could impede the implementation of our acquisition strategy and negatively impact our business.

We will rely on debt and equity financing to expand our portfolio of projects through acquisitions, including in respect of the ROFO Assets, which may not be available on favorable terms or at all.

Debt financing to fund the acquisition of a project may not be available on short notice or may not be available on acceptable terms. Since the timing and size of acquisitions cannot be readily predicted, we may need to be able to obtain funding on short notice to benefit fully from opportunities. However, under applicable law, the aggregate consolidated borrowings and deferred payments of IndiGrid cannot exceed 49% of the value of our assets. In addition, the level of indebtedness of our Portfolio Assets may impact our ability to borrow without prior Unitholders' approval.

Restrictions imposed by the Reserve Bank of India may limit our ability to borrow overseas for projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals or borrowing in foreign currencies will be granted to us without onerous conditions, or at all.

We may also fund the consideration (in whole or in part) for future acquisitions through the issuance of additional Units. Such issuances may result in the dilution of the interests in IndiGrid held by existing Unitholders. It may not be able to complete the issuance of the required number of Units on short notice or at all due to a lack of investor demand for the Units at prices that it considers to be in the interests of then-existing Unitholders. As a result of a lack of funding, we may not be able to pursue our acquisition strategy successfully. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Debt financing may increase our vulnerability to general adverse economic and industry conditions by limiting our flexibility in planning for or reacting to changes in our business and our industry. We will also be subject to the risk that certain covenants in connection with any future borrowings may limit or otherwise adversely affect our operations and our ability to make distributions to our Unitholders. Such covenants may also restrict our ability to acquire additional projects or undertake other capital expenditure by requiring us to dedicate a substantial portion of our cash flows from operations to payments on our debt.

19. We operate in a highly competitive environment, and increased competitive pressure could adversely affect our business and the ability of the Investment Manager to execute our growth strategy.

The market for investing in power transmission projects, and energy infrastructure generally, is highly competitive and fragmented, and the number and variety of investors for energy infrastructure assets has been increasing. Some of our competitors are, or may be supported by, large companies that have greater financial, managerial and other resources than us. Our competitors may also have established relationships with other stakeholders that may better position them to take advantage of certain opportunities. The competitive environment may make it difficult for the Investment Manager to successfully acquire power transmission projects, including the ROFO Assets. Our ability to execute our growth strategy could be adversely affected by the activities of our competitors and other stakeholders. These competitive pressures could have a material adverse effect on our business, expected capital expenditures, results of operations, cash flows, financial condition and our distributions to our unitholders.

20. Opposition from local communities and other parties may adversely affect our financial condition, results of operations and cash flows.

The construction and operation of our power transmission systems and substation projects may have significant consequences on grazing, logging, agricultural activities, mining and land development as well as on the ecosystem of the affected areas. The environmental impact of a particular transmission project typically depends on the location of the project and the surrounding ecosystem. Further, the construction and operation of our power transmission systems may disrupt the activities and livelihoods of local communities, especially during the project construction period. Repair work on a power transmission project may be delayed to resolve local community concerns.

Our Portfolio Assets could be subject to opposition, such as through litigation or by other means, from public interest groups, local communities or non-governmental organizations, in relation to the environmental impact of their transmission projects or in relation to land acquisition, acquisition and use of rights of way and construction activities for their projects and the consequent impact on livelihood of affected communities.

Several of the parcels of land on which the Initial Portfolio Assets' existing substations are situated were acquired by the Government of India (the "**GoI**") or the relevant state governments and were thereafter awarded to us. Land so acquired may remain subject to disputes after it is transferred to our Portfolio Assets.

In addition, there are various court proceedings pending against the Initial Portfolio Assets with respect to land on which the Initial Portfolio Assets have right of way, for the purposes of construction of the transmission lines, most of which relate to demands for increased compensation by landowners. For example, the lands on which the transmission lines of JTCL project are situated are subject to litigation in relation to right of way claims from land owners, which caused delays in the operation of the transmission lines. Similarly, the lands on which the transmission lines and substations of ROFO Assets are situated are also subject to right of way claims which are pending consideration before appropriate authorities. See "*Legal and other Information*" on page 207.

21. Our operations are subject to environmental, health and safety laws and regulations.

Our operations are subject to various environmental laws and regulations in the various locations in India where our Portfolio Assets operate. Although environmental approvals were obtained prior to completion of construction of the Initial Portfolio Assets, environmental laws and regulations in India have, and may continue to become, more stringent. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on the Initial Portfolio Assets, which could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. For further details, see section entitled "*Regulations and Policies*" on page 199.

The employees and contractors on our power transmission projects are exposed to risks. If safety procedures are not followed or if certain materials used in power substations and transmission equipment is improperly handled, it could lead to injuries to employees, contract laborers or other persons, damage our Portfolio Assets' properties and properties of others or harm the environment. Due to the nature of these materials, we may be liable for certain costs, including costs for health-related claims, or removal or treatment of hazardous substances, including claims and litigation from current or former employees for injuries arising from occupational exposure to materials or other hazards at power substations and transmission facilities. This could result in significant disruption in our businesses and to legal and regulatory actions, which could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. For example, a fatal accident along the transmission line set up by BDTCL resulted in the death of eight laborers.

22. Our success depends in large part upon our Investment Manager and Project Manager, the management and skilled personnel that they employ and their ability to attract and retain such persons.

Our ability to make consistent distributions to our Unitholders depends on the continued service of management teams and skilled personnel of our Investment Manager and Project Manager. Each faces a continuous challenge to recruit and retain a sufficient number of suitably skilled personnel. Generally, there is significant competition for management and other skilled personnel in our industry in India, and it may be difficult to attract and retain the skilled personnel that our Investment Manager and Project Manager need. In particular, even if our Investment Manager and Project Manager were to increase their pay structures to attract and retain such personnel, they may be unable to compete with other companies for suitably skilled personnel to the extent they are able to provide more competitive compensation and benefits. Furthermore, our Investment Manager and Project Manager may not be able to adequately redeploy and retrain their employees to keep pace with continuing changes, evolving standards and changing customer preferences. The loss of key personnel may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

23. Upgrading or renovation work or physical damage to our power transmission projects may disrupt their operations.

Our power transmission projects may need to undergo upgrading, renovation or repair work from time to time to retain their optimal operating condition and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or because of changes in the pertaining to operations and maintenance. Our power transmission projects may suffer some disruptions and it may not be possible to continue operations on areas affected by such upgrading or renovation work. In addition, physical damage to power transmission projects resulting from fire, severe weather or other causes may lead to a significant disruption to, or a long-term cessation of, business and operations and, together with the foregoing, may result in unforeseen costs which may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

24. Grid disturbances or failures could adversely affect our reputation and relations with regulators and stakeholders.

Grid disturbances can arise due to the imbalance between power being delivered to and that being removed from the transmission system. For example, in July 2012, India experienced grid disturbances which caused large-scale power outages in three of India's five interconnected power grids. The grid disturbances were caused by a combination of factors, including weakened inter-regional corridors due to multiple outages on other transmission lines, a delay or refusal by power generators to reduce power generation at the time of reduced demand and overdrawing of electricity by some of the provincial utilities.

Although our Initial Portfolio Assets employ modern methods for maintenance, load dispatch and communications systems to avoid such outcomes the grid could again experience disturbances and such disturbances could adversely affect our reputation as a transmission service provider, which could in turn adversely affect our business, prospects, financial condition, results of operations and cash flows.

25. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by employees or other disputes with employees.

The Project Manager has full-time employees focused on operations and maintenance and the Initial Portfolio Assets have appointed third party contractors to operate and maintain our transmission systems. Our transmission systems may experience disruptions in their operations due to disputes or other problems with labor, and efforts by workers to modify compensation and other terms of employment may divert management's attention and increase operating expenses. The occurrence of such events could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

The Project Manager and our Portfolio Assets enter into contracts with independent contractors to complete specified assignments in respect of our transmission systems and these contractors are required to source the labor necessary to complete such assignments. Although the Project Manager and our Portfolio Assets do not engage these laborers directly, under Indian law they may be held responsible for wage payments to laborers engaged by contractors, should the contractors default on wage payments. Any requirement to fund such payments may materially and adversely affect the business, prospects, financial condition, results of operations and cash flows. Furthermore, pursuant to the provisions of the Contract Labor (Regulation and Abolition) Act, 1970, the Project Manager and our Portfolio Assets may be required to absorb a portion of the wage payments due to such contract laborers that they employ as if they were their employees.

26. As an indirect shareholder of our Portfolio Assets, IndiGrid's rights are subordinated to the rights of creditors, debt holders and other parties specified under Indian law in the event of insolvency or liquidation of any of the Portfolio Assets

In the event of insolvency or liquidation of any of the Portfolio Assets, secured and unsecured creditors of such Portfolio Assets will be entitled to payment in full from the insolvency or liquidation proceeds in priority to us in our capacity as an indirect equity shareholder of the Portfolio Assets. Further, under the Companies Act, 1956, in the event of winding-up of any of the Portfolio Assets, workmen's dues and debts due to secured creditors (to the extent such debts rank *pari passu* with workmen's dues) are required to be paid in priority over all other outstanding debt, followed by statutory dues such as revenues, taxes, cesses and rates due from the company to the Central or the State Government, wages and salaries of employees and all amounts payable to employees under a provident fund, pension fund, gratuity fund or any other fund for the welfare of the employees maintained by a company. Accordingly, amounts payable to us in respect of any unsecured debentures issued by our Portfolio Assets will be subordinated to the payment of such amounts.

Under the terms of the TSAs executed by the Initial Portfolio Assets with long term transmission customers or the LTTCs, the Initial Portfolio Assets are not permitted to create or permit to subsist any encumbrance over all or any of their rights and benefits under the TSAs. However, the Initial Portfolio Assets are permitted to create any encumbrance over all or part of the receivables, including under the TSAs, letter of credit or the other assets of the Initial Portfolio Assets in favour of lenders or representatives of lenders on their behalf, as security for amounts payable under the financing agreements with such lenders, subject to the conditions specified under the TSAs.

Direct and indirect tax assessments of the Initial Portfolio Assets for only few years have been initiated by the relevant government department and authorities and there may be additional tax liabilities, including if pending tax litigation is ruled against us.

Accordingly, amounts payable to us in respect of unsecured debentures subscribed by us, will, upon enforcement of security over such receivables, letter of credit or the other assets of the Initial Portfolio Assets, be subordinated to amounts payable in respect of statutory dues and operating and maintenance expenses (including operating expenses payable to the Initial Portfolio Assets, if any), as well as to amounts payable to secured lenders.

27. Our lenders have substantial rights to determine how we conduct our business which could put us at a competitive disadvantage and our borrowings are secured by all of the assets of the Initial Portfolio Asset and their shares.

The loan agreements for the Initial Portfolio Assets contain restrictive covenants including specified debt to equity ratios, prior lender approval of settlements involving losses for which we are entitled to make an insurance claim, and change of control clauses.

Loans under the loan agreements are secured by, amongst others, (i) creation of first charge on all of the Initial Portfolio Assets' present and future immovable assets pertaining to the project; (ii) creation of first charge on all of the Initial Portfolio Assets' tangible movable assets, including movable plants and machinery, tools, accessories and spare parts; (iii) first charge on all accounts of the Initial Portfolio Assets that may be opened in accordance with the transaction documents and in all funds deposited therein and the permitted instruments or other securities representing all amounts credited to the account and a first charge on the receivables; (iv) first charge on all intangible assets of the Initial Portfolio Assets including goodwill, rights, undertakings, intellectual property rights and uncalled capital both present and future; and (vii) assignment by way of security of all right, title, interest, claims, benefits and demands relating to, (a) the agreements in relation to the project (the "Project

Agreements"); (b) clearances obtained pertaining to the project; (c) any letter of credit, guarantee, including contractor guarantees, liquidated damages, consent agreements, side letters or performance bond provided by any party to the Project Agreements; (d) insurance contracts and insurance proceeds pertaining to the project and (e) pledge of 51% of the issued, paid-up and voting equity share capital of the Initial Portfolio Assets by SGL1 till the final settlement date under the Banking Regulation Act, 1949.

The shares of the Initial Portfolio Assets have been pledged with lenders under facility loan agreements, which are detailed in the table below:

Initial Portfolio Asset	Loan facility and lenders	Pledge of Initial Portfolio Asset shares
JTCL	Rupee term loan availed from SBI, ICICI, L&T Infra, L&T Fincorp and IDFC	SGL1 has pledged 51% of its equity shares of JTCL
BDTCL	Rupee term loan availed from, State Bank of India and L&T Infra Oriental Bank of Commerce and Foreign Currency Loan from IIFCL UK.	SGL1 has pledged 51% of its equity shares of BDTCL

In the event of a default under these loan agreements, there is a risk that the lenders could enforce the pledge by way of court procedure followed by a public auction of the pledged shares. Further, we may be required to pledge the shares of the Initial Portfolio Assets for any refinanced or additional indebtedness. If we lose ownership or control of the Initial Portfolio Assets, of all or some of their assets as a result of the enforcement of security by a lender, our business, financial condition, results of operation, cash flows and ability to make distributions to Unitholders would be adversely affected.

28. Our insurance policies may not provide adequate protection against various risks associated with our operations.

Our operations are subject to a number of risks generally associated with the transmission of electricity. These risks include explosions, fires, earthquakes and other natural disasters and calamities, breakdowns, failures or substandard performance of equipment, improper installation or operation of equipment, accidents, acts of terrorism, operational problems, transportation interruptions and labor disturbances. These risks can cause personal injury and loss of life and damage to, or the destruction of, property and equipment (including infrastructure developed by us) and may result in the limitation or interruption of our business operations and the imposition of civil or criminal liabilities. Our insurance policies may not be sufficient to cover any material losses that we may incur in the future and we may not be able to renew our insurance arrangements, which typically extend for a period of one year, on similar terms or at all. If our losses significantly exceed our insurance coverage, cannot be recovered through insurance or occur during a period during which insurance coverage had lapsed, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected.

In addition, we may not be able to maintain insurance of the types or at levels which they deem necessary or adequate or at rates which they consider reasonable, in particular, in case of significant increases in premium levels at the time of renewing their insurance policies or lack of availability of insurance companies to underwrite these risks. The costs of higher insurance premiums could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Furthermore, the occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

29. We may be required to record significant charges to earnings in the future when we review our power transmission assets for potential impairment.

Under Ind AS, we are required to review our power transmission assets for impairment whenever circumstances indicate the carrying value may not be recoverable. Various uncertainties, including deterioration in the global economic condition that result in upward changes in cost of capital, increases in cost of completion of such power transmission assets and the occurrence of natural disasters that impact our power transmission assets, could impact expected cash flows to be generated by such assets, and may result in impairment of these power transmission assets in the future.

The Initial Portfolio Assets incurred additional costs in the construction of their electricity transmission infrastructure and due to force majeure events and change in law for which management is of the view that they are entitled to additional tariff under the terms of their TSAs. A delay in commissioning of the JTCL project was acknowledged by CERC following an initial petition by JTCL. JTCL was permitted to approach CERC for quantification of increase in transmission charges by an order of CERC dated October 16, 2015. To compensate for the loss in revenue, JTCL filed an additional petition with CERC to quantify the increase in transmission charges. BDTCL has also filed a petition with CERC for increase in transmission charges in relation to force majeure and change in law pertaining to its TSA, which is currently pending. However, there can be no assurance that that any such increased claim amount will be granted or that no penalty will be imposed for delay in commissioning in terms of the relevant TSA. As our impairment calculations, as well as those reflected in the Valuation Report, assume that we will be granted the additional tariffs claimed for the Initial Portfolio Assets, there may be a significant impairment charge if these additional tariffs are not recovered.

We may be required in the future to record a significant charge to earnings in our financial statements during the period in which any impairment of our power transmission assets is determined. Notwithstanding that any such impairment would be a non-cash expense, any such charges will likely have a material adverse effect on our results of operations.

30. Classification of the Initial Portfolio Assets as Tangible assets.

We classify our Initial Portfolio Assets as tangible assets under Ind AS 16 – *Property, Plant and Equipment* and not as financial and/or intangible assets under Appendix A of Ind AS 11 – *Construction Contracts*. If there is a change in the classification, accounting policies or their interpretation thereof which results in the transmission licenses held by the Initial Portfolio Assets being considered 'service concession arrangements' under Appendix A to Ind AS 11, it would have significant implications on our financial statements resulting in a material adverse effect on our financial condition, results of operations and cash flows. In such case, a substantial part of our income would be considered financial income and a substantial part of our assets would be considered financial and/or intangible assets where none of the property, plant or equipment of the Initial Portfolio Assets would be reflected on their respective balance sheets and accordingly there would be no depreciation on property, plant or equipment in the statement of profit and loss.

31. There are risks associated with the expansion of our business to new areas.

As part of our growth strategy, we may expand our business to new areas which may prove more difficult or costly than anticipated. For example, we intend to pursue additional sources of revenue, such as optical fiber and tower leasing, which we may be unable to monetize due to regulations issued by CERC which require the sharing of revenue from power transmission projects or if we are unable to obtain requisite approvals from CERC or the LTTCs.

32. Critical aspects of our power transmission projects have a limited duration.

The useful life of our assets is estimated to be 50 years, according to Lahmeyer. Our TSAs have a term of 35 years and any renewal is subject to CERC's discretion. There can be no assurance that we can replace our physical assets or renew our TSAs on acceptable terms, if at all.

While the TSA's have a duration of up to 35 years, the transmission licenses issued by CERC are valid for a period of 25 years from the date of issue of the transmission license. There can be no assurances that these licenses will be renewed.

33. The Valuation Report, and any underlying reports, are not opinions on the commercial merits of IndiGrid or the Initial Portfolio Assets, nor are they opinions, expressed or implied, as to the future trading price of our Units or financial condition upon listing, and the valuation contained therein may not be indicative of the true value of our assets.

Haribhakti & Co LLP have been appointed as the independent valuers to undertake independent appraisals of the Portfolio Assets. The valuers have issued a report ("**Valuation Report**"), which sets out their opinion as to the fair enterprise value of the Initial Portfolio Assets as on September 30, 2016. In order to issue their Valuation Report, the valuers based certain assumptions to estimate the fair enterprise value of the Initial Portfolio Assets using the discounted cash flow method on information provided by and discussions with or on behalf of us, the Sponsor and the Investment Manager, and which reflects current expectations and views regarding future events and, therefore, necessarily involves known and unknown risks and uncertainties. The Valuation Report contains forecasts, projections and other "forward-looking" statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties. The future events referred to in these forward-looking statements involve risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward-looking statements. For further details, see section entitled "*Valuation Report*" on Annexure A to this Draft Offer Document..

Furthermore, not all assumptions used in the preparation of the Valuation Report have been included herein. The Valuation Report is not an opinion on the commercial merits and structure of IndiGrid or the Initial Portfolio Assets is it nor an opinion, expressed or implied, as to the future trading price of our Units in or financial condition upon listing. The Valuation Report does not purport to contain all the information that may be necessary or desirable to fully evaluate us or the Initial Portfolio Assets or an investment in the IndiGrid or our Units. The Valuation Report is not based on a comprehensive review of the business, operational or financial condition of the Initial Portfolio Assets and, accordingly, makes no representation or warranty, expressed or implied, in this regard. The Valuation Report does not confer rights or remedies upon investors or any other person, and does not constitute and should not be construed as any form of assurance as to the financial condition or future performance of IndiGrid or as to any other forward-looking statements included therein, including those relating to certain macro-economic factors, by or on behalf of the Sponsor, the Investment Manager, the Project Manager or IndiGrid. Further, we cannot assure you that the valuation prepared by the valuers reflects the true value of the net future revenues of the Initial Portfolio Assets or that other valuers would arrive at the same valuation. Accordingly, the valuation contained therein may not be indicative of the true value of the Initial Portfolio Assets. The Valuation Report has not been updated since the date of its issue, does not take into account any subsequent developments and should not be considered as a recommendation by the Sponsor, the Investment Manager, the Project Manager, IndiGrid or any other party that any person should take any action based on the Valuation Report. Accordingly, prospective investors should not unduly rely on the Valuation Report in making an investment decision to purchase Units in IndiGrid.

34. This Draft Offer Document contains information from the CRISIL Report which we have commissioned.

The information in the section entitled "*Industry Overview*" on page 118 is based on the CRISIL Report and other publically available information. We commissioned the CRISIL Report for the purposes of confirming our understanding of the industry in connection with the Issue. Neither we, nor the Trustee, the Sponsor, the lead managers, the Investment Manager nor any other person connected with the Issue has verified the information in the CRISIL Report. Further, the CRISIL Report has been prepared based on information as of specific dates and may no longer be current or reflect current trends. Opinions in the CRISIL Report based on estimates, projections, forecasts and assumptions may prove to be incorrect.

CRISIL Research, a division of CRISIL Limited ("**CRISIL**"), has advised that while it has taken due care and caution in preparing the CRISIL Report based on the information obtained by CRISIL from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the CRISIL Report or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of CRISIL Report or the data therein. Further, the CRISIL Report is not a recommendation to invest / disinvest in any company covered in the CRISIL Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters / distributors of the CRISIL Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Limited.

35. This Draft Offer Document contains the Lahmeyer Reports which we have commissioned.

Lahmeyer has prepared the Lahmeyer Reports concerning the Initial Portfolio Assets which are contained in this Draft Offer document. We commissioned the Lahmeyer Reports for the purposes of conducting a technical assessment of the Initial Portfolio Assets. Neither we, nor the Trustee, the Sponsor, the lead managers, the Investment Manager nor any other person connected with the Issue has verified the information in the Lahmeyer Reports. Further, the Lahmeyer Reports has been prepared based on information as of specific dates and may no longer be current or reflect current trends. Opinions in the Lahmeyer Reports based on estimates, projections, forecasts and assumptions may prove to be incorrect.

Lahmeyer is an independent firm of technical consultants and has advised that while it has taken due care and caution in preparing the Lahmeyer Reports based on the information obtained by Lahmeyer from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the Lahmeyer Reports or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of Lahmeyer Reports or the data therein. Further, the Lahmeyer Reports are not a recommendation to invest / disinvest in the Initial Portfolio Assets covered in the report. Prospective investors are advised not to unduly rely on the Lahmeyer Reports when making their investment decision.

36. The Combined Financial Statements presented in this Draft Offer Document may not be indicative of our future financial condition, results of operations and cash flows.

Upon completion of the Issue, IndiGrid's only assets will be our shareholding in the Initial Portfolio Assets and any debt financing provided by IndiGrid to the Initial Portfolio Assets. We will rely on cash flows from the Initial Portfolio Assets, including from dividends, interest payments and principal repayments. For the purpose of this Draft Offer Document, the Combined Financial Statements have been prepared so as to present the financial position, results of operations and cash flows of the Initial Portfolio Assets on a combined historical basis for fiscal 2014, 2015 and 2016 and the six month period ended September 30, 2016. The Combined Financial Statements have been prepared for the sole purpose of the Issue and may not necessarily represent our consolidated financial position, results of operations and cash flows had IndiGrid been in existence during the periods presented, nor do they give an indication of our financial results, cash flows and financial position in the future. After the Listing Date, there may be certain changes to our cost structure, level of indebtedness and operations. Our cost structure after the Listing Date may differ in certain significant respects from our cost structure as indicated in the Combined Financial Statements.

Further, for the purpose of preparation of our Combined Financial Statements included in this Draft Offer Document the transition date to Ind AS is considered as April 1, 2013. However, for our consolidated financial statements after the listing of the Units, the transition date to Ind AS will be April 1, 2015. Accordingly, our historical combined financials and post Issue consolidated financials may not be comparable.

37. The ROFO Deed will terminate in certain circumstances.

Our rights under the ROFO Deed are effective of the Listing Date, but the ROFO Deed may be terminated, if any of the following events occur:

- by mutual consent of the parties to the ROFO Deed;
- the Investment Manager and/or any entity controlled or designated by the Sponsor ceases to be the Investment Manager of IndiGrid; or
- if the InvIT ceases to be listed on the BSE, the NSE or any other recognized stock exchanges.

Termination of the ROFO Deed would adversely affect our ability to implement our acquisition growth strategy.

38. We do not own the "IndiGrid" trademark or logo. Our trademark application for "IndiGrid" and the logo, may be rejected and our ability to use the trademark and logo may be impaired.

The application for the trademark for "IndiGrid" and the logo is under consideration by the Controller General of Patents Designs and Trademarks, India. Our ability to use the trademark and logo may be seriously impaired if our trademark application is rejected. As a result, we will be required to cease the use of "IndiGrid" and the logo which may have material, adverse effect on the operations of IndiGrid and require the management's time and attention.

39. Statutory Auditors of BDTCL and JTCL have included certain observations under the Companies (Auditors Report) Order, 2015 and the Companies (Auditors Report) Order, 2016 in relation to BDTCL and JTCL in fiscal 2015 and fiscal 2016, respectively, for non-payment or defaults in the payment of statutory dues.

Statutory Auditors of BDTCL and JTCL have included certain observations under the Companies (Auditors Report) Order, 2015 and the Companies (Auditors Report) Order, 2016 ("**Observations**") in relation to the audited standalone annual financial statements of each of BDTCL and JTCL for fiscal 2016 and 2015 for non-payment or defaults in the payment of statutory dues which are disputed, as follows:

For Fiscal 2016:

BDTCL

Name of statute	Nature of dues	Amount (₹ in million	Period for which the amount relates	Forum where dispute is pending
Madhya Pradesh Sales Entry Tax Act, 2002	Entry Tax	156.04	Fiscal 2013 and Fiscal 2014	High Court of Madhya Pradesh

JTCL

Name of statute	Nature of dues	Amount (₹ in million)	Period for which the amount relates	Forum where dispute is pending
Madhya Pradesh Sales Entry Tax Act, 2002	Entry Tax	98.45	Fiscal 2013 and Fiscal 2014	High Court of Madhya Pradesh
Chhatisgarh Value Added Sales Tax Act, 2005	Entry Tax	21.83	Fiscal 2014	Jt.Commissioner of Commercial Tax, Bilaspur
The Building and Other Construction Worker's Welfare Cess Act, 1996 (BOCW)	BOCW Cess	4.17	Fiscal 2013 and Fiscal 2014	Joint Commissioner (Labour), Madhya Pradesh

For Fiscal 2015:

BDTCL

Name of statute	Nature of dues	Amount (Rs in Million)	Period for which the amount relates	Forum where dispute is pending
Madhya Pradesh Sales Entry Tax Act, 2002	Entry Tax	68.95	2012-13	Addl. Commissioner of Commercial Tax, Bhopal

JTCL

Name of statute	Nature of dues	Amount (Rs in Million)	Period for which the amount relates	Forum where dispute is pending
Madhya Pradesh Sales Entry Tax Act, 2002	Entry Tax	31.99	2012-13	Addl. Commissioner of Commercial Tax, Bhopal

Although these Observations did not require any corrective adjustments in the financial statements of BDTCL and JTCL for fiscal 2015 or fiscal 2016, they were made in accordance with the requirements of the Companies (Auditors Report) Order, 2015 and the Companies (Auditors Report) Order, 2016, as amended. The above mentioned BOCW case has been disposed off in July 2016 an order has been received in favour of JTCL.

While the respective management of BDTCL and JTCL have taken various steps to rectify the issues highlighted in the Observations during the past fiscal years, there can be no assurance that all issues highlighted in the Observations have been resolved or that similar Observations or additional Observations will not form part of financial statements of IndiGrid or its Subsidiaries for the future fiscal periods.

***40. Our contingent liability could adversely affect our financial condition, results of operations and cash flows*.**

As of September 30, 2016, we had a contingent liability (as per Ind AS 37 – *Provisions, Contingent Liabilities and Contingent Assets*) for entry tax demand in the amount of ₹306.04 million that had not been provided for. If any of our contingent liabilities materialize, it could have an adverse effect on our financial condition, results of operations and cash flows.

RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE

1. Changes in government regulation could adversely affect our profitability and ability to make distributions.

Regulatory changes in India, particularly in respect of the InvIT Regulations, could expose us to greater tax liability than our financial projections assume. The InvIT Regulations also requires us to maintain certain investment ratios, including the requirement that 80 percent of our investments comprise completed and revenue-generating assets, which may prevent us from acquiring additional assets to achieve our growth strategy.

2. New units may be issued to our Sponsor, which would dilute the holdings of other Unitholders.

The Project Manager has facilitated the filing of tariff revision petitions for BDTCL and JTCL with CERC, for which it is being incentivized under the Project Implementation and Management Agreement. If these tariff revision petitions are successful, the levelised tariffs payable to JTCL and BDTCL will be increased and the Project Implementation and Management Agreement provides that the Project Manager will be issued new units of IndiGrid in an amount equivalent to 80% of the difference between the valuation done for the purposes of this Issue and the valuation conducted after the tariff revisions. The issue of such Units to our Sponsor as Project Manager could result in a dilution of distributions per Unit to other Unitholders.

3. We depend on the Investment Manager and the Project Manager to manage our business and assets, and our financial condition, results of operations and cash flows and ability to make distributions may be harmed if the Investment Manager and/ or Project Manager and/or the Trustee fail to perform satisfactorily. Our rights and the rights of the Unitholders to recover claims against the Project Manager, the Investment Manager or the Trustee may be limited.

Our Sponsor will fulfil the role of Project Manager in respect of IndiGrid under the Project Implementation and Management Agreement, with responsibility for operating and maintaining our power transmission projects and supervising the revenue streams therefrom. An affiliate of our Sponsor, Sterlite Infraventures Limited, will fulfil the role of Investment Manager in respect of IndiGrid under the Investment Management Agreement, in accordance with the InvIT Regulations. The success of our business and growth strategy and the operational success of our transmission systems will depend significantly upon the managers' satisfactory performance of these services. Our recourse against the Project Manager, the Trustee and Investment Manager is limited. The Project Manager's liability to IndiGrid for non-performance or breach of its obligations under the Project Implementation and Management Agreement is limited to the fees payable to the Project Manager under the agreement. The Trustee's liability under the Trust Deed is limited to the fees received by it, except in case of the Trustee's gross negligence or wilful misconduct or fraud. Further, the Trustee is not liable for anything done or omitted to be done or suffered by the Trustee in good faith and for any action or omission that results in a loss to a Unitholder (by reason of any depletion in the value of the Initial Portfolio Assets or otherwise), except in the event where such loss is a result of the Trustee's fraud, gross negligence or wilful default or breach of the Trust Deed. The Investment Manager's liability to IndiGrid for non-performance or breach of its obligations under the Investment Management Agreement is limited to two years of the fees payable to the Investment Manager (for the immediately preceding two financial years) under the agreement. Further, the Investment Manager is not liable for any act or omission which may result in a loss to a Unitholder (by reason of any depletion in the value of the Initial Portfolio Assets or otherwise), except in the event that such loss is a result of the Investment Manager's fraud or gross negligence or default or where the Investment Manager fails to exercise due care in relation to its obligations under the Investment Management Agreement. Accordingly, the Unitholders may not be able to recover claims against the Project Manager, the Trustee or the Investment Manager.

If the management agreements were to be terminated or if their terms were to be altered, our business could be adversely affected, as the Trustee may not be able to immediately replace such services, and even if replacement services were immediately available, the terms offered or obtained with the new managers could be less favorable than the ones currently offered by the Investment Manager and the Project Manager.

4. There may be conflicts of interest between IndiGrid, the Investment Manager, the Project Manager and the Sponsor.

The Sponsor, its subsidiaries, related corporations and associates are engaged in, among other things, the power transmission business. The Sponsor will, immediately after the completion of the Issue, hold at least 15% of the total number of issued Units, subject to the conditions specified in the InvIT Regulations.

The Sponsor will act as our Project Manager and for the ROFO Assets the Sponsor will also act as the engineering, procurement and construction or EPC contractor. Further, upon the acquisition of the Initial Portfolio Assets by IndiGrid (acting through the Trustee), each of the Initial Portfolio Assets propose to utilise the services of certain employees of the Sponsor. Such services of the employees of the Sponsor are proposed to be provided to each of the Initial Portfolio Assets on deputation basis. There can be no assurance that such arrangement will not result in a conflict of interest between IndiGrid and the Sponsor. Furthermore, there can be no assurance that any such deputation in the future will not be in breach of the provisions of the Companies Act, 2013. The Sponsor may also exercise influence over the activities of IndiGrid through the Investment Manager, an affiliate of our Sponsor. There can be no assurance that our interests will not conflict with those of the Sponsor, its subsidiaries, related corporations and associates, in relation to matters including but not limited to future acquisitions of power transmission businesses. In particular, our rights under the ROFO Deed are limited to the ROFO Assets and we do not have any rights to participate in investments originated or identified by the Sponsor or in any future projects developed or acquired by the Sponsor.

5. We have entered into material related party transactions and may continue to do so in the future, which may potentially involve conflict of interests with the Unitholders.

The transactions resulting from the Project Implementation and Management Agreement, the Investment Management Agreement, the Securities Purchase Agreement and the ROFO Deed are related party transactions and their terms may not be deemed as favorable to us as if they had been negotiated solely amongst unaffiliated third parties. In addition, the Initial Portfolio Assets have entered into transactions with other subsidiaries, associates or affiliates of Sterlite Power Transmission Limited ("**Sterlite group companies**") in the ordinary course of their business. While we believe that all such transactions (which have included (unsecured) inter-corporate deposits and guarantees given on behalf of subsidiaries and joint ventures of Sterlite group companies) have been conducted on an arm's length basis, it may be deemed that the Initial Portfolio Assets might have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into additional related party transactions in the ordinary course of our business. Such transactions, individually or in the aggregate, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

6. Upon completion of the Issue, the Sponsor may be able to exercise significant influence over activities of the IndiGrid on which Unitholders are entitled to vote. The Sponsor's interests may be different from yours.

Under the InvIT Regulations, the Sponsor must continue to own all of its Units for one year and must own 15% of the outstanding Units for three years after completion of the Issue, subject to the conditions specified in the InvIT Regulations. As a result, the Sponsor may be able to control the outcome of matters on which Unitholders are entitled to vote and for which the Sponsor is not prohibited from voting due to a conflict of interest. The interests of the Sponsor may be different from yours.

7. Other than the Sponsor's obligations to offer the ROFO Assets to us, the Sponsor is not contractually prohibited from competing against us for power transmission assets or businesses.

The Sponsor has granted us a right of first offer on the ROFO Assets. However, the Sponsor is free to pursue the development, construction and operation of other power transmission projects and may compete directly with us for the acquisition of other similar assets and businesses.

The Sponsor, in its role as the Project Manager, may also manage any other power transmission assets or businesses of its own or third parties, which could divert the time and resources of the Project Manager from our Portfolio Asset.

8. The Investment Manager and the Project Manager are not prohibited from providing management services to our competitors.

The Investment Manager and the Project Manager will not be prohibited from providing management services to investment trusts or power transmission projects owned by third parties. If either manager engages in such activity in the future, it could give rise to conflicts of interest or adversely affect the ability of the managers to provide the levels of service that we require. Conflicts of interest of our Investment Manager or Project Manager may have an adverse effect on our business.

9. Our Initital Portfolio Assets, the Sponsor and its Associates and the Trustee are involved in certain legal proceedings and any adverse outcome in these or other proceedings may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

From time to time our Portfolio Assets, the Investment Manager, the Project Manager, the Sponsor, their respective Associates and the Trustee are involved in litigation, claims and other proceedings relating to the conduct of their business, including compensation claims, civil matters, criminal matters and tax disputes. Any claims could result in litigation against us, the Investment Manager, the Project Manager, the Sponsor and their respective Associates and the Trustee, and could also result in regulatory proceedings being brought against us by various government and state agencies that regulate our businesses. Often, these cases raise complex factual and legal issues, which are subject to risks and uncertainties and which could require significant time from the operation and management of the our Portfolio Assets. Litigation and other claims and regulatory proceedings against the Initial Portfolio Assets or their management could result in unexpected expenses and liabilities and could also materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Currently, there are outstanding legal proceedings against our Initial Portfolio Assets that are incidental to their business and operations, including certain criminal proceedings against certain of their directors and management. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defense. Further, an adverse judgment in some of these proceedings could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. In addition, the Sponsor (also acting as the Project Manager) and its Associates and the Trustee are involved in litigation, claims and other proceedings relating to the conduct of their businesses, including compensation claims, civil matters, criminal matters and tax disputes. Any such litigation and/or regulatory proceedings could harm our reputation and materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. For details of such material litigation, see "*Legal and Other Information*" on page 207.

10. Parties to IndiGrid are required to maintain the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis. We may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of IndiGrid.

We are required to maintain the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis. These eligibility conditions include, among other things, that (a) the Sponsor, Investment Manager and Trustee are separate entities, (b) the Sponsor has a net worth of not less than ₹ 1,000 million and has a sound track record in the development of infrastructure or fund management in the infrastructure sector, (c) the Investment Manager has a net worth of not less than ₹ 100 million and has not less than five years' experience in fund management or advisory services or development in the infrastructure sector, (d) the Trustee is registered with the SEBI under Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and is not an Associate of the Sponsor or Investment Manager and (e) each of the Sponsor, Investment Manager, Project Manager and Trustee are "fit and proper persons" as defined under Schedule II of the Intermediaries Regulations on an ongoing basis. We may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of IndiGrid.

11. We are goverened by the InvIT Regulations, the implementation and interpretation of which, is largely untested.

IndiGrid has been constituted under the recently issued InvIT Regulations in 2014, which has been amended on November 30, 2016 and has been supplemented with additional guidelines and circulars. The InvIT Regulations prescribe, amongst other things, the disclosure requirements pertaining to the offer documents. The scope of certain provisions of the InvIT Regulations may be wider than the standards prescribed under the existing legal framework in India for issuance of other instruments and securities. Consequently, the regulations impose rigorous on-going compliance obligations on us.

Further, in terms of the InvIT Regulations, SEBI has to right to, with or without prior notice, order inspection of the books of accounts, records and other documents pertaining to our operations, either *suo motu* or, upon receipt of complaint. Upon review of the inspection report, SEBI is entitled to, if it so deems appropriate (in the interest of the securities markets or the Unitholders) (a) to delist our units from the stock exchanges and require us to surrender our certificate of registration; (b) to wind-up our operations; (c) to sell our assets; (d) or direct us not to not operate or access the capital markets for a specified period; or (e) direct us to not do such things as SEBI may deem appropriate in the interest of the Unitholders. Any such occurrence may have a material adverse effect on our business, result of operations, financial conditions and cash flows.

Further, trust units may not be classified as "securities" under the Securities Contract Regulation Act, 1956, as amended, and infrastructure investment trusts are not "companies" or "bodies corporate" within the meaning of various SEBI regulations. Accordingly, the applicability of several regulations (including regulations relating to intermediaries, underwriters, merchant bankers, takeover, insider trading and fraudulent and unfair trade practices) to us is unclear.

Further, it is unclear whether certain categories of investors, including mutual funds, that are currently permitted to invest in equity shares offered by Indian companies, may also invest in the Units in the Issue.

The InvIT Regulations were notified by SEBI in 2014 and are largely untested in their implementation. Uncertainty in applicability, interpretation or implementation of any amendment to, or change in, law, regulation or policy, including due to an absence, or a limited body, of administrative or judicial precedent may be time consuming and costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Changes to the Issue structure, changes to agreements entered into or proposed to be entered into in connection with the Issue, cost increases, fines, legal fees or business interruptions may result from changes to regulations, from new regulations, from new interpretations by courts or regulators of existing regulations or from stricter enforcement practices by regulatory authorities of existing regulations. In addition, new costs may arise from audit, certification and/or self-assessment standards required to maintain compliance with new and existing InvIT Regulations, which may render it economically unviable to continue conducting business as an infrastructure investment trust or otherwise have a material, adverse effect on our business, financial condition, results of operations and cash flows.

There can be no assurance that the legal framework for InvITs will not impose additional regulations and policies which could impact our operations and it is difficult to forecast how any new laws, regulations or standards or future amendments to the InvIT Regulations will affect infrastructure trusts and the infrastructure sector in India. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. We may incur increased costs and other burdens relating to compliance with such new regulations, which may also require significant time and other resources, and any failure to comply with these changes may adversely affect our business, results of operations and prospects.

12. We must maintain certain investment ratios, which may present additional risks to us.

Pursuant to the InvIT Regulations, we are required to invest not less than 80% of the value of our assets in completed and revenue-generating infrastructure projects, such as the Portfolio Assets and are limited to a 49% debt to equity ratio determined from the market value of our assets. In addition, we must not invest more than 10% of the value of our assets in under-construction infrastructure projects. If these conditions are breached on account of market movements of the price of the underlying assets or securities, the Investment Manager must inform the Trustee and ensure that these conditions are satisfied within six months of such breach (or within one year with Unitholder approval). Failure to comply with these conditions may present additional risks to us, including divestment of certain assets, delisting and other penalties, which could have a material, adverse effect on our business, financial condition, results of operations and cash flows.

13. The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust. There can be no assurance that the Investment Manager will be able to comply with such requirements.

The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust in accordance with the InvIT Regulations. These requirements include, among other things, (a) making investment decisions with respect to the underlying assets or projects of IndiGrid, (b) overseeing the activities of the Project Manager, (c) investing and declaring distributions in accordance with the InvIT Regulations, (d) submitting reports to the Trustee and (e) ensuring the audit of our accounts. There can be no assurance that the Investment Manager will be able to comply with such requirements in a timely manner or at all, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

14. Compliance with the European Union Directive on Alternative Investment Fund Managers may increase administrative and regulatory burdens on the Investment Manager and IndiGrid.

The AIFMD came into force in July 2011. The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (the "**EEA**") (the EEA comprises the member states of the European Unions and Norway, Iceland and Lichtenstein). In that regard, the AIFMD is intended to apply additional regulation and operating requirements to:

- alternative investment fund managers ("**AIFM**") with their registered offices in the EEA; and
- non-EEA AIFMs that manage EEA alternative investment funds ("**AIFs**") or actively market AIFs to investors resident, domiciled or with a registered office in the EEA.

As used herein, the "AIFMD" refers to Directive 2011/61/EU of the European Parliament and of the Council of June 8 2011 on Alternative Investment Fund Managers, together with EU Commission delegated Regulation (EU) No. 231/2013 of December 19, 2012, supplementary Directive 2011/61/EU of the European Parliament and of the Council, and the national laws transposing Directive 2011/61/EU in any EEA Member State in which IndiGrid is marketed.

Among other things, the AIFMD regulates and imposes regulatory obligations in respect of the active marketing in the EEA by AIFMs (irrespective of whether they have their registered office in an EEA Member State or elsewhere) of AIFs (whether established in an EEA Member State or elsewhere). Many of the provisions of the AIFMD require the adoption of delegated acts and regulatory technical standards, as well as the establishment of guidelines. The deadline for the transposition of the AIFMD into the laws of each of the member states of the EEA was July 22, 2013, although many EEA member states took longer to adopt national legislation or otherwise implement the AIFMD in their jurisdiction. Most, but not all, EEA member states have published the relevant acts, standards and guidelines. Where these acts, standards and guidelines have been implemented, their practical application is still subject to clarification or completion. Regulatory changes arising from the transposition of the AIFMD into national law that impair the ability of the Investment Manager to manage the investments of IndiGrid, or limit the Investment Manager's ability to market Units in the future, may require increased compliance efforts and associated expenses, or otherwise may materially and adversely affect IndiGrid's ability to carry out its investment strategy and achieve its investment objectives.

The Investment Manager is a Non-EEA AIFM for the purposes of the AIFMD. Non-EEA AIFMs are currently not able to become authorised under the AIFMD. In order to market to investors resident, domiciled or with a registered office in the EEA, non-EEA AIFMs must market AIFs in accordance with the applicable national private placement regimes of the EEA member states in which they wish to market and comply with a sub-set of requirements under the AIFMD (which are much more limited in scope than those applicable to AIFMs that are established in the EEA). Such limited requirements are: (i) "point-of-sale" disclosures (as to which, please see Annexure C), (ii) ongoing investor disclosures required pursuant to Articles 23(4) and (5) of the AIFMD (as to which, please see below), (iv) provision of information relating to IndiGrid's investments and its assets under management to the regulators of any EEA Member State into which Units in IndiGrid are actively marketed, and (v) the "asset-stripping" rules (in the event that IndiGrid acquires control of an EEA based portfolio company).

The information in respect of IndiGrid required to be disclosed pursuant to Articles 23(4) and (5) of the AIFMD will be made available to each Unitholder, as follows: (a) the percentage of IndiGrid's assets which are subject to special arrangements arising from their illiquid nature will be notified to the Unitholders; (b) any new arrangements for managing the liquidity of IndiGrid will be provided without undue delay in a disclosure notice delivered to each Unitholder; (c) the current risk profile of IndiGrid and the risk management systems employed by the Investment Manager to manage those risks may be provided in each annual report of IndiGrid; (d) any changes to the maximum level of leverage which the Investment Manager may employ on behalf of IndiGrid, as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement, will be provided without undue delay in a disclosure notice delivered to each Unitholder; and (e) the total amount of leverage employed by IndiGrid may be provided in each annual report of IndiGrid.

In addition, it is possible that some EEA member states will elect in the future to restrict or prohibit the marketing of non-EEA AIFs to investors based in those jurisdictions. Any such restrictions or prohibitions may make it more difficult for IndiGrid to raise its targeted amount of commitments.

In light of the foregoing, the AIFMD could have an adverse effect on the Investment Manager or IndiGrid by, among other things, increasing the regulatory burden and costs of doing business in the EEA members states, imposing extensive disclosure obligations on companies located in EEA member states, if any, in which IndiGrid invests, and potentially disadvantaging IndiGrid as an investor in portfolio companies located in EEA member states as compared to competitors (e.g., those not in the alternative investment space) that may not be in scope of the AIFMD.

15. The Alternative Investment Fund Managers Directive may impose requirements on or restrict the use of leverage by IndiGrid and the Investment Manager.

Although the Investment Manager will seek to use leverage in relation to IndiGrid in a manner it believes is prudent, the use of leverage will generally magnify both the opportunities for gain and risk of loss from any given asset. The cost and availability of leverage is highly variable and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs that may not be covered by distributions made to IndiGrid or appreciation of its investments. An increase in interest rates may decrease the profitability of IndiGrid or its portfolio companies. The use of leverage also may impose restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, and may impair its ability to carry out business operations or to finance future operations and capital needs. A leveraged capital structure will increase a portfolio company's exposure to any deterioration in market conditions, competitive pressures, an adverse economic environment or rising interest rates, which could accelerate and magnify declines in the value of IndiGrid's investments. If a portfolio company is not able to generate adequate cash flow to meet debt service, IndiGrid may suffer a partial or total loss of capital invested in such portfolio company.

To the extent required by applicable law and regulation, the Investment Manager will disclose any change to its leverage policy (such information being contained in IndiGrid's Financial Policy and its Trust Deed) in the first annual reports of IndiGrid (or by other means) to be delivered after such change and, accordingly, will disclose in such reports (or by such other means) the maximum level of leverage permitted. Thereafter and to the extent required by applicable law and regulation, the Investment Manager will disclose to Unitholders on an annual basis any change to the maximum level of leverage permitted as well as any re-hypothecation rights or any guarantee granted under the leveraging arrangement and the total amount of leverage employed by IndiGrid. The Investment Manager will also disclose to Unitholders on an annual basis (whether in the annual reports of IndiGrid or otherwise) the percentage of IndiGrid's assets which are subject to special arrangements arising from their illiquid nature, any new liquidity management arrangements, the current risk profile of IndiGrid and the risk management systems employed to manage those risks.

16. It may be difficult for the Unitholders to remove the Trustee or the Investment Manager.

Under the InvIT Regulations, the Trustee or the Investment Manager cannot be removed without the approval of Unitholders where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against such resolution.

17. The registered office of the Investment Manager is not owned by the Investment Manager.

The registered office of SIVL is located on premises which are not owned by SIVL. Further, SIVL has not entered into any formal arrangements in respect of use of such premises as its registered office. In the event the use of such premises is considered to be in breach of the rights of the owners of such property, SIVL could be subject to adverse consequences. Any such action may adversely affect SIVL's business operations, financial condition and results of operations.

RISKS RELATED TO INDIA

1. We are exposed to risks associated with the power industry in India.

We derive, and expect to continue to derive in the foreseeable future, most of our revenues and operating profits from India. Changes in macroeconomic conditions generally impact the power industry and could negatively impact our business. Accordingly, our business is highly dependent on the state of development of the Indian economy and the macroeconomic environment prevailing in India. Changes in government policies that favor the development of power generation, including large-scale power projects that generally require increased transmission facilities for evacuating the electricity they generate, may have an adverse impact on demand for transmission facilities. Since the use of our transmission systems, our expansion plans and future power transmission projects depend or will depend on the operation of power generation projects, the financial health of distribution companies ("**DISCOMs**"), macroeconomic factors that may negatively impact demand for electricity or more generally the development of power generation projects in India or the timely commencement of their operations (such as fuel price fluctuations, volatility and other market conditions that may adversely impact power generation projects) could in turn have a material adverse effect on our growth prospects, business and cash flows. In addition, access to financing may be more expensive or not available on commercially acceptable terms during economic downturns. Any of these factors and other factors beyond our control could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

2. Our performance and growth are dependent on the factors affecting the Indian economy.

Our performance and the growth are dependent on the performance of the Indian economy, which, in turn, depends on various factors. The Indian economy has been affected by the recent global economic uncertainties, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture and various other macroeconomic factors. In addition, a recent notification issued by the GoI pursuant to which certain Indian currency notes of high denomination have stopped being legal tender and a possible cash liquidity crunch, may adversely affect India's economic growth or result in a slowdown of the Indian economy.

Conditions outside India, such as a slowdown or recession in the economic growth of other major countries and regions, especially in Europe and China, have an impact on the growth of the Indian economy, and GoI policy may change in response to such conditions. While recent Indian governments have been focused on encouraging private participation in the industrial sector, any adverse change in policy could result in a further slowdown of the Indian economy. GoI corruption, scandals and protests against certain economic reforms have occurred in the past, and could in the future slow the pace of liberalization and deregulation. The rate of economic liberalization could decrease, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. In the power transmission industry, there can be no assurance that the GoI's engagement with and outreach to private sector operators, including IndiGrid, will continue in the future. A significant change in India's economic liberalization and deregulation policies, in particular, those relating to the power transmission industry, could disrupt business and economic conditions in India generally and our business in particular.

Additionally, an increase in trade deficit or a decline in India's foreign exchange reserves could negatively impact interest rates and liquidity, which could adversely impact the Indian economy and our business. Any downturn in the macroeconomic environment in India could materially and adversely affect the business, prospects, financial condition, results of operations and cash flows.

3. We may be exposed to variations in foreign exchange rates.

While our revenues are in Indian rupees, we may also borrow funds from outside India in foreign currencies to finance their capital expenditure and working capital requirements. As of September 30, 2016, SGL1, BDTCL and JTCL on a combined basis had an aggregate of ₹ 2,710.54 million equivalent of foreign currency borrowings (as per Ind AS), which represented 6.91% of the total borrowings (including current maturities) as of September 30, 2016. The foreign currency borrowings are denominated in U.S. dollars. We may also purchase equipment from suppliers located outside India, and payment for such equipment is typically denominated in U.S. dollars. The Indian rupee has depreciated in recent years, and in the future may continue to depreciate, against the U.S. dollar, leading to increases in the Indian rupee cost for us to service and repay foreign currency borrowings. In addition, in the event of disputes under any of our foreign currency borrowings, we may be required by the terms of those borrowings to defend ourselves in foreign courts or arbitration proceedings, which could result in additional costs. A depreciation of the Indian rupee would also increase the costs of imports and may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. In addition, the our hedging policy and arrangements with respect to our foreign currency exposure may not, when implemented, fully protect us from foreign exchange rate fluctuations and there can be no assurance that we will be able to renew our current hedging arrangements, which have a five year term on satisfactory terms or at all upon expiry.

4. ***A decline in India's foreign exchange reserves may reduce liquidity and increase interest rates in India, which could have an adverse impact on us.***

Flows to foreign exchange reserves can be volatile, and past declines have adversely affected the valuation of the Indian rupee. During the first half of 2014, emerging markets including India, witnessed significant capital outflows due to concerns regarding the withdrawal of quantitative easing in the U.S. and other structural factors in India such as high current account deficits and lower growth outlook. As a result, the Indian rupee depreciated significantly. To manage the volatility in the exchange rate, the RBI took several measures including increasing the marginal standing facility rate by 200 basis points and reducing domestic liquidity. The RBI also subsequently announced measures to attract capital flows, particularly targeting the non-resident Indian community. The RBI intervened again in February 2016 as a result of increased volatility of the exchange rate. Any increased intervention in the foreign exchange market or other measures by the RBI to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves, reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our ability to obtain financing on adequate terms or at all, which in turn could affect our business and future financial performance.

5. ***Social, economic and political conditions and natural disasters could have a negative effect on our business.***

Each of the Initial Portfolio Assets is incorporated in India and they derive all of their revenue from India. In addition, all of our assets are located in India. Consequently, our business and the trading price of our Units may be adversely affected by the social, economic and political conditions in India and its neighboring countries. Specific risks, such as the following could adversely influence the Indian economy, thereby having a material adverse effect on our business, financial condition, results of operations and cash flows:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- Government interventions, including expropriation or nationalization of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing regulatory regimes;
- underdeveloped industrial and economic infrastructure;
- changes in exchange rates and controls, interest rates, government policies, taxation and economic and political developments;
- changes in policies such as, the fiscal and economic policy, industrial policy, direct and indirect taxes and the export-import policy; and
- changes in state specific regulation and conditions.

Natural disasters such as floods, earthquakes or famines have in the past had a negative impact on the Indian economy. Potential effects may include damage to infrastructure and the loss of business continuity and business information. If our facilities are affected by any of these events, our operations may be significantly interrupted, which could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

6. ***Any downgrading of India's debt rating by rating agencies could have a negative impact on our business.***

Any adverse revisions to India's credit ratings by rating agencies may adversely affect our ability to raise additional financing and the interest rates and other terms at which such additional financing is available. This could materially and adversely affect our ability to obtain financing for capital expenditure, which could in turn materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. India's sovereign debt rating could be downgraded due to various factors, including changing in tax or fiscal policy or a decline in India's foreign exchange resources, which are outside our control.

7. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively impact the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the more recent European sovereign debt crisis, has led to increased liquidity and credit concerns and volatility in the global credit and financial markets. These and other related events have had a significant adverse impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. Recent concerns relating to the U.S. Federal Reserve's decision to raise interest rates in the United States have led to increased volatility, particularly in the stock and currency markets in emerging economies. In addition, China is one of India's major trading partners, and there are rising concerns of a possible slowdown in the Chinese economy. The sovereign rating downgrades for Brazil and Russia (and the imposition of sanctions on Russia) have also added to the growth risks for these markets. These factors may also result in a slowdown in India's export growth.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

8. If inflation rises in India, increased costs may result in a decline in profits.

Inflation rates in India have been volatile in recent years, and such volatility may continue. Increasing inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses. While the escalable component of the tariff is linked to WPI and CPI, there can be no assurance that an increased escalable tariff will sufficiently offset our increased costs due to inflation which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

9. Significant differences exist between IND AS and other accounting principles, such as IFRS, Indian GAAP and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.

The Combined Financial Statements included in this Draft Offer Document are prepared and presented in conformity with IND-AS, consistently applied during the periods stated in those reports, except as otherwise provided therein, and no attempt has been made to reconcile any of the information given in this Draft Offer Document to any other principles or to base the information on any other standards. IND-AS differs from accounting principles with which prospective investors may be familiar in other countries, such as IFRS, Indian GAAP and U.S. GAAP. Accordingly, the degree to which the Combined Financial Statements included in this Draft Offer Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Draft Offer Document.

IND AS has certain differences with IFRS and Indian GAAP. In addition, as the mandated transition to IND AS is very recent, there is no significant body of established practice from which we can draw on in forming judgments regarding the implementation and application of IND AS, as compared to established IFRS or Indian GAAP generally, or in respect of specific industries, such as the power transmission industry.

10. The proposed new taxation system in India could adversely affect our business.

The GoI has proposed two major reforms in Indian tax laws, namely the goods and services tax and provisions relating to General Anti-Avoidance Rules ("**GAAR**").

The goods and services tax bill or GST, which has been approved by the Parliament, would replace the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT, surcharge and cess currently being collected by the GoI and state governments. As the related legislation for this tax remains pending, the timeline for the implementation of this tax, as well as its impact on us, is uncertain.

Taxes in India are revised every year and Indian courts may interpret such changes with a retroactive effect. The government may also change tax laws with a retrospective effect. The uncertainty surrounding the Indian tax system, combined with significant penalties for default could expose us to tax risks which may be higher than expected.

The provisions of GAAR will come into effect from April 1, 2017. The GAAR provisions can be invoked once an arrangement is regarded as an "impermissible avoidance arrangements", which is any arrangement the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which is not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the assessee, i.e. an arrangement shall be presumed, unless it is proved to the contrary by the assessee. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty and its consequent effects on us or on our Unitholders cannot be determined at present. Such effects could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

11. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002 (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition, is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which, directly or indirectly, involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or, directly or indirectly, results in bid-rigging or collusive bidding, is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. The Competition Commission of India ("**CCI**") has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, there can be no assurance as to the impact of the provisions of the Competition Act on the agreements that the Initial Portfolio Assets have entered into. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements they have entered into. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

RISKS RELATED TO THE ISSUE AND THE UNITS

1. IndiGrid may be dissolved, and the proceeds from the dissolution thereof may be less than the amount invested by the Unitholders.

IndiGrid is an irrevocable trust registered under the Registration Act and it may only be extinguished (i) if it is impossible to continue with IndiGrid or if the Trustee, on the advice of the Investment Manager, deems it impracticable to continue with us; (ii) on the written recommendation of the Investment Manager and upon obtaining the prior written consent of such number of the Unitholders as is required under the InvIT Regulations; (iii) if our Units are delisted from the Stock Exchanges; (iv) if the SEBI passes a direction to wind up IndiGrid or the delisting of the Units; or (v) in the event we become illegal. Under the Indenture of Trust, in the event of dissolution, our net assets, remaining after settlement of all liabilities, and the retention of any reserves which the Trustee deems to be necessary to discharge contingent or unforeseen liabilities, shall be paid to the Unitholders. Should IndiGrid be dissolved, depending on the circumstances and the terms upon which our assets are disposed of, there is no assurance that our Unitholder will recover all or any part of its investment.

2. The reporting requirements and other obligations of infrastructure investment trusts post-listing are still evolving. Accordingly, the level of ongoing disclosures made to and the protection granted to our Unitholders may be more limited than those made to or available to shareholders of a company that has listed its equity shares upon a recognized stock exchange in India.

The InvIT Regulations, along with the guidelines and circulars issued by the SEBI from time to time, govern the infrastructure investment trusts in India. However, as compared with the statutory and regulatory framework governing companies that have listed their equity shares on recognized stock exchanges in India, the regulatory framework applicable to infrastructure investment trusts is relatively nascent and thus, still evolving. While the InvIT Regulations were notified with effect from September 26, 2014, the guidelines and procedures in relation to a public issue of units by an infrastructure investment trust were only notified by the SEBI recently (by way of a circular dated May 11, 2016) and norms in relation to continuous disclosures and compliances were notified by SEBI on November 29, 2016.

Accordingly, the ongoing disclosures made to our Unitholders under the InvIT Regulations may differ from those made to shareholders of a company that has listed its equity shares on a recognized stock exchange in India in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the rights of our Unitholders may not be as extensive as the rights of shareholders of a company that has listed its equity shares on a recognized stock exchange in India, and accordingly, the protection available to our Unitholders may be more limited than those available to such shareholders.

3. The sale or possible sale of a substantial number of Units by the Sponsor in the public market following the lapse of its lock-up requirement could adversely affect the price of the Units.

The Sponsor is required to hold a minimum of 15% of our Units for a minimum period of three years from the date of listing pursuant to this Issue and the balance of its unitholding is required to be locked in for a period of one year.

Units will be listed on the NSE and the BSE. If the Sponsor following the lapse of its lock-up period directly or indirectly sells or is perceived as intending to sell a substantial number of its Units, or if a secondary offering of the Units is undertaken, the market price for the Units could be adversely affected.

4. No investors are permitted to withdraw or lower their Bids (in terms of quantity of Units or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the InvIT Regulations and SEBI guidelines, investors are required to pay the Bid Amount on submission of the Bid, and are not permitted to withdraw or lower their Bids (in terms of quantity of Units or the Bid Amount) at any stage after submitting a Bid, notwithstanding adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, or otherwise, at any stage after the submission of their Bids.

5. You will not be able to sell immediately on an Indian stock exchange any of the Units you purchase in the Issue until the Issue receives the appropriate trading approvals.

The Units will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Units can be listed and trading may commence. Investors' book entry, or "Demat", accounts with depository participants in India are expected to be credited and trading of the Units is expected to commence within 12 working days from the Bid/Issue Closing Date. Further, allotment of Units in the issue is subject to inter-alia, our ability to successfully undertake and complete the transactions pursuant to which we will acquire SGL1 and the Portfolio Assets, which are subject to certain conditions. There is no assurance that the Units will be credited to investors' demat accounts, or that the transactions contemplated above will be completed in time, or that trading in the Units will commence, within the time periods specified above. Any delay in obtaining final listing and trading approvals would restrict your ability to dispose of units.

6. ***Under Indian law, foreign investors are subject to restrictions that limit their ability to transfer or redeem Units, which may adversely impact the trading price of the Units.***

Under foreign exchange regulations currently in force in India, transfers of units between non-residents and residents are permitted, subject to certain limited exceptions, if they comply with the pricing and reporting requirements specified by RBI. If a transfer of units is not compliant with such pricing or reporting requirements and does not fall under any of the exceptions specified by RBI, then RBI's prior approval is required.

Additionally, unitholders who seek to convert Indian rupee proceeds from a sale of units in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

We cannot assure you that any required approval from RBI or any other Governmental agency can be obtained on any particular terms or in a timely manner, or at all.

Our Unitholders will not have the right to redeem or request the redemption of our Units while our Units are listed on the Stock Exchanges. In terms of the InvIT Regulations, an infrastructure investment trust may redeem units only by way of a buyback or at the time of delisting of units and may be subject to additional conditions and restrictions under Indian regulations.

7. ***After the Issue, the Units may experience price and volume fluctuations or an active trading market for the Units may not develop.***

There has been no public market for our Units prior to the Issue and an active trading market for the Units may not develop or be sustained after the Issue. Further, the price at which the Units are initially traded may not correspond to the prices at which the Units will trade in the market subsequent to the Issue. Listing and quotation does not guarantee that a trading market for the Units will develop, or if a market does develop, that there will be liquidity of that market for the Units. Accordingly, the Unitholders should view the Units as illiquid and must be prepared to hold these Units for an indefinite length of time.

The issue price will be determined by the Investment Manager in consultation with the BRLMs. The issue price may not be indicative of the market price of the Units upon listing. The price of the Units may fluctuate after the Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian transmission sector, changing perceptions in the market about investments in the Indian transmission sector, adverse media reports on our transmission systems or the Indian transmission sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations.

The trading price of the Units might also decline in reaction to events that affect the entire market and/or other companies in the Indian power transmission industry even if these events do not directly affect or are unrelated to our business, financial condition, cash flows or operating results.

If the market price of the Units declines significantly, investors may be unable to resell their Units at or above their purchase price, if at all. There can be no assurance that the market price of the Units will not fluctuate or decline significantly in the future.

To the extent that we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of the Units. Our failure to meet market expectations with regard to future earnings and cash distributions may materially and adversely affect the market price of the Units.

Where new Units are issued at less than the market price of the Units, the value of an investment in the Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in the Trust.

In addition, the Units are not capital-safe products and there is no guarantee that Unitholders can regain the amount invested, in full or in part. If the Trust is extinguished, it is possible that investors may lose a part or all of their investment in the Units.

8. There is no assurance that our Units will remain listed on the stock exchange.

Although it is currently intended that the Units will remain listed on the NSE and the BSE, there is no guarantee of the continued listing of the Units. Among other factors, we may not continue to satisfy the listing requirements of the Stock Exchanges. Accordingly, Unitholders will not be able to sell their Units through trading on the Stock Exchanges if the Units are no longer listed on the Stock Exchange. While the InvIT Regulations state that we must provide investors with an exit prior to delisting, the specific mechanism of such delisting and related exit offer has not yet been finalized by the SEBI. Further, under the InvIT Regulations, we are required to maintain a minimum of 20 Unitholders at all times after the listing of the Units pursuant to the Issue and certain minimum public holding requirements. Failure to maintain such minimum number of Unitholders or public holding may result in action being taken against us by the SEBI and the Stock Exchanges, including the compulsory delisting of our Units.

9. The price of the Units may decline after the Issue.

The Issue Price of the Units is determined following a book building process by agreement between the Trustee and the Lead Managers and may not be indicative of the market price for the Units after the completion of the Issue. The Units may trade at prices significantly below the Issue Price after the Issue. The trading price of the Units will depend on many factors, including:

- the perceived prospects of our business and the power transmission industry;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of our assets;
- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the infrastructure industry;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Indian infrastructure investment trust market;
- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Indian infrastructure investment trusts;
- the ability on our part to implement successfully its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the equity markets and increases in interest rates.

For these reasons, among others, the price of Units may fluctuate. To the extent that we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on our part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

In addition, the Units are not capital-protected products and there is no guarantee that Unitholders can regain the amount invested. If IndiGrid is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units.

10. Rights of Unitholders under Indian law may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and unitholders' rights may differ from those that would apply to a company in another jurisdiction. Unitholders' rights under Indian law may not be as extensive as unitholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as unitholder in an Indian company than as unitholder of a corporation in another jurisdiction.

11. Unitholders may be subject to Indian taxes arising out of capital gains on the sale of the Units.

Under current Indian tax laws, capital gains arising from the sale of units of a business trust within 36 months is taxable in India at applicable rates. However, any gain realized on the sale of listed units on a stock exchange held for more than 36 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**"), is paid on the transaction. STT is levied on and collected by a domestic stock exchange on which units are sold. Any gain realized on the sale of units held for more than 36 months, which are sold other than on a recognized stock exchange on which no STT has been paid, is subject to long term capital gains tax in India at applicable rates, subject to taxation treaty benefits in the case of a non-resident holder.

GENERAL INFORMATION

IndiGrid

IndiGrid was settled on October 21, 2016, in New Delhi pursuant to the Trust Deed as an irrevocable trust in accordance with the Indian Trusts Act, 1882. IndiGrid was registered with SEBI on November 28, 2016 under Regulation 3(1) of the InvIT Regulations and has obtained a certificate of registration from SEBI bearing number IN/InvIT/16-17/0005. The principle place of business of IndiGrid is situated at F-1, The Mira Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi 110065.

IndiGrid is an investment infrastructure trust established to hold assets in under-construction projects and completed and revenue generating projects in terms of Regulation 18(5) of the InvIT Regulations. For information on the background of IndiGrid and the description of the InvIT Assets, please see the sections entitled "*Overview of IndiGrid*" and "*Our Business*" on pages 19 and 142, respectively.

Compliance Officer of IndiGrid

The compliance officer of IndiGrid is Kriti Narula. Her contact details are as follows:

Kriti Narula
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Tel: +91 11 4996 2200
Fax: +91 11 4996 2288
E-mail: complianceofficer@indigrid.co.in

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice/letter of Allotment, non-credit of Allotted Units in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.

The Sponsor - Sterlite Power Grid Ventures Limited

Registered office:

Survey No. 68/1, Rakholi Village
Madhuban Dam Road, Silvassa
Dadra & Nagar Haveli 396230

Correspondence address:

F-1, The Mira Corporate Suites
1 & 2, Ishwar Nagar, Mathura Road
New Delhi 110065

Contact Person of the Sponsor

Ankit Poddar, the Associate Manager of the Sponsor, is the contact person of the Sponsor. Their contact details are as follows:

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The Investment Manager - Sterlite Infraventures Limited*

Registered office:

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**The board of directors of Sterlite Infraventures Limited have, subject to receipt of approval of shareholders of Sterlite Infraventures Limited, pursuant to a resolution dated November 7, 2016 approved the change in name of Sterlite Infraventures Limited to Sterlite Investment Managers Limited.*

The Project Manager – Sterlite Power Grid Ventures Limited

Registered office:

Survey No. 68/1, Rakholi Village
Madhuban Dam Road, Silvassa
Dadra & Nagar Haveli 396230

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The Trustee – Axis Trustee Services Limited

Registered Office and correspondence address

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Contact Person: Sandeep Maheshwari/ Anant Kharad
SEBI Registration No.: INM0000010650

Syndicate Members

[•]

Public Issue Bank

[•]

Escrow Collection Banks and Refund Banks

[•]

Inter-se allocation of Responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities amongst the Lead Managers for this Issue:

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Assist the Investment Manager in selecting the initial portfolio of IndiGrid; capital structuring along with the relative components and formalities, such as type of instruments, etc.	Morgan Stanley, Citi and Edelweiss	Morgan Stanley
2.	Due diligence of IndiGrid's operations/management/ business plans/legal, etc., Sponsors / Investment Managers' / Project Managers' experience, the proposed formation transactions, the proposed and future assets arrangements	Morgan Stanley, Citi and Edelweiss	Morgan Stanley
3.	Corresponding with regulatory authorities in regards to the offer document, ensuring compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC, as applicable. Coordination with regulatory and necessary Government ministries for various InvIT related issues including SEBI, Ministry of Finance, Ministry of Power, CERC	Morgan Stanley, Citi and Edelweiss	Morgan Stanley
4.	Split of sections of offer document:	Morgan Stanley, Citi and Edelweiss	
	General information, Other information	Morgan Stanley, Citi and Edelweiss	Morgan Stanley, Citi, Edelweiss
	• Risk Factors • Use of proceeds, Terms of issue, Basis of issue price • Business overview, industry overview, summary of concession agreements	Morgan Stanley, Citi and Edelweiss	Morgan Stanley
	• Financial information • Statement of tax benefits • Leverage, related party transactions, valuation • Auditors • Valuers • Parties to the trust	Morgan Stanley, Citi and Edelweiss	Citi
	• Issue information • Rights of unitholders • Legal and other information • Unit holding structure • Distribution policy	Morgan Stanley, Citi and Edelweiss	Edelweiss
5.	Appointment and coordination with the rating agencies Appointment and coordination with the valuer	Morgan Stanley, Citi and Edelweiss	Citi

Sr. No.	Activity	Responsibility	Co-ordinator
6.	Finalizing the financial and tax model and coordinating with the auditors to rebase the forecasts as per relevant accounting standards	Morgan Stanley, Citi and Edelweiss	Morgan Stanley
7.	Auditor co-ordination including historical financials, comfort letters and other certificates required from auditor and chartered accountant	Morgan Stanley, Citi and Edelweiss	Citi
8.	Appointment of Investment Manager and Project Manager, including management and board of directors	Morgan Stanley, Citi and Edelweiss	Citi
9.	Drafting and approval of all statutory advertisements	Morgan Stanley, Citi and Edelweiss	Morgan Stanley
10.	Drafting and approval of all public advertising, including corporate advertising, brochures, banners, etc.	Morgan Stanley, Citi and Edelweiss	Edelweiss
11.	Appointment of Registrar to the Issue, printers, Banker(s) to the Issue, advertising agency, credit rating agencies, (including co-ordinating all agreements to be entered with such parties).	Morgan Stanley, Citi and Edelweiss	Edelweiss
12.	Finalizing various agreements including underwriting, offering, syndicate and escrow	Morgan Stanley, Citi and Edelweiss	Citi
13.	Research analyst presentation, roadshow presentation, FAQ and script	Morgan Stanley, Citi and Edelweiss	Citi
14.	International institutional marketing of the Issue, which will cover, *inter alia*: • Institutional marketing strategy • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	Morgan Stanley, Citi and Edelweiss	Morgan Stanley / Citi
15.	Domestic institutional marketing of the Issue, which will cover, *inter alia*: • Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedules	Morgan Stanley, Citi and Edelweiss	Edelweiss
16.	Non-Institutional marketing of the Issue	Morgan Stanley, Citi and Edelweiss	Edelweiss
17.	Retail marketing of the Issue, which will cover, *inter-alia*: • Finalizing media, marketing, public relations strategy and publicity budget • Finalizing collection centers • Finalizing centers for holding conferences for brokers etc. • Deciding on the quantum of the Issue material and allocation amongst the printers and coordinating all aspects of distribution of Bid cum Application forms • Follow-up on distribution of publicity and Issue material including form, Offer Document/Final Offer Document and deciding on the quantum of the Issue material	Morgan Stanley, Citi and Edelweiss	Edelweiss
18.	Co-ordination with Stock-Exchanges for book building software, bidding terminals and mock trading and other activities	Morgan Stanley, Citi and Edelweiss	Edelweiss
19.	Managing the book and finalizing of pricing and Allocation in consultation with the Investment Manager	Morgan Stanley, Citi and Edelweiss	Edelweiss
20.	Post-issue activities, which shall involve essential follow-up steps: • including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures,	Morgan Stanley, Citi and Edelweiss	Edelweiss

Sr. No.	Activity	Responsibility	Co-ordinator
	• finalization of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks etc.		
21.	Post-Bidding restructuring to create IndiGrid, sale of Initial Portfolio Assets to IndiGrid, etc.	Morgan Stanley, Citi and Edelweiss	Morgan Stanley

Legal counsels to IndiGrid and the Sponsor as to Indian law

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5th Floor, Peninsula Chambers
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Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

Indian Legal Counsel to the Lead Managers

S&R Associates
64, Okhla Industrial Estate
Phase III
New Delhi 11 020
Tel: +91 11 4069 8000
Fax: +91 11 4069 8001

International Legal Counsel to the Lead Managers

Latham & Watkins LLP
9 Raffles Place
#42-02 Republic Plaza
Singapore 048619
Tel: +65 6536 1161
Fax: +65 6536 1171

Registrar and Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium, Tower B
Plot number 31 & 32 Gachibowli
Financial District, Nanakramguda
Hyderabad 500 032
Tel : +9140 6716 2222
Fax: +9140 2343 1551
E-mail: indigrid.invit@karvy.com
Investor Grievance E-mail: einward.ris@karvy.com
Website: https://karisma.karvy.com
Contact Person: M. Murali Krishna
SEBI Registration No.: INR000000221

Credit Rating Agencies

CRISIL Limited
CRISIL House
Central Avenue
Hiranandani Business Park

ICRA Limited
Electric Mansion, 3rd Floor
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025

Powai
Mumbai 400 076
Tel: +91 22 3342 3000
Fax: +91 22 3342 3050
E-mail: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact person: Sudip Sural
SEBI Registration No.: IN/CRA/001/1999

Tel: +91 22 6114 3406
Fax: + 91 22 2433 1390
E-mail: aghosh@icraindia.com
Website: www.icra.in
Contact Person: Anjan Ghosh
SEBI Registration No.: IN/CRA/008/2015

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Wockhardt Towers
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Website: www.indiaratings.co.in
Contact Person: Shrikant Dev, Compliance Officer
SEBI Registration Number: IN/CRA/002/1999

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For a list of branches of SCSBs named by the respective SCSBs to receive ASBA Forms from the Designated Intermediary, please refer to the above-mentioned link.

Registered Brokers

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar to the Issue

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

IndiGrid

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Investment Manager, in consultation with the Lead Managers, on the basis of assessment of market demand for the Units offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below.

Bidders are requested to also refer to the sections entitled "*Risk Factors*", "*Our Business*", and "*Combined Financial Statements*" on pages 40, 142 and 257, respectively, to make an informed investment decision.

The Price Band is ₹ [●] to ₹ [●].

Based on the evaluation of the qualitative and quantitative factors listed below, the Enterprise Value and Equity Value at the Floor Price and the Cap Price is as follows:

Particulars	At Floor Price	At Cap Price	At Issue Price
Enterprise Valuation [(1)]	[●]	[●]	[●]
Equity Value	[●]	[●]	[●]
Number of Units Issued	[●]	[●]	[●]

[(1)]*Including net debt of ₹ [●] million*

Qualitative Factors

We believe that some of the qualitative factors which form the basis for computing the Issue Price are as follows:

- Stable cash flows from assets with minimal counter party risks;
- Strong financial position;
- Ownership and location of Initial Portfolio Assets;
- Strong lineage and support from the Sponsor;
- Rights to the Sponsor's pipeline of power transmission projects; and
- Strong corporate governance, skilled and experienced Investment Manager.

For further details, please see the section entitled "*Our Business*" on page 142.

Quantitative Factors

Some of the information presented below is based on the Combined Financial Statements. For details, please see the section entitled "*Combined Financial Statements*" on page 257.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. ***Valuation provided by the Valuers***

   The Valuers have used the discounted cash flows method to determine the value of the Initial Portfolio Assets. The assumptions on which the value of the Initial Portfolio Assets is based have been disclosed in the section entitled "*Valuation Report*" set out as Annexure A to this Draft Offer Document. For further details, please refer to Annexure A to this Draft Offer Document entitled "*Valuation Report*" set out as Annexure A to this Draft Offer Document.

2. ***Enterprise Value / Cash flows from operations ratio in relation to Issue Price:***

(in ₹million)

Particulars	Amount	EV/Cash flow from operations		
		At Floor Price	At Cap Price	At Issue Price
Cash flows from operations for the financial year ended March 31, 2016	2,605.83	[●]	[●]	[●]
Cash flows from operations for the financial year ended March 31, 2018	4,255.65**	[●]	[●]	[●]
Cash flows from operations for the	4,190.90**	[●]	[●]	[●]

Particulars	Amount	EV/Cash flow from operations		
		At Floor Price	At Cap Price	At Issue Price
financial year ended March 31, 2019				
Cash flows from operations for the financial year ended March 31, 2020	3,755.12**	[●]	[●]	[●]

Cash flows from operations for the financial year ended March 31, 2016 in the above table is in accordance with the Combined Financial Statements

*** In accordance with the Projections of Revenue from Operations and Cash Flow from Operating Activities prepared by the Investment Manager. For details of the projections and notes thereto, please see the section entitled "Projections of Revenue from Operations and Cash Flow from Operating Activities" on page 319. Also See section "Risk Factors" –Risk no. 8 and 11 in Risks relating to our business.*

3. ***Comparison with Industry Peers***

Currently there are no listed infrastructure investment trusts in India. Accordingly, there is no industry comparison available in relation to IndiGrid.

PARTIES TO INDIGRID

A. The Sponsor - Sterlite Power Grid Ventures Limited

History and Certain Corporate Matters

Sterlite Power Grid Ventures Limited ("**SPGVL**") is the Sponsor of IndiGrid. The Sponsor was incorporated in India under the Companies Act, 2013 with corporate identity number U33120DN2014PLC000454. The Sponsor was originally incorporated on June 3, 2014 at Ahmedabad. The Sponsor's registered office is situated at Survey No. 68/1, Rakholi Village, Madhuban Dam Road, Silvassa, Dadra & Nagar Haveli 396230, and its principal place of business is situated at F-1, The Mira Corporate Suites 1 & 2, Ishwar Nagar, Mathura Road, New Delhi 110 065. For further details, please see the section entitled "*General Information*" on page 74.

STL, the erstwhile promoter of SPGVL, incorporated in the year 2000, entered into the business of power transmission by bidding for its first project, ENICL, and was awarded by Power Finance Corporation Limited in 2010. STL has been operating with the objective to plan, promote and develop an integrated and efficient power transmission system network in all aspects including planning, investigation, research, designing, engineering, construction, operation and maintenance of transmission lines and sub-stations in accordance with the policies and guidelines laid down by the Central Government from time to time. After the accumulation of number of projects in the group and in order to restructure the transmission business of STL, the Sponsor was incorporated in June, 2014. All the entities won through bidding process were transferred to the relevant subsidiaries of the Sponsor with an objective to set up and develop separate, systematic, efficient, economical, and organised line of business of STL to solely operate in development of power transmission network in the different parts of India.

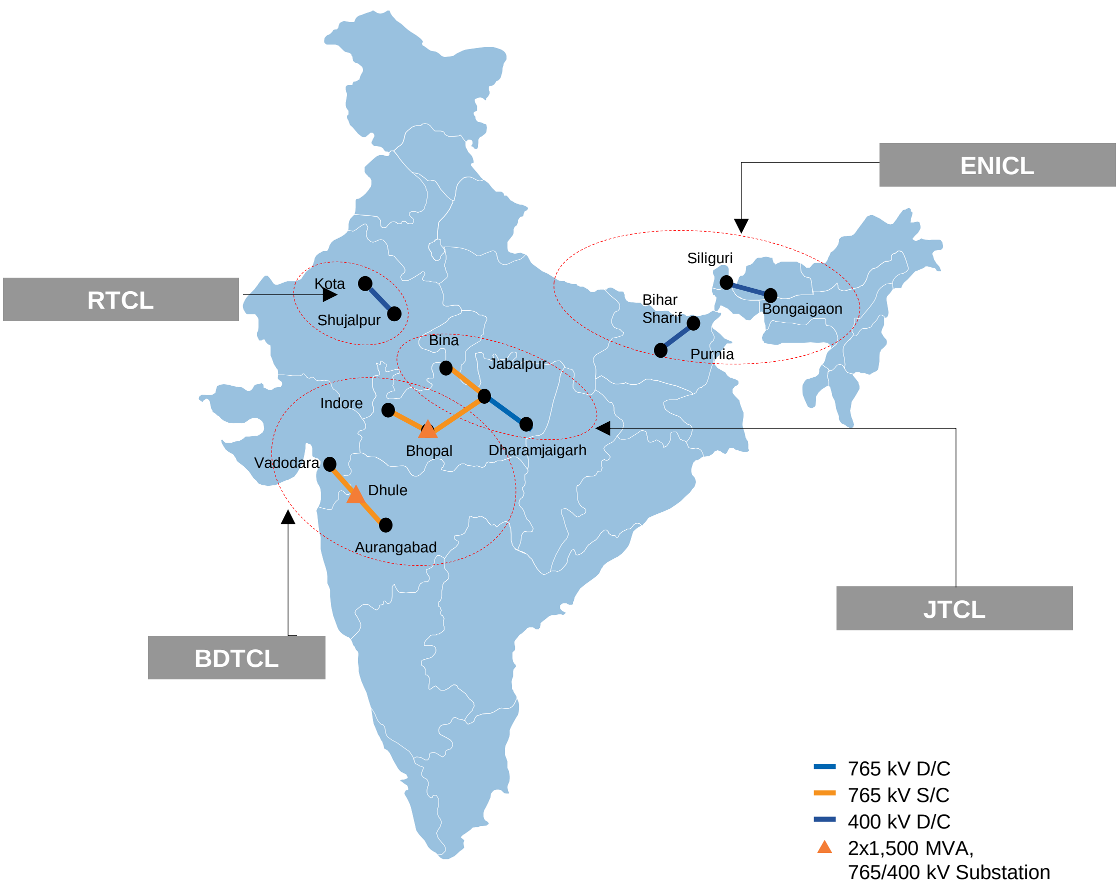
On May 18, 2015, the board of directors of STL and SPTL approved a Scheme of Arrangement between STL, SPTL and their respective shareholders and creditors ("**Scheme**"). In accordance with the Scheme, the power products and transmission grid business of STL were demerged pursuant to provisions of Sections 391 to 394 of the Companies Act, 1956 read with Sections 100 to103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013, and other applicable provisions of the Companies Act. The High Court of Bombay approved the Scheme through order dated April 22, 2016. The effective date of the Scheme was May 23, 2016. Accordingly, SPTL holds approximately 73.2% of the issued and paid-up equity share capital of SPGVL on a fully diluted basis.

Background of the Sponsor

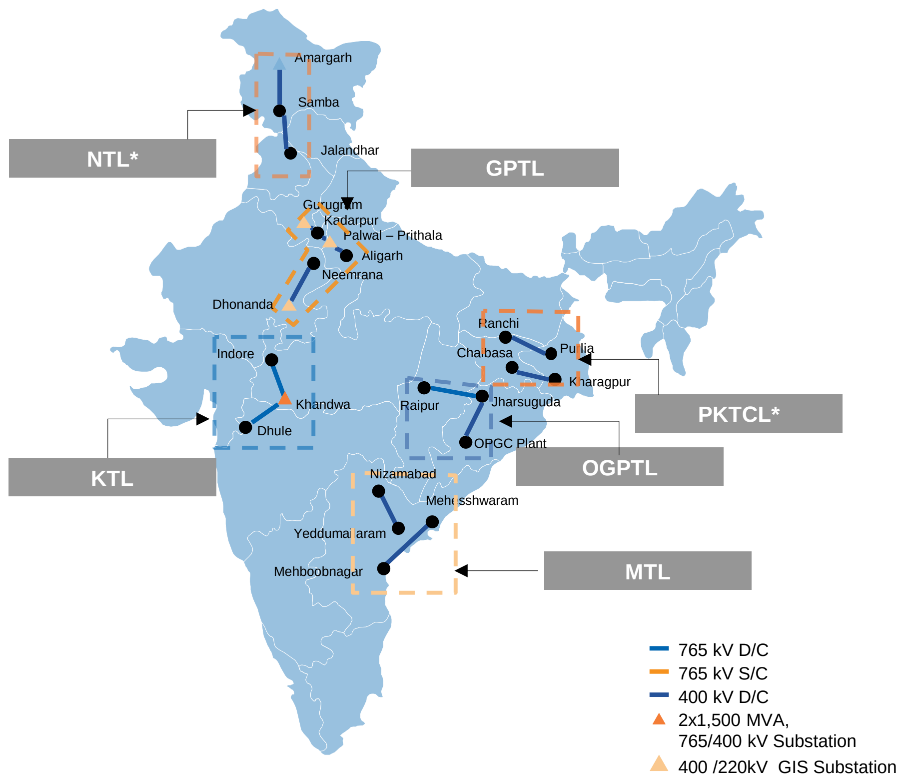
Our Sponsor is one of the leading power transmission companies in the private sector. Our Sponsor owns ten inter-state power transmission projects with a total network of 29 power transmission lines of approximately 6,767 ckms and seven substations having approximately 12,630 MVA of transformation capacity. Our Sponsor generated consolidated total income of ₹ 5.06 billion in Fiscal 2016 and had total consolidated assets of ₹ 66.27 billion as at March 31, 2016.

The following diagrams illustrate the Sponsor's currently operational and under-construction projects and their locations within India:

Operational Assets (Indicative Map)



Partly Operational and Under-construction Assets (Indicative Map)



** Partly operational*

Further, the Sponsor has deployed aerial technologies such as stringing of transmission lines using helicopters in the past. This involves using a helicopter to erect towers as well as string conductors aerially on transmission towers, allowing speedier execution of works, especially in remote and difficult terrain. This results in considerable time savings achieved in pulling conductors by a helicopter as compared to other manual methods used in the conventional projects. Such technologies minimize social and environmental disturbances during the installation of transmission lines and helps complete the project much ahead of the schedule.

The Sponsor has used helicopter stringing in BDTCL project, a part of Initial Portfolio Assets and tower erection in NTL project, which is part of the ROFO assets.

The Sponsor also deploys thermo-vision scanning, puncture insulator detector and corona measurement devices for preventive maintenance and follows prudent maintenance practices, which ensures improved business performance, reduce costs and also increases revenues generated by the Initial Portfolio Assets by maintaining high transmission availability. Maintenance of high availability rates, entitles projects to receive an incentive payment under the applicable TSA and tariff regulations.

JTCL and BDTCL which are proposed to be transferred by the Sponsor (by transferring SGL1), to be held by IndiGrid, are completed and are operational and revenue generating. For details of these projects, please see the section entitled "*Our Business*" on page 144.

In accordance with the eligibility criteria specified under the InvIT Regulations, the Sponsor had a consolidated net worth of not less than ₹ 1.00 billion as on March 31, 2016. The consolidated net worth (i.e. the total of share capital and consolidated reserves and surplus) of the Sponsor as on March 31, 2016 was ₹ 16.33 billion. The Sponsor has experience of at least five years through ENICL, an Associate of the Sponsor and the Sponsor has been a developer of power transmission assets with at least two projects of the Sponsor have been completed.

Further, neither the Sponsor nor any of the promoters or directors of the Sponsor (i) are debarred from accessing the securities market by SEBI; (ii) are promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; or (iii) are in the list of wilful defaulters published by the RBI.

B. The Trustee – Axis Trustee Services Limited

History and Certain Corporate Matters

Axis Trustee Services Limited is the Trustee in respect of IndiGrid. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee having registration number IND000000494 and is valid until suspended. The Trustee's registered office and principal place of business is situated at Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025. The Trustee is a wholly-owned subsidiary of Axis Bank Limited.

Background of the Trustee

The Trustee's services are aimed at catering to the individual needs of the client and enhancing client satisfaction. As Trustee, it ensures compliance with all statutory requirements and believes in the highest ethical standards and best practices in corporate governance. It aims to provide best services in the industry with its well trained and professionally qualified staff with a sound legal acumen. The Trustee is involved in varied facets of debenture and bond trusteeships, including, advisory functions and management functions. The Trustee also acts as a security trustee and is involved in providing services in relation to security creation, compliance and holding security on behalf of lenders.

The Trustee is also involved in providing services as (i) a facility agent for complex structured transactions with advice on suitability of the transaction on operational aspects; (ii) an escrow agent; (iii) a trustee to alternative investment funds; (iv) custodian of documents as a safekeeper; (v) monitoring agency; and (vi) a family office.

The Trustee confirms that it has and undertakes to ensure that it will at all times, maintain adequate infrastructure personnel and resources to perform its functions, duties and responsibilities with respect to IndiGrid, in accordance with the InvIT Regulations, the Trust Deed and other applicable law.

The Trustee is not an Associate of the Sponsor or the Investment Manager. Further, neither the Trustee nor any of the promoters or directors of the Trustee (i) are debarred from accessing the securities market by SEBI; (ii) is a promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; or (iii) are in the list of wilful defaulters published by the RBI.

Board of Directors of the Trustee

The board of directors of the Trustee is entrusted with the responsibility for the overall management of the Trustee. Please see below the details in relation of the board of directors of the Trustee:

Sr. No.	Name	DIN
1.	Srinivasan Varadarajan	00033882
2.	M. Raghuraman	07397084
3.	Ram Bharoseylal Vaish	00150310
4.	Rajaraman Viswanathan	01308488
5.	Sidharth Rath	00682901
6.	Asokraj Selvaraj Thanjavur	02741752

Key Terms of the Trust Deed

The Trustee has entered into the Trust Deed, in terms of the InvIT Regulations, the key terms of which, are provided below:

1. *Powers of the Trustee*

The Trustee has been provided with various powers under the Trust Deed in accordance with the Indian Trusts Act, 1882 and the InvIT Regulations, including but not limited to:

(i) The Trustee shall, in relation to IndiGrid, have all powers that a person competent to contract acting as a legal and beneficial owner of such property.

(ii) The Trustee shall have the power to determine, in accordance with the Investment Management Agreement and the investment objectives, distributions to Unitholders and other rights attached to the Units in compliance with the InvIT Regulations.

(iii) The Trustee shall oversee voting of Unitholders.

(iv) The Trustee shall have the power to do the following, which may be delegated to the Investment Manager: (a) cause the offering of the Units through the offer documents; (b) issue and allot units; (c) cause the offer documents to be provided to Bidders; (d) summon and conduct meetings of the Unitholders; and (e) approve transfer of Units.

(v) The Trustee shall have the power to make such reserves out of the income or capital as the Trustee may deem proper.

(vi) The Trustee shall invest and hold Portfolio Assets and shall be empowered to make investment decisions.

(vii) The Trustee shall have the power to employ and pay at the expense of IndiGrid, any agent in any jurisdiction whether attorneys, solicitors, brokers, banks, trust companies or other agents.

(viii) The Trustee shall, on behalf of IndiGrid, appoint an investment manager to manage IndiGrid and shall oversee the activities of the investment manager so appointed.

(ix) The Trustee shall, on behalf of IndiGrid, appoint a project manager for the operation and management of IndiGrid and shall oversee the activities of the project manager so appointed.

(x) The Trustee may appoint a custodian in order to provide custodian services.

(xi) The Trustee shall have the power and duty to pay all such duties, fee or taxes (and any interest or penalty chargeable thereon) as well as to create any reserves for future potential tax liability out of IndiGrid or the income thereof, or to the extent of the amount invested in the Units by the Unitholders, as may be permitted under applicable law.

(xii) The Trustee shall, subject to the advice of the Investment Manager, have the power to pay expenses of IndiGrid out of the funds held by IndiGrid.

(xiii) The Trustee shall, in discharge of its duties, have the power to take the opinion of legal/tax counsel in any jurisdiction.

(xiv) The Trustee may sell, rent or buy any property, or borrow property from or carry out any other transaction with the trustees of any other trust or the executors or administrators of any estate.

(xv) The Trustee shall have the power to effect compromises, including by accepting property before the time at which it is transferable or payable or compromising, compounding, abandoning or otherwise settling any claim or thing whatsoever relating to IndiGrid or the Trust Deed.

(xvi) The Trustee shall, subject to the advice of the Investment Manager, have the power to borrow funds including any subordinated equity or other fund from any person or authority (whether Government or otherwise, whether Indian or overseas).

(xvii) Subject to the conditions laid down in any offer document or placement memorandum, and InvIT Regulations, the Trustee may, subject to any advice of the Investment Manager, retain any proceeds received by IndiGrid from any Portfolio Asset.

(xviii) The Trustee shall cause the Depository to maintain the Depository Register.

(xix) The Trustee shall advise the Investment Manager in relation to the appointment of Valuer, Auditors, registrar and transfer agent, merchant bankers, custodian, Credit Rating Agency and any other intermediary or service provide or agent.

(xx) The Trustee may, make rules to give effect to, and carry out the investment objectives, which may be delegated to the investment manager, including, the (a) manner of maintaining of the records and particulars of the Unitholders; (b) norms of investment by IndiGrid in accordance with the Investment Objectives of IndiGrid and in accordance with the powers and authorities of the Trustee; (c) matters relating to entrustment / deposit or handing over of any securities or special purpose vehicles of IndiGrid to any one or more custodians and the procedure relating to the holding thereof by the custodian; (d) such other administrative, procedural or other matters relating to the administration or management of the affairs of IndiGrid and which matters are not by the very nature required to be included or provided for in the Trust Deed or by the management thereof and which matters are not in consistent provisions thereof; (e) procedure for seeking the vote of the Unitholders either by calling a meeting or through postal ballot or otherwise; and (f) procedure for summoning and conducting meetings of Unitholders.

(xxi) The Trustee shall review the reports required in terms of InvIT Regulations and applicable law and make relevant intimations to SEBI in this regard.

(xxii) The Trustee shall have the power to open one or more bank accounts for the purposes of IndiGrid.

(xxiii) The Trustee shall have the power to take up with SEBI or with the stock exchange(s) as applicable, any matter which has been approved in any meeting of Unitholders, if the matter requires such action.

(xxiv) The Trustee shall also have the following powers and authorities:

(a) to institute, conduct, compromise, compound, or abandon any legal proceedings for or on behalf of or in the name of IndiGrid or the Trustee, and to defend, compound or otherwise deal with any such proceedings against IndiGrid or Trustee or its officers or concerning the affairs of IndiGrid, and also to compound and allow time for payment or satisfaction of any equity due and of any claims or demands by or against IndiGrid and observe and perform in relation to any decisions thereof;

(b) to make and give receipts, releases and other discharges for moneys payable to IndiGrid and for the claims and demands of IndiGrid;

(c) to enter into all such negotiations and contracts, and, execute and do all such acts, deeds and things for or on behalf of or in the name of IndiGrid as the Trustee may consider expedient for or in relation to any of the matters or otherwise for the purposes of IndiGrid;

(d) to sign, seal, execute, deliver and register according to law all deeds, documents, agreements, and assurances in respect of IndiGrid;

(e) to negotiate, sign, seal, execute and deliver documents in relation to IndiGrid, including but not limited to, any issue agreement, share purchase agreement, services agreement, deed of right of first offer, debenture subscription agreement, escrow agreement, underwriting agreement, loan documentation, draft offer document, offer document, final offer document or any other deed, agreement or document in connection with IndiGrid or the Units, including any amendments, supplements or modifications thereto; and

(f) take into their custody and/or control all the capital, assets, property of IndiGrid and hold the same in trust for the Unitholders in accordance with the Trust Deed and InvIT Regulations.

(xxv) Subject to Applicable law, the Trustee may at any time, buyback the Units from the Unitholders.

(xxvi) The Trustee may, delegate to any committee or any other person, any powers set out above and the duties set out below, or as available to it under InvIT Regulations and applicable laws. Any action taken by such committee or persons in respect of IndiGrid shall be construed as an act done by the Trustee except in case of gross negligence or wilful misconduct or fraud on part of such person, in which case of gross negligence or wilful misconduct or fraud on part of such person, such persons shall indemnify IndiGrid and the Unitholders

(xxvii) The Trustee has all such powers as it may be required to exercise under InvIT Regulations for the time being in force and do all such matters and things as may promote IndiGrid or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Trust Deed.

2. *Duties of the Trustee*

The Trustee shall perform its duties as required under the Trust Deed in accordance with the Indian Trusts Act, 1882 and the InvIT Regulations, including but not limited to:

(i) The Trustee shall use best endeavours to carry on and conduct its business in a proper and efficient manner in the best interest of the Unitholders.

(ii) The Trustee shall, on behalf of IndiGrid, enter into various agreements, including the Investment Management Agreement, Project Implementation and Management Agreement and other documents.

(iii) The Trustee shall appoint an investment manager and project manager in terms of the InvIT Regulations and may delegate its responsibilities to the investment manager and project manager in writing.

(iv) The Trustee shall ensure the investment manager performs its obligations in accordance with the InvIT Regulations, including compliance with the reporting and disclosure requirements, reviewing transactions and valuation reports, monitoring the functioning of IndiGrid, administrative responsibilities under the InvIT Regulations and other compliances prescribed under the InvIT Regulations and other applicable laws.

(v) The Trustee shall oversee activities of the project manager in terms of InvIT Regulations and receive relevant records and information from the project manager.

(vi) The Trustee shall provide SEBI and the stock exchange(s), where applicable, such information as may be sought by SEBI or by the stock exchange(s) pertaining to the activity of IndiGrid and comply with the intimation requirements under the InvIT Regulations.

(vii) The Trustee shall at all times exercise due diligence in carrying out its duties and protecting the interests of the Unitholders.

(viii) The Trustee shall ensure that subscription amount is kept in a separate bank account in name of IndiGrid and is only utilised for adjustment against allotment of Units or refund of money to the applicant till the time such Units are listed and the same will be utilised for objectives of the offering as will be mentioned in the offer document.

(ix) The Trustee shall cause the books of accounts of IndiGrid to be in accordance with the Trust Deed and the InvIT Regulations.

(x) The Trustee shall ensure that all acts, deeds and things are done for the attainment of the investment objective of IndiGrid and in compliance with InvIT Regulations and to secure the best interests of the Unitholders.

(xi) The Trustee shall file such reports as may be required by SEBI or any other regulatory authority or as required under InvIT Regulations with regard to the activities carried on by IndiGrid.

(xii) The Trustee shall periodically review the status of the Unitholders' complaints and their redressal undertaken by the Investment Manager.

(xiii) The Trustee and its directors, officers, employees and agents shall at all times maintain the greatest amount of confidentiality as regards the activities and assets of IndiGrid and such other matter connected with them.

(xiv) The assets and liabilities of IndiGrid shall at all times be segregated from the assets and liabilities of the Trustee and the assets and liabilities of other trusts managed by the Trustee.

(xv) The Trustee shall ensure that the remuneration of the Valuer is not linked to or based on the value of the asset being valued.

(xvi) The Trustee shall not invest in Units of IndiGrid.

(xvii) The Trustee shall ensure that the activity of IndiGrid is being operated in accordance with the provisions of the Trust Deed, InvIT Regulations, other Applicable law and documents in relation to IndiGrid and in case of any discrepancy, it shall inform SEBI immediately in writing.

(xviii) The Trustee shall maintain records in accordance with InvIT Regulations.

3. *Rights of the Trustee*

The Trustee shall have the following rights:

(i) The Trustee may, in the discharge of its duties, act upon any advice obtained in writing from any bankers, accountants, brokers, lawyers, professionals, consultants, or other experts acting as advisers to the Trustee.

(ii) Subject to applicable law, no Unitholder shall be entitled to inspect or examine IndiGrid's premises or properties without the permission of the Trustee, who shall give such permission, if necessary, in consultation with the Investment Manager. Further, no Unitholder shall be entitled to require discovery of any information respecting any detail of IndiGrid's activities or any matter which may relate to the conduct of the business of IndiGrid and which information may, in the opinion of the Trustee and the Investment Manager adversely affect the interest of the Unitholder.

(iii) The Trustee shall be entitled to reimburse itself and shall be entitled to charge IndiGrid, and shall be entitled to be indemnified and be kept indemnified from IndiGrid and from any distributions made by IndiGrid to the Unitholders, with the expenses, outgoings, taxes, levies, and liabilities (including indemnity obligations of IndiGrid, if any) as set out in the Trust Deed.

4. *Liabilities of the Trustee*

The liabilities of the Trustee in terms of the Trust Deed are as follows:

(i) The Trustee shall only be chargeable for such monies, stocks, funds and securities as the Trustee shall have actually received and shall not be liable or responsible for any banker, broker, custodian or other person in whose hands the same may be deposited or placed, nor for the deficiency or insufficiency in the value of any investments of IndiGrid nor otherwise for any involuntary loss.

(ii) The Trustee shall not be under any liability on account of anything done or omitted to be done or suffered by the Trustee in good faith in accordance with, or in pursuance of any request or advice of the Investment Manager.

(iii) The Trustee may accept as sufficient evidence for the value of any investment or for the cost price or sale price thereof or for any other fact within its competence, a certificate by a Valuer or a stockbroker or any other professional person appointed by the Investment Manager for the purpose.

(iv) The Trustee shall not be under any obligation to institute, acknowledge the service of, appear in, prosecute or defend any action, suit, proceedings or claim in respect of the provisions hereof or in respect of the InvIT Assets or any part thereof or any corporate action which in its opinion would or might involve it in expense or liability unless the Investment Manager shall so request in writing and the Trustee is satisfied that the value of the investment is sufficient to provide adequate indemnity against costs, claims, damages, expenses or demands to which it may be put as Trustee as a result thereof.

(v) The Trustee shall not be liable in respect of any action taken or damage suffered by it on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or (without being limited in any way by the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities.

(vi) The Trustee shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (which legally or otherwise) it shall be directed or requested to do or perform or to forbear from doing or performing.

(vii) The Trustee shall not be responsible to any Unitholder for the authenticity of any signature affixed to any document or be in any way liable for any forged or unauthorized signature on or for acting upon or giving effect to any such forged or unauthorized signature.

(viii) The Trustee shall not be prevented from acting as trustee of other trusts or alternate investment funds or venture capital funds or private equity funds or real estate investments trusts or InvITs or private trusts or customised fiduciary trusts separate and distinct from IndiGrid, and retaining for its own use and benefit all remuneration, profits and advantages which it may derive therefrom, as permitted under Applicable law.

(ix) The Trustee shall not be liable to the Unitholders or to any other party as a result of such compliance or in connection with such compliance in respect of providing any information regarding IndiGrid and/or the Sponsor and/or Unitholders, IndiGrid investments and income therefrom and provisions of these presents and complies with such request in good faith.

(x) The Trustee shall not incur any liability for any act or omission or (as the case may be) failing to do any act or thing which may result in a loss to a Unitholder (by reason of any depletion in the value of the InvIT Assets or otherwise), except in the event that such loss is a direct result of fraud, gross negligence or wilful default on the part of the Trustee or results from a breach by the Trustee of the Trust Deed, as determined by a court of competent jurisdiction.

(xi) If the Trustee engages any external advisors or experts (in accordance with the Trust Deed), to discharge its obligations under the Trust Deed, or undertakes any work which is not covered within the scope of work of the Trustee under the Trust Deed and such additional work is beyond the obligations of the Trustee under Applicable law, the Trustee shall be entitled to recover such costs, charges and expenses which the Trustee may incur in this regard, from the funds of IndiGrid.

(xii) It is hereby clarified that the liability of the Trustee shall be limited to the extent of the fee received by it, in all circumstances whatsoever except in case of any gross negligence or wilful misconduct or fraud on the part of the Trustee as settled by a court of competent jurisdiction.

5. *Provisions relating to Unitholders*

(i) The aggregate liability of each Unitholder in IndiGrid shall be limited to making the capital contribution payable by it in respect of the Units subscribed by it.

(ii) Each Unit allotted to the Unitholders shall have one vote for any decisions requiring a vote of Unitholders.

(iii) In no event shall the Trustee or the Investment Manager be bound to make payment to any Unitholder, except out of the funds held by it for that purpose under the provisions of the Trust Deed.

(iv) A Unitholder whose name and account details are entered in the depository register shall be the only person entitled to be recognised by the Trustee as having a right, title, interest in or to the Units registered in his name and the Trustee shall recognise such holder as an absolute owner and shall not be bound by any notice to the contrary and shall also not be bound to take notice of or to see to the execution of any trust, express or implied, save as expressly provided or as required by any court of competent jurisdiction to recognise any trust or equity or interest affecting the title of the Units.

(v) The Unitholders shall not give any directions to the Trustee or the Investment Manager (whether in a meeting of Unitholders or otherwise) if it would require the Trustee or the Investment Manager to do or omit doing anything which may result in: (a) IndiGrid or the Trustee, in its capacity as the trustee of IndiGrid or the Investment Manager, in its capacity as the investment manager of IndiGrid ceasing to comply with applicable law; (b) interference with the exercise of any discretion expressly conferred on the Trustee by the Trust Deed or the Investment Manager by the Investment Management Agreement, or the determination of any matter which requires the agreement of the Trustee or the Investment Manager, provided that this shall not limit the right of the Unitholder to require the due administration of IndiGrid in accordance with the Trust Deed.

(vi) The depository register shall (save in case of manifest error) be conclusive evidence of the number of Units held by each depositor and in the event of any discrepancy between the entries of the depository register and any statement issued by the depository, the entries in the depository register shall prevail unless the depositor proves to the satisfaction of the Trustee and the depository that the depository register is incorrect.

(vii) The Unitholders shall have the right to call for certain matters to be subject to their consent, in accordance with the InvIT Regulations and applicable law.

(viii) The Unitholders may, in accordance with the provisions of the documents of IndiGrid and applicable law, transfer any of the Units to an investor where such investor accepts all the rights and obligations of the transferor and the Trustee or the Investment Manager shall give effect to such transfer in accordance with applicable law.

(ix) The Trustee shall and shall ensure that the Investment Manager obtains the consent of the Unitholders for the matters prescribed under the InvIT Regulations in accordance with the provisions of the InvIT Regulations.

6. *Indemnity*

In addition to the fee, distributions and expense reimbursements described in the Trust Deed, the InvIT Assets shall be utilized to indemnify and hold harmless the Trustee, the Sponsor and any of their respective officers, directors, shareholders, sponsors, partners, members, employees, advisors and agents ("**Indemnified Parties**") from and against any claims, losses, costs, damages, liabilities and expenses, including legal fee ("**Losses**") suffered or incurred by them by reason of their activities on behalf of IndiGrid suffered or incurred by the Trustee in relation to any proceedings, unless such Losses resulted from fraud, gross negligence or willful misconduct of the Indemnified Parties as determined by a court of competent jurisdiction.

7. *Termination*

The InvIT is subject to dissolution and termination in accordance with and subject to the InvIT Regulations and applicable law:

(i) if IndiGrid fails to make any offer of Units, whether by way of public issue or private placement, within the time period stipulated in the InvIT Regulations or any other time period as specified by SEBI, IndiGrid shall surrender its certificate to SEBI and cease to operate as an investment infrastructure trust, unless the period is extended by SEBI;

(ii) upon the liquidation of InvIT Assets;

(iii) if there are no projects remaining under IndiGrid and IndiGrid does not invest in any project for six months thereafter;

(iv) delisting of the Units in accordance with Regulation 17 of the InvIT Regulations; or

(v) illegality of IndiGrid.

C. The Investment Manager – Sterlite Infraventures Limited

History and Certain Corporate Matters

Sterlite Infraventures Limited is the Investment Manager for IndiGrid. The Investment Manager is a public company incorporated in India under the Companies Act, 1956, with corporate identity number U28113TN2010PLC083718. The Investment Manager was originally incorporated as MALCO Industries Limited on April 22, 2010 at Chennai. Subsequently, the name of the Investment Manager was changed to Sterlite Infraventures Limited and a new certificate of incorporation was issued on January 23, 2012. The Investment Manager's registered office is situated at Malco Industries Limited, Sipcot Industrial Complex, Madurai Bypass Road, Tuticorin, Thoothukudi, Tamil Nadu 628 002, India, its correspondence address is F-1, The Mira Corporate Suites 1 & 2, Ishwar Nagar, Mathura Road New Delhi 110 065. The Investment Manager has experience in provided advisory services for bids.

The board of directors of Sterlite Infraventures Limited have, subject to receipt of approval of shareholders of Sterlite Infraventures Limited, pursuant to a resolution dated November 7, 2016, approved the change in name of Sterlite Infraventures Limited to Sterlite Investment Managers Limited.

Background of the Investment Manager

SIVL has previously been involved in providing advisory services within the Sterlite group for bids, including in relation to power transmission projects across India, mega power plant projects and certain renewable energy projects.

Additionally, SIVL has made representations to various government agencies in relation to the bidding procedure. Such representations were in the form of general advisory and recommendations in relation to improving the existing bidding process implemented by governmental agencies in relation to infrastructure projects and the existing regulatory framework relating to certain infrastructure sectors, specifically aimed at improvement of private participation and investment in such infrastructure sectors.

The Investment Manager has not less than two employees, who have at least five years of experience each, in the field of fund management or advisory services or development in the infrastructure sector, and not less than one employee who has at least five years of experience in the relevant sub-sector in which IndiGrid proposes to invest, namely power transmission projects in India. Further, not less than half the directors of the Investment Manager are independent, and are not directors or members of the governing board of another infrastructure investment trust. The Investment Manager proposes to conduct operations pertaining to IndiGrid from F-1, The Mira Corporate Suites 1 & 2, Ishwar Nagar, Mathura Road New Delhi 110 065. The net worth of the Investment Manager as on September 22, 2016 was ₹ 100.19 million.

The Investment Manager confirms that it has, and undertakes to ensure that it will at all times maintain, adequate infrastructure, personnel and resources to perform its functions, duties and responsibilities with respect to the management of IndiGrid, in accordance with the InvIT Regulations, the Investment Management Agreement and applicable law.

Neither the Investment Manager nor any of the promoters or directors of the Investment Manager (i) are debarred from accessing the securities market by SEBI; (ii) are promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; or (iii) are in the list of wilful defaulters published by the RBI.

Board of Directors of the Investment Manager

The board of directors of the Investment Manager is entrusted with the responsibility for the overall management of the Investment Manager. Please see below the details in relation of the board of directors of the Investment Manager:

Sr. No.	Name	DIN
1.	Rahul Asthana	00234247
2.	Tarun Kataria	00710096
3.	Kuldip Kaura	00006293
4.	Pratik Agarwal	03040062

Brief Biography of the Directors of the Investment Manager

Please see below a brief biography of the directors of the Investment Manager:

1. ***Rahul Asthana***

Rahul D. Asthana, IAS (Retd.), was appointed as an Additional Independent Director on the board of the Investment Manager on October 29, 2016. He holds a Master's degree in Business Administration in International Business from ICPE University of Ljubljana, Slovenia and a bachelor's degree in Technology (Aeronautical) from Indian Institute of Technology, Kanpur. Currently, he serves as a Non-Executive Director at Mahindra Vehicles Manufacturing Limited, Binani Industries, Aegis Logistics, NBS International and Mumbai Metro Rail Corporation Limited. Previously, he served as the Metropolitan Commissioner of Mumbai Metropolitan Region Development Authority between 2011 and 2013 where his primary role was planning for the Mumbai Metropolitan region and implementation of large infrastructure projects. He served as the Chairman of Mumbai Port Trust from 2008 to 2011 where he was heading operations and management of Mumbai Port. He was responsible for the formulation and approvals for new projects of capacity addition and implementation of large projects on Public Private Partnership basis. He has also served as the Principal Secretary, Energy of Government of Maharashtra and was responsible for formulating the Renewable Energy Policy for the State of Maharashtra. He has also served as the Chief Executive Officer and General Manager of Brihanmumbai Electric Supply and Transport dealing with distribution of Power in South Mumbai and Bus Transport in Greater Mumbai.

2. ***Tarun Kataria***

Tarun Kataria was appointed as an Additional Independent Director on the board of the Investment Manager on October 29, 2016. He holds a Masters of Business Administration degree in Finance from The Wharton School of the University of Pennsylvania and is a Chartered Accountant. He is also Independent Non-Executive Director of Mapletree Logistics Trust Management Ltd., manager of Mapletree Logistics Trust, an entity listed on the Singapore Stock Exchange. He is also Independent Non-Executive Director and Chairman of the Audit Committee of HSBC Bank (Singapore) Ltd. In India, he is Independent Non-Executive Director of Westlife Development Limited (and Chair of the Risk Management Committee) and Poddar Housing and Development Limited. He has almost 30 years of investment banking and capital markets experience in New York, Hong Kong, Singapore and Mumbai. He was previously CEO India of Religare Capital Markets Limited. Prior to this he was Managing Director and Head of Global Banking and Markets at HSBC India, Vice Chairman of HSBC Securities and Capital Markets Private Limited and Non-Executive Director of HSBC InvestDirect Limited. Before moving to India, Mr. Kataria was based in Hong Kong as Managing Director and Head of Institutional Sales, Asia Pacific for HSBC Global Markets responsible for all client facing activity in foreign exchange, derivatives, equities and fixed income.

3. ***Kuldip K. Kaura***

Kuldip K. Kaura was appointed as an Additional Non-executive Director on the board of the Investment Manager on October 28, 2016. He holds a bachelor's degree in Mechanical Engineering from Birla Institute of Technology & Science, Pilani. He is a business leader with rich experience in cement, natural resources and power generation and transmission sectors. Kuldip served as the Chief Executive Officer and Managing Director of ACC Limited from August 13, 2010 to August 13, 2014. He served as the Director and Chief Executive Officer of Vedanta from March 2005 to September 2008 and as the Chief Operating Officer of Vedanta Resources Plc. and Managing Director of Sterlite Industries India Limited. He has also served as Managing Director of Hindustan Zinc Limited from April 2002 to March 2004. Before joining the Vedanta group, he was the Managing Director and Country Manager of ABB India Limited. He has served as a member of the National Council of Confederation of Indian Industries and is an office-bearer of other such professional bodies.

4. ***Pratik Agarwal***

Pratik Agarwal is an Executive Director of the Investment Manager and had been appointed on July 19, 2011 and has been appointed as the Chief Executive Officer of the Investment Manager since November 7, 2016. He holds a Masters degree in Business Administration from London Business School and a Bachelor's degree from Wharton Business School. He has also been the Managing Director and Chief Executive Officer of Sterlite Power Transmission Limited since June 2016. He is also the vice-chairman of Sterlite Power Grid Ventures Limited. Pratik Agarwal has over 10 years of experience in building core infrastructure businesses in ports, power transmission and broadband sector in India. He has been instrumental in transforming the way infrastructure projects – especially power transmission are built by deploying global technologies like LiDAR survey, heli-stringing and helicrane construction. Pratik Agarwal is also the Chairman of the Transmission Task Force constituted by FICCI.

Brief profiles of the* Key personnel *of the Investment Manager

In addition to Pratik Agarwal, the Chief Executive Officer of SIVL, please see below the details of the other key personnel of SIVL.

1. ***Harsh Shah***

Harsh Shah was appointed as the Chief Financial Officer of the Investment Manager on November 7, 2016 and is also the Chief Financial Officer of Sterlite Power Transmission Limited, the holding company of the Investment Manager. He holds a Masters' degree in Business Administration from the National University of Singapore and a bachelor's degree in electrical engineering from the Nirma Institute of Technology, Gujarat University. He has approximately 10 years of experience in private equity financing, mergers and acquisitions, infrastructure financing, regulatory and macroeconomic policy issues with a focus on the infrastructure sector. Prior to joining Sterlite, Harsh Shah has worked with Larsen & Toubro Limited, L&T Infrastructure Finance Company Limited and Procter & Gamble International Operations Pte. Limited.

2. ***Ashish Gupta***

Ashish Gupta was appointed as Strategy Lead of the Investment Manager on November 17, 2016. He has been associated with Sterlite Power Grid Ventures Limited since May 27, 2015. He completed his Post Graduate Diploma in Management from Indian Institute of Management, Calcutta and holds a Bachelor's degree in Manufacturing Processes and Automation Engineering from the Netaji Subhas Institute of Technology, University of Delhi. He has cleared all three levels of CFA from CFA Institute, USA. He has 7 years of experience in private equity, mergers and acquisitions, corporate strategy, business planning & investment research. He has previously worked with Welspun Energy Limited, Gaja Advisors Private Limited and Evalueserve.com.

3. ***Mithun Gole***

Mithun Gole was appointed as the Head of Corporate Finance and Investor Relations of the Investment Manager on November 17, 2016. He joined Sterlite Technologies Limited since September 2009 and has been associated with the Sterlite Group since then. He is a Chartered Accountant from the Institute of Chartered Accountants of India. He has played a key role in Sterlite Group's significant investments in power transmission and ports over the last seven years. He has previously worked with Pricewaterhouse Coopers Private Limited, Deloitte Corporate Finance Services India Private Limited and Credit Rating Information Services of India Limited. He has around 14 years of experience in fund raising, banking, corporate strategy, mergers and acquisitions, and business development. In power transmission, he has worked in key functions such as corporate strategy, debt and equity fund raising, project finance/re-financing, banking and treasury, business development and investment analysis, compliance and regulatory operations.

4. ***Harshit Gupta***

Harshit Gupta was appointed as the Head of Regulatory Affairs of the Investment Manager on November 17, 2016 and has been associated with Sterlite Power Grid Ventures Limited since December 30, 2013. He holds a bachelor's degree in Technology in Electronics and Communication Engineering from Integral University Lucknow and is a certified Project Management Professional from IPMA, has attended Management Development Program from Indian School of Business, Mohali and is trained in Lean Six Sigma Green Belt from TQM International Private Limited. He has 8 years of experience in regulatory affairs, business development, policy advocacy, corporate strategy, business analysts, technical functions in power sector. He has worked with organizations including Parbati Koldam Transmission Company Limited, a joint venture of Reliance Infrastructure and Powergrid Corporation of India Limited and Rockwell Automation India Private Limited. He has made various representations to the government through FICCI and Electric Power Transmission Association on major regulatory and policy issues in the power transmission sector and has appeared before Central Electricity Regulatory Commission on key regulatory matters.

5. ***Kriti Narula***

Kriti Narula was appointed as the Compliance Officer of the Investment Manager on November 7, 2016 and has been associated with Sterlite Power Grid Ventures Limited since March 22, 2016. She holds a bachelors' degree in commerce (Honours) from Sri Venkateswara College, University of Delhi and is an Associate Member of the Institute of Company Secretaries of India. She has previously worked with L&T Housing Finance Limited and Citi Financial Retail Services India Limited. She has 12 years of experience in corporate secretarial function. Her focus area of operations has been statutory compliances, corporate policies and governance, conduct of statutory meetings covering all aspects of secretarial records and activities, treasury support functions, compliances for fund raising, liaising with banks & financial institution and secretarial functions across financial services sector.

6. ***Amitanshu Srivastava***

Amitanshu Srivastava was appointed as the Head of Business Acquisitions of the Investment Manager on November 17, 2016. He holds a bachelor's degree in Engineering in Electronics and Power from Nagpur University. He joined Sterlite Technologies Limited since January 2014 and has played a key role in the growth of the power transmission portfolio. He has over 20 years of transmission industry experience including, transmission line design and cost estimation, contract negotiation, business acquisitions through competitive bidding in association with KEC International Limited.

Key Terms of the Investment Management Agreement

The Investment Manager has entered into the Investment Management Agreement, in terms of the InvIT Regulations, the key terms of which, are provided below.

1. *Powers of the Investment Manager*

The Investment Manager has been provided with various powers under the Investment Management Agreement in accordance with the InvIT Regulations, including but not limited to:

(i) The Investment Manager shall take all decisions in relation to the management and administration of IndiGrid's assets and the investments of IndiGrid as may be incidental or necessary for the advancement or fulfilment of the Investment Objectives of IndiGrid in accordance with the InvIT Regulations, including in relation to further investments or divestments, and in this regard is empowered to:

    (a) acquire, hold, manage, trade and dispose off shares, stocks, convertibles, debentures, bonds and other equity or equity-related securities and other debt or mezzanine securities of all kinds issued by any special purpose vehicles, infrastructure projects in India, whether in physical or dematerialised form, including power to hypothecate, pledge or create encumbrances of any kind on such securities held by IndiGrid in such special purpose vehicles, or infrastructure projects to be used as collateral security for any borrowings by IndiGrid;

    (b) keep the capital and monies of IndiGrid in deposit with banks or other institutions whatsoever;

    (c) accept contributions;

    (d) collect and receive the profit, interest, repayment of principal of debt or debt like or equity or equity like mezzanine securities, dividend, return of capital of any type by the special purpose vehicles, or infrastructure projects and income of IndiGrid as and when the same may become due and receivable;

    (e) invest in securities or in units of mutual funds in accordance with the InvIT Regulations;

    (f) invest in money market instruments including government securities, treasury bills, certificates of deposit and commercial paper in accordance with Applicable Law;

    (g) to give, provide and agree to provide to any Portfolio Asset's financial assistance in the form of investment in share capital of any class including ordinary, preference, participating, non-participating, voting, non-voting or other class, and in the form of investment in securities convertible into share capital; and

(h) to invest, acquire, purchase, hold, divest, sale, hypothecate, pledge or otherwise transfer land and building and immovable property of any kind including any rights and interest therein.

(ii) The Investment Manager along with the Trustee shall, within a reasonable time from the date of execution hereof, appoint a project manager for IndiGrid, by execution of the Project Implementation and Management Agreement.

(iii) The Investment Manager shall oversee activities of the Project Manager in terms of the InvIT Regulations and Applicable Law.

(iv) The Trustee hereby authorizes the Investment Manager to do all such other acts, deeds and things as may be incidental or necessary for the advancement or fulfillment of the Investment Objectives of IndiGrid, as set out in the offer document.

(v) The Investment Manager shall have the power to issue and allot Units. The Investment Manager shall have the power to accept subscriptions to Units of IndiGrid and issue transfer and allot Units to Unitholders or such other persons and undertake all related activities.

(vi) The Investment Manager shall cause the depository to maintain a register of Unitholders if required.

(vii) The Investment Manager shall make such reserves out of the income or capital as it may deem proper and any directions of the Trustee in this behalf whether made in writing or implied from their acts shall, so far as the law may permit, be conclusive and binding. Any distribution made from such reserves shall be in accordance with the InvIT Regulations.

(viii) The Investment Manager may cause IndiGrid to borrow, for the purpose of IndiGrid and IndiGrid's assets and subject to approval of the Unitholders in accordance with the InvIT Regulations.

(ix) The Investment Manager shall have the power to exercise all rights of IndiGrid in IndiGrid's Assets, including voting rights, right to appoint directors, whether pursuant to securities held by it, or otherwise, in such manner as it deems to be in the best interest of IndiGrid, and in accordance with the InvIT Regulations and Applicable Law.

(x) The Investment Manager may use the services of external advisors and rely on the information provided in the due diligence process of assessing investment proposals as it deems necessary in its sole discretion.

(xi) The Investment Manager shall have the power to employ and pay at the expense of IndiGrid, any agent in any jurisdiction whether attorneys, solicitors, brokers, banks, trust companies or other agents, without being responsible for the default of any agent if employed in good faith to transact any business.

(xii) The Investment Manager may appoint any custodian in order to provide custodian services, and may permit any property comprised in IndiGrid to be and remain deposited with a custodian or with any person or persons in India or in any other jurisdiction.

(xiii) The Investment Manager, in consultation with the trustee, shall appoint valuers, auditor, registrar and transfer agent, merchant banker, custodian, credit rating agency or any other intermediary or service provide or agent as may be applicable with respect to the activities pertaining to IndiGrid as per the provisions of the InvIT Regulations and Applicable Law.

(xiv) In the event of any capital gains tax, income tax, stamp duty or other duties, fee or taxes (and any interest or penalty chargeable thereon) whatsoever becoming payable in any jurisdiction in respect of IndiGrid or any part thereof or in respect of documents issued or executed in pursuance of the Deed in any circumstances whatsoever, the Investment Manager shall have the power and duty to pay all such duties, fee or taxes (and any interest or penalty chargeable thereon) as well as to create any reserves for future potential tax liability (and any such interest or penalty) out of IndiGrid's income (and any such interest or penalty).

(xv) The Investment Manager shall have the power to pay InvIT Expenses out of the funds of IndiGrid, or from any or all of the Portfolio Assets, in such proportion, as may be determined from time to time.

(xvi) The Investment Manager shall have the power to take the opinion of legal / tax counsel in any jurisdiction concerning any difference arising under the Investment Management Agreement or any matter in any way relating to the Investment Management Agreement or to its duties in connection with the Investment Management Agreement.

(xvii) The Investment Manager shall have the power to: (a) accept any property before the time at which it is transferable or payable; (b) pay or allow any equity or claim on any evidence that it thinks sufficient; (c) accept any composition or any security movable or immovable for any equity or other property; (d) allow any time of payment of any equity; and (e) compromise, compound, abandon, submit to arbitration or otherwise settle any equity account, claim or thing whatsoever relating to IndiGrid or the Investment Management Agreement.

(xviii) The Investment Manager may retain the invested capital portion of any proceeds received by IndiGrid from any special purpose vehicles.

(xix) The Investment Manager may, make rules to give effect to, and carry out the Investment Objectives, subject to Applicable Law. In particular, and without prejudice to the generality of such power, the Investment Manager may provide for all or any of the following matters, namely: (a) manner of maintaining of the records and particulars of Unitholders; (b) norms of investment by IndiGrid in accordance with the investment objectives of IndiGrid and in accordance with the powers and authorities of the Trustee as set out in the Deed; (c) matters relating to entrustment / deposit or handing over of any securities or special purpose vehicles of IndiGrid to any one or more custodians and the procedure relating to the holding thereof by the custodian; (d) such other administrative, procedural or other matters relating to the administration or management of the affairs of IndiGrid thereof and which matters are not by the very nature required to be included or provided for in the Deed or by the management thereof and which matters are not in consistent with the provisions thereof; (e) procedure for seeking the vote of the Unitholders either by calling a meeting or through postal ballot or otherwise; and (f) procedure for summoning and conducting of meetings of Unitholders.

(xx) Subject to applicable law, no Unitholder shall be entitled to inspect or examine IndiGrid's premises or properties without the prior permission of the Investment Manager. Further, no Unitholder shall be entitled to require discovery of any information with respect to any detail of IndiGrid's activities or any matter which may be related to the conduct of the business of IndiGrid and which information may, in the opinion of the Investment Manager adversely affect the interest of other Unitholders.

(xxi) The Investment Manager may buyback the Units from the Unitholders at the end of the Term of IndiGrid or in any other manner in accordance with applicable law, if so directed by the Trustee.

(xxii) The Investment Manager shall also have the following powers and authorities:

(a) to institute, conduct, compromise, compound, or abandon any legal proceedings for or on behalf of or in the name of IndiGrid, and to defend, compound or otherwise deal with any such proceedings against IndiGrid or the Investment Manager or its officers or concerning the affairs of IndiGrid, and also to compound and allow time for payment or satisfaction of any equity due and of any claims or demands by or against IndiGrid and to refer any differences to arbitration and observe and perform any awards thereof;

(b) to make and give receipts, releases and other discharges for moneys payable to IndiGrid and for the claims and demands of IndiGrid;

(c) to enter into all such negotiations and contracts, and, execute and do all such acts, deeds and things for or on behalf of or in the name of IndiGrid as the Investment Manager may consider expedient for or in relation to any of the matters or otherwise for the purposes of IndiGrid;

(d) to ascertain, appropriate, declare and distribute or reinvest the surplus generally or under IndiGrid, to determine and allocate income, profits and gains and expenses in respect of IndiGrid to and amongst of the Unitholders, to carry forward, reinvest or otherwise deal with any surplus and to transfer such sums as the Investment Manager may, deem fit to one or more reserve funds which may be established by the Investment Manager;

(e) to open one or more bank accounts for the purposes of IndiGrid, to deposit and withdraw money and fully operate the same;

(f) to sign, seal, execute, deliver and register according to law all deeds, documents, and assurances in respect of IndiGrid;

(g) pay out of the income of IndiGrid after deducting all expenses, the income and other distributions in accordance with the InvIT Regulations;

(h) take into their custody and/or control all the capital, assets, property of IndiGrid and hold the same in trust for the Unitholders in accordance with the Deed and the InvIT Regulations;

(i) generally to exercise all such powers as it may be required to exercise under the InvIT Regulations for the time being in force and do all such matters and things as may promote the investment objectives of IndiGrid or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Investment Management Agreement and the InvIT Regulations.

2. *Duties of the Investment Manager*

The Investment Manager shall perform its duties as required under the Investment Management Agreement in accordance with the InvIT Regulations, including but not limited to:

(i) The Investment Manager shall coordinate with the Trustee, as may be necessary, with respect to the operations of IndiGrid.

(ii) The Investment Manager shall ensure that the valuation of IndiGrid's assets is done by the valuer(s) in accordance with Regulation 21 of the InvIT Regulations.

(iii) The Investment Manager shall arrange for adequate insurance coverage for IndiGrid's Assets in accordance with Regulation 10(7) of the InvIT Regulations.

(iv) The Investment Manager shall maintain proper books of accounts, documents and records with respect to IndiGrid, in the manner set out in the Deed, to give a true, fair and accurate account of the investments, expenses, earnings, profits etc. of IndiGrid. The Investment Manager shall ensure that audit of the accounts of IndiGrid by the auditors is undertaken in accordance with the InvIT Regulations and such report is submitted to the designated stock exchange within the time stipulated by the designated stock exchange, if any, and in accordance with the InvIT Regulations.

(v) The Investment Manager shall declare distributions to Unitholders in accordance with Regulation 18 of the InvIT Regulations.

(vi) The Investment Manager shall convene meetings of the Unitholders in accordance with Regulation 22 of the InvIT Regulations and maintain records pertaining to the meetings in accordance with Regulation 26 of the InvIT Regulations.

(vii) The Investment Manager shall intimate the Trustee prior to any Change in Control of the Investment Manager to enable the Trustee to seek prior approval from the Unitholders and SEBI in this regard and perform all other actions as prescribed under the Investment Management Agreement and the InvIT Regulations and other applicable laws.

(viii) The Investment Manager will monitor IndiGrid, including monitoring current and projected financial position of IndiGrid and IndiGrid's Assets including the special purpose vehicles. The Investment Manager shall place before its board of directors, a report on the activity and performance of IndiGrid in accordance with the InvIT Regulations. The Investment Manager shall designate an employee from the team or director as the compliance officer for monitoring of compliance with the InvIT Regulations and any circulars or guidelines issued thereunder and intimating SEBI in case of non-compliance.

(ix) The Investment Manager shall maintain records pertaining to the activity of IndiGrid in terms of Regulation 26 of the InvIT Regulations.

(x) The Investment Manager shall manage IndiGrid in accordance with the InvIT Regulations and the investment objectives of IndiGrid, and shall ensure that the investments made by IndiGrid are in accordance with the investment conditions enumerated in Regulation 18 of the InvIT Regulations and in accordance with the investment objectives.

(xi) The Investment Manager shall review the transactions carried out between the Project Manager and its Associates and where the Project Manager has advised that there may be a conflict of interest, shall obtain confirmation from a practising chartered accountant that such transaction is on an arm's length basis.

(xii) The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of IndiGrid.

(xiii) The Investment Manager shall submit to the Trustee: (a) quarterly reports on the activities of IndiGrid including receipts for all funds received by it and for all payments made, status of compliance with the InvIT Regulations, specifically Regulations 18, 19 and 20 of the InvIT Regulations, performance report, status of development of under-construction projects, within the time period specified under the InvIT Regulations; (b) valuation reports as required under the InvIT Regulations within the time period specified under the InvIT Regulations; (c) proposal to acquire or sell or develop or bid for any asset or project or expand existing completed assets or projects along with rationale for the same; (d) details of any action which requires approval from the Unitholders as may be stipulated under the InvIT Regulations; (e) details of transactions it enters into with its Associates; (f) details of any other material fact including change in its directors, change in its shareholding, change in control of the Investment Manager, any legal proceedings that may have a significant bearing on the activity of IndiGrid, within seven working days of such action; and (g) such information, document and records as pertaining to the activities of IndiGrid as may be reasonably necessary for the Trustee with respect to its responsibilities under the Deed or the InvIT Regulations. In the event of failure of the Investment Manager to submit information or reports as specified above in a timely manner and in terms of the InvIT Regulations, the Trustee shall intimate SEBI.

(xiv) The Investment Manager shall be responsible for all activities pertaining to the issue and listing of the Units of IndiGrid in accordance with Applicable Law including: (a) filing of offer document with SEBI; (b) filing the draft and final offer document with SEBI and the stock exchanges within the prescribed time period; (c) dealing with all matters up to allotment of Units to the Unitholders; (d) obtaining in-principle approval from the designated stock exchange; and (e) dealing with all matters relating to the issue and listing of the Units of IndiGrid as specified under Chapter IV of the InvIT Regulations and any guidelines as may be issued by SEBI in this regard.

(xv) The Investment Manager is also responsible to ensure that the disclosures made in any offer document or placement memorandum contain material, true, correct and adequate disclosures and are in accordance with the InvIT Regulations and Applicable Law.

(xvi) In case of occurrence of any event specified in Regulations 17(1)(a) to 17(1)(g) of the InvIT Regulations, the Investment Manager shall apply for delisting of units of IndiGrid to SEBI and the designated stock exchange in accordance with the InvIT Regulations and applicable law.

(xvii) The Investment Manager shall within the time period prescribed under the InvIT Regulations, submit an annual report to all the Unitholders electronically or provide physical copies and to the designated stock exchanges.

(xviii) The Investment Manager shall, in accordance with the requirements of the InvIT Regulations and other Applicable Laws, including any requirements prescribed by SEBI or the stock exchanges from time to time and provide any information having bearing on the operation or performance of IndiGrid as well as price sensitive information and other information that is required in terms of the InvIT Regulations and applicable law.

(xix) The Investment Manager shall provide to the Trustee such assistance as may be required by the Trustee in fulfilling its obligation towards IndiGrid under applicable law or as may be required by any regulatory authority with respect to IndiGrid.

(xx) Without prejudice to any other provision of the Investment Management Agreement, the Investment Manager will also have the following duties and obligations:

(a) ensure that computation and declaration of net asset value of IndiGrid is based on the valuation done by the valuer in accordance with the InvIT Regulations;

(b) maintain regular interaction with the Trustee on performance of IndiGrid and providing the Trustee with any information in relation to the operations of IndiGrid as maybe required;

(c) conducting its affairs and the affairs of IndiGrid in such a manner that no Unitholder will have any personal liability (except to the extent of their Unitholding, where such Unit is partly paid) with respect to any liability or obligation of IndiGrid;

(d) maintaining relationships with the Unitholders of IndiGrid and keep them updated on investment activities of IndiGrid in accordance with the terms of the IndiGrid documents;

(e) collecting all dividends, fee, property and other payments due and receivable by IndiGrid declaring distribution to the Unitholders in the manner set out in the Trust Deed and in terms of the InvIT Regulations;

(f) to ensure that no commission or rebate or any other remuneration, arising out of transaction pertaining to IndiGrid is collected by the Investment Manager or its Associates, other than as specified in the offer document or any other document as may be specified by SEBI for the purpose of the issue of the units of IndiGrid;

(g) to ensure that IndiGrid's assets including the special purpose vehicles, have proper legal titles, to the extent applicable and that all the material contracts entered into on behalf of IndiGrid or IndiGrid's assets are legal, valid, binding and enforceable by and on behalf of IndiGrid;

(h) to ensure that the activities of the intermediaries or agents or service providers appointed by it are in accordance with the InvIT Regulations or any guidelines or circulars issued thereunder;

(i) to ensure that any possible conflict of interest involving its role as Investment Manager is reported to the Trustee;

(j) to ensure that disclosures or reporting to Unitholders, SEBI, the Trustee and the designated stock exchange(s) are in accordance with the InvIT Regulations and any other applicable law;

(k) provide SEBI, the designated stock exchanges and Trustee, where applicable, such information as may be sought by SEBI or by the designated stock exchanges or Trustee pertaining to the activity of IndiGrid;

(l) to inform the Trustee in writing about any change in the representations and warranties provided by it under the Investment Management Agreement during the term of the Investment Management Agreement; and

(m) taking any other actions reasonably incidental to any of the foregoing or necessary or convenient in order to fully effect or evidence any action or transaction contemplated under the Investment Management Agreement.

3. *Liabilities of the Investment Manager*

The liabilities of the Investment Manager in terms of the Investment Management Agreement are as follows:

(i) The Investment Manager shall not be liable in respect of any action taken or damage suffered by it on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or (without being limited in any way by the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities.

(ii) The Investment Manager shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (which legally or otherwise) it shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of these presents, the Investment Manager shall not be under any liability therefore or thereby. However, it shall duly inform the Trustee and the Unitholders of the same.

(iii) If the Investment Manager is required by the InvIT Regulations or any applicable law to provide information regarding IndiGrid and/or the Unitholders, IndiGrid investments and income therefrom and provisions of these presents and complies with such request in good faith, whether or not it was in fact enforceable, the Investment Manager shall not be liable to the Unitholder or any of them or to any other party as a result of such compliance or in connection with such compliance.

(iv) The Investment Manager shall not incur any liability for any act or omission which may result in a loss to a Unitholder (by reason of any depletion in the value of IndiGrid's assets or otherwise), except in the event that such loss is a result of fraud or negligence or default on the part of the Investment Manager, or where the Investment Manager fails to exercise due care in relation to its obligations under the Investment Management Agreement**.**

(v) If the distributions are not made within the period prescribed in the InvIT Regulations, the Investment Manger shall be liable to pay interest to the Unitholders at the rate as may be prescribed in the InvIT Regulations until the distribution is made and such interest shall not be recovered in the forms of fee or any other form payable to the Investment Manager by IndiGrid.

(vi) The Investment Manager shall be liable to any Unitholder for the authenticity of any signature or of any seal affixed to any endorsement or other document affecting the title to or the transmission of Units or interests in IndiGrid or of any investments of IndiGrid or be in any way liable for any forged or unauthorized signature or seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorized signature or seal. The Investment Manager shall be bound to require that the signature of any Unitholder to any document required to be signed by such Unitholder, under or in connection with these presents shall be verified to its reasonable satisfaction.

4. *Indemnity*

In addition to the fees, distributions and expense reimbursements herein described, the Trustee shall, from IndiGrid's assets, indemnify and hold harmless the Investment Manager and its respective officers, directors, shareholders, partners, members, employees, advisors and agents ("**Indemnified Parties**") from and against any claims, losses, costs, damages, liabilities, suits, proceedings and expenses, including legal fees ("**Losses**") suffered or incurred by them by reason of their activities on behalf of the IndiGrid, unless such Losses have resulted from fraud, negligence, dishonest acts of commissions or omissions, reckless disregard of duty or breach of duties under the Investment Management Agreement and applicable law and wilful misconduct of the Indemnified Parties.

The Trustee, its directors, employees, officers ("**Trustee Party**") shall be indemnified by the Investment Manager against any and all direct and actual losses, actions, claims, suits, proceedings, damages, liabilities, costs and expenses including legal fees, incurred or suffered by the Trustee Party in connection with the breach of any of the terms of the Investment Management Agreement by the Investment Manager, or failure in furnishing information required by SEBI or any regulatory authority with respect to IndiGrid, or furnishing wrong information by the Investment Manager under the InvIT Regulations or related to IndiGrid including in any offer documents, or arising out of gross negligence, wilful default or misconduct or fraud on part of the Investment Manager, in carrying out its obligations under the Investment Management Agreement, the Trust Deed, other IndGrid documents, any information memorandum / offer documents and Applicable Law. The Trustee acknowledges and agrees that the aggregate maximum liability of the Investment Manager in each financial year, shall be limited to the aggregate fees payable to the Investment Manager for the immediately preceding two financial years, in accordance with the terms of the Investment Management Agreement, provided that such aggregate maximum liability shall not be applicable in the event such liability of the Investment Manager to indemnify the Trustee Party arises in connection with any gross negligence, wilful default or misconduct or fraud of the Investment Manager.

5. *Termination*

The Investment Management Agreement shall be effective from the date of execution of the Investment Management Agreement, and shall terminate in accordance with the terms of the Investment Management Agreement. The appointment of the Investment Manager may be terminated by the Trustee or the Unitholders, in accordance with the procedure specified under the InvIT Regulations.

(i) Subject to the other provisions of the Investment Management Agreement, the Investment Management Agreement shall continue during the term of IndiGrid and shall terminate upon dissolution of IndiGrid.

(ii) Unitholders other than any party related to the transactions and its Associates holding not less than such percentage by value as specified under the InvIT Regulations, may apply in writing to the Trustee for removal of the Investment Manager.

(iii) Subject to the approval of Unitholders, and in accordance with the InvIT Regulations, the Investment Management Agreement, may be terminated:

  (a) by the Investment Manager by delivery of a written notice to the Trustee at any time, subject to appointment of new Investment Manager in accordance with the Investment Management Agreement and the InvIT Regulations; or

  (b) by the Trustee by delivery of a written notice to the Investment Manager at any time, upon breach of any of the terms, covenants, conditions or provisions of the Investment Management Agreement by the Investment Manager and a failure of the Investment Manager to remedy the said breach within a period of 60 days or such other period as may be mutually agreed to cure such breach; or

  (c) by any Party by delivery of a written notice to the other Party upon the bankruptcy of such other Party or if winding up or liquidation proceedings are commenced against such other Party (and such proceedings persist for a period of more than three months).

  (iv) After approval from the Unitholders in accordance with the InvIT Regulations, the Trustee shall appoint a new investment manager within three months from the termination of the earlier investment management agreement in accordance with Applicable Law. The Trustee shall ensure that it enters into a new investment management agreement with the new investment manager no later than the date of termination of the Investment Management Agreement. The Trustee shall also ensure that the new investment manager stands substituted as a party in all documents to which the Investment Manager was a party. The Investment Manager shall remain in office until the appointment of a new investment manager. The Investment Manager shall continue to be liable for all its acts and omissions and commissions notwithstanding its termination.

  (v) Upon removal or replacement of the Investment Manager, the Investment Manager shall within a period of seven Business Days, transfer custody of IndiGrid to the Trustee and give the Trustee all books of accounts, correspondence, documents and records relating to IndiGrid which the Investment Manager has in its possession. In the event of removal or resignation of the Investment Manager, the Investment Manager shall be entitled to receive Management Fee only up to the end of the relevant semi-annual period (of the Financial Year) during which such resignation, removal or replacement occurs.

  (vi) Notwithstanding anything contained hereinabove, (i) in the event that the offer of Units does not occur within the time period stipulated in the InvIT Regulations or such other date as may be mutually agreed to between the Investment Manager and the Trustee, or (ii) in the event of cancellation of registration of IndiGrid by the Securities and Exchange Board of India, or (iii) winding up of IndiGrid, then the Investment Management Agreement shall automatically terminate without any liability to either Party.

D. The Project Manager – Sterlite Power Grid Ventures Limited

History and Certain Corporate Matters

Sterlite Power Grid Ventures Limited is the Project Manager in respect of IndiGrid. For details, please see the section entitled "– *The Sponsor – Sterlite Power Grid Ventures Limited*" on page 81.

Background of the Project Manager

Our Project Manager, is one of the leading power transmission companies in the private sector. For details, please see the section entitled "– *The Sponsor – Sterlite Power Grid Ventures Limited*" on page 81.

Neither the Project Manager nor any of the promoters or directors of the Project Manager (i) is debarred from accessing the securities market by SEBI; (ii) is a promoter, director or person in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; or (iii) is in the list of wilful defaulters published by the RBI.

Key terms of the Project Implementation and Management Agreement

The Project Manager has entered into the Project Implementation and Management Agreement, in terms of the InvIT Regulations, the key terms of which, are provided below.

1. *Scope of Services*

The scope of services of the Project Manager are as follows:

(i) The Project Manager shall operate, maintain and manage IndiGrid's assets as per the terms and conditions of the O&M agreements of the Portfolio Assets (including the TSAs) and the InvIT Regulations, either directly or through the appointment and supervision of appropriate agents by the Portfolio Assets or by the Project Manager, and perform obligations as stipulated in such O&M agreements (including the TSAs) and as provided in the Project Implementation and Management Agreement.

(ii) The Project Manager shall provide additional services to IndiGrid's assets on the terms and conditions set out in the Project Implementation and Management Agreement, including in relation to accounting, billing and collections, administrative functions, procurement, legal support, regulatory support and engineering.

2. *Functions, Duties and Responsibilities of the Project Manager*

The functions, duties and responsibilities of the Project Manager in terms of the Project Implementation and Management Agreement and the InvIT Regulations are as follows:

(i) The Project Manager shall undertake implementation, development, maintenance, operation and management of IndiGrid's assets including making arrangements for the appropriate maintenance, either directly or through the appointment and supervision of agents, if any, as may be necessary for discharge of its duties under the terms of the Project Implementation and Management Agreement, the O&M agreements (including the Transmission Services Agreements) and under the InvIT Regulations.

(ii) The Project Manager shall, either directly or through appropriate agents, oversee the progress of development, approval status and other aspects of IndiGrid's assets that may be under development or, of any new projects, until its completion in accordance with any agreement that may be entered into in this regard, including the supervision of agents appointed for such purpose.

(iii) The Project Manager shall discharge all obligations in respect of achieving timely completion of the infrastructure projects, wherever applicable, implementation, development, maintenance, operation and management of the infrastructure projects in terms of the O&M agreements (including the TSAs), the Project Implementation and Management Agreement and the InvIT Regulations.

(iv) The Project Manager shall provide compliance certificate(s), as may be specified, to the Investment Manager and the Trustee in accordance with the InvIT Regulations, in the form prescribed by SEBI, if any.

(v) The Project Manager provide the Investment Manager details of transactions carried out between itself and its associates and disclose any conflict of interest in such cases to the Investment Manager, in accordance with the InvIT Regulations.

(vi) The Project Manager shall intimate the Trustee prior to any change in control of the Project Manager to enable the Trustee to seek approval from the relevant authority in accordance with the TSAs or other project documents pertaining to IndiGrid's assets, if applicable.

(vii) The Project Manager shall provide to the Trustee and Investment Manager or to such other person as the Trustee and/or the Investment Manager may direct, all information that may be necessary for each of them to maintain the records of IndiGrid and as may be required for making submissions to SEBI or other Governmental authority, including with respect to relevant approvals, consents and other documents required in relation to the project and the reporting requirements under the InvIT Regulations, in a proper and timely manner, and in the format prescribed (if any), as required by the Trustee and /or Investment Manager.

(viii) The Project Manager shall appoint one of its qualified employees reasonably acceptable to the Investment Manager and the each of the Portfolio Assets with adequate and appropriate experience as a principal contact for the board of directors of each Portfolio Asset, the Trustee and the Investment Manager in relation to the project and the services. The Project Manager shall have full authority, to receive directions and instructions from each Portfolio Asset and to take action in relation to and ensure compliance with such directions and instructions and report back to each Portfolio Asset, Trustee and the Investment Manager.

(ix) The Project Manager shall at all time ensure that the transactions or arrangement entered into by the Project Manager with a related party is on an arm's-length basis.

(x) The Project Manager shall promptly inform the parties to the Project Implementation and Management Agreement in writing of any act, occurrence or event, which the Project Manager believes is reasonably likely to increase the cost of or the time for implementation taken in relation to a project, or materially to change the financial viability, quality or function of the project.

(xi) If any defects are found in the maintenance, materials and workmanship of the services provided under the Project Implementation and Management Agreement by the Project Manager and/or by the agents, the Project Manager shall promptly, in consultation and agreement with the other parties to the Project Implementation and Management Agreement regarding appropriate remedying of the defects, and at its own cost, repair, replace or otherwise make good (as any Portfolio Asset shall, at its discretion, determine) such defects as well as any damage caused by such defect.

(xii) The Project Manager shall be liable to the other parties to the Project Implementation and Management Agreement for any direct loss or damage attributable to the non-performance or breach of the obligations of the Project Manager including those of the agents, under the Project Implementation and Management Agreement. The Trustee and the Investment Manager acknowledge and agree that the aggregate maximum liability of the Project Manager shall be limited to the fee payable to the Project Manager in accordance with the terms of the Project Implementation and Management Agreement.

(xiii) The duties of Project Manager shall also include the following:

(a) supervision of revenue streams from IndiGrid's assets and providing the necessary certification as may be required under applicable laws and the InvIT Regulations;

(b) execution and completion of activities in relation to IndiGrid's assets under development in accordance with and in the manner contemplated in any agreement entered into by IndiGrid's assets;

(c) exercise diligence and vigilance in carrying out its duties and protecting IndiGrid's assets;

(d) keeping the Investment Manager informed on all matters which have a material bearing on the operations of IndiGrid's assets;

(e) liaising with governmental authorities in respect of its obligations under the Project Implementation and Management Agreement and the O&M Agreements;

(f) take appropriate measures to mitigate the risks which may be encountered by the InvIT in respect of IndiGrid's assets;

(g) keep proper records for actions taken in respect of IndiGrid's assets; and

(h) complying with the instructions of the Investment Manager and the Trustee and the provisions of the InvIT Regulations.

(xiv) The parties to the Project Implementation and Management Agreement may, from time to time, agree to provisions for additional services to be rendered by the Project Manager. If, in the assessment of the Project Manager, additional services are required for the purposes of carrying out its duties and obligations under the Project Implementation and Management Agreement, the O&M agreements (including the TSAs) and applicable law, the Project Manager shall notify the parties to the Project Implementation and Management Agreement in writing of such requirement and obtain prior written approval of the Parties in this regard.

(xv) In case of any inconsistency or discrepancy between the Project Implementation and Management Agreement and the O&M agreements (including the Transmission Services Agreement), the Project Manager shall bring the same into the notice of the Trustee. The Trustee, in consultation with the Investment Manager, shall issue instructions for resolving the inconsistency. The Project Manager shall be bound to comply with the instructions of the Trustee.

(xvi) Notwithstanding anything to the contrary contained in the Project Implementation and Management Agreement, nothing contained in the Project Implementation and Management Agreement shall be construed to limit or restrict the performance of any duties or obligations of the Project Manager, Investment Manager or the Trustee contained in the InvIT Regulations and other applicable law.

3. *Indemnity*

The Trustee, the Investment Manager and their respective directors, employees, officers and the InvIT ("**Indemnified Parties**") shall be indemnified by the Project Manager against any claims, losses, costs, damages, liabilities and expenses, including legal fees from and incurred or suffered by the Indemnified Parties in connection with the breach of any of the terms of the Project Implementation and Management Agreement by the Project Manager, or failure in furnishing information required by SEBI or any regulatory authority with respect to IndiGrid, or furnishing wrong information by the Project Manager under the InvIT Regulations or related to IndiGrid including in any offer documents, or arising out of gross negligence, willful default or fraud on part of the Project Manager, in carrying out its obligations under the Project Implementation and Management Agreement, the other documents in relation to IndiGrid as specified under the Project Implementation and Management Agreement, information memorandum / offer documents and applicable law. The Trustee and the Investment Manager acknowledge and agree that the aggregate maximum liability of the Project Manager in each financial year shall be limited to the fees payable to the Project Manager in such financial year in accordance with the terms of the Project Implementation and Management Agreement.

4. *Termination*

(i) The Project Implementation and Management Agreement shall remain effective, unless terminated by the parties in accordance with the provisions hereto or extended by mutual consent expressed in writing by the parties, for the period that the TSAs for IndiGrid's assets are in force ("**Validity Period**").

(ii) Prior to the expiry of its Validity Period, it may be terminated:

(a) by the Investment Manager after consultation with the Trustee by delivery of a written notice to the Project Manager at any time, subject to appointment of new project manager in accordance with the Project Implementation and Management Agreement and the InvIT Regulations; or

(b) by the Investment Manager after consultation with the Trustee by delivery of a written notice to the Project Manager at any time, upon breach of any of the terms, covenants, conditions or provisions of the Project Implementation and Management Agreement by the Project Manager and a failure of the Project Manager to remedy the said breach within a period of 60 days or such other period as may be mutually agreed to cure such breach; or

(c) by any Party by delivery of a written notice to the other Party upon the bankruptcy of such other Party or if winding up or liquidation proceedings are commenced against such other Party (and such proceedings persist for a period of more than three months).

(iii) Notwithstanding anything contained hereinabove, the Trustee shall appoint a new project manager and execute a new project implementation and management agreement within three months from the termination of the earlier project implementation and management agreement in accordance with Applicable Law. The Trustee and Investment Manager shall also ensure that the new project manager stands substituted as a party in all documents to which the Project Manager was a party. The Project Manager shall remain in office until the appointment of a new project manager. The Project Manager shall continue to be liable for all its acts and omissions and commissions notwithstanding its termination.

(iv) In case of early termination prior to the expiry of the Validity Period, the Project Manager shall be entitled to and the Trustee shall be liable to pay (from the funds of IndiGrid) to the Project Manager the reimbursement of all out of pocket expenses incurred by the Project Manager while performing services in terms of the Project Implementation and Management Agreement up to that date. The fee shall be paid to the Project Manager within a period of 21 Business Days from the date of receipt of demand in this regard from the Project Manager failing which the Fees, or any part thereof, which remains outstanding shall attract interest at the rate of SBI Benchmark Rate +1% per annum on the outstanding amount.

(v) Notwithstanding anything contained hereinabove, the termination of any of the O&M Agreements will not result in the termination of the Project Implementation and Management Agreement, and the Project Implementation and Management Agreement shall continue to be in force in respect of the other O&M Agreements that are not terminated and IndiGrid’s assets.

(vi) Notwithstanding anything herein contained, in the event of any amendment or supplement or restatement of any of the O&M Agreements or execution of a new O&M agreement, the same shall be deemed to have been incorporated in the Project Implementation and Management Agreement and it shall stand modified to such extent. Notwithstanding anything contained hereinabove, the termination of any of the O&M Agreements will not result in the termination of the Project Implementation and Management Agreement, and the Project Implementation and Management Agreement shall continue to be in force in respect of the other O&M Agreements that are not terminated and IndiGrid’s assets.

(vii) Notwithstanding anything contained hereinabove, in the event that the offer of the Units does not occur within the time period stipulated in the InvIT Regulations or such other date as may be mutually agreed to between the Parties, or (ii) in the event of cancellation of registration of IndiGrid by the Securities and Exchange Board of India, or (iii) winding up of IndiGrid, then the Project Implementation and Management Agreement shall automatically terminate without any liability to either Party.

OTHER PARTIES INVOLVED IN INDIGRID

The Auditor

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, has appointed S R B C & Co. LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) with effect from November 7, 2016, as the auditors of IndiGrid for a period of five years, subject to approval of the Unitholders each year. The Auditors have audited the Combined Financial Statements and have examined the Projections of Revenue from Operations and Cash Flow from Operating Activities, and their report in relation to such Combined Financial Statements and Projections of Revenue from Operations and Cash Flow from Operating Activities each dated November 23, 2016, have been included in this Draft Offer Document.

Functions, Duties and Responsibilities of the Auditor

The functions, duties and responsibilities of the Auditor will be in accordance with the InvIT Regulations. Presently, in terms of the InvIT Regulations, the Auditor is required to comply with the following conditions at all times:

1. the Auditor shall conduct audit of the accounts of IndiGrid and draft the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be specified by SEBI;

2. the Auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of IndiGrid, including profit or loss and cash flow for the period and such other matters as may be specified;

3. the Auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of IndiGrid;

4. the Auditor shall have a right to require such information and explanation pertaining to activities of IndiGrid as he may consider necessary for the performance of his duties as auditor from the employees of IndiGrid or parties to IndiGrid or the special purpose vehicles or any other person in possession of such information.

The Valuer

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, has appointed Haribhakti & Co. LLP with effect from November 7, 2016, as the valuers of IndiGrid, for a period of one year. In accordance with the InvIT Regulations, the Valuers have undertaken a full valuation of the Inital Portfolio Assets which are proposed to be acquired by the IndiGrid, and their report in relation to such valuation as on September 30, 2016, has been included in this Draft Offer Document.

Functions of the Valuer

The functions, duties and responsibilities of the Valuer will be in accordance with the InvIT Regulations. Presently, in terms of the InvIT Regulations, the Valuer is required to comply with the following conditions at all times:

1. the Valuer shall ensure that the valuation of IndiGrid assets is impartial, true and fair and is in accordance with Regulation 21 of the InvIT Regulations;

2. the Valuer shall ensure that adequate and robust internal controls to ensure the integrity of its valuation reports;

3. the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;

4. the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;

5. the Valuer and any of its employees involved in valuing of the assets of IndiGrid , shall not, (i) invest in units of IndiGrid or in the assets being valued; and (ii) sell the assets or units of IndiGrid held prior to being appointed as the Valuer, until the time such person is designated as valuer of IndiGrid and not less than six months after ceasing to be valuer of IndiGrid;

6. the valuer shall conduct valuation of IndiGrid's assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;

7. the valuer shall act with independence, objectivity and impartiality in performing the valuation;

8. the valuer shall discharge its duties towards IndiGrid in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;

9. the valuer shall not accept remuneration, in any form, for performing a valuation of IndiGrid's assets from any person other than IndiGrid or its authorized representative;

10. the valuer shall before accepting any assignment, disclose to IndiGrid any direct or indirect consideration which the valuer may have in respect of such assignment;

11. the valuer shall disclose to IndiGrid any pending business transactions, contracts under negotiation and other arrangements with the investment manager or any other party whom IndiGrid is contracting with and any other factors that may interfere with the valuer's ability to give an independent and professional valuation of the assets;

12. the valuer shall not make false, misleading or exaggerated claims in order to secure assignments;

13. the valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;

14. the valuer shall not accept an assignment which interferes with its ability to do fair valuation;

15. the valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation.

Policy on Appointment of Auditor and Valuer

The Investment Manager has adopted a policy on the appointment of auditor and valuer of IndiGrid, which will stand amended, to the extent of any amendment to the InvIT Regulations or applicable law, detail of which are provided below:

1. ***Appointment of the auditor of IndiGrid***

(i) The Investment Manager, in consultation with the trustee to IndiGrid, shall appoint the auditor of IndiGrid, in a timely manner and in accordance with the InvIT Regulations.

(ii) The Investment Manager shall ensure that the appointment of the auditor and the fees payable to the auditor is approved by the Unitholders, in accordance with the InvIT Regulations.

(iii) The Investment Manager shall appoint an auditor for a period of not more than five consecutive years; provided that the auditor, not being an individual, may be reappointed for a period of another five consecutive years, subject to approval of Unitholders in the annual meeting in accordance with the InvIT Regulations.

(iv) In terms of the policy, the auditor shall comply with the conditions at all times:

(a) the auditor shall conduct audit of the accounts of IndiGrid and draft the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be specified by SEBI, the Institute of Chartered Accountants ("**ICAI**") and shall comply with the requirements of the InvIT Regulations;

(b) the auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of IndiGrid, including profit or loss and cash flow for the period and such other matters as may be specified by SEBI;

(c) the auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of IndiGrid; and

(d) the auditor shall have a right to require such information and explanation pertaining to activities of IndiGrid as he may consider necessary for the performance of his duties as auditor from the employees of IndiGrid or parties to IndiGrid or the special purpose vehicle(s) or any other person in possession of such information.

2. ***Appointment of the valuer of IndiGrid***

(i) The Investment Manager, in consultation with Trustee, shall appoint the valuer of IndiGrid, in a timely manner and in accordance with the InvIT Regulations. A 'valuer' shall have the meaning set forth in the InvIT Regulations.

(ii) The remuneration of the valuer shall not be linked to or based on the value of the assets being valued.

(iii) The valuer shall not be an associate of the Sponsor or the Investment Manager or Trustee.

(iv) The valuer shall have not less than five years of experience in valuation of infrastructure assets.

(v) A valuer shall not undertake valuation of the same project for more than four years consecutively, provided that the valuer may be reappointed after a period of not less than two years from the date it ceases to be the valuer of IndiGrid.

(vi) The valuer shall not undertake valuation of any assets in which it has either been involved with the acquisition or disposal within the last twelve months other than such cases where the valuer was engaged by IndiGrid for such acquisition or disposal.

(vii) In terms of the policy, the valuer shall comply with the following conditions at all times:

(a) the valuer shall ensure that the valuation of IndiGrid assets is impartial, true and fair and is in accordance with Regulation 21 of the InvIT Regulations;

(b) the valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;

(c) the valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;

(d) the valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;

(e) the valuer and any of its employees involved in valuing of the assets of IndiGrid , shall not:

- invest in units of IndiGrid or in the assets being valued; and
- sell the assets or units of IndiGrid held prior to being appointed as the valuer,

until the time such person is designated as valuer of IndiGrid and not less than six months after ceasing to be valuer of IndiGrid;

(f) the valuer shall conduct valuation of IndiGrid assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;

(g) the valuer shall act with independence, objectivity and impartiality in performing the valuation;

(h) the valuer shall discharge its duties towards IndiGrid in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;

(i) the valuer shall not accept remuneration, in any form, for performing a valuation of IndiGrid assets from any person other than IndiGrid or its authorized representative;

(j) the valuer shall before accepting any assignment, disclose to IndiGrid, through the Investment Manager, any direct or indirect consideration which the valuer may have in respect of such assignment;

(k) the valuer shall disclose to IndiGrid, through the Investment Manager, any pending business transactions, contracts under negotiation and other arrangements with the investment manager or any other party whom IndiGrid is contracting with and any other factors that may interfere with the valuer's ability to give an independent and professional valuation of the assets, and other necessary disclosures required under the InvIT Regulations;

(l) the valuer shall not make false, misleading or exaggerated claims in order to secure assignments;

(m) the valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;

(n) the valuer shall not accept an assignment which interferes with its ability to do fair valuation;

(o) the valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation; and

(p) any valuation undertaken by the valuer shall be in compliance with international valuation standards or any valuation standards as may be specified by ICAI for valuation of infrastructure assets or such other valuation standards as may be specified by SEBI.

CORPORATE GOVERNANCE

The section below is a summary of the corporate governance framework in relation to IndiGrid, implemented by the Investment Manager and each of the Initial Portfolio Assets.

1. Investment Manager

Board of Directors

Composition of the Board of Directors of the Investment Manager

In addition to the applicable provisions of the Companies Act, the board of directors of the Investment Manager shall adhere to the following:

(a) Not less than 50% of the board of directors of the Investment Manager shall comprise of independent directors and not directors or members of the governing board of another infrastructure investment trust registered under the InvIT Regulations. The independence of directors shall be determined in accordance with the Companies Act and would be determined vis-a-vis each of the Investment Manager and the Sponsor;
(b) The chairperson of the board of directors of the Investment Manager shall be a non-executive independent director;
(c) Collective experience of directors of the Investment Manager shall cover a broad range of commercial experience, particularly experience in infrastructure sector (including the applicable sub-sector), investment management or advisory and financial matters.

The board of directors shall not include any nominees of the Sponsor.

For details of the current composition of the board of directors of the Investment Manager, please see the section entitled "*Parties to IndiGrid – Investment Manager – Board of Directors*" on page 91.

Quorum

The quorum of the board of directors of the Investment Manager shall be at least 50% of the number of directors on the board. At least 50% of the directors present shall be independent directors.

Frequency of meetings

The board of directors of the Investment Manager shall meet at least four times every year, with a maximum gap of 120 days between any two successive meetings. Additionally, the board of directors of the Investment Manager shall meet prior to any meeting of the Unitholders and approve the agenda for Unitholders' meetings.

Remuneration of Directors

Sitting fee: The directors of the Investment Manager will receive sitting fee for attending board meetings and meetings of the committees, in accordance with the Companies Act.

Other remuneration payable to independent directors: Of the fees payable to the Investment Manager (being 1.75% of, the difference between revenue from operations and operating expenses (other than the fee of the Investment Manager) of each Initial Portfolio Asset, per annum), an amount not exceeding 0.4% shall be payable to the independent directors of the Investment Manager ("**Overall Limit**").

The board of directors of the Investment Manager shall confirm to the Trustee that the independent directors being considered for performance remuneration have complied with the following:

(i) The attendance of a particular independent director is not less than 75% or as specified in the relevant independent director's appointment letter. If an independent director has not received the specified attendance, he/ she shall not be entitled to any performance remuneration.

(ii) The independent director(s) have complied with the code of conduct for independent directors as provided under Schedule IV of the Companies Act, 2013 ("**Code of Conduct**"), to the extent the provisions thereof can be applied to IndiGrid. Any independent director considered by the board of directors of the Investment Manager to be in breach of the Code of Conduct shall not be entitled to any Performance Remuneration.

Upon completion of the evaluation exercise the board of directors (excluding independent directors) shall approve the performance remuneration payable to each independent director through a unanimous resolution and make a recommendation to the Trustee for the payment of performance remuneration, including the amount payable to each independent director within the Overall Limit approved by the Unitholders of IndiGrid.

The remuneration payable to the independent directors will be within the overall limit of the fee payable to the Investment Manager.

Committees of the board of directors

Name of committee	Composition	Present Members	Quorum	Frequency of meetings
Investment Committee	The Investment Committee shall comprise of directors constituting at least 50% of the board of directors of the Investment Manager. All members, including the chairperson of the Investment Committee shall be independent directors. The company secretary of the Investment Manager shall act as the secretary to the Investment Committee.	Rahul Asthana; and Kuldip K. Kaura	The quorum shall be at least 50% of the number of members of the Investment Committee and subject to a minimum of two members.	The Investment Committee shall meet at least four times every year, with a maximum gap of 120 days between any two successive meetings. Additionally, the Investment Committee shall meet prior to any investments or divestments of assets as such number of times as required considering the scope and terms of reference the Committee.
Audit Committee	The Audit Committee shall comprise of directors constituting at least 50% of the board of directors of the Investment Manager, with at least 50% of the Audit Committee comprising independent directors. The chairperson of the Audit Committee shall be an independent director. All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise. The company secretary of the Investment Manager shall act as the secretary to the Audit Committee.	Tarun Kataria (Chairperson); Rahul Asthana; and Kuldip K. Kaura	The quorum shall be at least 50% of the directors, of which at least 50% of the directors present, shall be independent directors and subject to a minimum of two members being present in person.	The Audit committee shall meet at least once in every calendar quarter, with a maximum interval of one hundred and twenty days between any two consecutive meetings of the Committee, such that at least four meetings are held in each calendar year and further such number of times as required considering the scope and terms of reference of the Committee.
Stakeholders' Relationship Committee	The Stakeholders' Relationship Committee shall constitute such number of members constituting at least one third of the board of directors of the Investment Manager, with at least one independent director also being a member. The chairperson of the Stakeholders' Relationship Committee shall be a non-executive director.	Kuldip K. Kaura; Rahul Ashtana; and Pratik Agarwal.	The quorum shall be at least 50% of the number of members of the Stakeholders' Relationship Committee and subject to a minimum of two members.	The Stakeholders' Relationship Committee shall meet at least four times every year, or as frequently as determined by the board of directors of the Investment Manager or as directed by the Trustee of IndiGrid.

Name of committee	Composition	Present Members	Quorum	Frequency of meetings
Nomination and Remuneration Committee	The Nomination and Remuneration Committee shall comprise of at least three non-executive directors of the board of directors of the Investment Manager, with at least 50% of the members being independent directors. The chairperson of the Nomination and Remuneration Committee shall be an independent director.	Rahul Asthana (Chairperson); Tarun Kataria; and Kuldip K. Kaura.	The quorum shall be at least 50% of the members of the Nomination and Remuneration Committee and subject to a minimum of two members.	The Nomination and Remuneration Committee shall meet at least four times every year, or as frequently as determined by the board of directors of the Investment Manager or as directed by the Trustee of IndiGrid.

For details of the scope of each committee, please see below.

Investment Committee

Terms of reference of the Investment Committee

The terms of reference of the Investment Committee include the following:

(i) Reviewing investment decisions with respect to the underlying assets or projects of IndiGrid from the Sponsor including any further investments or divestments to ensure protection of the interest of unitholders including, investment decisions which are related party transactions;

(ii) Approving any proposal in relation to acquisition of assets, further issue of units including in relation to acquisition or assets; and

(iii) Formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

Audit Committee

Terms of reference of the Audit Committee

The terms of reference of the Audit Committee include the following:

(i) Provide recommendations to the board of directors regarding any proposed distributions;

(ii) Overseeing IndiGrid's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

(iii) Giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of IndiGrid and the audit fee, subject to the approval of the unitholders;

(iv) Reviewing and monitoring the independence and performance of the statutory auditor of IndiGrid, and effectiveness of audit process;

(v) Approving payments to statutory auditors of IndiGrid for any other services rendered by such statutory auditors;

(vi) Reviewing the annual financial statements and auditor's report thereon of IndiGrid, before submission to the board of directors for approval, with particular reference to:

- changes, if any, in accounting policies and practices and reasons for such change;
- major accounting entries involving estimates based on the exercise of judgment by management;

- significant adjustments made in the financial statements arising out of audit findings;
- compliance with listing and other legal requirements relating to financial statements;
- disclosure of any related party transactions; and
- qualifications in the draft audit report;

(vii) Reviewing, with the management, all periodic financial statements, including but not limited to half-yearly and annual financial statements of IndiGrid before submission to the board of directors for approval;

(viii) Reviewing, with the management, the statement of uses/application of funds raised through an issue of units by IndiGrid (public issue, rights issue, preferential issue, etc.) and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the board of directors for follow-up action;

(ix) Approval or any subsequent modifications of transactions of IndiGrid with related parties including, reviewing agreements or transactions in this regard;

(x) Scrutinising loans and investments of IndiGrid;

(xi) Reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;

(xii) Evaluating financial controls and risk management systems of IndiGrid;

(xiii) Reviewing, with the management, the performance of statutory auditors of IndiGrid, and adequacy of the internal control systems, as necessary;

(xiv) Reviewing the adequacy of internal audit function if any of IndiGrid, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xv) Reviewing the findings of any internal investigations in relation to IndiGrid, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board of directors;

(xvi) Reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to IndiGrid and the interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fee or charges payable out of IndiGrid’s assets;

(xvii) Discussing with statutory auditors and valuers prior to commencement of the audit or valuation, respectively, about the nature and scope, as well as post-audit/ valuation discussion to ascertain any area of concern;

(xviii) Reviewing and monitoring the independence and performance of the valuer of IndiGrid;

(xix) Giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the valuer of IndiGrid;

(xx) Evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the SPVs to IndiGrid and payments to any creditors of IndiGrid or the SPVs, and recommending remedial measures;

(xxi) Management’s discussion and analysis of financial condition and results of operations;

(xxii) Reviewing the statement of significant related party transactions, submitted by the management;

(xxiii) Reviewing the management letters/letters of internal control weaknesses issued by the statutory auditors; and

(xxiv) Formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

Stakeholders' Relationship Committee

Terms of reference of the Stakeholders' Relationship Committee

The terms of reference of the Stakeholders' Relationship Committee shall include the following:

(i) Considering and resolving grievances of the unitholders, including complaints related to the transfer of units, non-receipt of annual report and non-receipt of declared distributions;

(ii) Reviewing of any litigation related to unitholders' grievances;

(iii) Undertaking all functions in relation to protection of Unitholders' interests and resolution of any conflicts, including reviewing agreements or transactions in this regard;

(iv) Updating unitholders on acquisition / sale of assets by IndiGrid and any change in the capital structure of the SPVs;

(v) Reporting specific material litigation related to unitholders' grievances to the board of directors; and

(vi) Approving report on investor grievances to be submitted to the Trustee.

Nomination and Remuneration Committee

Terms of reference of the Nomination and Remuneration Committee

The terms of reference of the Nomination and Remuneration Committee shall include the following:

(i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Investment Manager a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(ii) Formulation of criteria for evaluation of performance of independent directors and the board of directors;

(iii) Devising a policy on board diversity;

(iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal and evaluation of director's performance;

(v) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(vi) Carrying out any other function as prescribed under applicable law;

(vii) Endeavour to appoint new key employee to replace any resigning key employee within six months from the date of receipt of notice of resignation and recommend such appointment to the Board, if necessary; and

(viii) Performing such other activities as may be delegated by the board of directors of the Investment Manager and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

Policies of the Board of Directors of the Investment Manager in relation to IndiGrid

The Investment Manager has adopted the following policies in relation to IndiGrid:

Borrowing Policy

The Investment Manager has adopted the Borrowing Policy pursuant to a resolution of its board of directors on November 7, 2016. For details of the Borrowing Policy in relation to IndiGrid, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 175.

Policy in relation to Related Party Transactions and Conflict of Interests

The Investment Manager has adopted the Policy in relation to Related Party Transactions and Conflict of Interests pursuant to a resolution of its board of directors on November 7, 2016. For details of the Policy in relation to Related Party Transactions and Conflict of Interests in relation to IndiGrid, please see the section entitled "*Related Party Transactions*" on page 196.

Distribution Policy

The Investment Manager has adopted the Distribution Policy pursuant to a resolution of its board of directors on November 7, 2016. For details of the Distribution Policy in relation to IndiGrid, please see the section entitled "*Distribution*" on page 179.

Policy on Appointment of Auditor and Valuer

The Investment Manager has adopted the Policy on Appointment of Auditor and Valuer pursuant to a resolution of its board of directors on November 7, 2016For details of the Policy on Appointment of Auditor and Valuer in relation to IndiGrid, please see the section entitled "*Other Parties involved in IndiGrid*" on page 108.

*Policy on unpublished price-sensitive information and dealing in units by the parties to IndiGrid (the "**UPSI Policy**")*

The Investment Manager has adopted the UPSI Policy pursuant to a resolution of its board of directors on November 7, 2016.The purpose of the policy is to ensure that IndiGrid complies with applicable law, including the InvIT Regulations or such other laws, regulations, rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information ("**UPSI**"). The key principles of the UPSI Policy are set out below:

(i) The Investment Manager shall promptly disclose to the public all UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available
(ii) The Compliance Officer shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure, in accordance with the procedure specified in the *Materiality of Information Policy;*
(iii) The Compliance Officer shall also make an appropriate and fair response to the queries on news reports and requests for verification of market rumours by regulatory authorities, in accordance with the procedure specified in the *Materiality of Information Policy*;
(iv) The Designated Persons shall make disclosures to the Compliance Officer or the stock exchanges and the Compliance Officer shall make all disclosures required to be made to the stock exchanges, in accordance with applicable law;
(v) In case of conflict between the provisions of the UPSI Policy and applicable law, provisions of the applicable law will prevail over the provisions of the UPSI Policy.

Policy for Determining Materiality of Information for Periodic Disclosures

The Investment Manager has adopted the Materiality of Information Policy pursuant to a resolution of its board of directors on November 7, 2016. The Materiality of Information Policy aims to outline process and procedures for determining materiality of information in relation to periodic disclosures on IndiGrid's website, to the stock exchanges and to all stakeholders at large, in relation to IndiGrid. The key principles of the Materiality of Information Policy are set out below:

(i) Any information concerning IndiGrid is considered material to the business and affairs of IndiGrid if it results in, or would reasonably be expected to result in a significant change in the market price or value of units of IndiGrid or if there is a substantial likelihood that a reasonable investor would consider it important in determining whether to buy, sell or hold, or engage in other transactions concerning IndiGrid's units or the investor would consider important in making an investment decision;

(ii) Certain events/information, as specified in the Materiality of Information Policy, shall be deemed to be material information and against which IndiGrid shall not be required to apply the criteria for determining materiality of information, and are deemed material information;

(iii) The IndiGrid shall use certain criteria for determination of materiality of events/information other than for the deemed material information; and

(iv) IndiGrid shall also submit such information to the designated stock exchanges and Unitholders on a periodical basis as may be required under the Listing Agreement.

Document Archival Policy

The Investment Manager has adopted the Document Archival Policy pursuant to a resolution of its board of directors on November 7, 2016. The Document Archival Policy aims to provide a comprehensive policy on the preservation and conservation of the records and documents of IndiGrid. The Document Archival Policy aims at identifying, classifying, storing, securing, retrieving, tracking and destroying or permanently preserving records. The key principles of the Document Archival Policy are set out below:

(i) All records and documents along with all the supportive documents which are physically available shall be maintained at the principle place of business of IndiGrid, presently being F-1, The Mira Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi 110 065;

(ii) All the documents required to be maintained in terms of the InvIT Regulations, secretarial standards, Listing Agreement, and any applicable law, shall be preserved under the custody of the Compliance Officer of IndiGrid.

(iii) All financials records required to be maintained in terms of the InvIT Regulations, prescribed accounting standards, Income Tax Act, 1961 and other applicable law, shall be maintained under the custody of the Chief Financial Officer of the Investment Manager.

(iv) All the statutory documents shall be preserved for a minimum period of eight financial years, immediately preceding a financial year, and since creation of IndiGrid, when IndiGrid has been created for a period of less than eight years; or such longer duration if prescribed under applicable law. Documents shall be preserved in a chronological manner for each financial year.

(v) Documents which are confidential in nature shall, wherever possible, be kept under lock and key and shall be shared on need to know basis only with persons directly involved in the transaction involving such documents and records.

(vi) If required under applicable law, some of the registers and records may be required to be kept open by IndiGrid for inspection by directors of the Investment Manager and unitholders of IndiGrid and by other persons, including creditors of IndiGrid. Upon receipt of advance notice from a unitholder or from any other specified person IndiGrid shall facilitate inspection of such documents by such persons and allow extracts to be taken from certain documents, registers and records and to furnish copies of certain documents, registers and records. Such documents and records shall be kept open for inspection during the business hours of IndiGrid without payment of any fee.

(vii) Documents which are statutorily required to be hosted on IndiGrid's website shall be hosted within the prescribed timeline from the occurrence of the event. All statutory data shall be hosted on IndiGrid's website for a minimum period of five years or for such minimum period as prescribed under applicable law. After which it shall be preserved in the archival folder of IndiGrid's maintained offline, until it is destroyed upon the expiry of the statutory period for the preservation such documents.

Nomination and Remuneration Policy

The Investment Manager has adopted the Nomination and Remuneration Policy pursuant to a resolution of its board of directors on November 7, 2016. The Nomination and Remuneration Policy aims at providing the underlying principles and guidelines governing the activities of the Nomination and Remuneration Committee, which are set out below:

(i) The Nomination and Remuneration Committee is authorised by the Board at the expense of the Company to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee in order to perform its duties and all employees are directed to co-operate with any requests made by the Nomination and Remuneration Committee.

(ii) The Nomination and Remuneration Committee is authorized by the Board, at the expense of the Company, to obtain external legal or other professional advice on any matters within its terms of reference.

(iii) The Nomination and Remuneration Committee is also authorised, at the expense of the Company and at all times within budgetary restraints imposed by the Board, to appoint external remuneration consultants and set their terms of reference and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfill its duties.

(iv) The Nomination and Remuneration Policy sets out the terms of reference of the Nomination and Remuneration Committee.

2. Initial Portfolio Assets

Representatives on the Board of Directors of each Inital Portfolio Asset

The Investment Manager shall ensure at least one nominee or proportional representation is appointed on the board of directors of each Initial Portfolio Asset. Presently, the Investment Manager has nominated Mithun Gole on the board of directors of SGL1, BDTCL and JTCL.

The Investment Manager, in consultation with the Trustee, shall appoint the majority of the board of directors of SGL1, BDTCL and JTCL. Further, the Investment Manager shall ensure that in every meeting, including annual general meeting of SGL1, BDTCL and JTCL, the voting of IndiGrid is exercised.

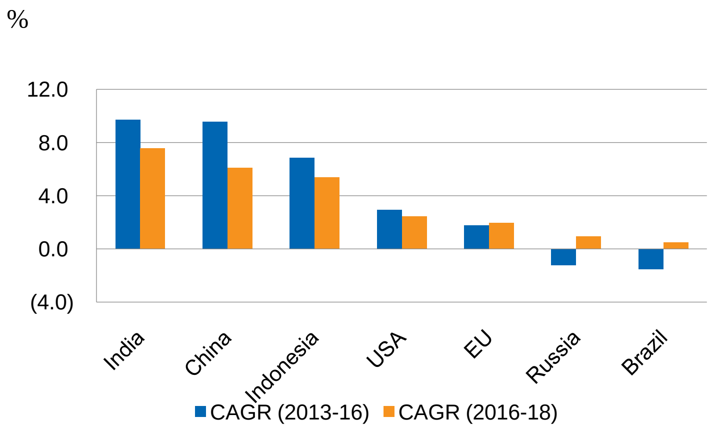
INDUSTRY OVERVIEW

The information in this section is derived from the report "Opportunities in power transmission in India", November 2016, prepared by CRISIL Research (the "CRISIL Report") except for other publically available information as cited in this section. We commissioned the CRISIL Report for the purposes of confirming our understanding of the industry in connection with the Issue. Neither IndiGrid, the Sponsor, the Investment Manager, the Trustee, any of the BRLMs, nor any other person connected with the Issue has verified the information in the CRISIL Report or other publically available information cited in this section. Further, the CRISIL Report was prepared based on information as of specific dates which may no longer be current or reflect current trends and opinions in the CRISIL Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. CRISIL Research, a division of CRISIL Limited ("CRISIL"), has advised that while it has taken due care and caution in preparing the CRISIL Report based on the information obtained by CRISIL from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the CRISIL Report or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of CRISIL Report or the data therein. Further, the CRISIL Report is not a recommendation to invest / disinvest in any company covered in the report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters / distributors of the CRISIL Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Limited ("CRISL"), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL's Ratings Division or CRISL. Prospective investors are advised not to unduly rely on the CRISIL Report.

Indian Economy

According to World Bank, India has retained its position as the fastest-growing economy in the world in 2015, after overtaking China and will continue to occupy the top slot with a growth rate of approximately 7-8% for the next 3-4 years. India's growth rate is significantly higher than the world average of around 3% and India ranks ahead of other developing economies, such as China, Brazil, South Africa and Indonesia. The ongoing liberalisation of India's FDI regime has led to a surge in investments and the FDI inflow has doubled in fiscal 2016. Reduced macro-economic vulnerability, coupled with increased investment in infrastructure has enhanced India's Global Competitive Index or GCI ranking to 55 in fiscal 2016 from 71 in fiscal 2015.

Real GDP Growth



Source: World Bank, CRISIL Research

Summary Statistics

	2013-14	2014-15	2015-16	2016-17F
GDP (%)	**6.9**	**7.3**	**7.6**	**7.9**
CPI (%, average)	9.2	6.0	4.9	5.0
CAD (% GDP)	-1.7	-1.3	-1.1	-1.4
Fiscal deficit (% GDP)	4.4	4.1	3.9	3.5
Exchange rate (March-end)	60.1	62.6	66.3	66.5
G-sec yield (%, March-end)	8.8	7.7	7.5	7.3

Source: CEIC, CRISIL Research

With a population of over 1.3 billion and an estimated GDP of ₹ 122.7 trillion in fiscal 2016, the Indian economy is the third largest economy adjusted for purchasing power parity or PPP and has favorable demographics with the largest working population, with 52.4% of the working population in the age group of 15-64 years. It is projected that the Indian domestic market will support India's growth in spite of the global economic slowdown. Fiscal consolidation and government initiatives have helped keep inflation under check and benefitted the economy by bringing down the cost of borrowing for both the government and private sector. It is expected that consumer price inflation or CPI, will stay soft at 5%. With these fundamental factors expected to trend in the right direction, the long term potential of India is expected to be healthy.

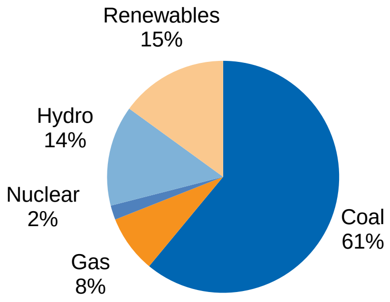
However to ensure lasting growth further reforms are needed, especially with regard to the following:

- *Ease of doing business* to ensure faster decision making and ensure administrative efficiency.
- *Passing of key bills*, like the recently passed Insolvency and Bankruptcy Code Bill, 2016, which strives to create an enabling environment for expeditious resolution of bankruptcies, the Aadhar Bill to distribute subsidies, rural wages and pensions through an electronic platform and GST to herald transparency, reduce the cascading effect of taxes and translate to higher GDP growth.
- *Boost infrastructure* by encouraging higher FDI investments in railways and constructions. Huge capacity augmentation plans have been laid out in the power transmission and distribution infrastructure in order to improve electricity access.
- *Boosting the manufacturing sector* in India though the Skilling India and Make in India schemes.
- *Inflation:* Keeping inflation and cost of borrowings in check to support consumption growth.
- *Development of the financial market*, especially the bond market.
- *Enhance digitalization* by improving the online infrastructure in India.
- *Ensure low reliance on excessive leverage*: India's GDP growth is not supported by excessive credit creation, averaging 10.2% in fiscals 2015 and 2016 compared with 9.8% nominal GDP growth.

Amid these reforms, India's economic growth is picking up, albeit at a slow pace, after having dropped below 6% in fiscal 2013. Structural reforms take time to impact the economy and improvements depend on effective implementation of reforms and policies. This isn't the first time in the past decade that India's GDP has risen from lows. This time around, though below potential, growth appears sustainable and qualitatively better as it is accompanied by prudent fiscal and monetary policies which are 'repair-and-reform' oriented. Thus, CRISIL Research estimates that India's GDP growth will be closer to 8% during fiscals 2017 to 2020.

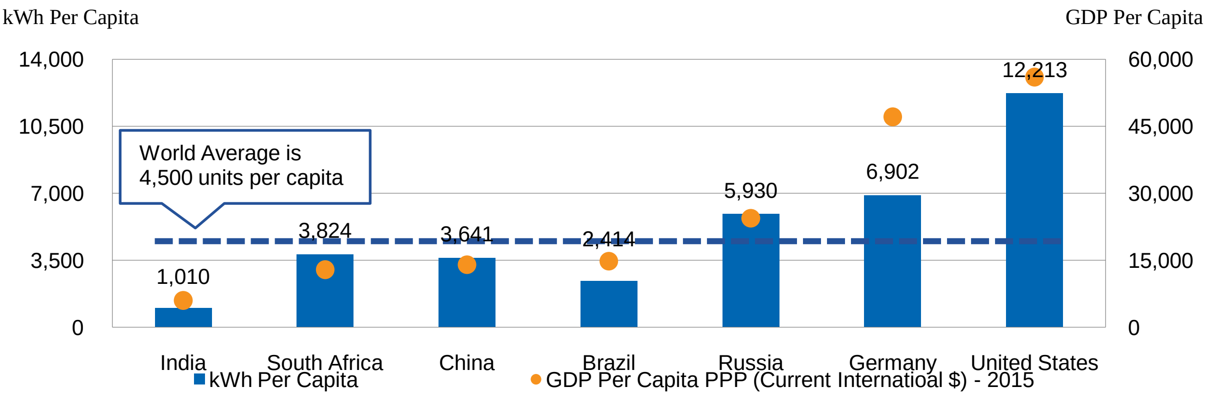
The Indian Power Sector

Overview



India is the third largest consumer and producer of electricity in the world with a global share of 5.3% and 5% for electricity consumption and production, respectively, in fiscal 2015. In September, 2016 the total installed generation capacity in India was 306 GW and approximately 105 GW of capacity was added in the past four years. Coal-based power generation has maintained its dominant position and accounts for 61% of the installed capacity. Renewable energy installations have also witnessed robust growth over the past few years, and have reached approximately 46 GW capacity in September 2016, compared with 9.3 GW in January 2007, constituting approximately 15% of total generation capacity as of date.

India's Per-capita Electricity Consumption is Less than a Quarter of the World's Average (2015)



Source: World Bank data indicators (WDI), CEA, CRISIL Research

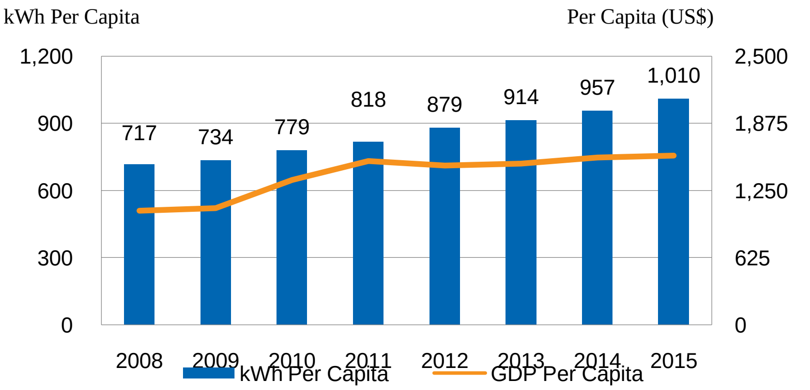
Despite the rapid growth of the Indian power industry, per capita electricity consumption in India, as of fiscal 2015, was only 1,010 kwh, which is 1/4th of the world average and lowest among BRICS nations. Energy deficit (difference between electricity requirement and electricity supply) declined to 2.1% in fiscal 2016. The energy deficit in India is regional, with northern, southern, eastern and western regions having a deficit of 4.8%, 1.6%, 0.3% and 0.2%, respectively as a percentage of total capacity, in fiscal 2016. There is a mismatch between the generation capacity and transmission capacity, which is noticeable from 2010 onwards. India has 2.2 MVA/MW (network transformation capacity to installed generation capacity). Fixing this deficit should lift confidence and improve viability of the sector. Growth in this sector can be achieved through the following measures, which are discussed in more detail later in the section.

- moving surplus power across to regions in deficit and taking care of past underinvestment in the grid;
- meeting time of day differences in demand through urbanisation and village electrification programmes;
- absorption of highly variable i.e., infirm renewable power with high automation and smart grids; and
- establishing new lines for wheeling incremental power capacity.

There are significant investment opportunities in the power sector in India. Total investment has increased from approximately ₹ 1 trillion in fiscal 2012 to approximately ₹ 2 trillion in fiscal 2016. With urbanisation and industrialization, demand for power has increased, encouraging private sector participation in the sector. As the per capita electricity consumption closely follows the growth pattern of per capita GDP, it is expected that growth in power demand should continue.

The power sector value chain comprises generation, transmission and distribution segments. The following figure provides a snapshot of the value chain. The power generation installed capacity is expected to increase from 198 GW in fiscal 2012 to 435 GW in fiscal 2022 (8.2% CAGR) and the share of inter-regional transmission capacity is expected to increase from 13.9% in fiscal 2012 to 20.9% in fiscal 2022 (inter-regional transmission capacity as a fraction of total installed generation capacity) resulting in three times growth of investment in the power transmission sector.

Growth in per Capita Power Consumption in India Rising in Sync with Rising per Capita GDP



Source: World Bank data indicators (WDI), CEA, CRISIL Research

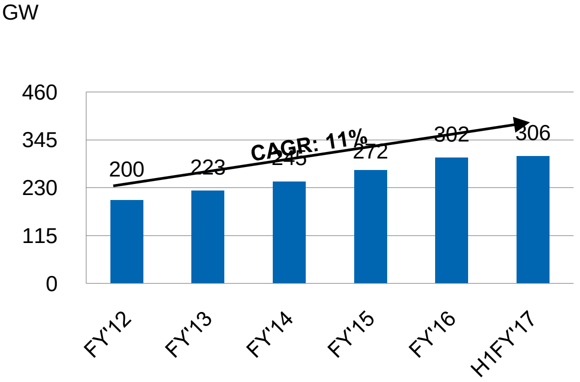
Power generation sector in India

	Generation	Transmission	Distribution
At the end of XI th plan (2011-2012)	**Installed Capacity (MW)** **198,676** *Fuel-Wise breakup* Thermal (MW) 130,403 Hydro (MW) 38,990 Nuclear (MW) 4,780 RES (MW) 24,503	Total line length (>=220 KV) in MV, 409,551 Inter Regional Capacity (GW) 28 Investment in power transmission (RS. Tr.) 0.97	Energy requirement (Bn Units) 937 Peak Demand (MW) 130
At the end of XII th plan (2016-17)	**Installed Capacity (MW)** **323,283** *Fuel-Wise breakup* Thermal (MW) 223,126 Hydro (MW) 44,337 Nuclear (MW) 7,280 RES (MW) 48,500	Total line length (>=220 KV) in MV, 658,949 Inter Regional Capacity (GW) 66 Investment in power transmission (RS. Tr.) 2.1-2.2	Energy requirement (Bn Units) 1,200 Peak Demand (MW) 150
At the end of XIII th plan (2021-22)	**Installed Capacity (MW)** **435,278** *Fuel-Wise breakup* Thermal (MW) 262,176 Hydro (MW) 48,877 Nuclear (MW) 9,180 RES (MW) 115,045	Total line length (>=220KV) in MV, 1,049,011 Inter Regional Capacity (GW) 91 Investment in power transmission (RS. Tr.) 3.1-3.2	Energy requirement (Bn Units) 1,750 Peak Demand (MW) 220

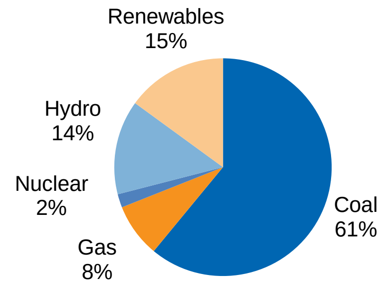
Note: The investments in the power transmission segment are estimated over a 5 year period

The total installed generation capacity in India is 306 GW as of September 2016. Around 105 GW of capacity was added in the past four years. Coal-based power generation has maintained its dominant position over the years and accounts for 61% of the installed capacity. Renewable energy installations have also witnessed robust growth over the past few years, and have reached ~46 GW capacity in September 2016, compared with 9.3 GW in January 2007, constituting ~15% of total generation capacity.

Evolution of Installed Generation Capacity



Break Up of Installed Capacity as of September 2016

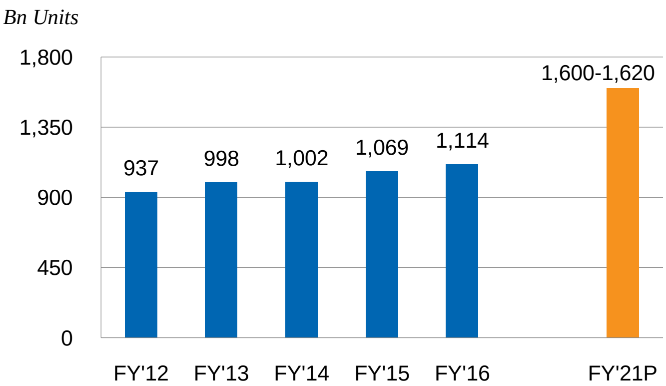


Key trends:

- *Increase in energy requirements and drop in power deficit in India*: Energy requirement grew at a CAGR of 5.3% over the past 5 years. Growth was healthy in fiscals 2012 and 2013 at 8.8% and 6.5%, respectively due to robust growth in economic activity and improved power availability supported by capacity additions of around 20 GW in each of these years. However, demand stagnated in fiscal 2014, primarily on account of weak financial health of DISCOMs and slow GDP growth.

India Energy Requirement

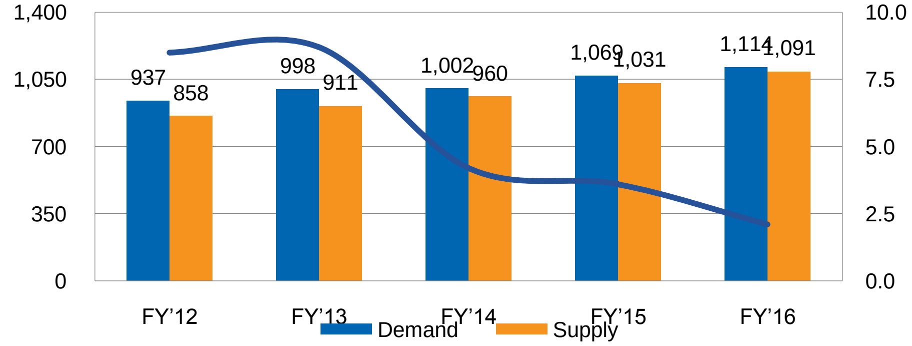
Source: CEA, CRISIL Research



In fiscal 2015, demand growth revived to 6.7% led by a pick-up in economic activity. Moreover, implementation of the financial restructuring plan for DISCOMs in 7 states in fiscals 2014 and 2015 supported power off-take in these states. The growth continued at a moderate rate of 4.3% during fiscal 2016. While the demand for power has been increasing, India continues to be a power deficit country. Energy deficit declined to 2.1% in fiscal 2016 in comparison to 3.6% in fiscal 2015. However, energy deficit across regions is different, which implies that transmission capacity augmentation would be critical to effectively utilize assets. Energy deficit in fiscal 2016 in the southern region was 1.6% and that in the northern region was at 4.8%. On the other hand, energy deficit in the western region was negligible at 0.2%, while in the eastern region it was 0.3%. However, this does not imply that the power deficit is as low as it seemingly appears since off-grid untapped latent demand still persists and rural electrification as well as "24x7" power supply is yet to be achieved.

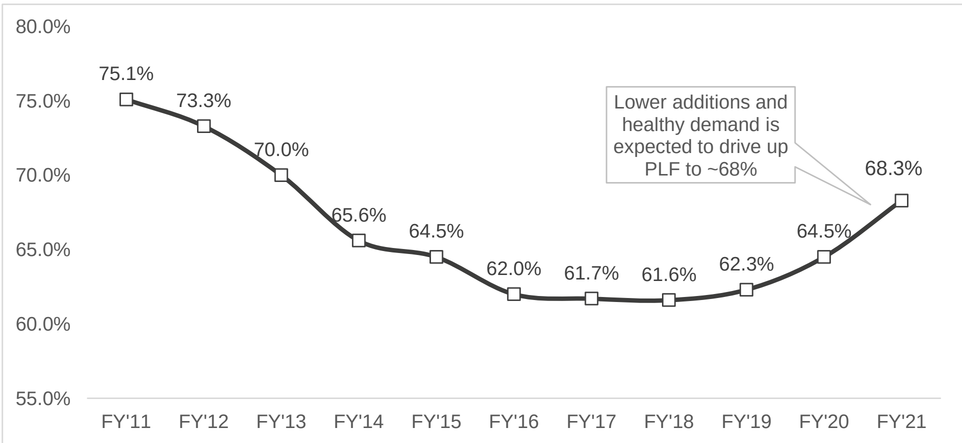
Aggregate power demand supply (in billion units)

Source: CEA, CRISIL Research



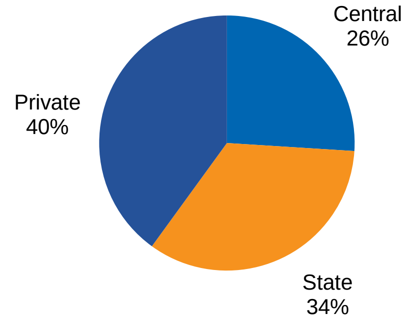
It is expected that energy requirement growth will continue to be healthy at 7.5% to 8% CAGR over fiscals 2017 to 2021. The growth is in line with the gradual improvement in economic output and consequently higher demand from key infrastructure and manufacturing sectors such as metals, mining, cement and auto. Power demand by industrial, non-industrial, agricultural and commercial segments is likely to increase.

- *Improvement in PLFs*: Over the years slower growth in domestic coal production in comparison with the coal-based capacity addition resulted in fuel shortage for such plants. This resulted in lower capacity utilization with PLFs declining to 62.3% in fiscal 2016 from 75.1% in fiscal 2011. Additionally, lower power offtake due to deterioration in financial health of the state DISCOMs as well as limited connectivity (particularly connectivity to the southern grid), also contributed to the decline in average PLFs. However, strong economic growth along with recent structural reforms addressing the shortage of coal availability and improving the financial position of DISCOMs through schemes such as UDAY (Ujwal DISCOM Assurance Yojana), are expected to improve PLFs.



- *Increased private sector participation:* Electricity Act, 2003 coupled with tariff based competitive bidding or TBCB for power procurement, encouraged private participation in the power transmission sector. Private players have commissioned significant capacity over the past decade. In fact, the share of the private sector in the power transmission segment has risen from nil in fiscal 2007 to almost 6% (in ckm) as of fiscal 2016, but this is still far behind the private sector penetration in the power generation section which increased considerably from approximately 13% in fiscal year 2007 to 40% as of 2016. As of March 2016, 40% of total generation projects were owned by private players. Central sector companies, such as NTPC, NHPC and NPCIL owned 26% of generation capacity, and the balance by state governments. As a result of competitive bidding around 107 GW (from fiscal 2006 to fiscal 2016) was added by the private sector, which accounted for 63% of the total additions. This was primarily due to the implementation of competitive bidding in 2006, which opened the sector to private players. In fiscal 2016, capacity additions touched a record high of 24 GW as players rushed to commission capacities as they would be eligible to receive coal under the memorandum of understanding or MoU route till March 31, 2016.

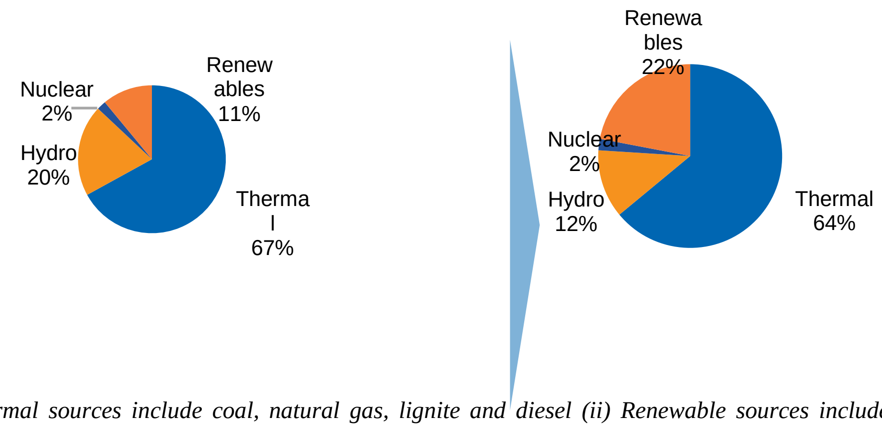
Ownership of Project as of March 2016



Source: CEA, CRISIL Research

- *Increase in renewable energy generation capacity*: There has been a staggering growth in installed capacity of renewable energy sources from 7.8 GW in fiscal 2007 to 38.8 GW in fiscal 2016. Further, the government has planned to achieve a total renewable capacity of 175 GW by fiscal 2022 which primarily includes wind and solar capacities. Share of renewable capacity would increase from 11.5% in fiscal 2012 to 21% in fiscal 2019.

FY12 **FY19**



(i) Thermal sources include coal, natural gas, lignite and diesel (ii) Renewable sources include solar, wind and other renewable sources

Power transmission and distribution sector in India

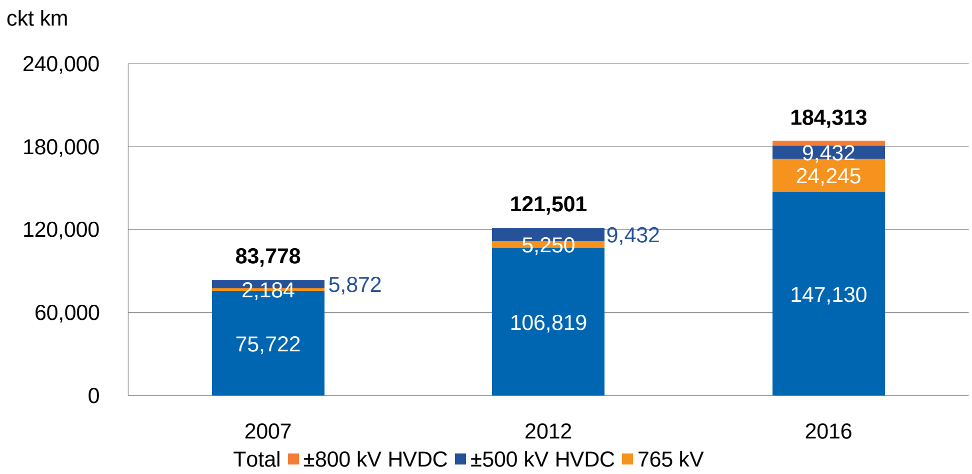
Overview

The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the transmission and distribution or T&D system is a three-tier structure comprising distribution networks, state grids and regional grids. The distribution networks and state grids are primarily owned and operated by the respective state transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by PGCIL, which facilitates the transfer of power between different regions. The transmission system in India operates at several voltage levels, which are listed below.

- *HVDC: ± 500 kV HVDC, ± 800 kV HVDC*
- *Extra high voltage (EHV): 66 kV, 132 kV, 220 kV, 400 kV and 765 kV*

The government's focus on providing electricity to rural areas has led to the T&D systems being extended to remote villages. The total length of transmission lines in the country has increased from 358,580 ckm in fiscal 2007 to 554,774 ckm in fiscal 2016. There has been strong growth in the transmission system at higher voltage levels and substation capacities (400 kv and above). This is a result of an increase in the demand for transmission networks to carry bulk power over longer distances and at the same time optimize the right of way, minimize losses and improve grid reliability. The total length of the '220 kV and above' transmission lines in the country has increased from 198,407 ckm in fiscal 2007 to 341,551 ckm in March 2016.

Strong growth in the length of high voltage transmission lines (above 220 kV)

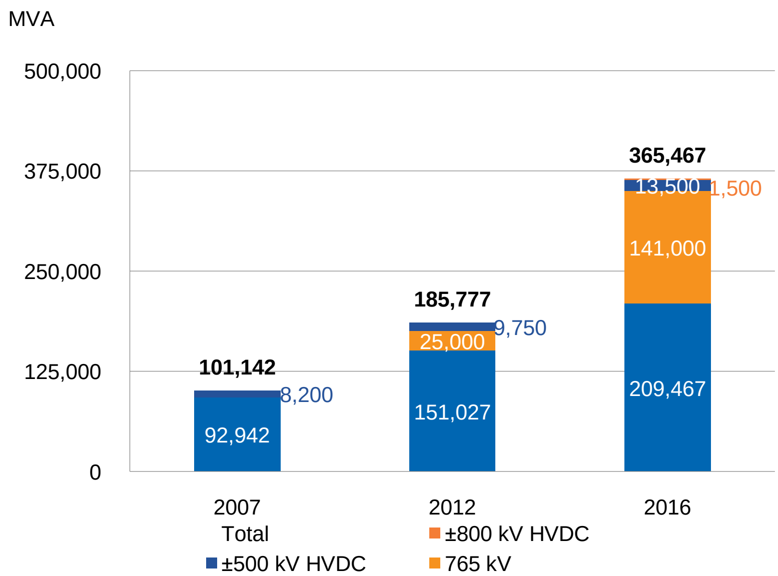


Source: CEA, CRISIL Research

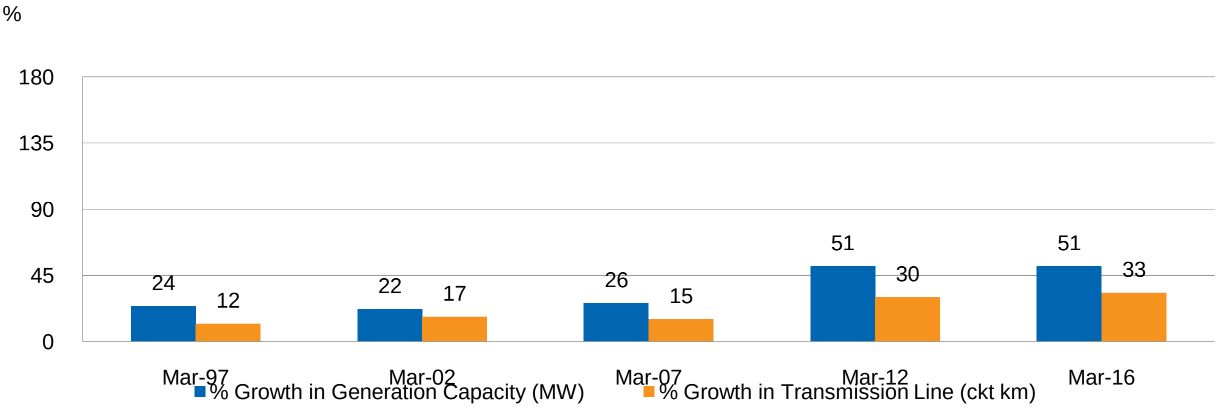
The total EHV line length has increased at 5.4% CAGR between fiscal 2007 and fiscal 2012, whereas growth has increased to 7.3% CAGR between fiscal 2012 and fiscal 2016. Similarly, growth in the sub-station capacity addition was 9.7% CAGR between fiscal 2007 and fiscal 2012, and it has increased to 12.6% CAGR between fiscals 2012 and 2016. This increase can also be attributed to an increase in the commissioning of the 765 KV lines. 765 kV lines have higher transfer capacity and lower technical losses, thereby reducing the overall number of lines and rights of way required to deliver equivalent capacity. Power performance in a transmission line increases as voltage increases and as 765 kV lines use one of the highest voltages, they experience a comparatively lesser amount of line loss. The total length of 765 Kv lines has increased at a CAGR of 31% from 2007 to 2016.

Robust growth in sub-station capacity (220 kV and above)

Source: CEA, CRISIL Research

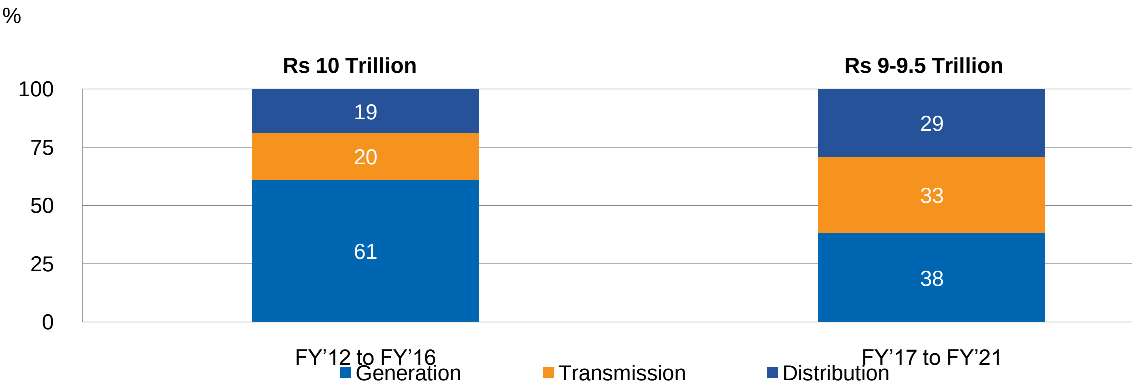


In spite of this strong growth in the transmission sector, there has been significant under investment in the transmission sector as compared to the generation sector. Historically, the generation segment has dominated investments in the Indian power sector. Of the total power sector investments, more than 60% are for the generation sector, while the transmission and distribution segments have lagged with approximately 20% of the total investments.



With the government's focus on alleviating congestion through several grid enhancement projects, transmission capacities are expected to witness robust growth. It is expected that the transmission segment share in total power sector investments will rise sharply to 33% over fiscals 2017 to 2021 from 20% over fiscals 2012 to 2016. Thus, investments in the transmission segments are expected to increase 1.5 times over fiscals 2017 to 2021 as compared to the previous 5 year period. With such large additions, the estimated investment in the transmission sector is expected to be ₹ 3.1-3.2 trillion over 2018-22. Investments in the sector are expected to be driven by the need for robust and reliable inter and intra state transmission system, to support continued generation addition, a strong push for renewable energy sector and rural electrification.

Share of Transmission Segment in Total Power Sector Investments to Sharply Rise



Source: CRISIL Research

Increase in the TBCB pipeline and the rising private-sector participation with favourable risk-return profile of transmission projects will also support growth in investments. In fact, in the 13th five year plan, private investment in the power transmission sector is expected to be approximately 20% of the total investment, compared with an estimated 10% in the 12th five year plan. Total investment in the 13th plan is expected to be between ₹ 3.1 trillion to 3.2 trillion.

To facilitate the transfer of power between neighbouring states, state grids are inter-connected through high-voltage transmission links to form a regional grid. There are five regional grids in India, namely, northern, western, southern, eastern and north-eastern regional grid. As peak demand for power does not take place at the same time in all states, it results in a surplus in one state and a deficit in another and this mismatch has been facilitated by regional or inter-state grids. Additionally, they also facilitate the optimal scheduling of maintenance outages and better coordination between power plants. The Indian national grid has evolved over a period of 60 years and has recently achieved the 'one nation one grid' status. Although the interregional transmission capacity is still low, unification of grid has helped in bridging the gap between load centres and the demand centres in India.

The advantages of a national grid system are:

- flatter demand curve (or a higher system load factor) on account of the exchange of power among regions, resulting in a better PLF and more economical operations;
- lower investments required for new generation capacity;
- Surplus power from one region being made available at economical costs to consumers in other regions;
- better scheduling of planned outages of power plants; and
- improved stability of the grid, as the share of an individual generating station in the total capacity declines with greater integration of the power system.

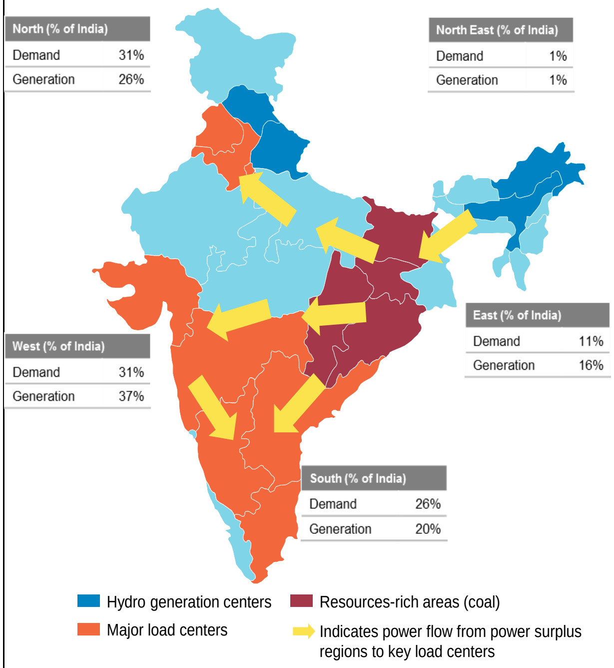
Key growth drivers for power transmission

The following points are the key growth drivers for power transmission in India:

- *Widening gap between inter-regional power demand-supply to drive transmission capacity additions*: It is believed that the total power generation capacity in India would rise to approximately 435 GW by March 2022 from 306 GW in September 2016. However, it is predicted that the upcoming generation capacity will not evenly spread across India. Most upcoming renewable capacities are expected to be concentrated in the western and southern regions of India, while thermal capacities are expected to be concentrated close to the coal mines in the eastern region of India. As a result there will be inter-regional import/export demands, which will have to be catered through inter-regional transmission corridors. Despite healthy inter-regional transmission additions, on account of seasonal differences and time of day demand differences, large inter-regional transmission capacities would be required to prevent grid fluctuations. As per the Ministry of Power (Perspective Transmission Plan for Twenty Years, 2014-2034), it is estimated that the northern region will have a deficit of about 18,500 – 22,200 MW depending on the season, while the southern region will have a deficit of about 13,000 to 19,100 MW depending on the season at the end of fiscal 2022. Surplus in the western region is expected to be 11,500-15,900 MW in the summer peak, winter peak and winter-off peak conditions, while during the monsoon peak, the surplus is expected to drop to about 2,000 MW.

  CRISIL Research believes that the Northern and Southern regions would be required to import power and the other three regions would be in a position to export power in Fiscal 2022. To cater to the above import/export requirement, a number of inter-regional transmission corridors have been planned and some of these high-capacity transmission corridors are in various stages of implementation. According to the CEA estimates, the inter-regional transmission capacity requirement is expected to be around 91 GW by fiscal 2021.

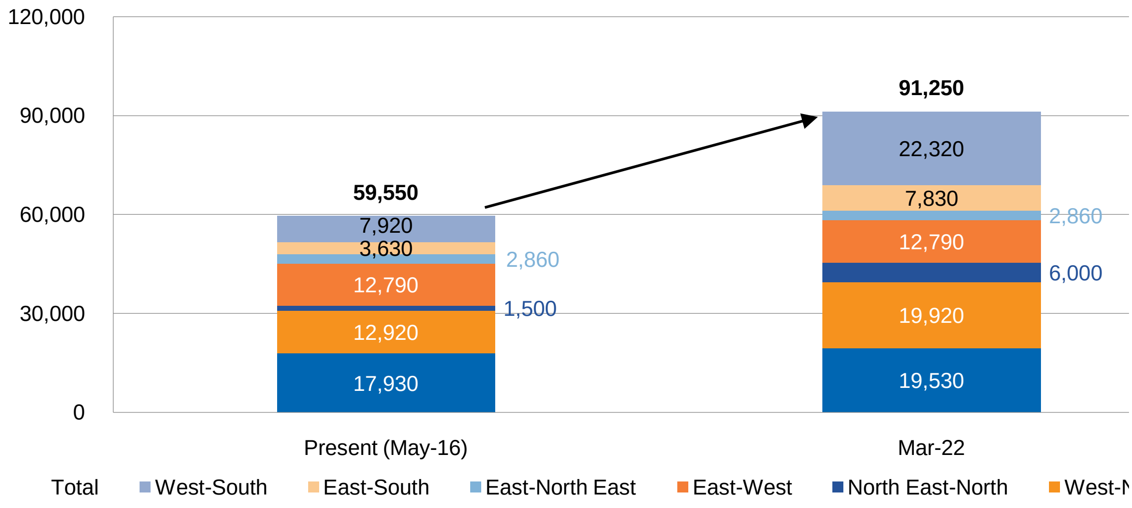
Inherent criticality of transmission systems



Source: CRISIL Research

Inter-regional transmission capacity up to 13th plan

Source: Ministry of Power, Government of India - Perspective Transmission Plan for Twenty Years (2014-2034)



The government is currently under the process of preparing the National Electricity Plan. This Plan would give generation capacity addition for period up to fiscal 2021 on the basis of integrated resource planning requirements for the country. CEA expects total inter-regional capacity addition during 13th five year plan (fiscals 2018 to 2022) to be 19,000 MW. With such capacity augmentations, the total inter-regional capacity would grow from ~59,500 MW as on May 2016 to about 91,250 MW by the end of the 13th five year plan.

Given the inter-regional power supply differences, trading of power across regions becomes much more important and transmission grid is the key enabler of power trading markets. The price variance across regions will further propel the need for power trading across regions.

India has added 27% (81 GW) of its total power capacity in the past three years (fiscals 2014 to 2016) itself, many of which do not even have a full PPA. Consequently, there are under-utilized capacities on one side and power deficits on the other. Improved and enhanced transmission corridors, which should help evacuate power from surplus region through power trading, is an important requirement to bridge this gap and improve PLFs.

- *Strong government support to drive transmission investments:* The Government has supported the transmission segment through several measures – increasing the concession period of a transmission asset, relaxation of norms to speed up project construction and implementation of Uday scheme to boost power demand, which in turn will eventually result in a rise in transmission requirements.
  The Uday scheme aims to improve finances of DISCOMs and in turn boost power demand by reducing power purchase costs, improving efficiency, ensuring financial discipline on DISCOMs and reducing interest costs. Through this scheme the government aims to make power DISCOMs sustainable with a single-minded focus on cost-cutting. The Uday scheme proposes to improve the financials through a three pronged approach – reducing power purchase costs, improving efficiency and reducing interest costs. The government acknowledges the need to improve transmission, especially in the southern grid and reduce coal and finance cost. It also emphasizes on the need to lower aggregate technical and commercial or AT&C losses, which are very high at 22-39% in the top six states. The government aims at nominalizing AT&C costs to 15% in the top six states, as a result of which DISCOMs in these states could save approximately US$8.56 billion by fiscal 2019.

State	AT&C losses% (Fiscal 2014)	AT&C % loss target by Fiscal 2019	Potential saving if AT&C loss reduces to target (US$ m)
Haryana	34	15	804

State	AT&C losses% (Fiscal 2014)	AT&C % loss target by Fiscal 2019	Potential saving if AT&C loss reduces to target (US$ m)
Uttar Pradesh	25	15	781
Rajasthan	27	15	679
Madhya Pradesh	28	15	670
Tamil Nadu	22	15	596
Odisha	39	15	572
Total			**8,582**

As of September 30, 2016, 16 states and 1 Union Territory have agreed to be a part of the UDAY scheme. These states include Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Jammu & Kashmir, Jharkand, Haryana, Karnataka, Madhya Pradesh, Manipur, Punjab, Puducherry, Rajasthan, Uttar Pradesh, Uttrakhand and Maharashtra. Tamil Nadu is also currently in talks for joining the UDAY scheme.

Through the "Power for All scheme", the government envisages to invest approximately US$ 250 billion in the power sector, with a focus on upgrading the distribution and transmission infrastructure over fiscals 2016 to 2020 to augment the T&D network and drive investments. The objective is to connect the unconnected consumers in phased manner by fiscal 2018, and to ensure continuous quality, reliability and affordability of power to all domestic, commercial, agricultural and industrial consumers.

To cater to the above import/export requirement, a number of inter-regional transmission corridors have been planned and some of these high capacity transmission corridors are in various stages of implementation. The Government has eased norms to cut down approval time and administrative delays that could arise during the project execution period of a transmission line. Transmission line projects are mainly delayed on account of forest clearances and right of way issues. In order to address these issues, the government has taken steps to speed up approvals for transmission routes, forest and wildlife clearances.

The government has also boosted private sector participation in the sector, with an objective of increasing transmission capacity and reducing the power deficit. All future procurement of transmission enhancements are compulsorily being made through the TBCB route, with PGCIL itself bidding through TBCB except for certain high technology projects.

- *Upgradation of existing lines:* India has approximately 3.4 lakh ckm of transmission network as of March 2016 and most lines use aluminum core steel reinforced or ACSR conductors. The ACSR conductors have low current carrying and temperature withholding (85 degree Celsius) capacity as compared to other latest available technologies and substitutes such as Aluminum Conductors Composite Core and Copper Clad Composite Conductors which are high tension low sag conductors. These lines also have low efficiency which leads to increased losses. The World Bank in a recent study concluded that T&D losses in fiscal 2012 costed the Indian economy ~1% of its GDP. Upgradation and re-conductuing efforts can augment capacity without the need for heavy investments and are less likely to give rise to right of way issues. Upgrading transmission networks also increases the power handling capacity of the system and the gestation period for upgrading a line is much lesser as compared to erecting a new line. Power transmission lines have reaped huge benefits in terms of increased power transmission capacity with such upgradation efforts.

- *Strong renewable energy capacity additions to drive transmission capacity:* Power generation in India is dominated by coal based generation, which is the primary fuel for more than 61% of the total installed capacity in India. The use of other resources, such as renewable energy is experiencing a staggering growth in installed capacity. Going forward, it is expected that the growth in renewable energy capacity additions will be healthy. The government has already announced plans to increase renewable capacity to 175 GW by 2022.

  Such expansion plans require large scale development in transmission sector. This is mainly because large solar and wind power plants are usually located in the far flung areas with limited infrastructure to support generation and transmission. Renewable energy is not well distributed across states and is infirm in nature. The government has already implemented measures to develop the transmission capacities to support renewable capacity additions in India. Such initiatives include setting up of solar pooling stations and integrating solar and wind projects into the National Grid under the 'Green Energy Corridors.'

- *Conventional power generation capacity additions to necessitate concomitant transmission capacity:* As of September 2016, there exists ~93 GW of under construction power generation projects, out of which, ~54 GW worth of power generation projects are expected to be commissioned over fiscals 2017-21. Such commissions coupled with an estimated increase of ~7.5% in power demand is expected to necessitate augmenting of transmission capacities.

- *Cross border power trading in south Asian countries:* Power deficit in India has been on a declining trajectory. India is expected to further expand its generation capacity (conventional power) by ~55 GW over the next 5 years. India is also evaluating opportunities to tap neighboring countries such as Nepal, Bangladesh, Sri Lanka, Maldives and Bhutan for better integration and synergies by interlinking electricity transmission systems and allowing surplus power to be exported to other grids. These capacity expansion plans are expected to provide opportunities for private players in the transmission sector.

Financing transmission assets

Investments of ₹ 3.1-3.2 trillion over fiscals 2018-22 is not expected to be challenging given the past track record of both public and private sectors' ability to generate funds. In fact both public and private developers, have been successful in tapping the capital markets, apart from traditional bank financing options. PGCIL, for instance, has undertaken about 10 private placements since January 2014 raising up to ₹ 272 billion. Similarly, Adani Transmission has done 7 private placements aggregating to approximately ₹ 46 billion. ENICL, a project of SPGVL, in January 2016, issued the first SPV level bond in the sector for an amount of ₹ 925 crore with a credit rating of AAA (SO) from CRISIL and India Ratings. These companies have been successful in raising debt via bond market owing to lower associated risks and higher revenue reliability of the underlying assets. Transmission line business enjoy longer asset life of 50 years as compared to other infrastructure projects such as roads. Further, they have higher payment security and lower counter party risk owing to the involvement of central transmission utility or CTU as a collection agency for payments under point of connection or PoC mechanism.

Regulatory

Overview

The electricity sector in India was largely controlled by government owned entities. With rapid industrialization, demand for power witnessed an upsurge, which necessitated significant investments. This compelled the government to open this sector to private participation. The table below highlights the evolution of the regulatory regime in the transmission sector in India:

TimeLine of regulatory changes

1910	1948	1998	2003	2005	2006	2008	2014	2016
Indian Electricity Act - Amendment in 1991	The Electricity (Supply) Act - Amendment in 1998	Electricity Regulatory Commission Act	The Electricity Act 2003	National Electricity Policy	National Tariff Policy	Open Access (Revision)	Electricity Amendment bill	National Tariff Policy
Covered technical and operating standards of Indian Power sector	• Creation of SEB's, CEA and CGU's. • Creation of CTU, STU. • Specified licensing role of CERC & SERC.	• Seperate regulatory bodies at state and centre • Creation of central and state transmission utilities	• Unbundling & corporatisation of Electricity sector • Open Access in T&D sector • Power Trading to be encouraged • Captive generation to be encouraged • ABT introduced	• Commercial viability • Access of power • Protection of consumer Interest	• Competitive bidding in transmisson • Competitvive biddiing in power procurement • cost plus regulated returns under Gen,trans.& dist.	• NLDC appointed as nodal agency for bilateral transactions • PoC methodology for collective transactions	• Segregation of carriage & content • Promotion of renewables • Tariff Rationalisation • Enhancing grid safety and security	• Competitive bidding in transmission • Solar RPO increased to 8% by FY22 • Bundling of renewable power • No transmission charges and losses for solar & wind

- CEA - Central Electricity Authority
- SEB - State Electricity Boards
- STU - State Transmission Utlities
- CTU - Central Transmission Utilities
- CGU - Central Generating Units
- CERC - Central Electricity Regulatory Commission
- SERC - State Electricity Regulatory Commission
- ABT - Availibiltiy based tariff
- NLDC - National Load Despatch Centre
- PoC - Point of Connection
- NATAF - Normative Annual Transmission Availibility Factor
- HVDC - High Voltage Direct Current
- RPO - Renewable purchase obligation

Source: CRISIL Research

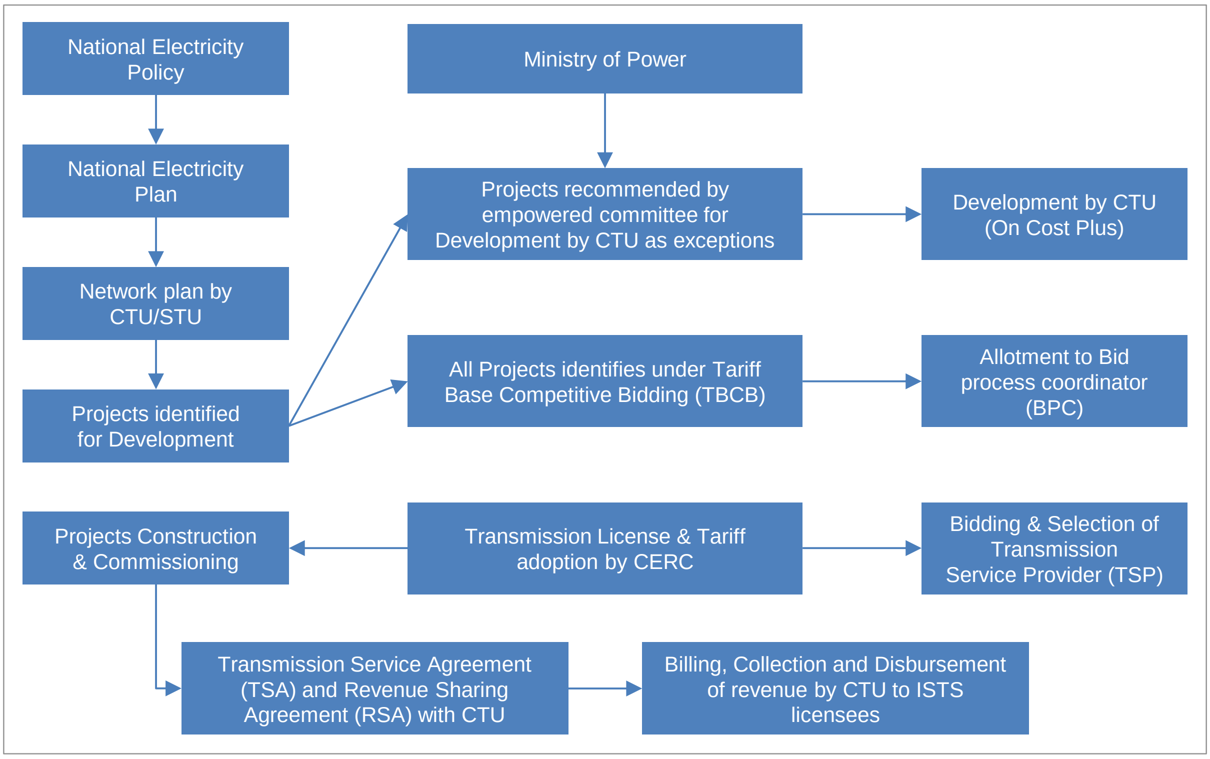
Electricity Act, 2003

The electricity sector in India has undergone significant structural changes, particularly over the last decade, with the enactment of The Electricity Act 2003. The act lowered barriers to private participation in the transmission sector and established competitive bidding for certain transmission projects under the TBCB scheme, with both public utilities and private businesses being allowed to participate in the bidding for these projects, either individually or through joint ventures. The Act also gave CERC and the state regulatory boards the mandate to grant licenses for the construction, maintenance and operation of transmission lines.

National tariff policies

Under the National Tariff Policy, 2006, the government further emphasized competitive bidding for new transmission projects by introducing the TBCB scheme for all transmission projects. The policy also promoted competition in the construction of transmission infrastructure, encouraged greater investment by private business in the sector and increased transparency. India is one of the few countries which has opened up its transmission sector for private participation, and has garnered significant interest from private business. In January 2016, the cabinet approved the proposal of the government for amendments in the policy. The new policy aims to improve power supply, provide tariff clarity to competitively bid projects and boost the renewable energy segment.

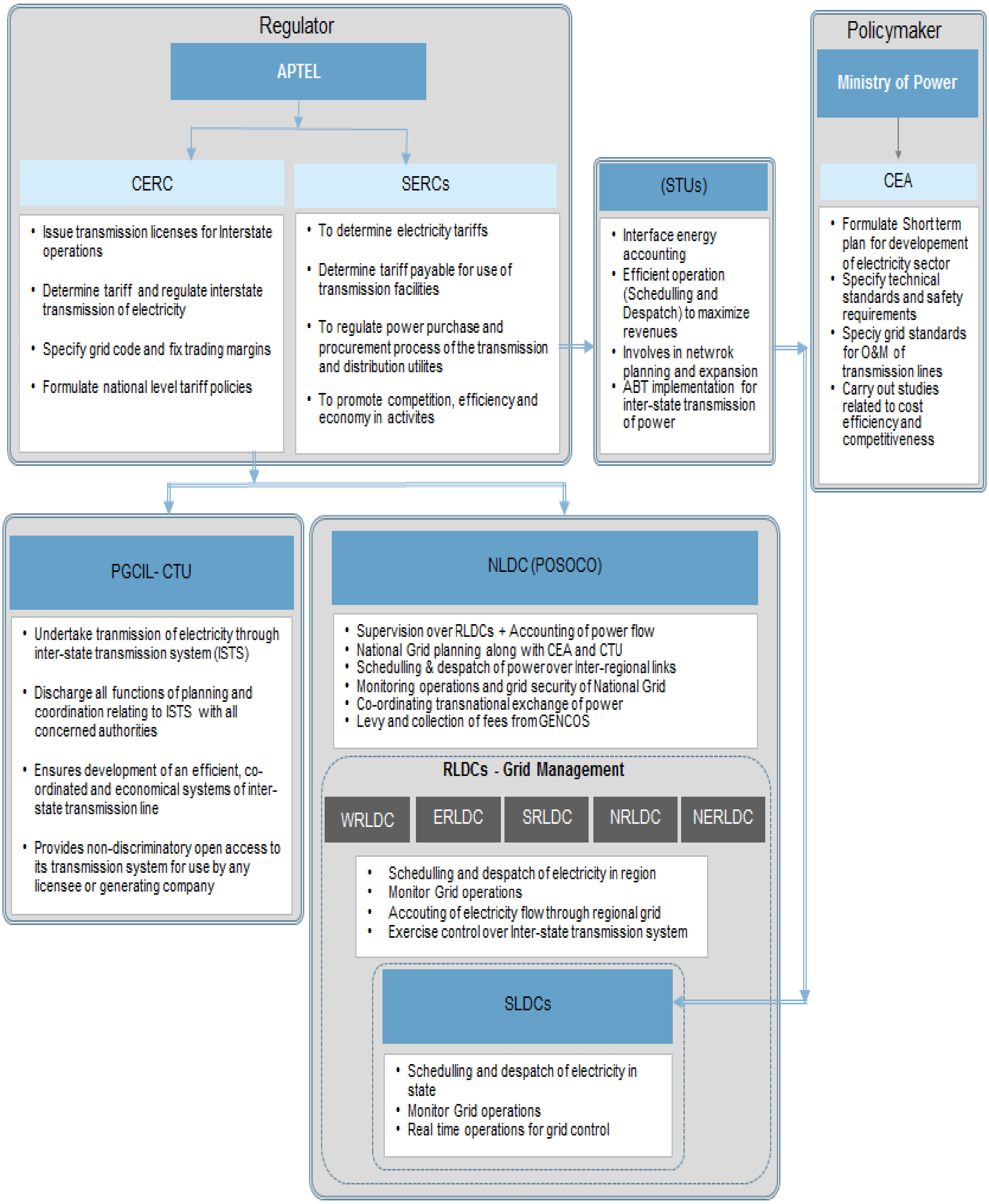
The Indian tranmission business framework



Role of various agencies

Transmission of power in India takes place under a comprehensive framework involving multiple organisations including, state transmission utilities or STUs, central transmission utility or CTU, Power System Operation Corporation or POSOCO, state load dispatch centres or SLDCs, regional load dispatch centres or RLDCs, and National Load Dispatch Centre or NLDC. Other agencies such as the Central Electricity Authority or CEA and Regional Power Committees or RPCs play an advisory role in shaping up the transmission sector policies, ensuring grid stability, smooth and economical operation of the grid. The following table depicts the role and hierarchy of various agencies.

Schematic depicting role and hierarchy of various agencies
Source: CRISIL Research



Tariff Structure

Overview

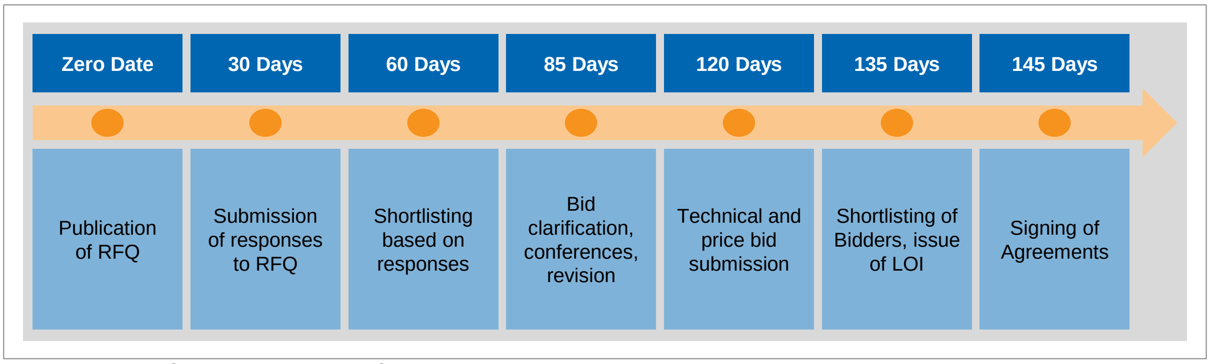
Being a critical link in the power sector value chain, the transmission sector needed more attention to cater to the growing power demand and the increasing generation capacity. Investments in the form of budgetary allocations, internal accruals and PSU borrowings were unable to fund this growing need. Keeping this in mind, the Electricity Act permitted private sector participation through the tariff based competitive bidding or TBCB route in the power transmission sector. Guidelines for the TBCB process were laid down in the National Tariff Policy, 2006.

Tariff based competitive bidding

Under the TBCB, tariff for projects is not on a cost plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines. The bidder quoting the lowest levelised tariff, is selected. The successful bidder is then required to acquire a special purpose vehicle or SPV incorporated by the bid process coordinator or BPC. Once the process of acquisition is complete, the SPV approaches CERC to obtain a transmission license.

The bidding process is coordinated by the Bid Process Coordinator or BPC under a well-defined framework stipulated by Ministry of Power. The Ministry of Power has notified bid documents i.e., the RFQ and RFP for the purpose of bidding. The bid documents include details of the project, such as, construction milestones, financial and technical qualification requirements to be met by the bidders, details of the model TSAs, other technical, operational and safety criteria, bid evaluation methodology, demonstration of financial commitments from lenders at the time of submission of the bids. After the submission of bids, a bid evaluation is undertaken by a committee constituting at least one member from the CEA. The bidder who has quoted the lowest transmission charge as per the evaluation procedure, is considered for the award. After selection, the bidder is required to acquire the project SPV from the BPC and make an application for grant of transmission license to CERC. The successful bidder is designated as the transmission service provider or TSP. The TSP commissions the line as per the schedule specified in the TSA with the long term service customers, the effective date for start of project development being the date of acquisition of SPV by the TSP. In case the TSP commissions the project early, he is eligible to get early transmission revenues as well as incentives.

The timeline of the bidding process is as follows:



Source: CERC regulations; CRISIL Research

Point of connection mechanism

- *Overview*: In 2011, CERC introduced the PoC mechanism under the Central Electricity Regulatory Commission (Sharing of inter-state Transmission Charges and Losses) Regulations, 2010 for determining inter-state transmission charges. The PoC methodology was introduced to meet the requirements of an integrated grid with rapidly increasing inter-regional transmission of power. It replaced the regional postage stamp method, which was more suited to simple power flows restricted to a small geographical area or electric network. With the new system, the regulator aims to promote an efficient transmission pricing regime that is sensitive to distance, direction and quantum of power flow – factors which were not addressed by the postage stamp method.

- *About PoC*: In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. The inter-state grid has been divided into generation and withdrawal (demand) zones, and prices for each zone are determined by an algorithm based on the load profile of the zone. Separate transmission charges are attributable to both generators and distribution companies as they are both deemed to be beneficiaries of the transmission network.

However, in almost all cases, transmission charges attributed to the generator are recovered from the DISCOMs. The transmission grid is divided into injection and withdrawal nodes and for the sake of simplicity, various nodes of a contiguous region have been further aggregated into zones. The charges for each node are determined by an algorithm. The algorithm is based on load flow analysis of the entire transmission network and how a change in injection or withdrawal of 1 MW of power at each node affects the network. Thus, it captures the network utilisation of each zone. The algorithm also takes into account the electrical distance and direction of power flows for each node in the system.

The total PoC charges to be paid for a transaction between two locations is the sum of the PoC charges and losses of a generator zone and injection zone. With the PoC mechanism, a universal TSA and RSA is in place and all beneficiaries including ISTS licensees, deemed ISTS licensees, other non-ISTS licensees whose assets have been certified as being used for interstate transmission by the RPCs will be default signatories to the TSA and RSA approved by CERC. The RSA determines the terms and conditions for billing, collection and disbursement procedure for the ISTS licenses and DICs while TSA determines the terms and conditions for revenue accrual and other operation related parameters.

- *Procedure for payment*: Under the PoC mechanism, the CTU or PGCIL acts as the revenue aggregator and collects payments from all the DICs based on the inputs received related to utilization of the transmission network. The CTU is responsible for billing and collecting these charges from the various users and disbursing them to transmission licensees. CTU functions as a single point of contact between transmission licensees and the users.
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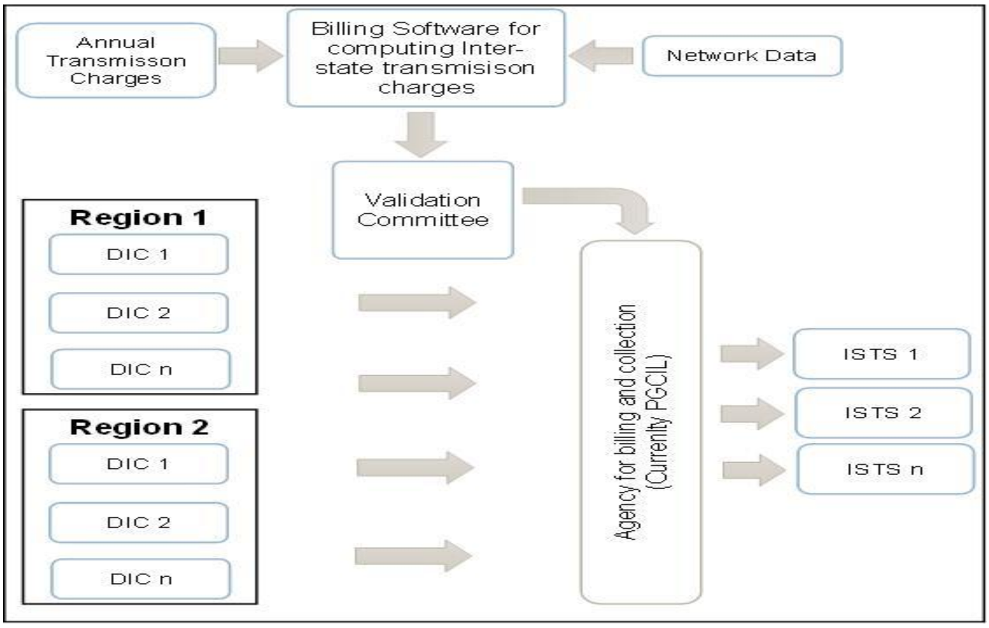


Source: CERC; CRISIL Research

Components of tariff

Tariffs comprise fixed and variable components and are billed, collected and paid to us through the PoC mechanism.

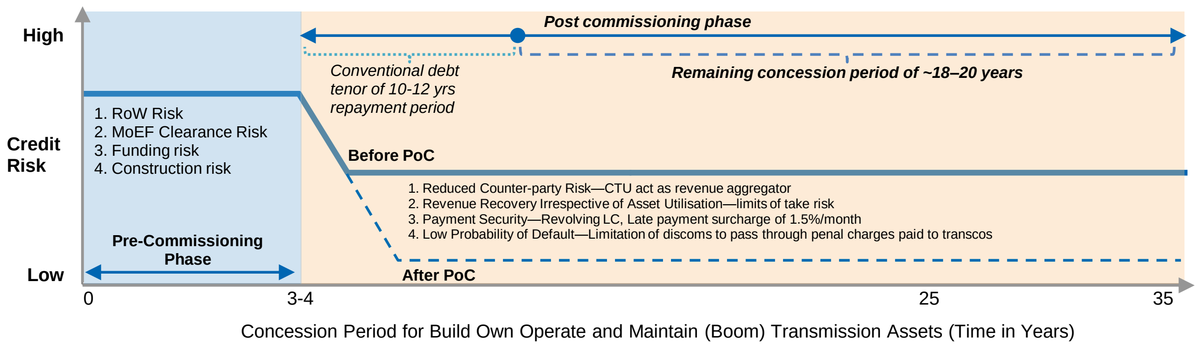
- *Availability based tariff:* Inter-state power transmission projects receive tariffs on the basis of availability, irrespective of the quantum of power transmitted through the line. These 'availability-based' tariffs incentivize transmission system operators to provide the highest possible system reliability, which is defined as the time in hours during a given period for which the transmission system is capable of transmitting electricity at its rated voltage, expressed as a percentage of total hours in the period. The transmission line developer is entitled to get an incentive amount (if availability is more than 98.5% for HVDC and more than 99.75% for HVAC) in the ratio of the transmission charges paid or actually payable at the end of the contract year. Also, in the case of low availability of a transmission line, a penalty is to be paid by the transmission service provider, which will be apportioned in favour of the long term transmission customers in the ratio of transmission charges paid or actually payable at the end of contract year. However adequate training and deployment of advanced techniques such as use of helicopters for live line aerial patrolling, hot line maintenance, equipment condition monitoring including dynamic testing and use of thermos-vision scanning may result in higher transmission network availability.

- *Transmission charges:* The electricity transmission tariff is paid to license holders in the form of transmission charges by PGCIL. The tariff rates are comprised of a fixed non-escalable charge and a variable escalable charge which in linked to the inflation index in India which is published by CERC every 6 months. In addition to this, there might be an incentive payment, as described above.

Factors Encouraging Investments In Power Transmission In India

- *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 PoC mechanism, there is limited offtake and price risk. Thus, operational transmission projects have annuity like cash flows and steady project returns. Tariffs payable to the ISTS have a fixed escalable component which ensures stability in cash flows. The variable component is linked to the inflation index in India, which is relatively a smaller component of the tariff. The yearly transmission tariffs are recovered from all existing users of the ISTS, regardless of the commissioning of the associated generation plant and utilization of the line. Hence, revenue recovery is not linked to volume of power flowing through transmission assets as long as normative line availability is met.

Credit risk through a transmission project life cycle



- *Availability based regime:* As per the TSA, the transmission line developer is liable to get an incentive amount (if availability is more than 98.5% for HVDC and more than 99.75% for HVAC) in the ratio of the transmission charge paid or actually payable at the end of the contract year. Also, in case of low availability, a transmission lincesee is liable to pay a penalty under the TSA, which will be apportioned in favour of the customers. 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.

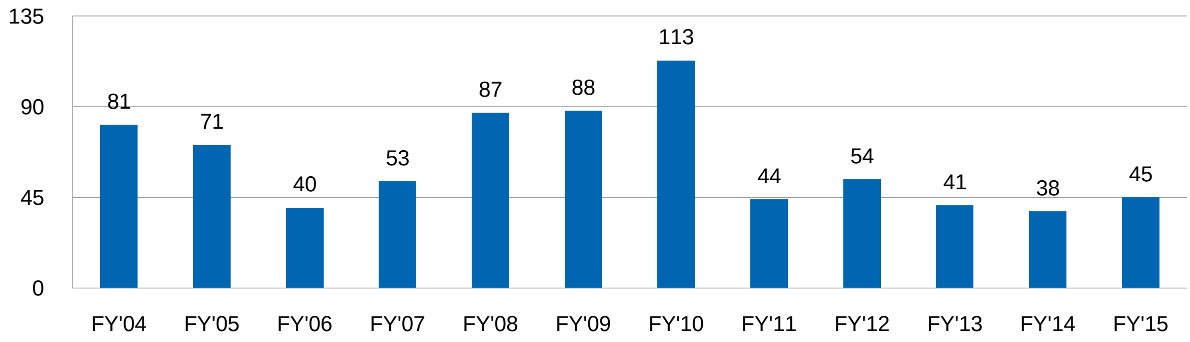
- *Counter-party risk diversified*: Given pan-India aggregation of revenue among all TSPs and not asset specific billing, the counter party risk is diversified. As the load growth increases, the pool of beneficiaries as well as transmission providers is likely to go up resulting in further diversification. Considering that no single counter party is over 15% of the pool, weighted average credit quality of the pool is significantly better than individual constituents. 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. For example, assuming the system has 3 ISTS licensees (L1, L2 and L3). The total transmission charge for any given period is INR 100 /- which is to be paid to the 3 licensees in the proportion of 50%, 30% and 20%. Assuming the recovery or total amount aggregated by PGCIL is INR

ISTS Licensee	Transmission Change (INR)	Collection from DICs (INR)	Proceeds to ISTS Licensees (INR)
L1	50		45
L2	30	90	27
L3	20		19
Total	**100**		**90**

90 /- (shortfall of INR 10/-), the collection would be distributed to the 3 licensees in the proportion of their billing amounts as illustrated in the table. Also, if for some reason, some beneficiary have defaulted or submitted the request for relinquishing long term open access, transmission charges per MW per month for the subsequent quarters are adjusted upwards for the remaining beneficiary. This methodology ensures that there is inbuilt gross up to ensure that there are no sustained delays or defaults without mitigation.

- *Collection risk offset owing to presence of CTU*: According to CERC (sharing of inter-state transmission charges and losses) regulations, 2010, PGCIL 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. The CTU functions as a single point of contact between transmission licensees and the users. 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. Moreover, the collection track-record of the CTU is fairly good and the receivable collection cycle has shown considerable improvement over the past few years. PGCIL do not possess any history of payment default to the TSP under the PoC mechanism.

Trend in Receivable Days of PGCIL

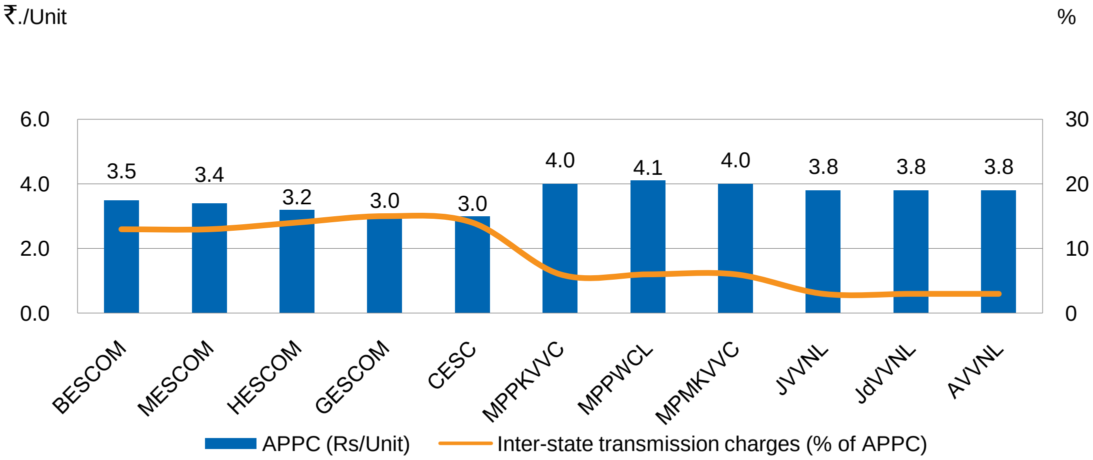


Source: PGCIL Annual Report; CRISIL Research

- *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. Further, in the event of default by DISCOMs the impacted generation company can sell the regulated volumes of power to third party buyers and proceeds from such transaction will be paid to the transferring company on a pro-rata basis, after adjustment of energy charges and incidental expense by the generating company.

- *Relatively low probability of default:* Beneficiaries are less likely to default on transmission charges as there exists limited alternative infrastructure to supply/off-take the power. In fact, transmission licensees have the right to restrict long-term/medium-term access to transmission network. As per the CERC's order dated September 2, 2015 on regulation of power supply, PGCIL in consultation with power system operation corporation limited or POSOCO can deny STOA/MTOA/LTA to the defaulting utility which can be treated as a transmission constraint and POSOCO may issue a schedule to the defaulting beneficiary in case of the transmission constraint. Also, there exists a late payment surcharge of 1.50% per month for delay in payment beyond 60 days from the date of billing. Further there are limitations on transmission utilities to pass on the additional cost incurred on account of penal interest to the end users. Given a confluence of the above factors, the beneficiaries are less likely to default. Moreover, transmission costs form a relatively lower proportion of the total operational costs. In fact, for Madhya Pradesh and Rajasthan the interstate transmission charges account for less than 5% of the total power purchase cost.

Inter-state Transmission Cost as Percentage of Average Power Purchase Cost of DISCOMS



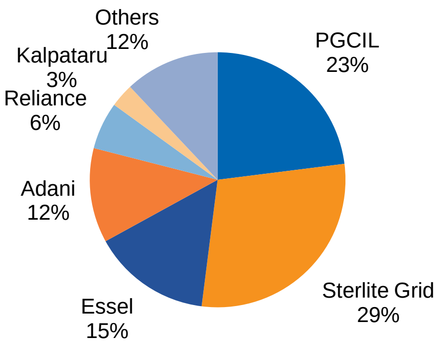
- *Pace of awarding projects under TBCB has gathered steam:* Between fiscals 2011 and 2015, the pace of awarding a project was slow with only ₹ 180-190 billion of projects being awarded. However, it has significantly increased with approximately 260 billion projects being awarded in fiscal 2016. The government is expected to continue its focus on accelerating the award of transmission projects in fiscal 2017 with a visible pipeline of ~₹ 154 billion and more. Below is a list of projects as of September 2016 which are expected to be awarded under the TBCB model.

Sr. No	Transmission Project	Scope	Cost (₹ Billion)
1	New WR- NR 765 kV Inter-regional corridor	765 kV Vindhyanchal Pooling Station – Varanasi D/C line	9.2
2	Transmission system for Ultra Mega Solar Park in Fatehgarh, dist. Jaisalmer Rajasthan	i. Establishment of 400kV Pooling Station at Fatehgarh (with a provision to upgrade at 765kV level) ii. 765 kV Fatehgarh Pooling sub-station - Bhadla (PG) D/C line (initially to be operated at 400kV) iii. 2 nos of 400kV line bays at Fatehgarh Pooling substation iv. 1x125 MVAR Bus reactor at 400kV Fatehgarh Pooling sub-station	5.3
3	Additional 400kV feed to Goa	i. LILO of one ckt. of Narendra (existing) – Narendra (New) 400kV D/C quad line at Xeldem ii. Xeldem – Mapusa 400kV D/C (quad) lin iii. Establishment of 2x500MVA, 400/220kV substation	5.9
4	Additional System for Power Evacuation from Generation Projects pooled at Raigarh (Tamnar) Pool	i. Dharamjaygarh Pool section B - Raigarh (Tamnar) Pool 765kV D/C line	2.7
5	Connectivity System for Lanco Vidarbha Thermal Power Ltd. (LVTPL)	i. (i) LVTPPL TPS switchyard – Warora Pool 765kV D/C line ii. 2 nos of 765kV Line bays at Warora Pool (for LVTPL TPS switchyard – Warora Pool 765kV D/C line)	3.5
6	Inter State Transmission system strengthening in Chhatarpur area in Madhya Pradesh	iii. LILO of both circuits of Satna – Bina 400kV (1st) D/C line at Bijawar. iv. Establishment of 2x500MVA, 400/220kV substation at Bijawar	3.9
7	Connectivity and Long Term Access (LTA) to HPPCL 450 MW from Shongtong Karcham HEP.	i. Shongtong Karcham – Wangtoo 400 kV D/C Line (Quad HTLS Conductor Equivalent to about 3000MW on each ckt) – (ISTS) ii. 2 Nos 400kV Bays at Wangtoo S/s	3.2
8	Eastern Region Strengthening Scheme –	i. Establishment of 400/220/132 kV, 2x500 MVA + 2x200 MVA S/s at Sitamarhi (New)	13.2

Sr. No	Transmission Project	Scope	Cost (₹ Billion)
	XXI (ERSS-XXI)	ii. Establishment of 400/220/132 kV, 3x500 MVA + 3x200 MVA S/s at Chandauti (New) iii. Establishment of 400/220/132 kV, 2x500 MVA + 2x200 MVA S/s at Saharsa (New) iv. Substation extension at Darbhanga S/S v. Substation extension at Motihari S/S vi. Darbhanga – Sitamarhi (New) 400kV D/C line vii. Sitamarhi (New) – Motihari 400kV D/C line viii. LILO of both circuits of Nabinagar-II – Gaya ix. LILO of Kishanganj – Patna 400kV D/C	
9	Transmission lines for railways	132kV + 220 kV S/s -4; 132kV+220kV Lines	12

- *Market share captured by two players under TBCB:* As on September 2016, 34 interstate transmission projects have been awarded through TBCB system, of which almost 26 are won by private players while remaining 8 by PGCIL. Among private developers, SPGVL is the leading market player with a market share of 29.4%. Based on the transmission assets under operation, SPGVL is operating maximum line length of approximately 6,767 ckms and 12,630 MVA of transformation capacity across 15 states. Some of the other major players include Adani Transmission and Essel Infra.

Share in 34 Number of Projects Awarded under TBCB



Source: PFC; REC, CRISIL Research

- *Short term open access availability is limited, which is likely to drive transmission capacity additions:* There exist significant transmission constraints for availing short-term open access between two regions. Despite overall inter-regional transmission capacity having increased 1.6 times to ~59 GW in 2016 from 2014, that available for short-term open access has remained range bound between 10-20% across the period. This is reflected from the significant disparity in merchant prices on power exchanges between power surplus and power deficit regions. For instance, prices in Tamil Nadu, Kerala and Puducherry was ₹ 4.3 / unit in 2015-16 versus only ₹ 2.5 / unit in the Eastern region, a premium of over 70%. Although, transmission connectivity to the southern region has increased, availability for short-term open access has been constrained. Going forward, the congestion to the southern region is expected to reduce with commissioning of several 765 kV transmission lines to Vemagiri, Hyderabad, Warangal and Trichur.

- *Investments in 765 kV transmission lines to reduce congestion and merchant prices:* 765 kV lines have higher transfer capacity and lower technical losses thereby reducing the overall number of lines and rights of way required to deliver equivalent capacity. Power performance in a transmission line improves as voltage increases and as 765 kV lines use the highest voltage, they experience the least amount of line loss.

- *Transmission projects have favorable risk return profile as compared to other infrastructure projects:* Returns from various infrastructure 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. While in the case of ISTS transmission projects the revenue counter party is a pool of distribution and generation companies, thus reducing the counterparty risk based on account of diversification. Also, in the case of an inter-state transmission asset, the revenue stream is consistent based on the unitary charge (₹ million/annum) determined at the time of bidding for the entire concession period of 35 years. These charges are independent of the total power transmitted through the transmission lines and hence factors such as volume and traffic do not fluctuate the revenues. Moreover, inter-state transmission assets have limited O&M costs as compared to other infrastructure assets. Typically, transmission projects incur relatively low O&M costs of 7-8% of revenues in order to ensure normative availability. In comparison, road projects incur costs as high as 35% - 40%.

In addition, transmission lines could also be used for providing telecom services thereby diversifying the revenue profile. Telecom and data service companies leverage reach of the transmission towers in potential semi-urban and rural regions to offer their services. Thus, other infrastructure projects, over and above the construction risk, also bear the risk of poor returns in case of lower utilization of assets. Transmission projects, on the other hand, are insulated from such risk, thus making it an attractive investment.

The Chart Given Below Compares Other Infrastructure Assets to the Transmission Assets

	Inter State Power Transmission	Power Generation	Roads	Ports
Certainty of Cash Flows	Driven by long-term agreements	Offtake and cost of fuel key risk	Traffic risk in BOT projects	End-user industry risk
Counter Party Risk	Exposure limited to systemic risk	Direct exposure to debt-laden SEBs	Cost over-runs, limited O&M impact toll collection	Exposure to multiple end-users
Operational Risk	Limited O&M requirements	Substantial periodic maintenance needs	High O&M required	Limited O&M requirements
Future Growth Potential	Severe deficit in power transmission capacity	High potential given power deficit situation	High growth potential	Good potential, limited by feasible locations
Competitive Environment	Few credible private players	High competitive given multiple players	Highly competitive given multiple private players	Few private players
Summary				

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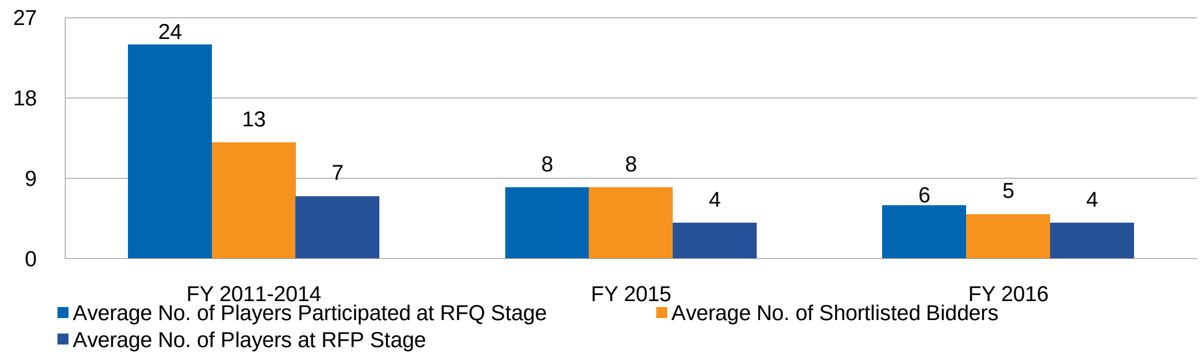
- *Aggression in competition waning away:* Prior to the competitive bidding, transmission projects were allocated on the fixed 15.5% return on equity basis. However, post 2011, competitive bidding for all interstate transmission lines were made mandatory which has led to rising competition among players intending to establish their presence in the sector. Players were competing to establish their presence and garner higher share in the market. Transmission business was perceived as a low risk business as annual levelised tariffs are independent of demand-supply dynamics and fluctuation in electricity tariffs. Further due to better payment security mechanism and assurance of payment from central and state transmission utilities, this business model has attracted many new players. Competition intensity in the sector was high across projects awarded in fiscal 2012 and fiscal 2014 as reflected from participation of several players across related spaces but limited experience in end to end project execution. Post fiscal 2014, competition intensity in the sector has started waning away as reflected from presence of major credible players in the private sector with relevant experience. In fact, the average number of players participating in the bids reduced from 7 between fiscal 2011-2014 to 4 in fiscal 2016. This is because few developers experienced difficulties in commissioning projects in time, which led to escalation in the project cost and revenue loss due to delay in commissioning. Hence, the projects have been bid more rationally, keeping equity returns in mind.

Average Number of Participants during Various Stages of Bidding (RFQ, Shortlisted & at RFP Stage)



Source: PFFCL, RECTPCL, Industry; CRISIL Research

- *Key technology trends:* To meet the long-term power transfer requirement by fiscal 2022 as well as for the optimal utilization of right of way, there is a need for large power evacuation corridors, which requires advancements in the transmission voltage, conductor technology, substation equipment and infrastructure and increase in the transfer of large quantum of power from various generation complexes. Advancements have been made on the conductor technology, such as use of high temperature low sag, high surge impedance loading and gas insulated line conductors are in place. Further due to growing urbanization and high real estate prices in cities, gas insulated switchgear or GIS substations are used, which not only reduces the space requirement but also cuts down on the maintenance costs and improves reliability. With the advent of smart grid networking infrastructure and communication solutions synchronous, digital hierarchy is utilized to communicate between substations, which not only helps to quickly address the fault but also helps in maintaining the grid frequency. There have also been new innovative techniques used in the construction of transmission lines. For instance, there have been use of light detection and ranging or LIDAR technology, which uses laser distance measuring technology to conduct topographic mapping with the help of aircrafts. Further, helicopters are used for stringing (heli-stringing) of transmission lines. Drones are used to monitor lines spread over long distances and thermos-vision scanning, punctured insulator detector, corona measurement devices etc., are used for preventive maintenance of transmission lines.

Snapshot of competitive landscape

S.No.	Player	Approximate length of line (CKM)	No. of projects won	No. of Operational projects	Inter/Intra-state
1	SPGVL	6,767	10	6	10 Interstate
2	Adani Transmission Limited	5,050	5	1	4 Interstate; 1 Intrastate
3	Reliance power transmission Ltd (RPTL)	3,580	3	3	3 Interstate
4	Essel Infra Projects	850	5	2	5 Interstate
5	Kalpataru power transmission Ltd.	NA	3	2	1 Interstate; 2 Intrastate

OUR BUSINESS

We are an infrastructure investment trust ("**InvIT**") established to own inter-state power transmission assets in India. IndiGrid was established on October 21, 2016 by our Sponsor, Sterlite Power Grid Ventures Limited, and is registered with SEBI pursuant to the InvIT Regulations. Our Sponsor is one of the leading independent power transmission companies operating in the private sector, with extensive experience in bidding, designing, financing, constructing and maintaining power transmission projects across India.

We are focused on providing stable and sustainable distributions to our Unitholders. We believe that we are well positioned to take advantage of the growth potential of India's power transmission industry given our financial position, support from our Sponsor and the robust regulatory framework for power transmission in India.

We believe the infrastructure necessary to transmit and deliver electricity is vital to India's continued economic advancement given the inter-regional power deficit resulting from a mismatch between power generation and load centers and the demand-supply deficit which is expected to result from India's projected GDP growth. Private investment in transmission is a key focus area for India's Ministry of Power (for further details, see "*Industry Overview*" on page 120).

Our Sponsor is one of the leading independent power transmission companies operating in the private sector. Our Sponsor owns 10 inter-state power transmission projects with a total network of 29 power transmission lines of approximately 6,767 ckms and seven substations having 12,630 MVA of transformation capacity. Some of these projects have been fully commissioned, while others are at different stages of development. Our Sponsor generated consolidated total income of ₹ 5.06 billion in fiscal 2016 and had total consoldiated assets of ₹ 66.27 billion as at March 31, 2016.

Of the 10 inter-state power transmission projects owned by the Sponsor, we will initially acquire two projects with a total network of eight power transmission lines of approximately 1,936 ckms and two substations having 6,000 MVA of transformation capacity across four states (the "**Initial Portfolio Assets**"). Each of the Initial Portfolio Assets have been completed and revenue-generating for more than a year. Pursuant to the ROFO Deed, we have a 'right of first offer' to acquire the remaining eight projects (the "**ROFO Assets**"). For further details in relation to the Deed of Right of First Offer, see "*Related Party Transactions"* on page 196.

These Initial Portfolio Assets were awarded to subsidiaries of our Sponsor under the 'tariff based competitive bidding' mechanism ("**TBCB**") on a 'build-own-operate-maintain' ("**BOOM**") basis. The power transmission projects earn revenue pursuant to long-term TSAs and Tariff Orders. These projects receive availability-based tariffs under the TSAs irrespective of the quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including the Initial Portfolio Assets, is contracted for the period of the TSA, which is up to 35 years from the scheduled commission date of the asset, which may be renewed in accordance with the TSA and the Electricity Act, 2003. With periodic maintenance, the assets will have a useful life of 50 years according to Lahmeyer.

Tariffs under these TSAs are billed and collected pursuant to the 'point of connection' ("**PoC**") mechanism, a regulatory payment pooling system offered to Inter State Transmission Systems ("**ISTS**") such as the systems operated by the Initial Portfolio Assets. 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 Initial Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream (for further details, see "*Industry Overview*" on page 120).

We intend to distribute at least 90% of our net cash available for distribution to our Unitholders once at least every six months in every financial year. For further details see "*Distribution*" on page 179. We believe our financial position will enable us to offer stable distributions to our Unitholders and finance our growth plans in the coming years. IndiGrid has been given a Corporate Credit Rating AAA by CRISIL, 'IND AAA'/Stable by India Ratings and "IrAAA" (pronounced as IR triple A) with stable outlook by ICRA. Following utilization of the Net Proceeds, our consolidated borrowings and deferred payments net of cash and cash equivalents will be below 49% of the total value of IndiGrid's assets, as prescribed by the InvIT Regulations. The industry standard debt to equity ratio for inter-state power transmission projects is 70% debt, according to the CRISIL Report.

On the basis of our strengths and through the implementation of our strategies, we believe that we are well-positioned to capitalize on the growth potential of India's power transmission industry.

Competitive Strengths

Stable cash flows from assets with minimal counter party risks

- Our revenues are derived out of contracted tariffs under long term contracts (up to 35 years) from assets with relatively low operating and maintenance costs.

- Inter-state power transmission projects receive tariffs on the basis of availability, irrespective of the quantum of power transmitted through the line.

- Power transmission projects are characterized by low levels of operating risk. The Initial Portfolio Assets are operational power transmission projects with an operating history of at least one year and no construction risks or major capital expenditure requirements.

- We have maintained an annual availability for each of the Initial Portfolio Assets in excess of 98% since commissioning for which we have earned maximum incentive revenues under the respective TSAs. Maintaining availability of the Initial Portfolio Assets in excess of 98%, gives us the right to claim incentives under the TSA, ensuring an adequate upside to maximize availability. The amount of incentive revenue earned increases as our availability levels increase, with a maximum incentive revenue earned for maintaining 99.75% availability.

- Tariffs under the TSAs 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 Initial Portfolio Assets. 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 surcharge of 1.25% for late payments and lack of alternate power infrastructure deter beneficiaries from defaulting. This mechanism diversifies counter party risk, ensures a stable cash flow independent of asset utilization and provides payment security.

Strong Financial Position

- IndiGrid has been given a Corporate Credit Rating AAA by CRISIL, 'IND AAA'/Stable by India Ratings and "IrAAA" (pronounced as IR triple A) with stable outlook by ICRA. Following utilization of the Net Proceeds, our consolidated borrowings and deferred payments net of cash and cash equivalents will be below 49% of the total value of IndiGrid's assets, as prescribed by the InvIT Regulations. The industry standard debt to equity ratio for inter-state power transmission projects is 70% debt, according to the CRISIL Report.

- We expect that low indebtedness on our balance sheet relative to our assets will provide us with the ability to finance the growth of our business without substantial dilution to our Unitholders in the near future and ensure stable distributions.

Ownership and location of assets

- Each of the Initial Portfolio Assets is located in strategically important areas for electricity transmission connectivity, delivering power from generating centers to load centers to meet inter-regional power deficits. Once a transmission project has been commissioned, it requires relatively low levels of expenditure to operate and maintain, which means that the relevant Initial Portfolio Assets will have the benefit of owning a critical asset without incurring significant operational costs. In particular, with periodic maintenance, our transmission assets will have a useful life of 50 years, according to Lahmeyer.

- The transmission lines of the Initial Portfolio Assets are predominantly located in areas where developing alternate lines may be challenging due to the terrain, challenges in obtaining rights of way, limited corridors and high construction costs. This puts us in an advantageous position to capitalize the opportunities to increase our power transmission capacity through the same corridor by upgrading our existing systems.

Strong lineage and support from the Sponsor

- We intend to leverage the experience and expertise of our Sponsor, to gain a competitive advantage within the Indian power transmission industry. Our Sponsor is one of the leading power transmission company in the private sector, with extensive experience in identifying, successfully bidding, designing, financing, constructing, operating and maintaining power transmission projects across India.

- Our Sponsor owns ten inter-state power transmission projects, comprising 29 power transmission lines and seven sub-stations, with a total network of approximately 6,767 ckms of power transmission lines with 12,630 MVA of transformation capacity, at different stages of development. The Sponsor has worked alongside third party contractors, vendors, financial institutions, government agencies and regulators for the proper execution, development and functioning of the Initial Portfolio Assets and the ROFO Assets.

- Our Sponsor has been awarded more projects through the TBCB process, for the development of transmission lines by the Government, than any other private player in the market (see "*Industry Overview*" on page 120 for further details).

- The experience of our Sponsor's operation and maintenance team lends significant expertise in respect of the operation and maintenance of our assets as our Sponsor has also been appointed as our Project Manager. Members of the Sponsor's board of directors and management team have extensive experience in the power transmission industry and have established track records in negotiating, structuring and financing investments in power transmission assets and managing those assets. For one of the Initial Portfolio Assets, BDTCL, the Ministry of Power awarded SGL1 a Silver Shield for the year 2013-2014 in the category of 'Early Completion of Transmission Projects'.

Rights to our Sponsor's pipeline of power transmission projects

Pursuant to the ROFO Deed with our Sponsor, we have a 'right of first offer' in respect of eight inter-state power transmission projects, having a transmission network of 21 power transmission lines of approximately 4,831 ckms and five substations, with a transformation capacity of 6,630 MVA. Of the eight ROFO Assets we have a 'right of first offer' to acquire, two have been commissioned, two are partially operational and four remain under various stages of development.

Under the ROFO Deed or otherwise, any potential acquisitions of power transmission projects will be assessed for their suitability with our investment mandate and is subject to mutual agreement between the Sponsor and the Investment Manager on behalf of IndiGrid, as well as approval by Unitholders.

Strong corporate governance and skilled and experienced Investment Manager.

We expect to benefit from the skills and experience of the board of directors and the management teams of our Investment Manager in investing and financially managing our power transmission assets. Members of our Investment Manager's boards of directors and management teams have extensive experience in operating the power transmission sector and have established track records in negotiating, structuring and financing investments in power transmission assets and financially managing those assets as well as governing similar trusts internationally. For further details, see "*Parties to IndiGrid*" on page 81.

The InvIT Regulations set out the statutory requirements for, among other things, the board composition of an investment manager. We believe that Unitholders will benefit from the strong corporate governance requirements of the InvIT Regulations. For further details, see "*Corporate Governance*" on page 110. Key features of our corporate governance structure are as follows:

- The chairman of the board of our Investment Manager is an independent director with experience in governing international infrastructure trusts.

- The Investment Manager has constituted crucial committees of the board, including, the stakeholders' relationship committee, audit committee and the governance and investment committee. All these committees are chaired by independent directors.

- All related party transactions with the Sponsor are to be approved by the governance and investment committee of the Investment Manager, which is comprised of independent directors.

- All acquisitions made by IndiGrid must be approved by a majority of our Unitholders excluding the Sponsor with respect to the ROFO Assets or any other proposed acquisition from the Sponsor.

Business Strategy

Focused business model

We intend to focus on owning power transmission assets with long term contracts, low operating risks and stable cash flows consistent with the characteristics of the Initial Portfolio Assets. We believe that by focusing on this asset class and leveraging our Sponsor's and Investment Manager's industry knowledge and experience, we will maximize our strategic opportunities and overall financial performance.

We are focused on the Indian market, where we believe that private participation in the power transmission sector will continue to grow significantly. This also allows us to leverage our Sponsor's existing relationships and proven track record of identifying, developing, constructing and acquiring critical infrastructure assets.

Pursue additional transmission revenue

We aim to achieve high availability to earn incentive revenue on a sustainable basis by deploying prudent asset management practices, conduct routine and predictive maintenance and use advanced technology, such drones to monitor and maintain lines, thermo-vision scanning, punctures insulator detector and corona measurement devices for preventive maintenance and follow prudent maintenance practices, which ensures improved business performance, reduces our costs and also increases our revenues generated by the Initial Portfolio Assets by maintaining high transmission availability. Maintenance of high availability rates, entitles our projects to receive incentive revenues under the applicable TSA and tariff regulations. We intend to continue applying advanced technology to better manage and operate our Portfolio Assets.

We also intend to capitalize on such capacity enhancement opportunities, once the framework for compensating existing transmission lines is crystalized by the government.

Pursue non-transmission revenues

We believe that the Initial Portfolio Assets provide potential for non-transmission revenues, including as follows:

- ***Optical ground wire leasing***: Given the rapid growth in internet usage in India, there is a need to install optical fiber lines to improve speed of communication, and our Sponsor has incurred necessary capital expenditures to use our transmission lines as high-speed optical power ground wires. BDTCL has approximately 917 ckms of optical power ground wires with ten fiber pairs available for dark fiber lease. However, for commercial viability, optical power ground wires need to have extensive connectivity and leasing of optical fiber networks also requires certain government approvals. As the optical fiber networks of Initial Portfolio Assets are currently limited to approximately 917 ckms and the Initial Portfolio Assets do not hold the required government approvals, we intend to enter into revenue sharing arrangements with companies (including the Sponsor and its affiliates) having wider networks and the requisite approvals.

- ***Tower leasing***: Given the rapidly increasing smartphone penetration and expanding data usage in India, telecommunications companies are required to incur significant capital expenditures to expand their tower network. Transmission towers provide ready-made installation sites for base transceiver station equipment, and can be leased by telecommunication companies as a cost-efficient alternative to constructing new towers. As the Initial Portfolio Assets do not hold the required licenses to lease telecom infrastructure, we intend to enter into revenue sharing arrangements with companies (including the Sponsor and its affiliates) holding such licenses.

Institute and maintain optimal capital structure

We intend to maintain a balanced capital structure and consolidated leverage to provide for a stable and predictable cash flow. Following utilization of the Net Proceeds, our consolidated borrowings and deferred payments net of cash and cash equivalents will be below 49% of the total value of IndiGrid's assets, as prescribed by the InvIT Regulations. The industry standard debt to equity ratio for inter-state power transmission projects is 70% debt, according to the CRISIL Report.

We intend to consider both private and public markets for debt capital to provide the most balanced and optimal capital structure to acquire additional power transmission projects. We also intend to maintain appropriate risk policies to provide for foreign exchange and market risks.

Value accretive growth through acquisitions

Our future growth will be derived mainly from our Investment Manager's value accretive acquisition strategy, which will be focused primarily on acquiring power transmission projects which provide long-term, regular and predictable cash flows, demonstrate potential to maintain or enhance returns to Unitholders and the potential for long-term capital growth in accordance with our investment objectives. In addition to potentially acquiring the ROFO Assets from our Sponsor, we may also acquire power transmission projects from other parties. We may also acquire other power transmission projects that may be at an early stage where they have not yet generated regular and predictable cash flows. We expect that the experience of our Investment Manager and our financial position will competitively position us to acquire power transmission assets.

Distribution Policy

We intend to distribute at least 90% of our net cash available for distribution to Unitholders once at least every six months in every financial year. See "*Distribution Policy*" on page 177 for further details.

We aim to pursue additional transmission and non-transmission revenues for the Initial Portfolio Assets as well as adding additional portfolio assets, under the ROFO Deed or otherwise, in order to increase the cash available for distribution and, as a result, increase our distribution per Unit.

Our ability to grow the revenues from our power transmission portfolio and thereby increase the cash available for distribution and distributions per Unit, is subject to a number of factors and other risks described under "*Risk Factors.*"

IndiGrid Structure

IndiGrid, an infrastructure investment trust, was established on October 21, 2016 by our Sponsor, Sterlite Power Grid Ventures Limited, and is registered with SEBI pursuant to the InvIT Regulations. For details in respect of the structure of IndGrid, see "*Formation Transactions in relation to IndiGrid*" on page 21.

Our Sponsor

Our Sponsor is one of the leading independent power transmission companies operating in the private sector, with extensive experience in bidding, designing, financing, constructing and maintaining power transmission projects across India. See "*Parties to IndiGrid*" on page 81 for further details. Our Sponsor owns 10 inter-state power transmission projects with a total network of 29 power transmission lines of approximately 6,767 ckms of power transmission lines and seven substations with 12,630 MVA of transformation capacity, including some that have been fully commissioned and others at different stages of development. Our Sponsor generated consolidated total income of ₹ 5.06 billion in fiscal 2016 and had consolidated total assets of ₹ 66.27 billion as at March 31, 2016, including the Initial Portfolio Assets.

Of the 10 inter-state power transmission projects, owned by our Sponsor, we will initially acquire two projects, with a total network of eight transmission lines of approximately 1,936 ckms across four states and two substations with 6,000 MVA of transformation capacity.

Pursuant to the ROFO Deed, we have a 'right of first offer' to acquire the remaining eight power transmission projects, which comprise the ROFO Assets. The ROFO Assets have 21 power transmission lines with approximately 4,831 ckms and five substations with 6,630 MVA of transmission capacity. Of the eight ROFO Assets, two have been fully commissioned, two are partially operational and revenue-generating and the other four are under various stages of development.

With support from our Sponsor, we aim to be the largest infrastructure investment trust in the power transmission sector by achieving significant growth through acquisitions. Our Sponsor is an affiliate of the Investment Manager. We expect support from our Sponsor to provide us with the following benefits:

- By building on the track record of our Sponsor and its familiarity with the power transmission business and regulatory regime in India, we seek to establish and further develop strong working relationships with the relevant regulators within the Indian power transmission sector.

- The Investment Manager will be able to draw on our Sponsor's national reach and business network in sourcing for acquisition opportunities.

- While under no obligation to do so, our Sponsor may give us an opportunity to acquire additional power transmission projects, other than the ROFO Assets, that it may be awarded or acquire. Any such acquisition by us will be subject to mutual agreement between our Sponsor and the Investment Manager on behalf of IndiGrid, and approval by Unitholders other than the Sponsor.

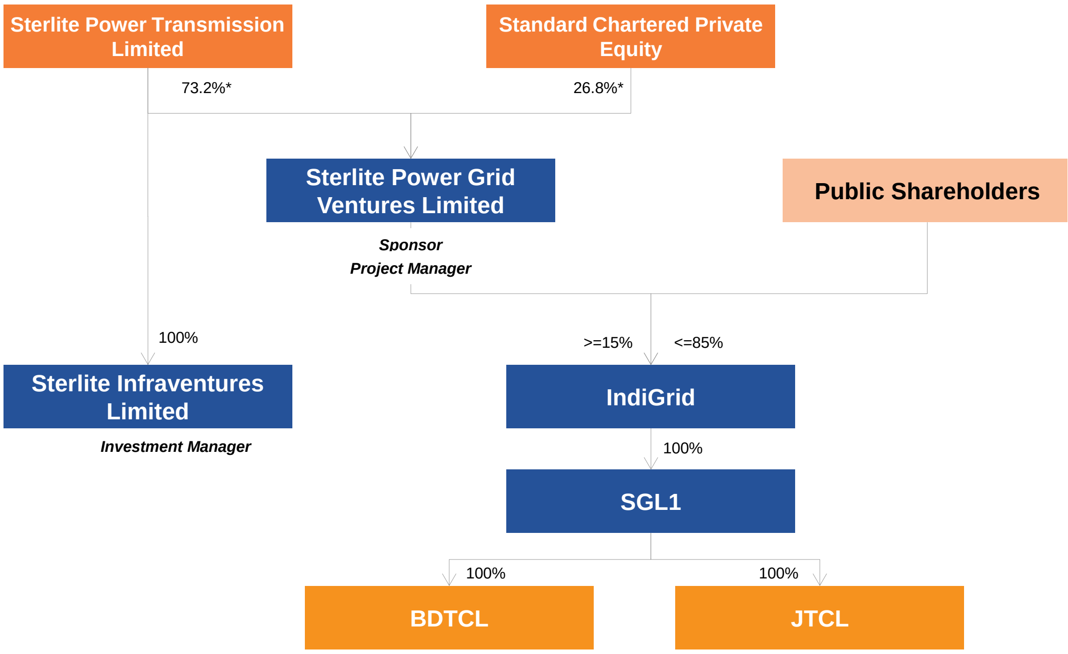
- Our Sponsor has a dedicated internal team drawing on relevant power transmission expertise to assist the Investment Manager in identifying acquisition opportunities for us.

- Our Sponsor will leverage its long-standing relationships with lenders in order to achieve the most competitive financing terms for us.

Our Sponsor will also fulfil the role of Project Manager in respect of IndiGrid, with responsibility for operating and maintaining the Initial Portfolio Assets.

Following completion of the Issue, our Sponsor is required to hold all of its Units for one year and must hold at least 15% of our Units for three years, subject to the conditions specified in the InvIT Regulations.

The following chart illustrates our relationships and alignment with the Sponsor and its affiliates following the completion of the Issue:



**On a fully diluted basis.*

For further details, see "*Parties to IndiGrid - The Sponsor*" on page 81.

The Project Manager

As the Project Manager under the Project Implementation and Management Agreement, the Sponsor is responsible for the implementation, development, operation and management of the Initial Portfolio Assets as per the InvIT Regulations.

For further details, see "*Parties to IndiGrid*" on page 81.

The Investment Manager

Sterlite Infraventures Limited is the Investment Manager for IndiGrid and takes decisions concerning the assets of IndiGrid for the beneficial interest of its Unitholders. The Investment Manager has overall responsibility for setting the strategic direction of IndiGrid and deciding on the acquisition, divestment or enhancement of assets of IndiGrid in accordance with its stated investment strategy.

An affiliate of our Sponsor, Sterlite Infraventures Limited, will fulfill the role of Investment Manager in respect of IndiGrid, with the key objective of generating sustainable income with long-term growth potential and investing in power transmission assets to provide our Unitholders with regular distributions at a competitive rate of return, in accordance with the InvIT Regulations.

For further details, see "*Parties to IndiGrid - The Investment Manager*" on page 91.

The Trustee

Axis Trustee Services Limited is the Trustee in respect of IndiGrid. On behalf of our Unitholders, the Trustee is responsible for ensuring that our business activities and investment policies comply with the provisions of the InvIT Documents and the InvIT Regulations as well as monitoring the activities of the Investment Manager under the Investment Management Agreement and the Project Manager under the Project Implementation and Management Agreement.

For further details, see "*Parties to IndiGrid*" on page 81.

Tariffs

Power transmission projects, including the Initial Portfolio Assets and the operational ROFO Assets, earn revenue from electricity transmission tariffs pursuant to TSAs and Tariff Orders. These projects receive availability-based tariffs under the TSAs irrespective of the quantum of power transmitted through the line. The tariff for the Initial Portfolio Assets and ROFO Assets are contracted for the period of the TSA, which is up to 35 years from the scheduled commission date, except for ENICL for which the contracted period under the TSA is 25 years from the date of issue of the transmission license. The tariff rates are comprised of a fixed non-escalable charge, a variable escalable charge, and incentives for maintaining targeted availability. See "*Industry Overview*" on page 118 for further details.

The following table reflects the contracted non-escalable tariffs for the Initial Portfolio Assets, and for ROFO Assets which have been commissioned, remaining for the term of the TSAs.

REMAINING NON-ESCALABLE TARIFF FOR COMMISSIONED PROJECTS (₹ in million)				
	BDTCL	**JTCL**	**ENICL**	**RTCL**
Anniversary of Scheduled Commission Date	**Scheduled Commission date**	**Scheduled Commission date**	**Scheduled Commission date**	**Scheduled Commission date**
	March 31, 2014	March 31, 2014	March 31, 2013	March 1, 2016
2017	2,422.45	1,866.01	1,254.66	304.43
2018	2,419.92	1,864.42	1,254.66	304.10
2019	2,417.28	1,862.74	1,254.66	433.47
2020	2,414.53	1,302.86	1,254.66	433.10
2021	2,411.76	1,300.97	1,254.66	432.70
2022	2,408.70	1,298.97	1,254.66	432.29
2023	2,405.60	1,296.85	1,254.66	431.85
2024	1,669.27	1,294.60	1,254.66	431.38
2025	1,665.92	1,292.22	1,254.66	430.88

REMAINING NON-ESCALABLE TARIFF FOR COMMISSIONED PROJECTS (₹ in million)				
	BDTCL	JTCL	ENICL	RTCL
Anniversary of Scheduled Commission Date	Scheduled Commission date	Scheduled Commission date	Scheduled Commission date	Scheduled Commission date
	March 31, 2014	March 31, 2014	March 31, 2013	March 1, 2016
2026	1,662.44	1,289.69	1,254.66	430.36
2027	1,658.81	1,287.01	1,254.66	429.81
2028	1,655.04	1,284.17	1,254.66	429.22
2029	1,651.11	1,281.16	1,254.66	428.60
2030	1,647.02	1,277.97	1,254.66	427.94
2031	1,642.77	1,274.59	1,254.66	427.24
2032	1,638.35	1,271.01	1,254.66	426.50
2033	1,633.74	1,267.21	1,254.66	425.71
2034	1,628.95	1,263.18	1,254.66	424.88
2035	1,623.97	1,258.91	1,254.66	424.00
2036	1,618.79	1,254.39	**TSA TERM EXPIRED**	423.07
2037	1,613.39	1,249.60		422.09
2038	1,607.78	1,244.52		421.04
2039	1,601.94	1,239.14		419.93
2040	1,595.86	1,233.43		418.76
2041	1,589.53	1,227.38		417.52
2042	1,582.95	1,220.97		416.20
2043	1,576.11	1,214.17		322.09
2044	1,568.98	1,206.97		283.61
2045	1,561.57	1,199.34		282.05
2046	1,553.86	1,191.25		280.39
2047	1,545.83	1,182.68		278.63
2048	1,537.48	1,173.59		276.77
2049	1,528.80	1,164.41		274.80
2050	**TSA TERM EXPIRED**	**TSA TERM EXPIRED**		272.72
2051				270.51
2052				**TSA TERM EXPIRED**

The following table reflects the contracted non-escalable tariffs for the ROFO Assets which have not been commissioned for the 35 year term of the TSAs.

NON-ESCALABLE TARIFF FOR NON-COMMISSIONED PROJECTS (₹ in million)						
	MTL	OGPTL	NTL[1]	GPTL	KTL	PKTCL[1]
Anniversary of Scheduled Commissioned Date	Scheduled commission date	Scheduled commission date	Scheduled commission date	Scheduled commission date	Scheduled commission date	Scheduled Commission date
	June, 2018	August, 2019	October, 2018	September, 2019	July, 2019	April 9, 2016
2017	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	500.84
2018	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	500.29
2019	548.18	**N/A**	4,817.97	**N/A**	**N/A**	713.12
2020	548.18	1587.2	4,814.38	1,435.22	1,860.82	712.51
2021	548.18	1587.2	4,811.06	1,435.22	1,860.82	711.87
2022	548.18	1,549.91	4,807.52	1,401.50	1,817.10	711.18
2023	548.18	1,513.49	4,803.75	1,368.56	1,774.40	710.46
2024	548.18	1,477.93	4,799.74	1,336.40	1,732.70	709.69
2025	548.18	1,443.20	4,795.46	1,305.00	1,691.99	708.87
2026	548.18	1,409.28	4,790.90	1,274.34	1,652.23	708.01
2027	548.18	1,376.17	4,786.05	1,244.39	1,613.41	707.10
2028	548.18	1,343.83	4,780.88	1,215.15	1,575.50	706.13
2029	548.18	1,312.26	4,775.37	1,186.60	1,538.47	705.11
2030	548.18	1,281.42	4,769.50	1,158.72	1,502.32	704.02
2031	548.18	1,251.31	4,763.25	1,131.49	1,467.02	702.88
2032	548.18	1,221.91	4,756.59	1,104.90	1,432.55	701.66
2033	548.18	1,193.19	3,314.24	1,078.94	1,398.89	700.37
2034	548.18	1,165.16	3,306.68	1,053.59	1,366.02	699.00

NON-ESCALABLE TARIFF FOR NON-COMMISSIONED PROJECTS (₹ in million)						
	MTL	**OGPTL**	**NTL[1]**	**GPTL**	**KTL**	**PKTCL[1]**
Anniversary of Scheduled Commissioned Date	**Scheduled commission date**	**Scheduled commission date**	**Scheduled commission date**	**Scheduled commission date**	**Scheduled commission date**	**Scheduled Commission date**
	June, 2018	August, 2019	October, 2018	September, 2019	July, 2019	April 9, 2016
2035	548.18	1,137.78	3,298.63	1,028.83	1,333.92	697.56
2036	548.18	1,126.91	3,290.05	1,019.00	1,321.18	574.62
2037	548.18	1,126.91	3,280.91	1,019.00	1,321.18	481.00
2038	548.18	1,126.91	3,271.18	1,019.00	1,321.18	479.28
2039	548.18	1,126.91	3,260.81	1,019.00	1,321.18	477.45
2040	548.18	1,126.91	3,249.76	1,019.00	1,321.18	475.52
2041	548.18	1,126.91	3,237.99	1,019.00	1,321.18	473.48
2042	548.18	1,126.91	3,225.45	1,019.00	1,321.18	471.31
2043	548.18	1,126.91	3,212.09	1,019.00	1,321.18	469.02
2044	548.18	1,126.91	3,197.86	1,019.00	1,321.18	466.59
2045	548.18	1,126.91	3,182.71	1,019.00	1,321.18	464.01
2046	548.18	1,126.91	3,166.56	1,019.00	1,321.18	461.29
2047	548.18	1,126.91	3,149.35	1,019.00	1,321.18	458.40
2048	548.18	1,126.91	3,131.03	1,019.00	1,321.18	455.34
2049	548.18	1,126.91	3,111.50	1,019.00	1,321.18	452.10
2050	548.18	1,126.91	3,090.71	1,019.00	1,321.18	448.66
2051	548.18	1,126.91	3,068.55	1,019.00	1,321.18	445.03
2052	548.18	1,126.91	3,044.95	1,019.00	1,321.18	**TSA TERM EXPIRED**
2053	548.18	1,126.91	3,019.80	1,019.00	1,321.18	
2054	548.18	1,126.91	2,993.02	1,019.00	1,321.18	
2055	**TSA TERM EXPIRED**	1,126.91	**TSA TERM EXPIRED**	1,019.03	1,321.18	

[1] *Partially commissioned project*

The following tables reflect the current contracted escalable tariffs for the Initial Portfolio Assets and commissioned ROFO Assets and the escalable tariff for the non-commissioned ROFO for the 35 year term of the TSAs.

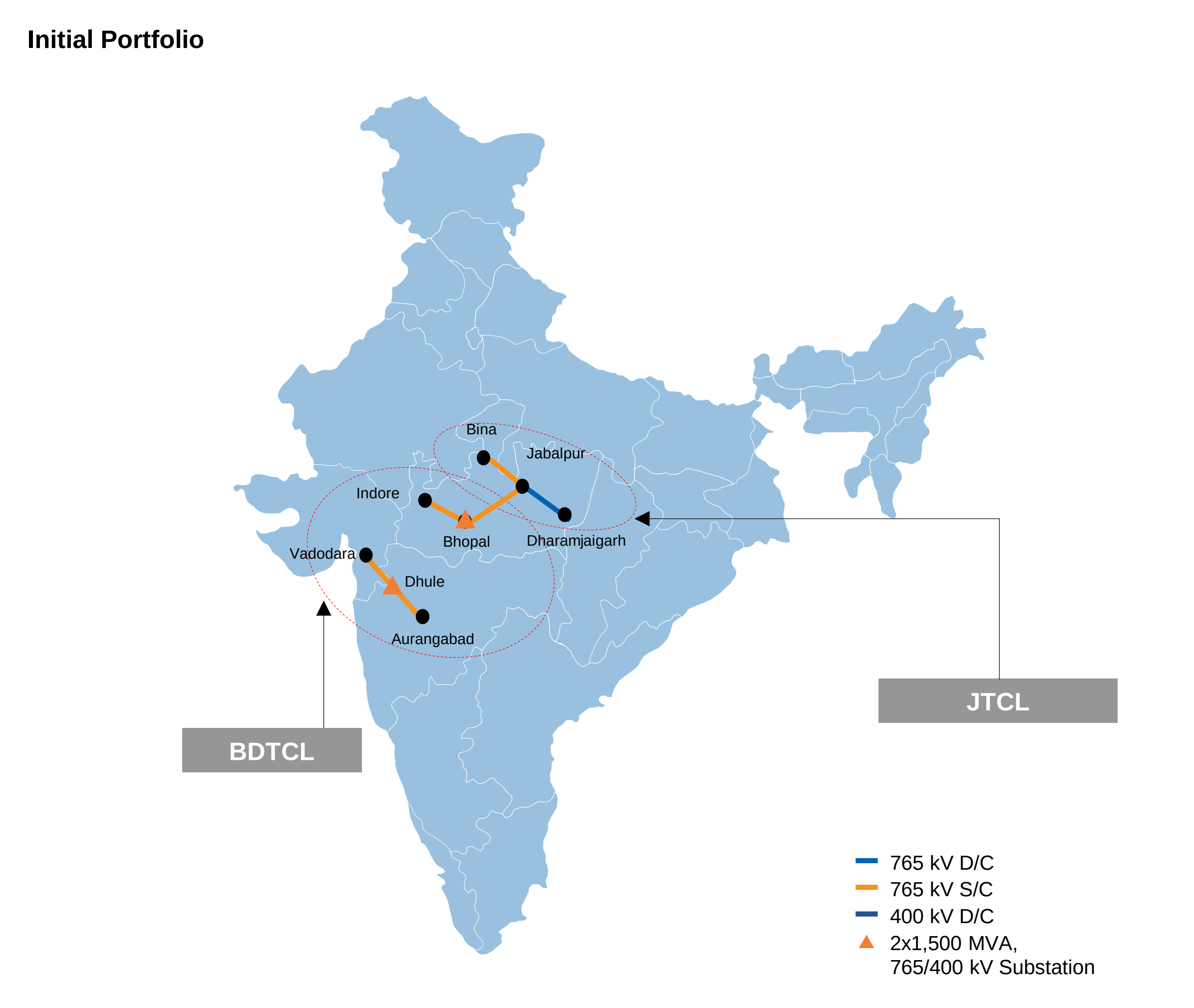
Escalable tariffs for commissioned projects (₹*in million*)				
	JTCL	BDTCL	ENICL	RTCL
Initial escalable tariff (year)	22.80 (2014)	56.64(2014)	62.54(2013)	5.39 (2016)
2017 escalable tariff	33.41	82.62	97.49	6.28

Initial escalable tariff for non-commissioned projects (₹*in million*)		**Scheduled commission date**
MTL	7.75	June, 2018
OGPTL	16.01	August, 2019
NTL	47.28	October, 2018
GPTL	14.50	September, 2019
KTL	17.05	July, 2019
PKTCL	8.88	December, 2016 (expected)

The Initial Portfolio Assets

The Initial Portfolio Assets comprise two power transmission projects located across four states of India. These projects comprise eight EHV Overhead Power transmission lines, comprising of six 765 kV transmission lines and two 400 kV transmission lines, with a total circuit length of approximately 1,936 ckms, and two sub-stations with 6,000 MVA of transformation capacity. Each of the Initial Portfolio Assets has in place long-term TSAs of 35 years from the scheduled commercial operation date of the relevant Initial Portfolio Asset. The TSAs have a contract term of 35 years from the scheduled commercial operation date, after which we can apply to CERC for renewal if not unilaterally extended by CERC. See "*Regulations and Policies – Extension of Transmission Licenses*" on page 199 for further details.

The following map shows the locations and breakdown of the Initial Portfolio Assets:



The Initial Portfolio Assets are owned and operated by SGL1's subsidiaries, JTCL and BDTCL. SGL1, a subsidiary of our Sponsor, owns 100% of the shares each of JTCL and BDTCL. Upon completion of the Issue, SGL1 will be owned by IndiGrid. The following table sets forth a summary description of the Initial Portfolio Assets:

Project Name	Transmission line / sub-station	Configuration	Route length (ckms)	Expiry of term of the TSA
Bhopal Dhule Transmission Company Limited	Bhopal – Indore	765 kV S/C transmission line	176	March 31, 2049
	Dhule – Aurangabad	765 kV S/C transmission line	192	
	Dhule – Vadodara	765 kV S/C transmission line	263	
	Bhopal – Jabalpur	765 kV S/C transmission line	260	
	Dhule – Dhule	400 kV D/C transmission line	36	

Project Name	Transmission line / sub-station	Configuration	Route length (ckms)	Expiry of term of the TSA
	Bhopal – Bhopal	400 kV D/C transmission line	17	
	Bhopal substation	2 x 1,500 MVA 765/400 kV	-	
	Dhule substation	2 x 1,500 MVA 765/400 kV	-	
Jabalpur Transmission Company Limited	Jabalpur-Dharamjaygarh	765 kV D/C transmission line	757	March 31, 2049
	Jabalpur-Bina	765 kV S/C transmission line	235	

The total revenue earned by BDTCL and JTCL since commissioning is set forth in the following table:

	BDTCL		JTCL	
(in million)	**Fiscal 15**	**Fiscal 16**	**Fiscal 15**	**Fiscal 16**
Tariff	₹ 588	₹ 2,401	-	₹ 1,053
Incentive	₹ 10	₹ 79	-	₹ 37
Total revenue*	**₹ 599**	**₹ 2,480**	**-**	**₹ 1,090**

**Above revenue is gross revenue earned ie. without adjustment of rebate*

Each of the Initial Portfolio Assets are located in strategically important areas for the power grid in India, which we believe makes their existence critical and their high replacement cost makes the transmission asset indispensable. For example, JTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the east of India, creating corridors that are crucial links. BDTCL facilitates the transfer of electricity from coal-fired power generation sources in the states of Odisha and Chhattisgarh to power load centers in India's western and northern regions.

Secured and unsecured debt has been used to finance the construction, development and operation of the Initial Portfolio Assets (see "*Financial Indebtedness and Deferred Payments*" on page 173 and "*Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows*" on page 179, for further details).

The transmission lines and towers of each of the Initial Portfolio Assets have been designed as per Indian and international codes and standards and they have a useful asset life of 50 years, according to Lahmeyer. The quality control and safety standards are also in line with industry standards, according to Lahmeyer.

JTCL was incorporated on September 8, 2009. JTCL entered into a TSA dated December 1, 2010 and a transmission services agreement dated November 12, 2013 with PGCIL (the "**JTCL TSA**"). The JTCL project was awarded to SGL1 by the Ministry of Power on January 19, 2011 for a 35-year period from the scheduled commercial operation date of the JTCL Project, on a BOOM basis.

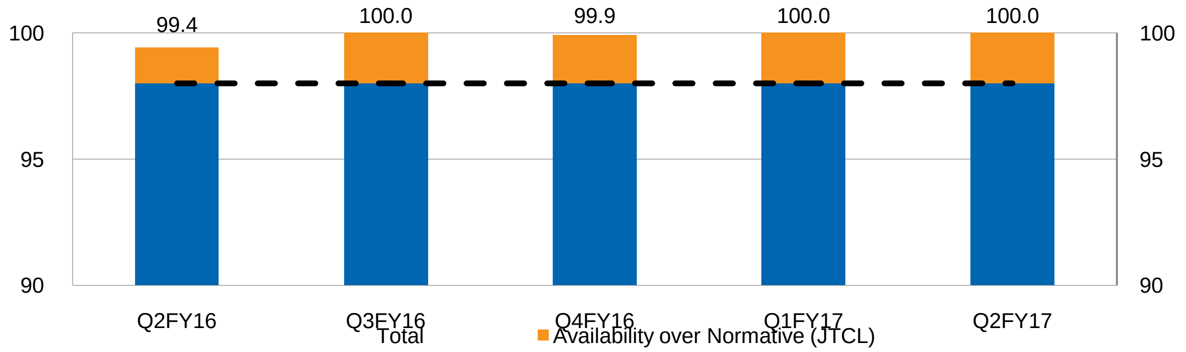
JTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the east of India. The corridors thus created are crucial links, on the basis of which the CTU has entered long-term open-access agreements with several generation companies in the Eastern Region of India.

JTCL operates two EHV overhead transmission lines of approximately 992 ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV dual circuit line of approximately 757 ckms from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV single circuit line of approximately 235 ckms from Jabalpur to Bina in Madhya Pradesh. The Jabalpur - Bina line of JTCL is the first 765 kV transmission line developed by a private company in India. The JTCL Project was fully commissioned in September 2015 at a total cost of ₹ 19,189.41 million. The total project cost of JTCL (i.e. gross block) as at September 30, 2016 is ₹ 19,189.41 million as included in the Combined Financial Statements.

Details of JTCL's transmission lines are set forth as follows:

Transmission line	Location	Route length (ckms)	Specifications	Commission date	Contribution to total tariff
Jabalpur-Dharamjaygarh	Chhattisgarh, Madhya Pradesh	757	765 kV D/C	September 14, 2015	72%
Jabalpur-Bina	Madhya Pradesh	235	765 kV S/C	July 1, 2015	28%

The average quarterly availability of JTCL since commissioning is set forth in the table below, which is higher than the target availability of 98% under the TSA. As a result JTCL earned annual incentive revenue of ₹ 37 million in fiscal 2016.



As of September 30, 2016, the JTCL TSA has a term of 33 years.

The JTCL transmission lines could not be commissioned on the scheduled commission date due to change in law and force majeure events including the amendment of the Forest Guidelines, delay in grant of forest clearance and delay in obtaining authorization under Section 164 of the Electricity Act. The delay was acknowledged by CERC following an initial petition by JTCL and the scheduled commercial operation date was revised accordingly. To compensate for the loss in revenue, JTCL filed an additional petition with CERC to quantify the increase in transmission charges. There can be no assurance that the claimed amount will be granted. For further details, see "*Legal and Other Information*" on page 207.

BDTCL was incorporated on September 8, 2009. BDTCL entered into a TSA dated December 7, 2010 and a transmission services agreement dated November 12, 2013 with PGCIL (the "**BDTCL TSA**"). The BDTCL project was awarded to SGL1 by the Ministry of Power on January 31, 2011 for a 35-year period from the scheduled commercial operation date of the BDTCL Project, on a BOOM basis.

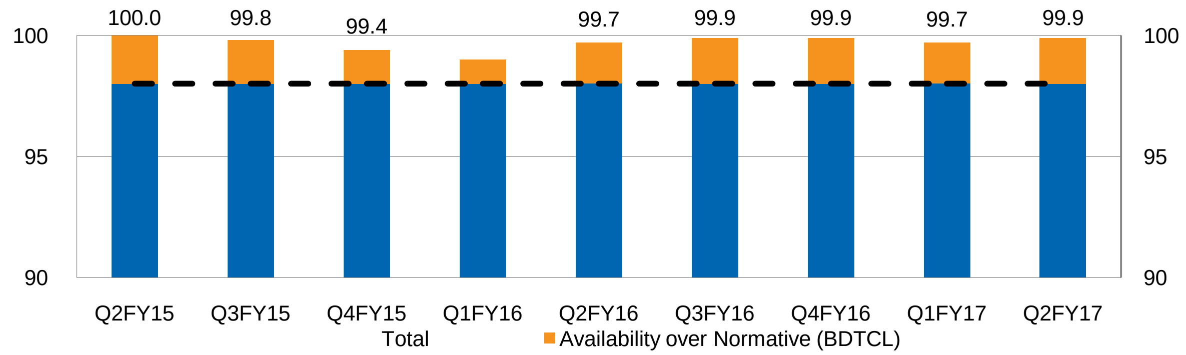
BDTCL facilitates the transfer of electricity from coal-fired power generation sources from the states of Odisha and Chhattisgarh to power load centers in India's western and northern regions. As our largest power transmission power transmission project, BDTCL operates six EHV overhead transmission lines of approximately 944 ckms comprising four 765 kV single circuit lines of approximately 891 ckms and two 400 kV dual circuit lines of approximately 53 ckms. The single circuit lines comprise a approximately 260 ckms line from Jabalpur to Bhopal in Madhya Pradesh, a approximately 176 ckms line from Bhopal to Indore in Madhya Pradesh, a approximately 192 ckms line from Aurangabad to Dhule in Maharashtra and a approximately 263 ckms line from Dhule (Maharashtra) to Vadodara (Gujarat). The double circuit lines consist of a approximately 36 ckms line within Dhule and a approximately 17 ckms line within Bhopal. In addition, the project includes two 3,000 MVA sub-stations, one each in Bhopal and Dhule.

BDTCL was fully commissioned in June 2015. The total project cost of BDTCL (i.e. gross block) as at September 30, 2016 is ₹ 21,714.08 million as included in the Combined Financial Statements. BDTCL was awarded a Silver Shield for the year 2013-2014 in the category of 'Early Completion of Transmission Projects' by the Ministry of Power for its Dhule sub-station.

Details of BDTCL's transmission lines and sub-stations are set forth as follows:

Transmission line / Sub-Station	**Location**	**Route length (ckms)**	**Specifications**	**Commission date**	**Contribution to total tariff**
Jabalpur—Bhopal	Madhya Pradesh	260	765 kV S/C	June 9, 2015	22%
Bhopal—Indore	Madhya Pradesh	176	765 kV S/C	November 19, 2014	12%
Bhopal—Bhopal (MPPTCL)	Madhya Pradesh	17	400 kV D/C	August 12, 2014	2%
Aurangabad—Dhule (IPTC)	Maharashtra	192	765 kV S/C	December 5, 2014	10%
Dhule (IPTC)—Vadodara	Maharashtra, Gujarat	263	765 kV S/C	June 13, 2015	16%
Dhule (IPTC)—Dhule (MSETCL)	Maharashtra	36	400 kV D/C	December 6, 2014	4%
Bhopal Sub-station	Madhya Pradesh	—	2 x 1,500 MVA 765/400 kV	September 30, 2014	17%
Dhule Sub-station	Maharashtra	—	2 x 1,500 MVA 765/400 kV	December 6, 2014	17%

The average quarterly availability of BDTCL since commissioning is set forth in the following table, which is higher than the target availability of 98% under the TSA. As a result BDTCL earned annual incentive revenue of ₹ 79 million in fiscal 2016 and ₹ 10 million in fiscal 2015.



As of September 30, 2016, the BDTCL TSA has a remaining term of over 33 years.

The BDTCL transmission lines could not be commissioned on the scheduled commission date due to change in law and force majeure events, including the amendment of Forest Guidelines, delay in grant of forest clearance, delay in receiving authorisation under Section 164 of the Electricity Act, delay in allotment of land for the construction of the Bhopal substation and change in applicable rates of taxes. The delay was acknowledged by CERC and the scheduled commercial operation date was revised accordingly. To compensate for the loss in revenue, BDTCL has filed a tariff revision petition with CERC, although there can be no assurance that the claimed amount will be granted. For further details, see "*Legal and Other Information*" on page 207.

BDTCL had its 765 KV S/C Bhopal – Indore transmission line rendered inoperable for 51 days in fiscal 2015 when gale force winds damaged a transmission tower. BDTCL obtained a deemed availability certificate from CERC to receive tariffs for this period and substantially all of the repair and restoration costs were covered by our Sponsor's insurance. For further details, see "*Legal and Other Information*" on page 207.

Month-wise revenue of BDTCL and JTCL for October 2016 and November 2016

(₹ in million)

Initial Portfolio Asset	October 2016	November 2016
BDTCL	208.80*	208.80*
JTCL	158.31*	158.29*

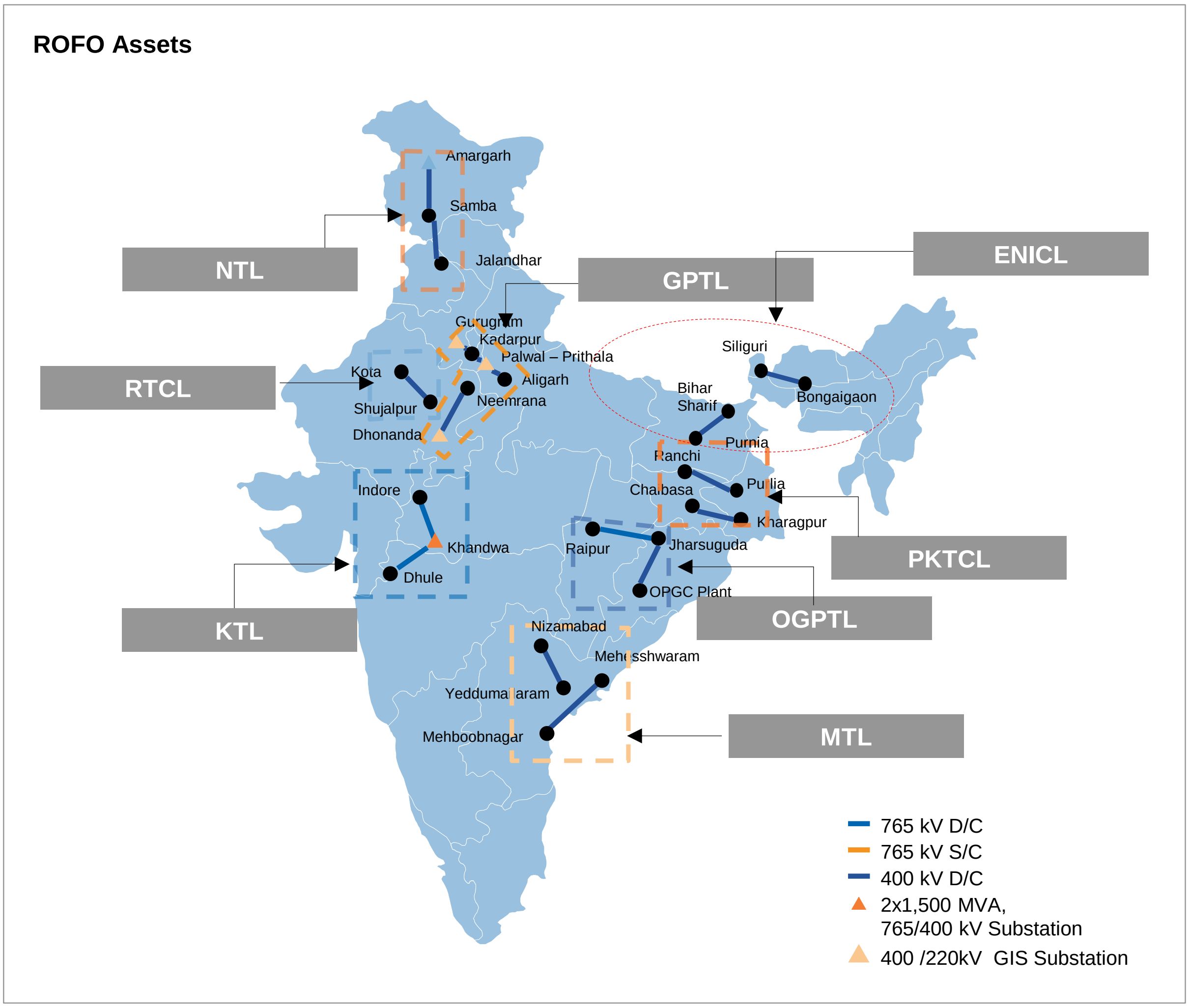
**Excluding rebate*

The ROFO Assets

Pursuant to the ROFO Deed, IndiGrid has a 'right of first offer' in respect of eight existing projects specified in the ROFO Deed, which are held by or being developed by Sponsor group entities which meet the qualifying criteria specified in the ROFO Deed and the InvIT Regulations. See "*Summary of the ROFO Deed*" on page 194 for further details.

The ROFO Assets include eight power transmission projects with 21 transmission lines with approximately 4,831 ckms and 5 substations with 6,630 MVA of transformation capacity under development. Of the eight ROFO Assets, two have been fully commissioned, two are partially operational and revenue-generating and the other four are under various stages of development.

The following map shows the locations and breakdown of the ROFO Assets:



The ROFO Assets are owned by the Sponsor's subsidiaries, East North Interconnection Company Limited ("**ENICL**"), Purulia & Kharagpur Transmission Company Limited ("**PKTCL**"), RAPP Transmission Company Limited ("**RTCL**"), NRSS XXIX Transmission Limited ("**NTL**"), Maheshwaram Transmission Limited ("**MTL**"), Odisha Generation Phase II Transmission Limited ("**OGPTL**"), Gurgaon-Palwal Transmission Limited ("**GPTL**") and Khargone Transmission Limited ("**KTL**").

The following table sets forth a summary description of the ROFO Assets:

Project	Location	Status	Description	Route length (ckms)	Term of TSA
East North Interconnection Limited	Assam, Bihar, West	Commissioned in November 2014	Two 400 kV D/C lines.	909	25 years

Project	Location	Status	Description	Route length (ckms)	Term of TSA
	Bengal				
Purulia & Kharagpur Transmission Company Limited	Jharkhand, West Bengal	One line commissioned in June, 2016. The second line is expected to be comissioned by December, 2016.	Two 400 kV D/C lines.	546	35 years
RAPP Transmission Company Limited	Rajasthan, Madhya Pradesh	Commissioned in February, 2016	One 400 kV D/C line.	403	35 years
NRSS XXIX Transmission Limited	Punjab, Jammu and Kashmir	One line commissioned in June, 2016 and other lines are expected to be in operation[1] by October, 2018	Three 400 kV D/C lines and one 400/220 kV D/C GIS sub-stations with 630 MVA transmission capacity.	887	35 years
Maheshwaram Transmission Limited	Telangana	Expected operation by June, 2018	Two 400 kV D/C transmission lines and four 400 kV line bays.	477	35 years
Odisha Generation Phase II Transmission Limited	Odisha	Expected operation by August, 2019	One 765 kV D/C transmission line and one 400 kV D/C transmission line.	715	35 years
Gurgaon-Palwal Transmission Limited	Gurgaon and Palwal	Expected operation by September, 2019	Five 400 kV D/C transmission lines, three 400/220 kV substations with 1,000 MVA transmission capacity each and two 400 kV line bays at 400 kV Dhonanda substation.	271	35 years
Khargone Transmission Limited	Khandwa	Expected operation by July, 2019	One 400 kV D/C transmission lines, two 765 kV D/C transmission line, one 765/400 kV substation with 2 x1,500 MVA transmission capacity at Khandwa and two 765 kV line bays and 7x80 MVAR Switchable line reactors (1 unit as spare) along 800Ω NGR and its auxilliaries for Khandwa Pool-Dhule 765 kV D/C at 765/400 kV Dhule substation.	624	35 years

Pursuant to the Electricity Act, all transmission projects have to procure permits and clearances from various government departments in India, in order to be commissioned and receive tariffs. A status of the approvals and clearances for each ROFO asset as of November 25, 2016 is set forth in the table below:

Project	SPV acquisition	Approval for overhead lines (S.68 of EA)	Transmission license (CERC)	Tariff orders (CERC)	Financial closure	Forest clearance	Wildlife clearance	Construction	Approval under S.164 of EA
ENICL	Yes	Yes	Yes	Yes	Yes	Yes	-	100%	Yes
RTCL	Yes	Yes	Yes	Yes	Yes	Yes	-	100%	Yes
PKTCL	Yes	Yes	Yes	Yes	Yes	Yes	-	In progress	Yes
NTL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	In progress	Yes
MTL	Yes	Yes	Yes	Yes	Yes	In progress	-	In progress	In progress
OGPTL	Yes	Yes	Yes	Yes	Yes	In progress	-	In progress	In progress
GPTL	Yes	Yes	Yes	Yes	Yes	In progress	-	In progress	In progress
KTL	Yes	Yes	In progress	In progress	In progress	In progress	-	In progress	In progress

The construction status of the ROFO Assets under construction, is set forth in the following table:

Project	Foundations	Tower erection	Stringing
ENICL	100%	100%	100%

[1] Scheduled completion under the TSA.

Project	Foundations	Tower erection	Stringing
RTCL	100%	100%	100%
PKTCL	In progress	In progress	In progress
NTL	In progress	In progress	In progress
MTL	In progress	In progress	In progress
OGPTL	In progress	In progress	In progress
GPTL	In progress	In progress	In progress
KTL	In progress	In progress	In progress

East-North Interconnection Company Limited

ENICL was incorporated on February 1, 2007. ENICL entered into a TSA dated August 6, 2009 and a transmission services agreement dated January 28, 2013 with PGCIL (the "**ENICL TSA**"). The ENICL project was awarded to STL by the Ministry of Power on January 7, 2010 for a 25 year period from the date of issue of the license by CERC, on a BOOM basis.

ENICL operates two EHV overhead transmission lines of approximately 909 ckms in the states of Assam, Bihar and West Bengal, comprising one 400 kV D/C line of approximately 443 ckms from Bongaigaon (Assam) to Siliguri (West Bengal) and one 400 kV D/C line of approximately 466 ckms from Purnia (Bihar) to Biharsharif (Bihar). The project was fully commissioned in November 2014 at a total cost of ₹ 12,086.47 million (as on March 31, 2016, as per Indian GAAP). Details of ENICL's transmission lines are set forth as follows:

Transmission line	Route length (ckms)	Specifications	Commission date
Bongaigaon-Siliguri	443	400 kV D/C	November 12, 2014
Purnia-Biharsharif	466	400 kV D/C	September 16, 2013

ENICL transmission lines could not commissioned on time due to force majeure events, including delay in receiving forest clearance, floods, strikes, riots and bandhs. The delay was acknowledged by CERC and the scheduled commercial operation date was revised accordingly. CERC, by its order dated August 24, 2016 held that ENICL is entitled to the payment of debt service for the period of force majeure in the form of an increase in non-escalable transmission charges in accordance with the TSA, however, such amount has not yet been fixed. Subsequently, ENICL filed a petition before the CERC praying for relief including approving the quantification of increase of 8.54% per annum in the non-escalable transmission charges and restoring ENICL to the same economic condition as prior to the occurrence of the change in law and force majeure events.

ENICL's 400 kV D/C line from Purnia to Biharsharif has been inoperable since August 23, 2016, when flooding damaged a transmission tower. Our Sponsor does not expect this line to resume operations before the end of December, 2016. ENICL has obtained a deemed availability certificate to receive tariffs for this line for August 2016 and our Sponsor has submitted an insurance claim for restoration and repair costs.

Purulia & Kharagpur Transmission Company Limited

PKTCL was incorporated on December 15, 2012. PKTCL entered into a TSA (the "**PKTCL TSA**") on August 6, 2013. The PKTCL project is held by SGL2 and was awarded by the Ministry of Power on September 17, 2013 for a 35-year period from the scheduled commercial operation date of the PKTCL Project, on a BOOM basis.

PKTCL supports the growing interconnection of the West Bengal state grid and the Inter-State Transmission System ("**ISTS**") and facilitates the exchange of additional power between them. PKTCL is intended to strengthen the transmission system in the states of West Bengal and Jharkhand.

PKTCL operates two EHV overhead transmission lines with a total circuit length of approximately 546 ckms in the states of West Bengal and Jharkhand, comprising one 400 kV D/C line of approximately 322 ckms from Kharagpur (West Bengal) to Chaibasa (Jharkhand) and one 400 kV D/C line of approximately 223 ckms from Purulia (West Bengal) to Ranchi (Jharkhand). The Kharagpur-Chaibasa 400 kV D/C transmission line was commissioned in June, 2016. There has been a delay in the commissioning of the Purulia – Ranchi 400 kv D/C transmission line and the project is expected to be fully commissioned by December, 2016. Details of PKTCL's transmission lines are set forth as follows:

Transmission line	Route length (ckms)	Specifications	Commission date	Expiry of TSA term
Kharagpur—Chaibasa	322	400 kV D/C	June 18, 2016	April 19, 2051
Purulia—Ranchi	224	400 kV D/C	December 31, 2016[1]	April 19, 2051

[1] *Scheduled commission date*

PKTCL filed a petition dated July 7, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 before the CERC seeking compensatory and declaratory reliefs under the PKTCL TSA on account of force majeure and change in law, including the delay in application for forest diversion proposal, shifting of termination point of Purulia substation, delay in grant of forest clearance and law and order issues which adversely affected and subsequently, delayed the construction of the 400 kV Quad D/C Purulia – Ranchi transmission line and 400 kV Quad D/C Kharagpur – Chaibasa transmission line.

RAPP Transmission Company Limited

RTCL was incorporated on December 20, 2012. RTCL entered into a TSA (the "**RTCL TSA**") on July 24, 2013. The RTCL project is held by SGL2 and was awarded by the Ministry of Power on September 17, 2013 for a 35-year period from the scheduled commercial operation date of the RTCL Project, on a BOOM basis.

RTCL is expected to strengthen power transfer capability between the northern and western sectors of India's power grid by evacuating electricity from two new nuclear reactors near Kota (Rajasthan), known as Unit 7 and Unit 8, to the central Madhya Pradesh state grid. The project was undertaken in conjunction with the Nuclear Power Corporation of India's Rajasthan Atomic Power Project.

RTCL operates one EHV overhead transmission line of approximately 403 ckms in the states of Rajasthan and Madhya Pradesh, comprised of one 400 kV D/C line from Kota to Shujalpur. The project was fully commissioned in February, 2016 at a total cost of ₹ 2,600.58 million (as on March 31, 2016 as per Indian GAAP). Details of RTCL's transmission lines are set forth as follows:

Transmission line	Route length (ckms)	Specifications	Commission date	Expiry of TSA term
RAPP—Shujalpur	403	400 kV D/C	February 26, 2016	February, 2051

RTCL filed a petition dated March 11, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 seeking payment of monthly transmission charges for the period starting from December 26, 2015 under the RTCL TSAs and the revenue sharing agreement and the order dated July 15, 2015 issued by the Ministry of Power, Government of India entitled "Policy for Incentivizing Early Commissioning of Transmission Projects" under which the RTCL is entitled to the payment of monthly transmission charges from the actual date of commercial operation, December 26, 2015, which is in advance of the scheduled commercial operation date of February 2016. CERC, by its order dated September 21, 2016 declared that RTCL is entitled to the payment of transmission charges accrued from scheduled commercial operation date until the bays are developed by the Nuclear Power Corporation of India Limited ("**NPCIL**").

NRSS XXIX Transmission Limited

NTL was incorporated on July 29, 2013. NTL entered into a TSA (the "**NTL TSA**") on January 2, 2014. The NTL project is held by SGL2 and was awarded by the Ministry of Power on May 23, 2014 for a 35-year period from the scheduled commercial operation date of the NTL Project, on a BOOM basis.

The NTL project is expected to deliver over 2,000 MW of electricity from Punjab to the Kashmir Valley by strengthening the transmission system in the states of Jammu and Kashmir and Punjab. The Jalandhar-Samba 400 kV D/C transmission line was commissioned in June, 2016. NTL is expected to commission the other two 400 kV double circuit transmission lines and one 400/220 kV GIS sub-station by October, 2018. Details of NTL's transmission lines and sub-stations are set forth as follows:

Transmission line / Sub-Station	Route length (ckms)	Specifications	Scheduled commission date	Expiry of TSA term
Samba—Amargarh	614	400 kV D/C	October 4, 2018	September, 2053
Uri—Wagoora	3	400 kV D/C	October 4, 2018	September, 2053
Jalandhar—Samba	270	400 kV D/C	June 24, 2016[1]	September, 2053

Amargarh Sub-Station	—	400/220 kV D/C GIS Substation with 630 MVA of transmission capacity	October 4, 2018	September, 2053

[1] *Commissioned*

NTL filed a petition dated June 22, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 against PGCIL (in its capacity as a Central Transmission Utility) and the lead long term customers before the CERC seeking payment of monthly transmission charges for the period starting from April 7, 2016 under the NTL TSA and order dated July 15, 2015 issued by the Ministry of Power, Government of India entitled "Policy for Incentivizing Early Commissioning of Transmission Projects" under which NTL is entitled to the payment of monthly transmission charges from the actual date of commercial operation, April 7, 2016, which is in advance of the scheduled commercial operation date of June 3, 2017.

Maheshwaram Transmission Limited

MTL was incorporated on August 14, 2014. MTL entered into a TSA with LTTCs (the "**MTL TSA**") on June 10, 2015. The MTL project was awarded to SGL3 by the Ministry of Power on July 21, 2015 for a 35-year period from the scheduled commercial operation date of the MTL Project, on a BOOM basis.

MTL is expected to constitute a key component in enabling the Southern region of India to draw more power from the North-East-West Grid and largely address the issue of power stability in Telangana region. This improved grid connectivity is expected to facilitate power procurement from the ISTS network to meet electricity demands in southern regions of India. The project is under development and is expected to be fully commissioned and operational by June, 2018. Details of MTL's transmission lines and line bays are set forth as follows:

Transmission line	Route length (ckms)	Specifications	Scheduled commission date	Expiry of TSA term
Maheshwaram (PG)—Mehboob Nagar	199	400 kV D/C	June 20, 2018	June 19, 2053
2 Nos. of 400 kV line bays at Mehboob Nagar S/S of TSTRANSCO				
Nizamabad—Yeddumailaram (Shankarpalli)	278	400 kV D/C	June 20, 2018	June 19, 2053
2 Nos. of 400kV line bays at Yeddumailaram (Shankarpalli) S/S of TSTRANSCO				

Odisha Generation Phase II Transmission Limited

OGPTL was incorporated on April 17, 2015. OGPTL entered into a TSA (the "**OGPTL TSA**") on November 20, 2015. The OGPTL project was awarded to SGL3 by the Ministry of Power on January 6, 2016 for a 35-year period from the scheduled commercial operation date of the OGPTL Project, on a BOOM basis. The project is under development and is expected to be fully commissioned and operational by August, 2019. Details of OGPTL's transmission lines are set forth as follows:

Transmission line	Route length (ckms)	Specifications	Scheduled commission date	Expiry of TSA term
Jharsuguda – Raipur	612	765kV D/C	August 8, 2019	July, 2054
OPGC – Jharsuguda	103	400 kV D/C	July, 2017	July, 2054

Gurgaon-Palwal Transmission Limited

GPTL was incorporated on October 26, 2015. GPTL entered into a TSA (the "**GPTL TSA**") on March 4, 2016. The GPTL project was awarded to SGL4 by the Ministry of Power on March 17, 2016 for a 35-year period from the scheduled commercial operation date of the GPTL Project, on a BOOM basis. The project is under development and is expected to be fully commissioned and operational by September, 2019. Details of GPTL's transmission lines, sub-stations and line bays are set forth as follows:

Transmission line	Route length (ckms)	Specifications	Scheduled commission date	Expiry of TSA term
Aligarh - Prithala	98	400 kV D/c HTLS line	May 14, 2019	July, 2054
Prithala – Kadarpur	54	400 kV D/C HTLS line	May 14, 2019	July, 2054
Kadarpur-Sohna Road	22	400 kV D/c HTLS line	September 14, 2019	July, 2054
LILO of Gurgaon Manesar	4	400 kV D/c Quad line	September 14, 2019	July, 2054
Neemrana – Dhonanda	93.2	400 kV D/c HTLS line	May 14, 2019	July, 2054
Kadarpur substation	-	400/220 kV, 2 x 500 MVA	May 14, 2019	July, 2054
Sohna substation	-	400/220 kV, 2 x 500 MVA	September 14, 2019	July, 2054
Prithala substation	-	400/220 kV, 2 x 500 MVA	May 14, 2019	July, 2054
Dhonanda substation	-	Two 400 kV line bays	May 14, 2019	July, 2054

Khargone Transmission Limited

KTL was incorporated on November 28, 2015. KTL entered into a TSA (the "**KTL TSA**") on March 14, 2016. The KTL project was awarded to SGL4 by the Ministry of Power on May 26, 2016 for a 35-year period from the scheduled commercial operation date of the KTL Project, on a BOOM basis. The project is under development and is expected to be fully commissioned and operational by July, 2019. Details of KTL's transmission lines and line bays are set forth as follows:

Transmission line	Route length (ckms)	Specifications	Scheduled commission date	Expiry of TSA term
LILO of Khandwa – Rajgarh line	14	400 kV D/C line	February, 2018	July, 2054
Khargone TPP Switchyard – Khandwa Pool	50	400 kV D/C line	July, 2019	July, 2054
Khandwa Pool - Indore	180	765 kV D/C line	July, 2019	July, 2054
Khandwa Pool - Dhule	380	765 kV D/C line	July, 2019	July, 2054
Khandwa pooling station	-	3000 MVA transmission capacity	July, 2019	July, 2054
2 Nos. of 765 kV line bays and 7x80 MVAR Switchable line reactors (1 unit as spare) along with 800 Ω NGR and its auxiliaries for Khandwa Pool – Dhule 765 kV D/C at Dhule 765/400 kV substation				

Summary of Key Agreements of the Intial Portfolio Assets

BDTCL and JTCL, have entered into TSAs and RSAs, the key terms of which are provided below.

TSA

BDTCL and JTCL entered into TSAs with LTTCs to set up projects on a BOOM basis and to provide transmission service on long term basis to the LTTCs on the terms and conditions contained in the TSAs. The term of a TSA is 35 years from the scheduled commercial date of operation of the project, unless terminated earlier in accordance with the terms of the TSA. The TSA with LTTCs provide for, *inter alia*, details and procedure of project execution, development and construction, operation and maintenance.

Pursuant to the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ("**Sharing Regulations**"), the Initial Portfolio Assets entered into TSAs with the CTU, each dated November 12, 2013, to govern the provision of inter state transmission services, specifically in relation to sharing of transmission charges and losses and disbursing the transmission charges collected by the CTU. The inter state transmission service customers and the inter state transmission service licensees are required to abide by the detailed billing, collection and disbursement procedure of the CTU and in terms of the TSA. The CTU shall raise bills, collect and disburse in accordance with the detailed billing, collection and disbursement procedure. In terms of the TSA, each inter state transmission service customer agrees to allow the CTU to enforce recovery of payment through letter of credit on behalf of all the inter state transmission service licensees in the event of default of payment. If payment by a inter state transmission service customer against any invoice raised under the billing, collection and disbursement procedure, is outstanding beyond thirty days after the due date or in case the required letter of credit or any other agreed payment security mechanism is not maintained by the inter state transmission service customer, the Central Transmission Utility is empowered to undertake regulation of power supply on behalf of all the inter state transmission service licensees so as to recover charges under the provisions of the Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 (the "**Power Supply Regulations**").

The TSA also provide for *force majeure* relief to the inter-state transmission service licensees and inter state transmission service customers (the "**Affected Parties**") affected by the occurrence of a force majeure event. The TSA defines a force majeure event as a circumstance, or a combination thereof, that wholly or partly prevents or unavoidably delays the Affected Party in the performance of its obligations under such TSAs, but only if and to the extent that such events or circumstances are not within the reasonable control, directly or indirectly of the Affected party, and includes, amongst others, an act of God, act of war, radioactive contamination, industry wide strikes and labour disturbances having a nationwide impact in India. To the extent not prevented by a force majeure event, the Affected Party shall continue to perform its obligations under the TSAs and shall use its efforts to mitigate the effect of such event, as soon as practicable. The Affected Party shall not be in breach of its obligations pursuant to such TSA, except to the extent that the performance of its obligations was prevented, hindered or delayed due to a force majeure event. Each inter state transmission service customers or inter state transmission service licensees shall be entitled to claim relief for a force majeure event affecting its performance in relation to its obligations under the TSA. Computation of availability under outage due to a force majeure event shall be accordance to the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 as amended from time to time and any subsequent enactment thereof.

The TSA entered into with the CTU also sets out change in law as being, *inter alia*, (i) the enactment, coming into effect, adoption, promulgation, amendment, modification or repeal (without re-enactment or consolidation) in India, of any law, including rules and regulations framed pursuant to such law, (ii) change in the interpretation or application of any law by GoI having the legal power to interpret or apply such law, or any competent court of law, (iii) the imposition of a requirement for obtaining any consents, clearances and permits which was not required earlier or change in the terms and conditions prescribed for obtaining such consents, clearances and permits or (iv) any change in tax or introduction of any tax made applicable for transmission service by the inter state transmission service licensees, as per the terms of such TSA. Any adjustment in the monthly transmission charges on account of change in law is to be determined and effective from such date, as decided by the CERC, subject to rights of appeal provided under applicable law. Further in case of ISTS awarded through competitive bidding process under Section 63 of the Electricity Act, the reference date for determining the implications of change in law shall be seven days prior to the relevant bid due date for submission of tariff bid.

RSA

Pursuant to the Sharing Regulations, BDTCL and JTCL entered into revenue sharing agreements with PGCIL ("**RSAs**"). The transmission charges billed in accordance with the billing, collection and disbursement procedure set out in the TSAs with CTUs shall be disbursed to the inter state transmission system licensees by the CTU, pursuant to and in accordance with the RSAs. The PoC charges for use of inter state transmission services by the inter state transmission services customers, shall be billed and collected by the CTU on behalf of all inter state transmission services licensees. The CTU shall disburse the transmission charges, as collected by it to the respective inter state transmission services licensees and owners of deemed inter state transmission services whose transmission charges have been considered for the purpose of calculation of the PoC charges in accordance with the billing, collection and disbursement procedure set out in the TSAs with CTU. Delayed payment or partial payment by any inter state transmission services customers shall result in pro-rata reduction in the payouts to all the inter state transmission services licensees and owners of deemed inter state transmission services whose transmission charges have been considered for the purpose of calculation of PoC charges. The revenue sharing statements to be submitted to the CTU shall be in accordance with the billing, collection and disbursement procedure. The modality of disbursements by the CTU shall be in accordance with the billing, collection and disbursement procedure. Each inter state transmission licensee, under the RSAs, empowers the CTU to enforce recovery of payment from the inter state transmission service customers through payment security mechanism in the event of default or partial payment by the inter state transmission service customer, in accordance with the billing, collection and disbursement procedure. Each inter state transmission licensee shall further agree and empower the CTU to invoke the provisions of the Power Supply Regulations, as amended from time to time and in accordance with the detailed billing, collection and disbursement procedure.

Operation and Maintenance

The operation and maintenance of the Initial Portfolio Assets will be the responsibility of the Project Manager, pursuant to its obligations under the Project Implementation and Management Agreement. See "*The Project Manager*" on page 81 for further details. The Project Manager is also subject to the oversight of the Power System Operation Corporation Limited, or POSOCO, and CERC, which are responsible for system operation and control, including inter-state and intra-state power management, inter-state and inter-regional transfer of power, covering contingency analysis and operational planning on a real-time basis and the operation of regional and state-level unscheduled interchange pool accounts and regional and state-level reactive energy accounts. Consequently, our operations and maintenance strategy focuses on deploying prudent grid management practices to achieve the following objectives:

- to achieve the targeted system availability specified in the TSAs;
- to optimize the life cycle cost of transmission lines by preventive actions;
- to maximize excellence in quality, health, safety, security and environment; and
- to optimize O&M costs.

The Project Manager will deploy highly skilled employees and engage third party O&M agencies to provide operational and maintenance support to the Initial Portfolio Assets. The Project Manager will develop and control the O&M philosophy and strategy for each Initial Portfolio Asset by selecting the right outsourcing partners, implementing sound technical solutions, developing activity charts and conducting scheduled maintenance. The Project Manager will support the Initial Portfolio Assets to outsource specific maintenance, repair, supervision and security tasks by choosing capable vendors as well as finalizing most optimum work orders.

The Project Manager will develop and track the preventive maintenance plan and provide all personnel required to help ensure safe and reliable transmission systems. By performing preventative and corrective maintenance on our transmission assets, the Project Manager will strive to minimize the need for reactive maintenance, which may adversely impact reliability and tends to be more costly than preventative maintenance. Preventive and corrective maintenance includes activities such as inspections, monitoring, servicing, vegetation management, fault restoration, repairs, patrols following failures etc. The Project Manager has been operating the Initial Portfolio Assets using advanced technologies since the Initial Portfolio Assets achieved CoD. The transmission lines and substations of the Initial Portfolio Assets have consistently achieved more than target availability of 98% consistently.

The Project Manager will also emphasize on-line techniques in order to minimize shutdown time for periodic maintenance checks and breakdown maintenance. Furthermore, to prepare for certain force majeure situations that cannot be predicted, the Project Manager will partner with third party vendors to implement alternative transmission systems, such as emergency restoration systems, who in turn will provide the skilled labor necessary to install and operate these emergency restoration systems. The Project Manager has a specialist team of engineers for the operation and maintenance of substations.

The Project Manager will also provide shared services that are required to run the operations of the Initial Portfolio Assets. The services include, accounting, administrative support and legal support.

Insurance

Our Sponsor has obtained a single industrial all risk insurance policy covering all of the Initial Portfolio Assets as well as ENICL, RTCL, PKTCL and NTL projects to cover risks including loss or damage from fire, flood, theft, riots, landslide, storm, design defects, terrorism and sabotage. The policy covers all losses up to ₹ 2 billion without an aggregate cap and covers business interruption losses, including loss of revenue. This insurance policy is valid from September 30, 2016 to September 29, 2017 and renewable on a yearly basis. The insurer is The New India Assurance Company Limited and these assets are insured in line with industry practice.

Technology and Equipment

We use advanced technology, such as helicopters for stringing transmission lines, drones to monitor and maintain lines, thermo-vision scanning, punctures insulator detector and corona measurement devices for preventive maintenance and follow prudent maintenance practices, which ensures improved business performance, reduces our costs and also increases our revenues generated by the Initial Portfolio Assets by maintaining high transmission availability. Maintenance of high availability rates entitle our projects to receive an incentive payment under the applicable TSA and tariff regulations.

Initial Portfolio Assets have primarily Extra High Voltage, or EHV transmission lines and substations. EHV transmission lines are used to transmit power over long distances. Substations act as inter connecting points between transmission lines for step up/down of the voltages and provide monitoring as well as protection to the grid. See *"Lahmeyer Report for JTCL*" and "*Lahmeyer Report for BDTCL*" for further details on technology and equipment.

Transmission Lines**:** The major components of transmission lines are towers, conductors, insulators, hardware and optical power ground wire or OPGW.

- *Transmission towers:* The Initial Portfolio Assets use lattice towers for its structural strength benefits and all towers are designed to carry 400 kV and 765 kV transmission lines.

- *Conductors:* The Initial Portfolio Assets use aluminium conductor steel reinforced ("**ACSR**") conductors with twin, quad and hexa conductor bundles to increase the efficiency of the transmission line.

- *Insulators:* The Initial Portfolio Assets use glass reinforced polymer insulators for the EVH lines to ensure better operating performance.

- *Earth wire/OPGW:* BDTCL has deployed OPGW as it contains single-mode optical fibres with low transmission loss allowing long distance transmission at high speeds. JTCL has deployed earth wire.

Substation: Substations act as inter connecting points between transmission lines for step up/down of the voltages and provide monitoring as well as protection to grid. Each new transmission line starts from an existing substation and ends at a new substation.

- *Transformer:* BDTCL has 14 power transformers for the 765 KV to 400 KV lines including spare transformers having a 3,000 MVA of transformation capacity. Other substation equipment are used for monitoring power flow and protecting transmission lines.

- *Lightening Arrester:* BDTCL is equipped with lightening arrestors to protect the power transmission infrastructure from lightning.

- *CVT and Instrument Transformers:* BDTCL is equipped with a capacitor voltage transformer, or CVT, and with instrument transformers to enable power systems to step down EVH signals and provide low voltage signals.

- *Circuit breaker:* BDTCL uses the SF6 circuit breakers to break the circuit in the event of default.

Construction Technologies: Our Sponsor has used advanced technologies, such as helicopters for stringing transmission lines and erecting towers. Such technologies minimize social and environmental disturbances. Our Sponsor has used heli - stringing for constructing the BDTCL and NTL transmission lines and towers.

O&M Technology: We deploy thermo-vision scanning, puncture insulator detector and corona measurement devices for preventive maintenance. We also follow prudent maintenance practices which ensure improved business performance, reduce our costs and increases our revenues. We intend to use the drone based asset management technology to automate identification of critical asset conditions and ensure full economic optimization of resource deployment in maintenance operations. We intend to deploy aerial technology such as UAVs and helicopter based monitoring systems to improve reliability, resilience and safety of the transmission lines. Long distance aerial inspection will provide significant benefits by enabling a safe and efficient method of inspection using predictive analytics. The use of drones will increase the uptime of the grid and reduce deforestation along the corridors..

Human Resources

IndiGrid does not have any employees as the operation and maintenance of our present transmission projects are carried out by the Project Manager, and other services are provided by the Trustee and the Investment Manager.

Competition

Competition in the transmission sector depends on the geographic region, nature and size of the project. Through the TBCB, competition is encouraged amongst players primarily in relation to determining transmission charges. The bidder quoting the lowest levelised tariff is awarded the project to develop on the BOOM basis. Our principal competitors in the power transmission sector are PGCIL as well as other private players including Adani Transmission Limited, Reliance Power Transmission Limited and Essel Infra Projects. See "*Industry Overview*" on page 118 for further details.

According to the CRISIL Report, competition in the private sector for power transmission projects is increasingly limited to a few major credible players with relevant experience and the average number of bidders for a power transmission project decreased from seven between fiscals 2011 – 2014 to four in fiscal 2016.

According to the CRISIL Report, our Sponsor is the leading player in the power transmission sector with a market share of 26% as of November 2016. We believe that by leveraging on the expertise and market standing of our Sponsor, we will have a competitive edge over our competitors.

Health, Safety and Environmental

We are subject to extensive health, safety and environmental laws, regulations and government-prescribed operating procedures and environmental technical guidelines which govern our services, processes and operations. See "*Regulations and Policies*" on page 199 for further details. In compliance with these requirements, we have adopted a number of policies to address, among others, the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous bio-medical materials and waste and waste water discharges. The Initial Portfolio Assets are committed to ensuring the health and safety of their employees by providing and maintaining an accident-free and healthy workplace through implementation of Environment, Occupational Health and Safety ("**EHS**") management systems in order to minimize health and safety hazards. Furthermore, the Initial Portfolio Assets proactively monitor the EHS management systems, integrate EHS procedures and best practices into their operations, conduct EHS training activities for employees and undertake periodic reviews of standard operating procedures in order to mitigate health and safety risks. An independent environmental and social safeguard report was commissioned for JTCL in February, 2014.

We believe that the Initial Portfolio Assets are each in compliance in all material respects with Indian legislation in relation to environment laws and regulations and employee health and safety. See "*Regulations and Policies*" on page 199 for further details.

Properties

Pursuant to Section 164 of the Electricity Act, the Initial Portfolio Assets have been granted rights of way across land that our transmission lines pass through. See "*Regulatory Approvals*" on page 205 for further details.

We have leasehold rights for the land on which our sub-stations for BDTCL are situated from the relevant state authorities for the duration of our transmission licenses. Additionally, we own three parcels of land for BDTCL and JTCL, comprising in the aggregate 0.48 million square meters, all of which have been mortgaged to our lenders.

Intellectual Property

We have applied for the "IndiGrid" name and logo as trademarks in India. We have not applied for registration of any other intellectual property.

Information Technology

Information technology systems are key to our ability to manage our business. As Project Manager, our Sponsor's information technology systems will coordinate our operations. The Project Manager will use advanced IT tools such as SAP, WRENCH and applications developed on the Cordys platform to maintain our IT infrastructure and automate our operations and maintenance functions.

INFORMATION CONCERNING THE UNITS

Unit holding of IndiGrid

Particulars	Number of Units*
Units issued and outstanding prior to this Issue	[●]
Units issued and outstanding after this Issue	[●]

** To be determined on finalisation of the Issue Price and updated in the Final Offer Document prior to filing with SEBI and the Stock Exchanges.*

Unit holders holding more than 5% of the Units of IndiGrid

Sr. No.	Name of Unit Holders	Pre-Issue*		Post-Issue*	
		Number of Units	Percentage of holding (%)	Number of Units	Percentage of holding (%)
1.	SPGVL	[●]	[●]	[●]	[●]

** To be determined on finalisation of the Issue Price and updated in the Final Offer Document prior to filing with SEBI and the Stock Exchanges.*

Unitholding of the Sponsor, Investment Manager, Project Manager and Trustee

The Sponsor (also acting as the Project Manager) shall hold [●] Units of IndiGrid, as disclosed above, upon completion of the transfer of SGL1 to IndiGrid. The Trustee and the Investment Manager do not hold any Units and shall not acquire any Units in this Issue.

Unitholding of the directors of the Investment Manager

As on the date of the Draft Offer Document, none of the directors of the Investment Manager hold any Units or propose to hold any Units in IndiGrid.

Sponsor lock-in

In terms of the InvIT Regulations, the Sponsor shall hold 15% of Units on a post-Issue basis, aggregating up to [●] Units, which shall be locked-in for a period of three years from the date of listing of the Units, subject to the conditions specified in the InvIT Regulations. Further, Unitholding of the Sponsor, exceeding 15% on a post-Issue basis, aggregating up to [●] Units, shall be locked-in for a period of not less than one year from the date of listing of the Units.

Anchor Investor lock-in

The Units Allotted to Anchor Investors in this Issue shall be locked-in for a period of 30 days from the date of Allotment of the Units.

Strategic Investor lock-in

The Units Allotted to Strategic Investors in this Issue shall be locked-in for a period of one year from the date of Allotment of the Units.

USE OF PROCEEDS

The gross proceeds of this Issue will be up to ₹ 26,500 million and the Net Proceeds will be ₹[•] million. The Net Proceeds from this Issue will be utilised towards the following objects:

- providing loans to BDTCL and JTCL for repayment or pre-payment of debt of banks, financial institutions, SGL1, SGL2 and repayment of any other long term and short term liabilities; and
- general purposes.

The details of the Net Proceeds are set forth in the following table:

(In ₹ million)

Particulars	Estimated Amount
Gross proceeds of this Issue	26,500
Less: Issue expenses	([•])*
Net Proceeds	[•]

**To be determined on finalisation of the Issue Price and updated in the Final Offer Document prior to filing with SEBI and the Stock Exchanges.*

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(In ₹ million)

Sl. No.	Particulars	Amount
1.	Providing a loan to BDTCL and JTCL for repayment or pre-payment of debt of banks, financial institutions, SGL1, SGL2 and repayment of any other long term and short term liabilities	25,800
2.	General purposes*	[•]

**To be determined on finalisation of the Issue Price and updated in the Final Offer Document prior to filing with SEBI and the Stock Exchanges.*

The Investment Manager believes that providing of loans to BDTCL and JTCL, respectively, and the subsequent pre-payment or scheduled repayment of the loans availed by BDTCL and JTCL from their respective lenders (including, SGL1 and SGL2) will help reduce outstanding indebtedness of IndiGrid, on a consolidated basis, assist IndiGrid in maintaining a favourable debt-equity ratio, which will enable IndiGrid to raise further resources in the future to fund potential business development opportunities and plans to grow and expand its business in the future thereby enabling IndiGrid to meet its commitment towards distributions to Unitholders.

The fund requirements mentioned above and the proposed deployment are based on the estimates of the Investment Manager and have not been appraised by any bank, financial institution or any other external agency. The fund requirements may vary due to factors beyond the Investment Manager's control, such as market conditions, competitive environment and interest/exchange rate fluctuations. Consequently, the fund requirements are subject to revisions in the future at the discretion of the Investment Manager. In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, the Investment Manager may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable law.

In the event of oversubscription in the Issue, the proceeds from such oversubsctiption may be utilised for repayment of debt from the Sponsor. Such procceds from oversubscription shall not be utilized towards general purposes.

Details of Utilisation of Net Proceeds

The details of utilisation of the Net Proceeds are set forth herein below:

1. ***Providing loans to BDTCL and JTCL for repayment or pre-payment of debt of banks, financial institutions, SGL1, SGL2 and repayment of any other long term and short term liabilities***

IndiGrid proposes to utilise an estimated aggregate amount of ₹ 25,800 million from the Net Proceeds to provide loans to BDTCL and JTCL, by entering into Facility Agreements.

BDTCL and JTCL, will utilize the funds raised through such loan towards partial repayment or pre-payment of debt as described below or repayment of any other long term and short term liabilities. For details of the Facility Agreements, please see the section entitled "*Overview of IndiGrid*" and "*Related Party Transactions*" on pages 19 and 194, respectively.

Sr. No.	Lenders	Amount (in ₹million) Principal Amount Outstanding as on September 30, 2016 (As per Indian GAAP)
BDTCL		
1.	State Bank of India	8,614.89
2.	L&T Infrastructure Finance Company Limited	2435.54
3.	India Infrastructure Finance Company (UK) Limited	2749.78*
4.	L&T Infrastructure Debt Fund Limited	931.56
5.	Oriental Bank of Commerce	938.60
6.	Sterlite Grid 1 Lmited (SGL1)	2,831.27
7.	Sterlite Grid 2 Limited (SGL2)	25.00
Total		**18,526.64**
JTCL		
1.	State Bank of India	5,084.00
2.	ICICI Bank Limited	1,913.00
3.	IFC Bank Limited	1,836.48
4.	L&T Infrastructure Finance Company Limited	535.22
5.	Oriental Bank of Commerce	824.74
6.	L&T FinCorp Limited	495.64
7.	Sterlite Grid 1 Limited (SGL1)	6,052.80
Total		**16,741.88**

** Note: The facility from India Infrastructure Finance Company (UK) Limited is an external commercial borrowing facility with a sanction amount of USD 44,615,061.61 and the principal outstanding balance of this facility as on September 30, 2016 is USD 41,251,085.95.We have considered RBI reference rate of September 30, 2016 ie.1 USD = ₹66.60 for conversions of sanctioned and outstanding amount of this facility.*

Of the estimated aggregate ₹ 25,800 million received from the Net Proceeds by BDTCL and JTCL, BDTCL and JTCL shall repay the loans outstanding from SGL1 and SGL2 upto and aggregate ₹ 8,616 million, and the balance funds received from the Net Proceeds by BDTCL and JTCL of ₹ 16,067 million shall be utilized to repay loans outstanding from banks and financial institutions.

SGL1 shall utilize the funds proposed to be received from BDTCL and JTCL, to repay its existing outstanding indebtedness and any long term and short term liabilities. As on September 30, 2016, SGL1 has short term liabilities of ₹ 125.30 million, payable to SPGVL and SPTL. The existing outstanding indebtedness of SGL1 is described below:

Sr. No.	Lenders	Amount (in ₹million) Principal Amount Outstanding as on September 30, 2016 (as per Indian GAAP)
1.	Non-convertible debentures issued to SPGVL	12,881.45
2.	SPGVL	3,278.20

Further, BDTCL and JTCL have certain long term and short term liabilities, amounting to ₹ 613.89 million payable to SGL1, SPTL, SPGVL and other capital expenditure creditors and ₹ 503.45 million payable to SGL1, SPGVL, SPTL and other capital expenditure creditors, respectively, as on September 30, 2016. BDTCL and JTCL shall utilize an aggregate amount of up to ₹ 1,117 million, to repay such long term and short term liabilities.

BDTCL and JTCL may repay or refinance some of their existing borrowings prior to Allotment. Accordingly, IndiGrid may utilise the Net Proceeds for the repayment or pre-payment of part or all such refinanced loans or additional loan facilities obtained by BDTCL and JTCL, including all existing loans. However, the aggregate amount to be utilised from the Net Proceeds towards repayment or pre-payment of loans (including refinanced or additional loans availed, if any), in part or full, would not exceed ₹ 25,800 million.

The pre-payment of term loans availed by BDTCL and JTCL as set out above shall be based on various factors including; (i) any conditions attached to the loans restricting our ability to prepay the loans and time taken to fulfil such requirements; (ii) levy of any pre-payment penalties; (iii) provisions of any law, rules, regulations and contracts governing such borrowings; and (iv) other commercial considerations, including, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

BDTCL and JTCL may avail further loans after the date of filing of this Draft Offer Document. Accordingly, IndiGrid may utilise the Net Proceeds towards pre-payment of such additional indebtedness.

For a description of the facility agreements, see the section entitled "*Formation Transactions in relation to IndiGrid*" on page 21.

2. General Purposes

In terms of the InvIT Regulations, the Investment Manager shall, at its discretion, deploy the balance Net Proceeds aggregating ₹ [●] million towards general expenses for the operation of IndiGrid, subject to such utilization not exceeding 10% of the Issue Proceeds, in compliance with the InvIT Regulations. The general purposes for which IndiGrid proposes to utilize Net Proceeds include meeting exigencies and expenses incurred, by way of IndiGrid in the ordinary course of business. In addition, IndiGrid may utilize the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved by the Investment Manager or the Trustee, as the case may be, subject to compliance with applicable law.

In case of a shortfall in Net Proceeds, the Investment Manager may, in compliance with the InvIT Regulations, have the flexibility to meet such shortfall including, by utilising IndiGrid's internal accruals or availing facilities from lenders. The Investment Manager will have flexibility in utilizing the proceeds earmarked for general purposes. The Investment Manager, in accordance with the investment objectives of IndiGrid, policies of its board of directors and the InvIT Regulations, will have flexibility in utilising any surplus amounts.

Issue Expenses

The total expenses of this Issue are estimated to be approximately ₹ [●] million. The Issue expenses consist of fee and commissions payable to the Lead Managers, fee payable to legal counsels, fee payable to Escrow Collection Banks and Registrar to the Issue, printing and stationery expenses, and all other incidental and miscellaneous expenses for listing the Units on the Stock Exchanges. Any expenses in relation to this Issue, to the extent already incurred by the Sponsor, shall be reimbursed to the Sponsor from the proceeds of this Issue. The break-up for the Issue expenses is as follows:

(In ₹ million)

Activity	Estimated expenses*	As a % of the total estimated Issue expenses*	As a % of the total Issue size*
Fee and commission to advisors to this Issue	[●]	[●]	[●]
Fee payable to others			
Total estimated Issue expenses	[●]	[●]	[●]

** To be determined on finalisation of the Issue Price and updated in the Final Offer Document prior to filing with SEBI and the Stock Exchanges.*

FINANCIAL INDEBTEDNESS AND DEFERRED PAYMENTS

The details of indebtedness of IndiGrid as at September 30, 2016, together with a brief description of certain material covenants of the relevant financing agreements, are provided below:

Category of borrowing	Pre-Issue Principal Amount outstanding, as on September 30, 2016 (as per Indian GAAP) (in ₹ million)	Post-Issue outstanding amount, as on [●](as per Indian GAAP) (in ₹ million)*
BDTCL		
Nature		
Secured Loan(1)	15,670.37	[●]
Total Secured Loan (A)	**15,670.37**	[●]
Unsecured Loan		
SGL1 Loan	2,831.27	[●]
SGL2 Loan	25.00	[●]
Total Unsecured Loan	**2,856.27**	[●]
Total	**18,526.64**	[●]
Deferred Payments	Nil	[●]
JTCL		
Nature		
Secured Loan	10,689.08	[●]
Total Secured Loan (B)	**10,689.08**	[●]
Unsecured Loan		
SGL1 Loan	6,052.80	[●]
Total Unsecured Loan	**6,052.80**	[●]
Total	**16,741.88**	[●]
Deferred Payments	Nil	[●]
SGL1		
Total Secured Loan (C)	**Nil**	[●]
Unsecured Loan		
NCDs	12,881.45	[●]
SPGVL loan(2)	3,278.20	[●]
Total Unsecured Loan	**16,159.65**	[●]
Total	**16,159.65**	[●]
Deferred Payments	Nil	[●]
Total Secured Loan (A+B+C)	**26,359.45**	[●]
Total Unsecured loan (Excluding SGL1 Loans to BDTCL and JTCL) (D)(3)	**16,184.65**	[●]
Total Combined Borrowing (A+B+C+D)	**42,544.10**	[●]

(1) *Total principal amount outstanding in BDTCL includes, external commercial borrowing from IIFCL UK considered @ I USD = ₹ 66.66.*

(2) *Unsecured loan includes loan from related parties only. Hence, while computing total unsecured loan at combined IndiGrid level, unsecured loans provided to BDTCL and JTCL by SGL1, has been excluded*

(3) *Total combined borrowing as per Ind AS is ₹39,214.30 million. Difference between Ind As and Indian GAAP numbers is on account of GAAP differences (Discounting effect/EIRR Method).*

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** To be determined on finalisation of the Issue Price and updated in the Final Offer Document prior to filing with SEBI and the Stock Exchanges.*

Principal terms of the borrowings availed by us:

1. *Security:* Loans under the loan agreements are secured by, amongst others, (i) creation of first charge on all of the Initial Portfolio Assets' present and future immovable assets pertaining to the project; (ii) creation of first charge on all of the Initial Portfolio Assets' tangible movable assets, including movable plants and machinery, tools, accessories and spare parts; (iii) first charge on all accounts of the Initial Portfolio Assets that may be opened in accordance with the transaction documents and in all funds

deposited therein and the Permitted Instruments or other securities representing all amounts credited to the account and a first charge on the receivables; (iv) first charge on all intangible assets of the Initial Portfolio Assets including goodwill, rights, undertakings, intellectual property rights and uncalled capital both present and future; and (v) assignment by way of security of all right, title, interest, claims, benefits and demands relating to, (a) the agreements in relation to the Project (the "**Project Agreements**"); (b) clearances obtained pertaining to the project; (c) any letter of credit, guarantee, including contractor guarantees, liquidated damages, consent agreements, side letters or performance bond provided by any party to the Project Agreements; (d) insurance contracts and insurance proceeds pertaining to the Project and (e) pledge of 51% of the issued, paid-up and voting equity share capital of the Initial Portfolio Assets by SGL1 till the final settlement date under the Banking Regulation Act, 1949.

2. *Pre-payment:* The Initial Portfolio Assets typically have an option to prepay the loan or any part thereof, with prior written notice of 60 days and upon payment of prepayment premium, together with interest, charges and other monies due and payable to the Consortium Lenders up to the date of such prepayment. Notwithstanding the above, prepayment can be made without payment of prepayment premium, in full or in part, under certain conditions, including from surplus cash accruals of the Initial Portfolio Assets with prior written notice, from funds raised by an initial public offer of equity shares, proceeds of a bond issuance, at the instance of the lender, or other specific circumstances.

3. *Events of Default:* Borrowing arrangements entered into by the Initial Portfolio Assets contain standard events of default, including:

   (i) continuing default in the payment of repayment installments;
   (ii) becoming subject of winding proceedings or is to be wound up, whether voluntarily or involuntarily;
   (iii) cessation of business or notice of such cessation for a period greater than 30 days;
   (iv) business of the Initial Portfolio Assets becomes unlawful; and
   (v) breach of the obligations under any term of the relevant financing agreement; any other financing agreement entered into by the Initial Portfolio Assets.

4. *Restrictive Covenants:* Borrowing arrangements entered into by the Initial Portfolio Assets contain standard restrictive covenants, including:

   (i) requirement to ensure that debt to equity ratio does not exceed 2.28:1 for JTCL and 78:22 for BDTCL;
   (ii) not make any compromise, adjustment or settlement in connection with any loss or any other event entitling them to claim under any insurance contracts without the prior approval of the lenders;
   (iii) requirement to submit the certified copy of the new policy to the lenders' agent and the security trustee appointed, in connection to the borrowing agreements, by the lenders within 15 days from date of issue to the Initial Portfolio Assets; and
   (iv) management of and control over the Initial Portfolio Assets shall change only with prior written consent of the lenders.

This is an indicative list and there are additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, each of the Initial Portfolio Assets may, from time to time, enter into re-financing arrangements and draw down funds thereunder, prior to the filing of this Draft Offer Document, the Offer Document or the Final Offer Document. In the event any of the above borrowings are repaid, pre-paid or re-financed or further drawn-down post the date of this Draft Offer Document, the relevant details in relation to the same will be provided in terms of this Draft Offer Document, the Offer Document or the Final Offer Document.

Proposed refinancing

Pursuant to the Issue, a portion of the Issue Proceeds is proposed to be utilized towards, among others, partial repayment or pre-payment, as applicable, of the secured loans availed by BDTCL ("**BDTCL Loan**"). Post the

Listing Date and after repayment or pre-payment of the existing BDTCL Loan, up to ₹ 10,000.00 million, being the balance BDTCL Loan, is proposed to be refinanced, in accordance with applicable laws, including complying with any requirements of obtaining Unitholders' approval, if applicable, in terms of the InvIT Regulations. The brief indicative terms in accordance with an arrangement letter for the proposed refinancing, is provided below:

Instrument	Rated, senior, secured, listed, redeemable non-convertible debentures ("**BDTCL NCDs**")
Tenure	seven years
Coupon	8%
Coupon payment frequency	Quarterly
Redemption schedule	See note 1 below.
Default interest	2% per annum over the coupon rate, in case documents or security is not perfected within 120 days from the deemed date of allotment; in case of an event of default, for the defaulting period 1% per annum over the coupon rate in case of delay of listing the BDTCL NCDs beyond 15 days from the deemed date of allotment
Rating	BDTCL NCDs are required to be rated AAA from any two rating agencies
DSRA	Debt service reserve account for the BDTCL NCDs is proposed to be one quarter of interest and principal in cash or bank guarantee, without any recourse to BDTCL
Security	Security for the BDTCL NCDs includes, inter alia (i) a first and *pari passu* charge on all movable assets of BDTCL, including but not limited to, plant and machinery, machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, uncalled capital, present and future of the BDTCL; (ii) a first charge by way of assignment/hypothecation or creation of security present and future of rights, title, interest, benefits, claims and demands of BDTCL in the project documents, permits, approvals, clearances, letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee, provided by any party to the project documents and insurance policies; (iii) a first charge on the letter of credit, escrow account/ trust and retention account, debt service reserve account and other reserves and any other bank accounts of BDTCL wherever maintained, present and future; (iv) a first charge on all book debts, operating cash flows, receivables, commissions, revenues of BDTCL, present and future; (v) pledge of 51% equity share capital of BDTCL; and (vi) a first charge by way of mortgage on all of BDTCL's immovable properties including but not limited to right of way/ land, civil structures and other components, if any. Further, the minimum security and asset cover of 110% accordingly to the book value (net fixed assets) shall be maintained for the tenor of the BDTCL NCDs.

Note 1:

Period	**Principal (in ₹ million)**	**Interest (in ₹ million)**	**Total (Principal and Interest) (in ₹ million)**
Quarter 1, financial year 2018	162.50	200.00	362.50
Quarter 2, financial year 2018	162.50	196.80	359.30
Quarter 3, financial year 2018	162.50	193.50	356.00
Quarter 4, financial year 2018	162.50	190.30	352.80
Quarter 1, financial year 2019	162.50	187.00	349.50
Quarter 2, financial year 2019	162.50	183.80	346.30
Quarter 3, financial year 2019	162.50	180.50	343.00
Quarter 4, financial year 2019	162.50	177.30	339.80
Quarter 1, financial year 2020	62.50	174.00	236.50
Quarter 2, financial year 2020	62.50	172.80	235.30
Quarter 3, financial year 2020	62.50	171.50	234.00
Quarter 4, financial year 2020	62.50	170.30	232.80
Quarter 1, financial year 2021	62.50	169.00	231.50
Quarter 2, financial year 2021	62.50	167.80	230.30
Quarter 3, financial year 2021	62.50	166.50	229.00
Quarter 4, financial year 2021	62.50	165.30	227.80
Quarter 1, financial year 2022	62.50	164.00	226.50
Quarter 2, financial year 2022	62.50	162.80	225.30
Quarter 3, financial year 2022	62.50	161.50	224.00
Quarter 4, financial year 2022	62.50	160.30	222.80
Quarter 1, financial year 2023	62.50	159.00	221.50
Quarter 2, financial year 2023	62.50	157.80	220.30

Period	Principal (in ₹ million)	Interest (in ₹ million)	Total (Principal and Interest) (in ₹ million)
Quarter 3, financial year 2023	62.50	156.50	219.00
Quarter 4, financial year 2023	62.50	155.30	217.80
Quarter 1, financial year 2024	62.50	154.00	216.50
Quarter 2, financial year 2024	62.50	152.80	215.30
Quarter 3, financial year 2024	62.50	151.50	214.00
Quarter 4, financial year 2024	62.50	150.30	212.80
Quarter 1, financial year 2025	62.50	149.00	211.50
Quarter 2, financial year 2025	62.50	147.80	210.30
Quarter 3, financial year 2025	62.50	146.50	209.00
Quarter 4, financial year 2025	62.50	145.30	207.80
Quarter 1, financial year 2026	7,200.00	144.00	7,344.00

The proposed BDTCL NCDs have been rated as Provisional [ICRA]AAA with stable outlook, by ICRA.

Status of lender consents

The Initial Portfolio Assets shall apply for any lender consents, if required.

Borrowing Policy

The Investment Manager shall ensure that all funds borrowed in relation to IndiGrid are in compliance with the InvIT Regulations. Accordingly, the Investment Manager has formulated this Borrowing Policy to outline the process for borrowing monies in relation to IndiGrid.

1. The Investment Manager shall ensure that if the value of funds borrowed from related parties in a financial year, exceeds five percent of the total consolidated borrowings of IndiGrid, approval from the Unitholders shall be obtained prior to entering into any such subsequent transaction with any related party, in accordance with Regulation 22 of the InvIT Regulations;

2. IndiGrid shall be permitted to borrow monies through any permitted means, by any instrument, in Indian or foreign currency, as permitted by applicable law, including as prescribed by the Reserve Bank of India;

3. IndiGrid also has the power to create, mortgage or secure any of its assets or provide guarantees in order to borrow funds. However, the Investment Manager shall not be allowed to create any obligation which would allow the liabilities to extend beyond the assets held by IndiGrid;

4. Any such obligation will not allow the Investment Manager to make the liabilities of IndiGrid or its Unitholders unlimited.

5. The Investment Manager shall be permitted to borrow monies in relation to IndiGrid, subject to the approval of its board of directors or such other committee of the board of directors of the Investment Manager as may be constituted in this regard;

6. In addition to the above, any borrowing by the special purpose vehicles, incorporated under the Companies Act, 1956 or the Companies Act, 2013, will be in accordance with the conditions prescribed therein;

7. Any variation of the Borrowing Policy shall be only with the approval of the Unitholders of IndiGrid; and

8. Notwithstanding the above, the Borrowing Policy will stand amended to the extent of any change in applicable law, including any amendment to the InvIT Regulations, without any action from the Investment Manager or approval of the Unitholders of IndiGrid.

DISTRIBUTION

Statements contained in this section "Distribution" that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by IndiGrid, the Trustee, the Sponsor, the Investment Manager, the Lead Manager(s) or any other person. Bidders are cautioned not to place undue reliance on these forward-looking statements that are stated only as at the date of this Draft Offer Document. See "Forward-Looking Statements" on page 15.

The net distributable cash flows of IndiGrid (the "**Distributable Income**") are based on the cash flows generated from the underlying operations undertaken by the InvIT Assets. For details of the business and operations of the InvIT Assets, please see "*Business*" on page 142. Presently, cash flows receivable by IndiGrid may be in the form of dividend, interest income or principal repayment received from the InvIT Assets in relation to any debt sanctioned by IndiGrid.

In terms of the InvIT Regulations, not less than 90% of the net distributable cash flows of BDTCL and JTCL shall be distributed to IndiGrid or SGL1 and not less than 90% of the net distributable cash flows of IndiGrid shall be distributed to Unitholders. Further, with regard to cash flows received by SGL1 from BDTCL and JTCL, 100% of such cash flows shall be distributed to IndiGrid. Further, with respect to cash flows generated by SGL1, not less than 90% of such net distributable cash flows shall be distributed by SGL1 to IndiGrid.

Such distributions shall be made once in every six months in every Fiscal. However, if any infrastructure asset is sold by IndiGrid or SPV, or if the equity shares or interest in the SPV are sold by IndiGrid; if IndiGrid or SPV proposes to re-invest the sale proceeds into another infrastructure asset, it shall not be required to distribute any sales proceeds to IndiGrid or to the Unitholders. Further, in accordance with the InvIT Regulations, distributions by IndiGrid shall be made no later than 15 days from the date of such declarations. The distribution, when made, shall be made in Indian Rupees.

Distribution Policy

Method of calculation of Distributable Income

The Distributable Income of IndiGrid shall be calculated in accordance with the InvIT Regulations and any circular, notification or guidance issued thereunder. Presently, IndiGrid proposes to calculate distributable income in the manner provided below:

I. Calculation of net distributable cash flows at each SPV level:

Description
Profit after tax as per profit and loss account (standalone) (A)
Add: Depreciation, impairment and amortisation as per profit and loss account. In case of impairment reversal, same needs to be deducted from profit and loss.
Add/Less: Decrease/(increase) in working capital as per IndAs 7
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1
Add/less: Loss/gain on sale of infrastructure assets
Add: Proceeds from sale of infrastructure assets adjusted for the following: • related debts settled or due to be settled from sale proceeds \\ • directly attributable transaction costs • directly attributable transaction costs proceeds reinvested or planned to be reinvested as per Regulation 18 (7)(a) of the InvIT Regulations
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently net of any profit / (loss) recognised in P&L account
Less: Capital expenditure, if any
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items), including but not limited to • any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • interest cost as per effective interest rate method (difference between accrued and actual paid);

- deferred tax;   - unwinding of Interest cost on interest free loan or other debentures;   - portion reserve for major maintenance which has not been accounted for in profit and loss statement;   - reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing)
Total Adjustments (B)
Net Distributable Cash Flows (C)=(A+B)

II. Calculation of net distributable cash flows at the consolidated IndiGrid level:

Description
Cash flows received from the Portfolio Assets in the form of interest
Cash flows received from the Portfolio Assets in the form of dividend
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid
Proceeds from the Portfolio Assets for an capital reduction by way of buy back, etc., subject to applicable law
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently
Total cash inflow at the IndiGrid level (A)
Less: Any payment of fees , interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee
Less: Costs/retention associated with sale of assets of the Portfolio Assets: - relate debts settled or due to be settled from sale proceeds of Portfolio Assets   - transaction costs paid on sale of the assets of the Portfolio Assets   - capital gains taxes on sale of assts/ shares in Portfolio Assets/ other investments
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18 (7) (a) of the InvIT Regulations
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)
Less: Income tax (if applicable) at the standalone IndiGrid level
Total cash outflows / retention at IndiGrid level (B)
Net Distributable Cash Flows (C) = (A+B)

In terms of the InvIT Regulations, if the distribution is not made within 15 days of declaration, the Investment Manager shall be liable to pay interest to the Unitholders at the rate of 15% per annum until the distribution is made. Such interest shall not be recovered in the form of fee or any other form payable to the Investment Manager by IndiGrid.

In the event there are gains from the disposal of interest in any Portfolio Assets by IndiGrid or disposal of any infrastructure asset by any SPV, and if IndiGrid or the Portfolio Assets as the case may be, proposes to re-invest the sale proceeds into any other infrastructure asset, it shall not be required to distribute any sales proceeds to the Unitholders or IndiGrid or to the Bidders. For a discussion on the risks relating to distribution, see "*Risk Factors*" on page 40.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FACTORS BY THE DIRECTORS OF THE INVESTMENT MANAGER AFFECTING THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Summary Combined Financial Information" and "Combined Financial Statements" on pages 25 *and* 257*, respectively. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page* 40*. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the section entitled "Forward-Looking Statements" on page* 15*. The Combined Financial Statements are prepared in accordance with IndAS, which differs in certain respects from Indian GAAP, IFRS and U.S. GAAP. For the sole purposes of the Combined Financial Statements, references to "we","us" and "our" is to SGL1, BDTCL and JTCL on a combined basis.*

Overview

We are an InvIT established to own inter-state power transmission assets in India. IndiGrid was established on October 21, 2016 by our Sponsor, Sterlite Power Grid Ventures Limited, and is registered with SEBI pursuant to the InvIT Regulations. Our Sponsor is one of the leading independent power transmission companies operating in the private sector, with extensive experience in bidding, designing, financing, constructing and maintaining power transmission projects across India.

We are focused on providing stable and sustainable distributions to our Unitholders. We believe that we are well positioned to take advantage of the growth potential of India's power transmission industry given our financial position, support from our Sponsor and the robust regulatory framework for power transmission in India.

We believe the infrastructure necessary to transmit and deliver electricity is vital to India's continued economic advancement given the inter-regional power deficit resulting from a mismatch between power generation and load centres and the demand-supply deficit which is expected to result from India's projected GDP growth. Private investment in transmission is a key focus area for India's Ministry of Power (for further details, see "*Industry Overview*" on page 118).

Our Sponsor is one of the leading independent power transmission companies operating in the private sector. Our Sponsor owns 10 inter-state power transmission projects with a total network of 29 power transmission lines of approximately 6,767 ckms and seven substations having 12,630 MVA of transformation capacity. Some of these projects have been fully commissioned, while others are at different stages of development. Our Sponsor generated consolidated total income of ₹ 5.06 billion in fiscal 2016 and had consolidated total assets of ₹ 66.27 billion as at March 31, 2016.

Of the 10 inter-state power transmission projects owned by the Sponsor, we will initially acquire two projects with a total network of eight power transmission lines of approximately 1,936 ckms and two substations having 6,000 MVA of transformation capacity across four states (the "Initial Portfolio Assets"). Each of the Initial Portfolio Assets has been completed and has been revenue-generating for more than a year. Pursuant to the ROFO Deed, we have a 'right of first offer' to acquire the remaining eight projects (the "ROFO Assets"). For further details in relation to the Deed of Right of First Offer, see "Related Party Transactions" on page 194.

These Initial Portfolio Assets were awarded to subsidiaries of our Sponsor under the TBCB on a BOOM basis. The power transmission projects earn revenue pursuant to long-term TSAs and Tariff Orders. These projects receive availability-based tariffs under the TSAs irrespective of the quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including the Initial Portfolio Assets, is contracted for the period of the TSA, which is up to 35 years from the scheduled commission date of the asset, which may be renewed in accordance with the TSA and the Electricity Act, 2003. With periodic maintenance, the assets will have a useful life of 50 years according to Lahmeyer.

Tariffs under these TSAs are billed and collected pursuant to the PoC mechanism, a regulatory payment pooling system offered to ISTS such as the systems operated by the Initial Portfolio Assets. 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 Initial Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream (for further details, see "Industry Overview" on page

118).

We intend to distribute at least 90% of our net cash available for distribution to our Unitholders once at least every six months in every financial year. For further details see "*Distribution*" on page 177. We believe our financial position will enable us to offer stable distributions to our Unitholders and finance our growth plans in the coming years. IndiGrid has been given a Corporate Credit Rating AAA by CRISIL, 'IND AAA'/Stable by India Ratings and "IrAAA" (pronounced as IR triple A) with stable outlook by ICRA.

The Combined Financial Statements discussed in this section may not be comparable to our consolidated financial statements going forward. See "*Risk Factors*" on page 40.

Upon completion of the Issue, IndiGrid's only assets will be our shareholding in the Initial Portfolio Assets and any debt financing provided by IndiGrid to the Initial Portfolio Assets. We will rely on cash flows from the Initial Portfolio Assets, including from dividends, interest payments and principal repayments, in order to make distributions to Unitholders. As IndiGrid is an InvIT which does not own the Initial Portfolio Assets directly, dividend payments to SGL1 from BDTCL and JTCL are not exempt from Dividend Distribution Tax. IndiGrid's expenses going forward will also differ from the combined expenses of BDTCL, JTCL and SGL1 in the Combined Financial Statements, as historical expenses such as employee benefit expense, will be included in the fees payable to the Investment Manager and Project Manager, which will constitute significant expenses going forward.

Factors Affecting Our Results of Operation

Tariff structure and system availability

Electricity transmission tariffs comprise all of our revenue from operations. Each of the Initial Portfolio Assets and the ROFO Assets were awarded to Subsidiaries of our Sponsor under the tariff based competitive bidding (TBCB) mechanism. Under the TBCB, technically qualified developers bid for an inter-state power transmission project on a build-own-operate-and-maintain, or BOOM, basis, which is awarded to the developer quoting the lowest levelised tariff. Subsidiaries of our Sponsor successfully bid, for and were awarded, the Initial Portfolio Assets and ROFO Assets at agreed transmission tariff rates.

The electricity transmission tariff is collected and paid to us in the form of transmission charges by the CTU. The tariff rates are comprised of a fixed 'non-escalable' charge, a variable 'escalable charge' and incentives for actual availability beyond the target availability of 98% for the Initial Portfolio Assets.

In fiscal 2016, our aggregate revenue from operations was ₹3,542.37 million, comprised of non-escalable charges of ₹ 3,309.95 million, escalable charges of ₹144.62 million and incentive payments (Net of rebate) of ₹87.80 million, representing 93.44%, 4.08%%, and 2.48% of revenues from operations, respectively.

- *Non-escalable charges and escalable charges:* Non - escalable charges are fixed charges, detailed in the TSA and Tariff Order and paid to us as part of the transmission charges. These charges are billed on monthly basis by the CTU. Escalable charges are variable charges which are only fixed in the TSA and Tariff Order for first year of scheduled operations and vary in subsequent years according to CERC's escalation index, which is determined by CERC semi-annually from a formula linked to the inflation rate in India. Any change in the inflation rate in India will directly impact the escalable charges paid to us and our revenue from operations.

- *Availability determined incentive payments and penalties:* We operate our power transmission projects under an availability-based tariff regime, which incentivizes transmission system operators like us to provide the highest possible system reliability. System reliability is measured as "availability", which is defined as the time in hours during a given period for which the transmission system is capable of transmitting electricity at its rated voltage, expressed as a percentage of total hours in the period. The CERC Tariff Regulations provide specific guidance on the calculation of availability, and take into account the elements in the transmission system (including transmission lines, transformers and substations) as well as the reason for any outages, with force majeure outages being excluded from the calculation. We are required to maintain system availability of 98% for our systems in order to receive 100% of the transmission charge (comprised of both escalable and non-escalable charges). We receive incentive payments under the TSAs of the Initial Portfolio Assets if our availability exceeds 98%. If our annual average availability rate falls below 95%, we may be subject to penalties under the TSA, subject to force majeure. In the event we fail to maintain our target availability of 98% for six consecutive months, the LTTC's may exercise their right of termination under the TSA.

Historically, we have maintained annual average system availability above 98%, and, accordingly, we have earned incentives for the Initial Portfolio Assets and have never been subject to penalties. In fiscal 2016 and fiscal 2015, we recognized revenue on incentive payments of ₹115.41 million and ₹10.35 million, respectively, representing 3.26% and 1.73% of revenues from operations, respectively. For fiscal 2014, no incentive was recognized as the Initial Portfolio Assets were under construction. Our availability is affected by our ability to maintain our power transmission projects and restore them in the event they are rendered inoperable. Our ability to maintain target availability under the TSA directly impacts our revenues.

- *Surcharge:* In accordance with the Sharing of Charges and Losses Regulations, a transmission licensee such as us is entitled to recover its tariff from ISTS charges collected by CTU. If there is any failure or delay on the part of LTTCs (Long term transmission customers) to make the requisite payments to the CTU, which affects the capability of the CTU to make corresponding payments to us as a transmission licensee, we are entitled to a delayed payment charge from the LTTCs at a rate of 15% per year under CERC Regulations. We have not recognized any income from delayed payment surcharges.

Commissioning and acquiring power transmission projects

Under the terms of the TSA, our electricity transmission tariff commences upon commissioning of the project or element of the project. Commissioning dates have been a major factor affecting the results of operations of the Initial Portfolio Assets. JTCL's construction and development of the Jabalpur-Bina and Dharamjaygarth – Jabalpur lines and remaining elements of BDTCL were completed and commissioned in fiscal 2016, as a result of which our capital work in progress decreased by 99.99%, from ₹20,389.54 million in fiscal 2015 to ₹1.78 million in fiscal 2016. Our Initial Portfolio Assets incrementally achieved commissioning for different elements during fiscal 2015 and fiscal 2016. The revenue is recognized from the date of commissioning of the element. This has resulted in an increase in revenue in fiscal 2016 from fiscal 2015. Once all the elements are commissioned for a power transmission project, transmission revenue is only increased from the escalable component on a semi-annual basis and incentives, considering non escalable charges are fixed.

The acquisition of additional commissioned transmission projects directly results in higher revenues and impacts other results of operations and cash flows. Key factors which affect our ability to acquire additional commissioned transmission projects, including the ROFO Assets, include the limited availability of inter-state transmission projects, our ability to finance such acquisitions within the 49% debt to equity ratio prescribed by the InvIT Regulations and our ability to compete with third parties for such acquisitions. Any future transmission project acquisitions, including the ROFO Assets, will directly affect our revenues.

Borrowing costs related to financing the construction and development of power transmission projects, as well employee benefit expenses and other administrative costs in relation to the asset are capitalized during the pre-operational phase of development and construction. Exchange differences on BDTCL's foreign currency loan are capitalized and have been adjusted to 'Property, Plant and Equipment' even after the project become operational based on an exemption under IndAS 101. Once a power transmission project (including its elements) becomes operational, we recognize the related finance costs, employee expenses and other administrative overheads, to profit and loss. We depreciate these capitalized costs as depreciation expenses in our statement of profit and loss based on their useful life. The useful life considered for depreciation is generally the lower of the actual useful lives of the asset or the concession period. The Initial Portfolio Assets are operational.

Our Critical Accounting Policies

Certain of our accounting policies require the application of judgment by our management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Our management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following are what management believes to be the critical accounting policies and related judgments and estimates used in the preparation of the Combined Financial Statements. For more information on each of these policies and for other significant accounting policies and judgments, estimates and assumptions, see Note 2 and Note 39 of the section entitled "*Combined Financial Statements*" on page 257.

Classification of transmission assets in BDTCL and JTCL as Tangible assets

Management is of the view that the transmission assets in BDTCL and JTCL should be classified as tangible assets as per IndAS 16. BDTCL and JTCL are transmission licensees under the Electricity Act 2003 holding a valid license for 25 years from the date of issue and have entered into TSAs with 35 year terms. As the grantor of the transmission licenses, CERC is the 'grantor' as defined under Appendix A - Service Concession Arrangements of IndAS 11 - Construction Contracts and requires transmission licensees to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, CERC's involvement and approvals are to protect public interest and are not intended to control through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the license. Accordingly, management is of the view that Appendix A of IndAS 11 is not applicable to BDTCL and JTCL. The classification of the transmission asset as tangible asset rather than a financial asset and/or intangible asset under Appendix A of IndAS 11 has a significant impact on the revenues, depreciation and tax recognized by each of BDTCL and JTCL.

Additional tariff claimed for BDTCL and JTCL

BDTCL and JTCL incurred additional costs in the construction of their electricity transmission infrastructure and due to force majeure events and change in law for which management is of the view that they are entitled to additional tariff under the terms of their TSAs. JTCL received an in principle approval for additional tariff from CERC dated October 16, 2015, but there is no assurance that it will recover the claimed amount. BDTCL has filed the petition with CERC. The recoverable amount of assets for the purpose of BDTCL and JTCL's impairment evaluation include an estimate of the additional tariff which management believes it will recover from the LTTC.

Revenue recognition

Revenue from electricity transmission charges is accounted for on a pro-rata basis as and when services are rendered based on availability and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

Under IndAS, revenue from operations is been shown after netting of rebate with tariff revenue.

Borrowing cost

Borrowing costs which are directly attributable to the construction or development of our power transmission projects are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that we incur in connection with the borrowing of funds.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by management which are as follows:

Asset Category	Useful Life considered	Useful life (Schedule II#)
Lease hold improvements	10	N/A
Building-Substation	25	30
Plant and equipment		
- Substation (including components)	5-35	40
- Power transmission lines (including components)	25-35	40
- General plant and equipment	2-5	15
Data Processing Equipment's (Computers)	3-5	3-6
Furniture & Fittings	7.5	10

Asset Category	Useful Life considered	Useful life (Schedule II#)
Office Equipment	4	3
Vehicles	5	8

[#] *As per schedule II of Companies Act, 2013.*

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Our Income

Revenue from operations

We generate all our revenue from operations pursuant to electricity transmission tariffs, which we accounted for as a sale of services.

Other Income

Other income comprises primarily income from investments in mutual funds, lease rental income, management fees, foreign exchange gain and gain on account of fair valuation of derivative instrument.

Our Expenses

As the Initial Portfolio Assets are fully operational, all expenses pertaining to that each Initial Portfolio Asset and its elements are charged to profit and loss, including finance cost, operations and maintenance, professional fees, employee benefit expense and other administrative and miscellaneous expense. Exchange differences on BDTCL's foreign currency loan are capitalized and have been adjusted to 'Property, Plant and Equipment' even after the project become operational based on an exemption under IndAS 101.

Our primary expenses are set forth below:

Finance costs – Our finance cost comprise our largest expense. Our finance costs reflect interest costs which include interest on term loans from banks and other financial institutions, interest on acceptances and others, interest (including unwinding of interest) on non-convertible debentures and promoter loan, and bank charges.

Depreciation, amortization and impairment expense – Our depreciation expense primarily comprise depreciation of tangible assets, which includes leasehold land, leasehold improvements, building substation, substation, transmission lines, general plant and machinery, data processing equipment, furniture and fittings, office equipment and vehicles. An impairment expense is recognized when management determines the carrying value of an asset to be higher than the recoverable amount of the asset.

Employee benefits expense - Our employee benefit expenses primarily comprise of salaries, contribution to Provident Fund, gratuity, leave encashment, and staff welfare.

As an InvIT, IndiGrid will not have any employees or employee benefits expense going forward, as services provided to us by the employees of the Project Manager and Investment Manager will be included in their respective fees.

Other expense - Our other expense primarily comprise of transmission infrastructure maintenance charges (including the cost of contractors to perform operations and maintenance) and insurance costs, and also include power and fuel expenses, rent, rates and taxes, travelling and conveyancing costs, legal and professional fees, directors sitting fees and commission, statutory audit fees, professional consultancy fees, loss on account of fair valuation of derivative instruments, other administration and general expenses and miscellaneous expenses.

Transmission infrastructure maintenance charges

Our transmission infrastructure maintenance charges primarily comprise of payments under operation and maintenance contracts with third parties for the maintenance of the lines and substations. It also consists of repair and maintenance (replacement of construction materials) if any done on the lines and substation.

Insurance

Our Sponsor has obtained a single industrial all risk insurance policy covering all of the Initial Portfolio Assets as well as ENICL, RTCL, PKTCL and NTL projects to cover risks including loss or damage from fire, flood, theft, riots, landslide, storm, design defects, terrorism and sabotage. The policy covers all losses up to ₹ 2 billion without an aggregate cap and covers business interruption losses, including loss of revenue. This insurance policy is valid from September 30, 2016 to September 29, 2017 and renewable on a yearly basis. The insurer is The New India Assurance Company Limited and these assets are insured in line with industry practice.

Tax expenses

Our tax expenses primarily comprise of deferred tax. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized. Deferred tax liabilities are recognised for all taxable temporary differences.

Results of Operations

Overview

Particulars	Fiscal Year			
	Six months ended September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014
	Rupees in millions	Rupees in millions	Rupees in millions	Rupees in millions
Income				
Revenue from operations	2,180.59	3,542.37	598.67	-
Other income	53.94	21.21	91.69	301.37
Total	**2,234.53**	**3,563.58**	**690.36**	**301.37**
Expenses				
Employee benefit expense	17.99	48.60	7.16	0.27
Other Expenses	126.22	361.44	145.67	245.80
Total	**144.21**	**410.04**	**152.83**	**246.07**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**2,090.32**	**3,153.54**	**537.53**	**55.30**
Depreciation ,Amortisation and Impairment Expense	678.61	962.68	373.37	17.22
Finance Cost	1,798.60	3,299.28	936.89	563.54
Finance income	(3.58)	(22.16)	(108.80)	(138.01)
Loss before tax	**(383.31)**	**(1,086.26)**	**(663.93)**	**(387.45)**
Tax expense				
Current tax	-	-	-	2.37
Adjustment of tax relating to earlier periods	-	-	(1.24)	-
Deferred tax	(96.68)	(305.93)	(195.76)	6.41
Total tax expense	**(96.68)**	**(305.93)**	**(197.00)**	**8.78**
Loss for the year	**(286.63)**	**(780.33)**	**(466.93)**	**(396.23)**

Six Months ended September 30, 2016

Income

We had a total income of ₹2,234.53 million in the six months ended September 30, 2016, 97.59% of which was comprised of revenue from operations of ₹2,180.59 million.

- *Revenue from operations*. Our revenue from operations in the six months ended September 30, 2016, was ₹2,180.59 million, which is principally attributable to all elements of each of BDTCL and JTCL having been commissioned in the last financial year and remaining fully operational in this period.

- *Other income*. Our other income in the six months ended September 30, 2016, was ₹53.94 million, which is principally attributable to a gain on fair valuations of derivative instruments in this period, in the amount of ₹34.92 million.

Expenses

Our total expenses were ₹144.21 million in the six months ended September 30, 2016, which is principally attributable to transmission Infrastructure maintenance charges, insurance and employee benefit costs.

- *Other expenses.* Our other expenses were ₹126.22 million in the six months ended September 30, 2016, which is principally attributable to transmission Infrastructure maintenance charges of ₹52.15 million , insurance of ₹30.96 million and rates and taxes of ₹13.30 million in this period.
- *Employee benefits expense*. Our employee benefits expenses totalled ₹17.99 million in the six months ended September 30, 2016.

EBITDA

Our EBITDA was ₹2,090.32 million in the six months ended September 30, 2016. As a percentage of total income, our EBITDA was 93.55% in the six months ended September 30, 2016.

Finance cost

Our finance cost was ₹ 1,798.60 million in the six months ended September 30, 2016, which is principally attributable to interest costs on term loan, unwinding of interest on non-convertible debentures issued to a holding company and bank charges.

Finance income

Our finance income was ₹ 3.58 million in the six months ended September 30, 2016, which is principally attributable to ₹3.57 million interests on an income tax refund.

Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment was ₹ 678.61 million in the six months ended September 30, 2016, which is principally attributable to depreciation of tangible assets.

Loss before tax

As a result of the factors outlined above, our loss before tax was ₹ 383.31 million in the six months ended September 30, 2016.

Tax expense

Our entire tax expenses comprised of deferred tax. A deferred tax credit of ₹96.68 million was recognized in the statement of profit and loss for the six months ended September 30, 2016 due to losses incurred in this period.

Net loss

As a result of the factors outlined above, our loss for the six months ended September 30, 2016, was ₹ 286.63 million.

Fiscal 2016 compared to fiscal 2015

Income

We had a total income of ₹3,563.58 million in fiscal 2016, an increase of 416.19% from our total income of ₹690.36 million in fiscal 2015. This increase in total income was primarily due to a 491.71% increase in revenue from operations in fiscal 2016 from fiscal 2015 solely comprised of income from transmission charges.

- *Revenue from operations*. Our revenue from operations in fiscal 2016 increased from ₹598.67 million in fiscal 2015 to ₹3,542.37 million in fiscal 2016, a 491.71% increase. This increase in revenue from operations is principally attributable to commissioning of the remaining elements of BDTCL and all elements of JTCL during the fiscal year. Some elements of BDTCL were operational for only part of fiscal 2015. JTCL was not operational and did not generate any income from transmission charges in fiscal 2015, which increased to ₹1,083.07 million in fiscal 2016. BDTCL increased its income from transmission charges by 310.79% from ₹ 598.67 million in fiscal 2015 to ₹ 2,459.30 million in fiscal 2016 due to its becoming fully commissioned in fiscal 2016

- *Other income*. Our other income decreased by 76.86% from ₹91.69 million in fiscal 2015 to ₹21.21 million in fiscal 2016, principally from decreases in income from management fees and lease rental income. Due to a change in management policy, SGL1 ceased to charge management fees from our sponsor and affiliates in fiscal 2016, as a result our income from management fees decreased 100% from ₹70 million in fiscal 2015 to Nil (0.0) in fiscal 2016. Our income from lease rents decreased 100% from ₹16.63 million in fiscal 2015 to Nil (0.0) in fiscal 2016, as we did not lease the TSE machines and tools to subcontractors after the Initial Portfolio Assets became operational.

Expenses

Our total expenses totalled ₹410.04 million in fiscal 2016, a 168.30% increase over our total expenses of ₹152.83 million in fiscal 2015. This increase in total expenses was primarily due to commissioning of the remaining elements of BDTCL and all elements of JTCL, resulting in increased employee benefit expense, transmission infrastructure maintenance charges, insurance and professional fees as well as due to loss on fair valuation of derivative instruments.

- *Other expenses.* Our other expenses increased by 148.12%, from ₹145.67 million in fiscal 2015 to ₹361.44 million in fiscal 2016. This is principally attributable to increased expenses for transmission infrastructure maintenance charges and insurance as well as power and fuel, taxes, travel and professional fees due to commissioning of the remaining elements of BDTCL and all elements of JTCL. In fiscal 2016, there was a loss on fair valuation of derivative instruments taken to hedge currency and interest rate risks of ₹138.20 million.

- *Employee benefits expense*. Our employee benefits expenses totalled ₹48.60 million in fiscal 2016, a 579.11% increase over our employee benefits expenses of ₹7.16 million in fiscal 2015, which was principally attributable to due to commissioning of the remaining elements of BDTCL and all elements of JTCL and the hiring of additional technically qualified employees to manage transmission operations.

EBITDA

Our EBITDA increased by 486.67% from ₹537.53 million in fiscal 2015 to ₹3,153.54 million in fiscal 2016. As a percentage of total income, our EBITDA increased from 77.86% in fiscal 2015 to 88.49% in fiscal 2016.

Finance cost

Our finance cost increased by 252.15% from ₹ 936.89 million in fiscal 2015 to ₹3,299.28 million in fiscal 2016. This is principally attributable to increased interest costs and bank charges. Finance cost related to power transmission projects were charged to profit and loss account in fiscal 2016 except for finance cost for a part of a year in respect of certain elements of BDTCL and JTCL commissioned in fiscal 2016, whereas in fiscal 2015, a significant portion of finance costs were capitalized.

Finance Income

Our finance income decreased by 79.63% from ₹ 108.80 million in fiscal 2015 to ₹22.16 million in fiscal 2016. This is principally attributable to decrease in interest income from long term loans as we ceased to charge interest on long term loans provided to affiliate of our Sponsor (ENICL) from October 2014 onwards and converted the loan into an interest free loan. In fiscal 2015, interest income on a long term loan to ENICL was ₹106.06 million.

Depreciation amortisation and impairment expense

Depreciation, amortisation and impairment totalled ₹ 962.68 million in fiscal 2016, a 157.84% increase over depreciation, amortisation and impairment of ₹373.37 million in fiscal 2015, which was principally attributable to increased depreciation of tangible assets due to the commissioning of the remaining elements of the BDTCL and all elements of JTCL. In fiscal 2015, BDTCL was only operational for part of the year.

In fiscal 2016, there was reversal of impairment expenses on tangible assets of ₹ 135.13 million (charged in fiscal 2015) pertaining to JTCL, based on the management evaluation as of March 31, 2016. An impairment expense is reversed when the recoverable amount of an asset is re-evaluated by management to be more than the carrying value of the asset.

Loss before tax

As a result of the factors outlined above, our loss before tax was ₹663.93 million in fiscal 2015 compared to a loss before tax of ₹ 1,086.26 million in fiscal 2016.

Tax expense

Deferred tax credit recognized in statement of profit and loss increased by 56.28% from a credit of ₹195.76 million in fiscal 2015 to a credit of ₹ 305.93 million in fiscal 2016, mainly due to an increase in losses in fiscal 2016 compared to fiscal 2015.

Net Loss

As a result of the factors outlined above, our net loss for fiscal 2016 was ₹ 780.33 million, compared to our net loss of ₹466.93 million in fiscal 2015.

Fiscal 2015 compared to fiscal 2014

Income

We had a total income of ₹690.36 million in fiscal 2015, an increase of 129.07% from ₹301.37 million in fiscal 2014. This increase in total income was primarily due to increase in revenue from operations in fiscal 2015 from fiscal 2014 due to commissioning of a majority of the elements of BDTCL.

- *Revenue from operations*.

  Income from transmission charges: JTCL and BDTCL did not generate any revenue from operations in fiscal 2014 since they were under construction. Our revenue from operations increased from Nil (0.0) in fiscal 2014 to ₹598.67 million in fiscal 2015. This increase in revenue from operations is principally attributable to the increase in income from transmission charges for BDTCL where a majority of the elements were commissioned incrementally over a period of time in fiscal 2015.

- *Other income*. Our other income decreased by 69.58% from ₹301.37 million in fiscal 2014 to ₹91.69 million in fiscal 2015, principally due to the sale of Aluminium Ingots by SGL1 in fiscal 2014 in a one off transaction and decreases in income from investments in mutual funds and gain from fair valuation of derivative instruments. Our income from management fees increased by 133.33% from ₹30 million in fiscal 2014 to ₹70 million in fiscal 2015, due to management fees charged to our Sponsor and its affiliates.

Expenses

Our total expenses totalled ₹152.83 million in fiscal 2015, 37.89% decrease over our total expenses of ₹246.07 million in fiscal 2014. This decrease in total expenses was primarily due to expenses in fiscal 2014 for the purchase of Aluminium Ingots by SGL1, which was one off trading transaction.

- *Other expenses.* Our other expenses decreased by 40.73%, from ₹245.80 million in fiscal 2014 to ₹145.67 million in fiscal 2015. This is principally attributable purchase of Aluminium Ingots which was one off transaction in fiscal 2014. Other than cost of Aluminium Ingot, our other expenses increased in fiscal 2015 due to increases of transmission infrastructure maintenance charges, insurance, rent, power fuel and taxes as elements of the Initial Portfolio Assets became operational. There was loss on account of fair valuation of derivative instruments of ₹35.30 million in fiscal 2015 against gain on account of fair valuation of derivative instruments of ₹26.73 million in Fiscal 2014.

- *Employee benefits expense*. Our employee benefits expenses totalled ₹7.16 million in fiscal 2015, a 2,554.92% increase over our employee benefits expenses of ₹0.27 million in fiscal 2014, which was principally attributable to the commissioning of a majority of the elements of BDTCL and hiring of additional technically qualified employees to manage transmission operations. Significant amount employee benefit expenses were capitalized for fiscal 2014 as the Initial Portfolio Assets were under construction.

EBITDA

Our EBITDA increased by 871.95% from ₹55.30 million in fiscal 2014 to ₹537.53 million in fiscal 2015. As a percentage of total income, our EBITDA increased from 18.35% in fiscal 2014 to 77.86% in fiscal 2015.

Finance cost

Our finance cost increased by 66.25%, from ₹563.54 million in fiscal 2014 to ₹936.89 million in fiscal 2015. This is principally attributable to commissioning of a majority of the elements of BDTCL due to which finance cost pertaining to BDTCL were charged to the profit and loss statement and unwinding of the interest on non-convertible debentures issued to our Sponsor and loan from holding company, of ₹260.33 million in fiscal 2015 from Nil (0.0) in fiscal 2014.

Finance Income

Our finance income decreased by 21.16% from ₹ 138.01 million in fiscal 2014 to ₹ 108.80 million in fiscal 2015. This is principally attributable to decrease in interest income from long term loans provided to affiliate of sponsor (ENICL). We have ceased to charge interest on long term loans provided to affiliate of Sponsor (ENICL) from October 2014 onwards and converted the loan interest fee. Interest income on long term loans reduced to ₹106.06 million in fiscal 2015 from ₹132.88 million in fiscal 2014.

Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment totalled ₹373.37 million in fiscal 2015, a 2,068.21% increase over depreciation, amortisation and impairment of ₹17.22 million in fiscal 2014, which was principally attributable to the commissioning of a majority of the elements of BDTCL. Impairment expenses of ₹135.13 million pertaining to JTCL were recognised in fiscal 2015 due to the carrying value of its assets being higher than its recoverable amount according to management's evaluation done as on March 31, 2015.

Loss before tax

As a result of the factors outlined above, our loss before tax was ₹387.45 million in fiscal 2014 compared to a loss before tax of ₹663.93 million in fiscal 2015.

Tax expense

Deferred tax credit recognized in statement of profit and loss increased by ₹ 202.18 million from a charge of ₹6.41 million in fiscal 2014 to a credit of ₹ 195.76 million in fiscal 2015 mainly due to an increase in losses in fiscal 2015 compared to fiscal 2014.

Net loss

As a result of the factors outlined above, our net loss after tax for fiscal 2015 was ₹466.93 million, compared to our net loss after tax of ₹396.23 million in fiscal 2014.

Liquidity and Capital Resources

Overview

Our principal capital requirements are interest costs and the repayment of long-term borrowings.

Over the past three years, we have been able to finance our capital requirements through cash generated from our operations and long and short term bank loans and facilities. We have been able to finance the construction and development of JTCL and BDTCL's electricity transmission projects requirements through long term secured term loans and unsecured facilities and loan from our sponsor and its affiliates. As at March 31, 2016 we had ₹217.23 million of cash and cash equivalents, ₹639.26 million in current trade receivables, ₹7.04 million in current investments and had ₹454.51 million other current financial assets.

We believe that, after taking into account repayment of debt from the proceeds of the Issue and the expected cash to be generated from our operations, we will have sufficient liquidity for our present requirements and anticipated requirements for interest costs and the repayment of long-term borrowings for at least 12 months following the date of this Draft Offer Document.

The following table sets forth information on our investments and cash and cash equivalents as at the dates indicated:

	As at (in ₹ million)			
	March 31, 2014	March 31, 2015	March 31, 2016	September 30, 2016
Current Investment	Nil(0.0)	Nil(0.0)	7.04	137.50
Cash and cash equivalents	314.61	548.40	217.23	228.47

The following table sets forth certain information concerning our cash flows for the periods indicated:

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Six months ended September 30, 2016
	(in ₹ million)			
Net cash generated by/ (used in) operating activities	(151.84)	192.93	2605.83	2120.48
Net cash used in investing activities	(14,393.82)	(7,125.95)	(3,106.33)	(332.66)
Net cash generated by/(used in) financing activities	11,351.77	7,166.81	169.34	(1,776.58)

Net Cash Generated by/ (Used In) Operating Activities

Net cash generated by operating activities was ₹ 2,120.48 million in the six months ended September 30, 2016, reflecting an operating profit of ₹ 2,049.85 million before working capital changes.

Net cash generated by operating activities increased to ₹ 2,605.83 million in fiscal 2016 from ₹192.93 million in fiscal 2015, primarily due to an increase in operating profit before working capital changes of ₹ 2,592.30 million, partially offset by increase in working capital of ₹ 260.56 million.

Net cash generated by operating activities increased to ₹192.93 million in fiscal 2015 from ₹(151.84) million in fiscal 2014, primarily due to an increase in operating profit before working capital changes of ₹544.72 million partially offset by an increase in working capital of ₹ 197.32 million.

Net Cash Used In Investing Activities

Net cash used in investing activities was ₹ (332.66) million in the six months ended September 30, 2016, reflecting capital expenditure payments to subcontractors and the purchase of mutual funds.

Net cash used in investing activities decreased by ₹ 4,019.62 million, or 56.41%, to ₹ (3,106.33) million for fiscal 2016 from ₹ (7,125.95) million in fiscal 2015, primarily due to a decrease in capital expenditure and decrease in loan provided to affiliates of sponsor (ENICL).

Net cash used in investing activities decreased by ₹ 7267.87 million, or 50.49%, to ₹ (7125.95) million for fiscal 2015 from ₹ (14393.82) million in fiscal 2014, primarily due to a decrease in capital expenditure and repayment of loans by affiliates of Sponsor (ENICL).

Net Cash Generated by/(used in) Financing Activities

Net cash generated by financing activities was ₹(1,776.58) million in the six months ended September 30, 2016, reflecting primarily finance cost and repayment of term loan.

Net cash generated by financing activities decreased by ₹ 6997.47 million, or 97.64%, to ₹ 169.34 million for fiscal 2016 from ₹ 7166.81 million in fiscal 2015 primarily due to the issuance of ₹12,881.45 million non-convertible debentures in fiscal 2015 and repayment of term loan in fiscal 2016

Net cash generated by financing activities decreased by ₹ 4,184.96 million, or 36.87%, to ₹ 7,166.81 million for fiscal 2015 from ₹ 11,351.77 million in fiscal 2014, primarily due to decrease in borrowings from banks and financials institution in fiscal 2015.

Financial Resources

As of September 30, 2016, we had aggregate cash and cash equivalents of ₹228.47 million, an increase of ₹11.24 million from ₹217.23 million as of March 31, 2016 due, in part, to the redemption to mutual funds.

As of March 31, 2016, we had aggregate cash and cash equivalents of ₹217.23 million, which decreased by 60.39% from ₹548.40 million as of March 31, 2015, due to use of funds for capital expenditure. Our investments increased from Nil (0.0) as of March 31, 2015 to ₹7.04 million as of March 31, 2016, due to investing surplus funds in mutual funds and deposits. Our current trade receivables increased by 261.94% from ₹176.62 million as of March 31, 2015 to ₹ 639.26 million as of March 31, 2016, due to increased transmission charges resulting from the commissioning of lines/projects.

As of March 31, 2015, we had cash and cash equivalents of ₹ 548.40 million, which increased by 74.31% from ₹314.61 million as of March 31, 2014, due to loan disbursement from banks, financial institutions and, our Sponsor and its affiliates and tariff collection. Our current trade receivables increased by 903.63% from ₹17.60 million in fiscal 2014 to ₹176.62 million in fiscal 2015 due to commissioning of a majority of the elements of BDTCL.

Contractual Liabilities

The table below sets forth, as of September 30, 2016, our contractual obligations with definitive payment terms. These obligations primarily relate to indebtedness incurred for the construction of the Initial Portfolio Assets.

(₹ in million)

Particulars	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total
As at September 30, 2016						
Borrowings	-	292.38	4,207.16	5,875.39	28,839.37	39,214.30
Other financial liabilities	283.37	11.86	218.37	45.26	90.96	649.82
Trade payables	2.75	8.24	2.75	-	-	13.74
Total	**286.12**	**312.48**	**4,428.28**	**5,920.65**	**28,930.33**	**39,877.86**

Contingent Liabilities

As of September 30, 2016, an entry tax demand for ₹306.04 million was our only contingent liability (as per IndAs 37 *Provisions, Contingent Liabilities and Contingent Assets*) that had not been provided for.

Borrowings

Our borrowings consist of long-term and short borrowings, including secured and unsecured term loans from banks, financial institution and an unsecured loan from Sponsor and its affiliates.

As of September 30, 2016 we had long term borrowings (including current maturities) of ₹35,936.10 million, which decreased by 0.20% from ₹ 36,008.88 million as of March 31, 2016, due to a term loan repayment. We had short term loans as of September 30, 2016 of ₹1,778.35 million, an increase of 6.81%, from ₹1,664.89 million as of March 31, 2016 due to increase in loans from our Sponsor.

As of March 31, 2016 we had long term borrowings (including current maturities) of ₹36,008.88 million, which increased by 7.73% from ₹33,425.39 million as of March 31, 2015, due to increase in borrowing in BDTCL and JTCL. We had short term loans as of March 31, 2016 of ₹1,664.89 million, an increase of 1193.35%, from 128.73 million as of March 31, 2015, due to an increase in short term loans from our sponsor and the reclassification of loans from non-current to current.

As of March 31, 2014 we had long term borrowings (including current maturities) of ₹25,796.18 million, which increased by 29.57% to ₹33,425.39 million in fiscal 2015, due to disbursement of project loans for each of BDTCL and JTCL. Our short term loans as of March 31, 2014 was ₹309.11 million, which decreased by 58.36% to ₹ 128.73 million in fiscal 2015, due to partial repayment of buyer's credit.

Borrowings (₹ million)				
	March 31,			**September 30,**
Description	**2014**	**2015**	**2016**	**2016**
Secured Borrowing				
BDTCL	11,877.95	13,996.11	15,888.21	15,602.93
JTCL	7,067.39	8,446.98	10,929.00	10,661.57
SGL1	3,321.19	2,043.41	-	-
Unsecured Borrowing				
Non-Convertible debentures and loans from Sponsor & its affiliates (net of inter group borrowing) #	3,928.76	9,802.65	12,356.40	12,949.80
Total borrowings	**26,105.29**	**34,289.17**	**39,173.61**	**39,214.30**

Non-convertible debentures and unsecured loan from our Sponsor and its affiliates / have been classified as "Non-Current "and "Current" according to their tenure and restriction of repayment. They carry nil rate of interest. Term Loan from banks and financial institutions are on floating interest rates. All project borrowings from domestic banks and financial institutions have interest rates linked to the SBI base rate with a spread which ranges from 0.5% to 1%. BDTCL's foreign currency has an interest rate of six month LIBOR with a spread which ranges from 2.10% to 3.80%.

Tenure of repayment of project loans from banks and financial institutions varies from 12 years to 15 years with bullet payment at end of the tenure.

The term loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all our right, title, interest benefits, claims and demands, including insurance proceeds, concerning the project. Loans are also secured by pledge of 51% of share capital of each of BDTCL and JTCL held by SGL1.

See "*Financial Indebtedness and Deferred Payments*" on page 173 for further details of our borrowings.

Historical and planned capital expenditure

We do not anticipate any further capital expenditures for the Initial Portfolio Assets. As of March 31, 2015 our total capital work in progress was ₹20,389.54 million, which decreased by 99.99% to ₹1.78 million in fiscal 2016. All of our capital expenditure in fiscal 2016 was incurred in connection with the remaining elements of BDTCL and JTCL's construction and development of the Jabalpur-Bina and Dharmjaygarh – Jabalpur lines which were commissioned in fiscal 2016.

As of March 31, 2014 our total capital work in progress was ₹29,264.20 million, which decreased by 30.33% to ₹20,389.54 million in fiscal 2015, due to the completion of a majority of the elements of BDTCL. All of our capital expenditure was incurred in connection with the construction and development of the Initial Portfolio Assets.

Off-Balance Sheet Transactions

We do not have any off-balance sheet transactions.

Related party transactions

We have in past engaged, and in the future may engage, in related party transactions. For a description of our related party transactions, see the section entitled "*Related Party Transactions*" on page 194.

Market Risks

Interest rate risk

Our exposure to the risk of changes in market interest rate primarily relates to our long term debt obligations with floating interest rates.

The development and construction of the Initial Portfolio Assets were funded to large extent by debt and increase in interest expenses could have adverse effect on our cash flows, results of operations and financial condition. Our all current debt facilities carry interest at variable rates; BDTCL has taken an interest rate swap for hedging the interest risk its foreign currency borrowings (see Note 35(c) of the Combined Financial Statements). We intend to repay a certain portion of borrowings of BDTCL (see the section entitled "*Use of Proceeds*" on page 170).

Although from time to time we may engage in interest rate hedging transactions or exercise any rights available to us under these financing arrangements to terminate the existing debt financing arrangement and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Exchange rate risk

Foreign currency borrowing creates an exchange rate risk as we do not have any revenues in foreign currency. This foreign currency risk is hedged by using foreign currency forward contracts. As of September 30, 2016 and March 31, 2016, we hedged 98.59% and 95.08%, respectively, of our total foreign currency exposure (see Note 35(a) and (d) of the Combined Financial Statements).

Credit Risk

Under the PoC mechanism, all the charges collected by the CTU are disbursed pro-rata to all transmission service providers, or TSPs, including us, from the pool in proportion of respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular DIC. If a particular DIC delays or defaults, the delay or shortfall is prorated amongst all the licensees. Although a systemic risk, any delay in payments of monthly transmission charges to CTU by long term transmission customers (LTTCs) may adversely affect our cash flows and results of operations.

Inflation

Inflation may have a material impact on our business, results of operations and cash flows. Only a relatively small proportion of our tariff fee is comprised of an escalable component which varies with inflation, most of the tariff is on a fixed non-escalable rate. Our major expenses, including insurance costs and third party contractors for operations and maintenance, are subject to inflation.

Seasonality

Our financial results are not affected by seasonality.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Offer Document, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in the sections "*Risk Factors*" and this "*Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows*" on pages 40 and 179, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationships between Expenditure and Income

Other than as described in the sections "Risk Factors" on page 40 and "*Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows*" on page 179, to our knowledge there are no known factors which will have a material adverse impact on our operations or finances.

New Services or Business

Other than as described in the section "*Our Business*" on page 142, there are no new services or business in which we operate.

Competitive Conditions

We expect competitive conditions in our industry to intensify further as new entrants emerge and as existing competitors seek to emulate our InvIT business model and offer similar services and investment opportunities. For further details, please refer to the sections "*Risk Factors*" and "*Business*" beginning on pages 40 and 142, respectively.

Significant Developments after September 30, 2016

To our knowledge, except as otherwise disclosed in this Draft Offer Document, there is no subsequent development after the date of the Combined Financial Statements which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

RELATED PARTY TRANSACTIONS

In terms of Regulation 2(1)(zv) of the InvIT Regulations, related party shall be as defined under the Companies Act, 2013 or under the applicable accounting standards and shall also include (i) Parties to IndiGrid; and (ii) promoters, directors and partners of (i). Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being IndAS 24 on "Related Party Disclosures" ("**Related Parties**"). For details, please see the section entitled "*Combined Financial Statements*" on page 257.

Procedure for dealing with Related Party Transactions

To ensure proper approval, supervision and reporting of the transactions between IndiGrid and its Related Parties, the board of directors of the Investment Manager has adopted the Policy in relation to Related Party Transactions and Conflict of Interests, to regulate the transactions between IndiGrid and its Related Parties:

(i) In accordance with the InvIT Regulations, the Investment Manager will ensure that all future Related Party Transactions shall be:

(a) on an arm's length basis;
(b) in accordance with the relevant accounting standards;
(c) in the best interest of the Unitholders;
(d) consistent with the strategy and investment objectives of IndiGrid; and
(e) compliant with applicable law.

(ii) In the event Related Party Transactions are proposed to be entered into after this Issue, Unitholders' approval shall be obtained in accordance with Regulation 22 of the InvIT Regulations (where the votes cast in favour of a resolution shall not be less than one and half times the votes cast against such resolution), prior to entering into any such transaction if:

(a) the total value of all the Related Party Transactions, in a financial year, pertaining to acquisition or sale of assets or investments into securities exceeds 5% of the value of IndiGrid; or
(b) the value of the funds borrowed from the Related Parties, in a financial year, exceeds five per cent. of the total consolidated borrowings of IndiGrid.

It is hereby clarified that voting by:

(a) any Unitholder who is, or may be deemed to be interested in a particular Related Party Transaction; or
(b) any Unitholder who is a related party with respect to a Related Party Transaction, as well as the voting by the Associates of such Unitholder,

shall not be considered on such Related Party Transaction.

(iii) The Investment Manager will establish an internal control system so as to ensure that future Related Party Transactions are compliant with the InvIT Regulations and applicable accounting standards. Further, the Investment Manager shall convene meetings of the Unitholders in accordance with Regulation 22 of the InvIT Regulations, and maintain records pertaining to such meetings in the manner prescribed. The Investment Manager shall also ensure compliance with any additional guidelines issued in this regard by SEBI and other relevant regulatory or governmental authorities from time to time.

(iv) In addition to any other requirement that may be prescribed in terms of the InvIT Regulations or other applicable laws, all Related Party Transactions to be entered into in the future will be:

(a) decided by a majority vote of the Board, including the vote of at least two independent directors; and
(b) reviewed and approved by the Audit Committee.

(v) As a general rule, the Investment Manager must demonstrate to the Audit Committee that future Related Party Transactions satisfy the criteria set out below at the time of recommending the same for the approval of the Audit Committee.

(vi) The Investment Manager will maintain a register to record all Related Party Transactions entered into by IndiGrid and the basis on which they are entered into.

(vii) The Investment Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by IndiGrid during each financial year.

(viii) The Committee shall review at least quarterly in each financial year the Related Party Transactions entered into during such quarter to ascertain that the guidelines and procedures established to monitor the Related Party Transactions have been complied with.

(ix) The review by the Committee will include the examination of the nature of the transaction and its supporting documents or such other data as may be deemed necessary by the Committee, including the following. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and review of the Related Party Transaction.

(x) While considering a Related Party Transaction, any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the Related Party Transaction.

Potential Conflict of Interest

(i) All resolutions in writing of the Board in relation to matters concerning related party transactions of IndiGrid must be approved by a majority of the Directors, including at least two independent Directors.

(ii) Where matters concerning IndiGrid relate to transactions entered into or to be entered into by the Investment Manager for and on behalf of IndiGrid with a Related Party, the Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted in accordance with the parameters set out below.

(iii) To ensure compliance with the Deed of Right of First Offer, the Investment Manager will maintain a register of all opportunities / transactions arising from the implementation of the Deed of Right of First Offer.

(iv) The Investment Manager will incorporate in its internal audit plan, a review of the implementation of the Deed of Right of First Offer.

(v) As part of its review of the internal audit reports at least quarterly in each financial year, the Committee will review the internal audit reports of the implementation of the Deed of Right of First Offer to ensure compliance. The review will include an examination of supporting documents and such other data deemed necessary to the Committee. If a member of the Committee has an interest in a transaction arising from the implementation of the Deed of Right of First Offer he or she is to abstain from participating in the review and approval process in relation to that transaction.

Disclosure and Reporting

(i) The Investment Manager shall submit to the Trustee, quarterly reports on the activities of IndiGrid, including the status of compliance with the requirements specified under the InvIT Regulations in relation to Related Party Transactions, within 30 days of the end of each quarter.

(ii) Related Party Transactions shall be disclosed to the Stock Exchanges and the Unitholders periodically, in accordance with the InvIT Regulations and the agreement to be entered into with the stock exchanges in relation to the listing of the Units. The Investment Manager shall adequately disclose the details of any fees or commissions received or to be received by any person or entity which is an associate of the Related Party to the stock exchanges.

(iii) In terms of the InvIT Regulations, the annual report to be submitted by the Investment Manager to all Unitholders, electronically or by physical copies, and to the Stock Exchanges within three months from the end of the financial year, shall contain, inter alia, details of all related party transactions, including acquisitions or disposal of any projects, directly or through SPVs during the year, the value of which exceeded 5% of value of the assets of IndiGrid.

Related Party Transactions

Present and Ongoing Related Party Transactions

Related Party Transactions of IndiGrid in relation to the setting up of IndiGrid and this Issue

A number of present and ongoing transactions with certain Related Parties have been, or will be, entered into in relation to the setting up of IndiGrid. The Trustee and the Investment Manager confirm that the following related party transactions has been or shall be entered into, on an arm's length basis in accordance with the relevant accounting standards, in the best interest of the Unitholders, consistent with the strategy and investment objectives of IndiGrid. These related party transactions are as follows:

(A) Securities Purchase Agreement

Please see "*Related Party Transactions - Acquisition of the initial portfolio of the IndiGrid Trust*" below for a description of the terms of the Share Purchase Agreement.

(B) Trust Deed

Please see "*Parties to the IndiGrid - Powers, Functions, Duties and Responsibilities of the Trustee*" below for a description of the terms of the Trust Deed. The Trustee has received a sum ₹ 10,000 towards the initial settlement of IndiGrid from the Sponsor.

(C) Investment Management Agreement

Please see "*Parties to IndiGrid - Powers, Functions, Duties and Responsibilities of the Investment Manager*" below for a description of the terms of the Investment Management Agreement.

(D) Project Implementation and Management Agreement

Please see "*Parties to IndiGrid - Powers, Functions, Duties and Responsibilities of the Project Manager*" below for a description of the terms of the Project Implementation and Management Agreement.

(E) Deed of Right of First Offer

Please see "*–Deed of Right of First Offer*" below for a description of the terms of the Deed of Right of First Offer.

(F) Facility Agreement

Please see "*Formaton Transactions in relation to IndiGrid- Utilisation of Net Proceeds*" on page 21 for a description of the terms of the Facility Agreement.

The Securities Purchase Agreement, the Investment Management Agreement and the Project Implementation and Management Agreement will take effect prior to the Allotment of Units. As the transactions contemplated by the Deed of Right of First Offer are intended to consummate only after the listing of Units pursuant to this Issue, as at the date of this Draft Offer Document, no amount has been paid or received in connection with this deed.

Acquisition of the Initial Portfolio Assets by IndiGrid

In connection with this Issue and prior to Allotment of the Units, the Trustee will, on behalf of IndiGrid, acquire the entire equity share capital of each of the Initial Portfolio Assets and SGL1 from the Sponsor. The Trustee (acting in its capacity as the trustee of IndiGrid) will acquire the entire equity share capital of each of the Initial Portfolio Assets through the execution of the Securities Purchase Agreement. In terms of the Securities Purchase Agreement, the aggregate consideration payable by IndiGrid is ₹ [•] million, which will be payable in the form of Units.

Under the Securities Purchase Agreements, the Sponsor has provided certain representations and warranties (subject to the disclosures in the Offer Document and Final Offer Document) to the Trustee (acting in its capacity as the Trustee of IndiGrid), in relation to itself and the Initial Portfolio Assets, which include:

(i) each of the Sponsor and Initial Portfolio Assets are duly incorporated;
(ii) due authorization and validy of the shares being sold;
(iii) due accounting and finance conditions;
(iv) representations in relation to taxation, litigation, corporate records and material contracts;
(v) validity of approvals, licences, permits and authorizations.

The Sponsor shall indemnify IndiGrid and the Investment Manager for the breach of any representations and warranties.

Borrowings from Related Parties

Borrowings in the form of inter-corporate deposits, and other short term and subordinated loans were provided by the Sponsor and certain of its associates to the Initial Portfolio Assets, in addition to subscription to non-convertible debentures by the Sponsor. For details, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 173.

Securities Purchase Agreement in relation to ENICL

ENICL, SPGVL and SGL1 entered into a Securities Purchase Agreement dated November 24, 2016 ("**ENICL SPA**"), for the sale of unquoted shares and securities including 24,500 fully paid up equity shares of ENICL and 50,000 compulsorily convertible debentures of ENICL held by SGL1, 9,50,000 compulsorily convertible preference shares of ENICL, constituting SGL1's entire stake in ENICL, for an aggregate consideration of ₹ 1,527.20 million along with any deferred purchase consideration. Further, SGL1 and ENICL agree to, jointly and severally indemnify, defend and hold SPGVL harmless from and against any and all Liabilities (incurred or suffered) arising out of, in relation to or otherwise connected with the following:

a) Any breach, misrepresentation or inaccuracy of the representatives and warranties of SGL1 or such representation and warranties becoming misleading;

b) Any fraud, intentional concealment, gross negligence or wilful misconduct on the part of the SGL1;

c) Any action, omission, event, fact or matter, or other liabilities (contingent or otherwise), relating to the period prior to the closing date, in terms of the ENICL SPA, under the transaction documents in relation to the sale of ENICL by SGL1, or otherwise;

d) Any liability arising out of any non-compliance by ENICL under the Companies Act.

The Investment Manager's Internal Control System

The Investment Manager has implemented an internal control system to ensure that all future or any subsequent modifications of transactions of IndiGrid with related parties will be:

(i) on an arm's length basis in accordance with the relevant accounting standards;
(ii) in the best interest of the Unitholders; and
(iii) consistent with the strategy and investment objectives of IndiGrid.

Please see the section entitled "*Corporate Governance*" on page 110 for a description of the various measures implemented by the Investment Manager in this regard.

Potential Conflicts of Interest

The Investment Manager has established certain procedures to deal with conflict of interest issues. Please see the section entitled "*Corporate Governance*" on page 110 for details and description of such procedures.

Further, in order to manage any potential competition and conflicts of interest that may arise between the Sponsor and IndiGrid in relation to any interests in transmission business, the Sponsor has entered into a Deed of Right of First Offer (the "**Deed**") with the Trustee (acting in its capacity as the trustee of IndiGrid). For further details on management of potential conflicts of interest, please see the section entitled "– *Procedure for dealing with Related Party Transactions*" on page194. The salient features of the Deed of Right of First Offer are set out below. These provisions shall take effect from [●].

Right of First Offer: The Sponsor shall inform IndiGrid in writing of the achievement of the commercial operation date in respect of each of the ROFO Assets held by the Sponsor directly or through its subsidiaries within seven days of such commercial operation date. Within 36 months following the commercial operation date of each ROFO Assets, the Sponsor shall make (or procure that the relevant subsidiary of the Sponsor makes) an irrevocable invitation to offer to IndiGrid for the acquisition of the shares of the ROFO Asset (the "**ROFO Asset Shares**") in relation to such ROFO Asset (the "**Invitation to Offer**"). In the event IndiGrid is interested in the acquisition of the ROFO Asset Shares, IndiGrid shall communicate such interest in writing within a period of 30 days from the date of receipt of the Invitation to Offer, (the "**Notice of Interest**"). The Sponsor shall provide information as requested by IndiGrid within 30 days of receipt of the Notice of Interest. Within a period of 60 days from the date of receipt of the Notice of Interest, provided the Sponsor has complied with its obligation to provide information in accordance with the terms of the Deed, IndiGrid shall have the right but not the obligation to make an irrevocable offer to acquire all (and not less than all) of the ROFO Asset Shares at an equity value attributed by IndiGrid to such ROFO Asset by deducting all outstanding indebtedness (other than promoter loans) as at the date of such offer from the enterprise value determined in accordance with the provisions of the InvIT Regulations and on other terms specified by IndiGrid (the "**ROFO Asset Offer Price and Terms**") by delivering an irrevocable offer letter (the "**ROFO Asset Offer Letter**") to the relevant Sponsor Group Entity.

*Acceptance of the ROFO Asset Offer Price and Terms by the Sponsor or the relevant subsidiary of the Sponsor (the "**Sponsor Group Entity**"):* The Sponsor Group Entity may accept the ROFO Asset Offer Price and Terms, by delivering a notice of acceptance to IndiGrid within a period of 30 days (the "**ROFO Acceptance Period**") from the date of receipt of the ROFO Asset Offer Letter by the Sponsor Group Entity (the "**ROFO Acceptance Notice**"). If the ROFO Acceptance Notice is received by IndiGrid during the ROFO Acceptance Period, the sale of the ROFO Asset Shares shall be completed in accordance with the ROFO Asset Offer Price and Terms within 60 days from receipt of the ROFO Acceptance Notice by IndiGrid. The ROFO Asset Shares sold shall be free and clear of any pre-emptive rights, liens, mortgages, charges, pledges, trusts or any other encumbrances or transfer restrictions, both present and future ("**Encumbrances**"), except Encumbrances in favour of any lender from whom consent for the sale of ROFO Asset Shares has been obtained.

Non-Acceptance of the ROFO Asset Offer Price and Terms by the Sponsor Group Entity: In the event that no ROFO Acceptance Notice from the Sponsor Group Entity is received by IndiGrid during the ROFO Acceptance Period or the Sponsor Group Entity declines to accept the offer set out in the ROFO Asset Offer Letter made by the Investor, the Sponsor Group Entity shall be entitled to sell all (but not less than all) ROFO Asset Offer Shares to any person within nine months from the expiry of the ROFO Acceptance Period at an equity value attributable to such ROFO Asset which is at least 10% higher than that set out in the ROFO Asset Offer Letter. The Sponsor Group Entity shall deliver a notice to IndiGrid of its intent to sell the ROFO Asset Shares to any person within seven days of acceptance by such third person to purchase the ROFO Asset Shares, setting out the price and the terms upon which the ROFO Asset Shares are proposed to be sold to such third person.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws currently in force in India, which are applicable to IndiGrid. The information detailed in this chapter has been obtained from publications available in the public domain. The description of the regulations set out below may not be exhaustive, and is only intended to provide general information to Bidders, and is neither designed as, nor intended to substitute, professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

THE POWER SECTOR

"Electricity" is an entry in the Concurrent List of the Seventh Schedule to the Constitution of India. Therefore, State legislatures also have jurisdiction to legislate in the power sector, provided that the State enactment does not conflict with any Central enactment in this sector.

The Electricity Act, 2003 ("Electricity Act")

The Electricity Act was enacted by the GoI, repealing the Indian Electricity Act, 1910 (which governed transmission, supply and use of electricity), the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998.

The Central Electricity Authority ("**CEA**") is constituted under the Electricity Act and consists of members appointed by the GoI. Among other functions, the CEA specifies technical standards for construction of electrical plants, electric lines and connectivity to the grid, grid standards for operation and maintenance of transmission lines, and conditions for installation of meters for transmission and supply of electricity, as well as advising the GoI on matters relating to the National Electricity Policy. The Electricity Act also provides for the constitution of a Central Electricity Regulatory Commission ("**CERC**") and State Electricity Regulatory Commission" ("**SERCs**"), or a Joint Commission by agreement between two or more State governments or, in respect of a union territory, between the GoI and one or more State governments. CERC's responsibilities include licensing and regulation of inter-State transmission of electricity, determination of tariff for inter-State transmission of electricity, specifying and enforcing standards with respect to quality, continuity and reliability of service by transmission licensees and laying down procedure for billing, collection and disbursement for Central Transmission Utility ("**CTU**") and other transmission Licensees. The Electricity Act vests SERCs with the responsibility to facilitate and promote efficient transmission, wheeling and inter-connection arrangements within their territorial jurisdiction. In addition, the Electricity Act constitutes an Appellate Tribunal for Electricity ("**APTEL**") to hear appeals against orders of an adjudicating officer or the appropriate Commission under the Electricity Act.

The Electricity Act requires a person undertaking transmission, distribution or trading in electricity in any area in the territory of India to obtain a prior license for such activity. The Electricity Act also provides that the CTU or the State Utility Transmission ("**STU**") is a deemed transmission licensee. The GoI may notify any Government company as a CTU. Similarly the State Government may notify the State Electricity Board ("**SEB**") or any Government company as STU. A person intending to act as a transmission licensee is required to forward a copy of the application to the CTU or STU, as the case may be, which sends its recommendations to the CERC or the relevant SERC, as the case may be (the "**Appropriate Commission**"). The appropriate Commission may specify any general or specific conditions that may apply to a particular licensee or a class of licenses. A license granted under the Electricity Act continues in force for a period of 25 years. The Appropriate Commission may at any time, if public interest requires, alter the terms of the license or revoke the license as it thinks fit in accordance with the procedure prescribed in the Electricity Act. The Electricity Act empowers the Appropriate Commission to issue directions to licensees if necessary, and also prescribes a detailed procedure for the sale of the utilities of the licensee in the event the Appropriate Commission revokes the license. The Electricity Act prohibits a licensee from assigning its license or transferring its utility or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission, or from undertaking any transaction to acquire the utility of any other licensee or merging its utility with the utility of any other licensee, without prior approval of the Appropriate Commission. The duties of a transmission licensee/CTU/STU under the Electricity Act include building, maintenance and operation of an efficient inter/intra State transmission system, and providing non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges or to any consumer who has obtained open access from CERC or the relevant SERC on payment of transmission charges and a surcharge thereon in accordance with the Electricity Act. The Electricity Act requires every transmission licensee to comply with the technical standards of operation and maintenance of transmission lines, in accordance with grid standards specified by the CEA.

The Electricity Act provides for the establishment of the NLDC and the RLDC by the GoI. The NLDC and RLDCs are prohibited from trading in electricity and RLDCs are also prohibited from engaging in the business of generation of electricity. Responsibilities of RLDCs include optimum scheduling and despatch of electricity in accordance with the contracts entered into with licensees or generating companies operating in the region, monitoring grid operations, keeping accounts of the quantity of electricity transmitted through the regional grid, exercising supervision and control over the inter-State transmission system and carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the grid standards and grid code. The RLDC will be operated by a Government company or authority or corporation constituted under a Central enactment, as may be notified by the GoI. The concerned State Government is required to establish a State Load Despatch Centre ("**SLDC**") as an apex body to ensure integrated operation of the power system in a State, through supervision and control over the intra-State transmission system. The SLDC is required to comply with the directions of the RLDCs. The CTU is responsible for undertaking transmission of electricity through the inter-State transmission system, planning and coordination relating to inter-State transmission systems with specified authorities and stakeholders, development of an efficient, economical and coordinated system of inter-State transmission lines for smooth flow of electricity from generating stations to load centres, and providing non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges and to any consumer on payment of transmission charges and a surcharge thereon in accordance with the Electricity Act.

Section 68 of the Electricity Act permits installation of overhead lines with prior approval of the Appropriate Government. Section 164 of the Electricity Act also provides that the Appropriate Government as defined under the Electricity Act, may confer upon any public officer, a licensee under the Transmission License Regulations (as defined below), the powers of a telegraph authority, as provided under the Indian Telegraph Act, 1885, with respect to the placement of electrical lines or electrical equipment for transmission of electricity necessary for the proper coordination of the project.
The Electricity Act provides certain principles in accordance with which the Appropriate Commission will specify terms and conditions for determination of tariff. Under the Electricity Act, CERC is vested with the authority to determine the tariffs for inter-State transmission of electricity. A transmission licensee may with prior intimation to the Appropriate Commission, engage in any business for optimum utilization of its assets, provided that a proportion of its revenues from such business be utilised for reducing its charges for transmission and wheeling.

Regulations

a. Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009

CERC notified the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 ("**Connectivity Regulations**") on August 7, 2009. The Connectivity Regulations provide for the procedures and requirements for obtaining connectivity, availing medium-term open access and availing long term access in respect of inter-State transmission systems. Applications for the grant of connectivity or long-term access or medium-term open access will be made to the CTU.

Under the Connectivity Regulations, connectivity to inter-State transmission system can be sought by a generating station, including a captive generating plant having installed capacity of at least 250 MW and any bulk consumer having at least a load of 100 MW. Further, an applicant may be required to construct a dedicated transmission line to the point of connection to enable connectivity to the grid. However, thermal generating stations of 500 MW and greater and hydro generating stations or a generating station using renewable sources of energy of capacity of 250 MW and greater, other than a captive generating plant, are not required to construct dedicated transmission lines to the point of connection and such stations are taken into account for coordinated transmission planning by the CTU and CEA. Further, medium term open access is available for any period exceeding three months but not exceeding three years and it will be provided on the basis of availability of transmission capacity in the existing transmission system or the transmission system under execution. An entity who has been granted medium term open access can exit after giving a prior notice of at least 30 days and by paying transmission charges for the period of relinquishment or a period of 30 days, whichever is lesser to the CTU.

Long term access can be availed for any period between 12 years to 25 years which may be further extended by giving a written request of at least six months prior to the expiry of the long term access period. An exit option is available from the long term access without any financial liability if the access has been availed for at least 12 years and an advance notice is given at least one year before such exit.

An exit option can be exercised even before the period of 12 years subject to payment of specified charges provided a notice of at least one year prior to such exit is given.

b. Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014

CERC notified Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 which came into force on April 1, 2014 and are valid for a period of five years ("**Tariff Regulations**"). The Tariff Regulations apply in all cases where tariff for a generating station or a unit thereof and the transmission system or an element thereof, including communication system used for inter-State transmission of electricity is required to be determined by the CERC in accordance with the provisions of Section 62 read with Section 79 of the Electricity Act. However, the Tariff Regulations shall not be applicable to generating stations based on renewable energy sources and to generating stations or inter-State transmission systems, where tariffs have been discovered through competitive bidding.

The generating company/ transmission licensee shall make an application as prescribed in the Tariff Regulations, for determination of tariff based on capital expenditure incurred duly certified by the auditors or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred duly certified by the auditors or projected to be incurred during the tariff period of the generating station or the transmission system as the case may be.

c. Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010

CERC notified the Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 ("**Power Supply Regulations**") on September 28, 2010. The Power Supply Regulations provide that generating companies and transmission licensees ("**Regulating Entities**") can implement regulation of power supply in case of (i) non-payment of outstanding dues by the Beneficiary, or (ii) non-maintenance of letter of credit or any other agreed payment security mechanism. In the event that the outstanding dues are not paid by the Beneficiary to the Regulating Entity within 60 days from the date of service of the invoice, the Regulating Entity may serve a notice on the defaulting entity for reducing the drawl schedule of, or for withdrawal of open access to inter-State transmission system from such defaulting entity. A copy of such notice is required to be forwarded to the concerned SLDC/RLDC, in whose control area the Regulating Entities are situated. Thereafter, within three days of receiving the notice, the concerned state load despatch centre/RLDC, in whose control area the defaulting entity is situated, shall make a plan in writing for implementing the regulation of power supply. The defaulting entity should restrict its drawl to the revised schedule and deviations, if any, will be subjected to unscheduled inter-change charges. The generating company is entitled to sell the surplus power made available by the restricted drawl entitled to the defaulting entity to any person including any of the existing Beneficiaries as defined under the Power Supply Regulations. The amount received from the sale of surplus power will be adjusted against the outstanding dues of the defaulting entity, after deduction of energy charges, trade margin and other incidental expenses borne by the generating company, if any. Further, the transmission licensee may request the RLDC to curtail the medium term open access or long term open access of the power supply to the defaulting entity.

d. Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2009

CERC notified the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2009 ("**Transmission License Regulations**") on May 26, 2009. The Transmission License Regulations provide for an empowered committee as referred to in the guidelines for competitive bidding in India (the "**Bidding Guidelines**") (the "**Empowered Committee**") to identify projects included in the transmission plan prepared by the CEA or network plan prepared by the CTU in accordance with the National Electricity Policy to be developed under the Bidding Guidelines and for appointment of a project developer to develop the projects. The Transmission License Regulations also provide for the procedure for application for Transmission License upon selection of a project for development. Under the Transmission License Regulations, licensee is required to (i) maintain insurance with regard to the transmission assets as may be necessary in terms of any agreements entered into by it, or under the laws in force in India; (ii) build the project in a time-bound, efficient, coordinated and economical manner; (iii) establish, operate and maintain the project in accordance with the prudent utility practices and the agreements; (iv) comply with such directions of the National Load Despatch Centre or the Regional Load Despatch Centre under the Electricity Act; (v) provide non-discriminatory open access to its transmission system for use by any other licensee, including a distribution licensee or an electricity trader, or generating company or any other person in accordance with the Central Electricity Regulatory Commission (Open Access in inter-state Transmission) Regulations, 2008, as amended from time to time; (vi) pay the licence fee in accordance with the Central Electricity Regulatory Commission (Payment of Fee) Regulations, 2008 or such other regulations as may be in force from time to time; (vii) make an appropriate application before the CERC for obtaining any prior approval whenever required; and (vii) comply with all other regulations, including the regulations specified by the CERC regarding utilisation of the transmission assets for a business other than transmission of electricity. The transmission licence issued, shall, unless revoked earlier, continue to be in force for a period of 25 years from the date of issue. If the useful life of a transmission asset for which transmission licence has been issued extends beyond the period of 25 years, the CERC may consider granting license for another term for which the licensee may make an application in accordance with Regulation 7 of the Transmission License Regulations, two years before the expiry of the initial period of licence.

e. Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010

CERC notified the Sharing of Charges and Losses Regulations on June 16, 2010. These regulations came into force with effect from July 01, 2011 for a period of five years and introduce the point of connection method of sharing the transmission charges of inter-state transmission systems in India, replacing the earlier system of regional postage stamps. These regulations provide that the yearly transmission charges, revenue requirement on account of foreign exchange, rate variation, changes in interest rates and the losses will be shared amongst the users including the power stations or generating stations that are regional entities as defined in the Indian Electricity Grid Code ("**IEGC**"); SEBs/STUs connected with ISTS or designated agency in the State; any bulk consumer directly connected with the ISTS, and any designated entity representing a physically connected entity stated above. All the ISTS users will sign TSAs, which also require these users to pay the point of connection charge, which covers the revenue of transmission licensees. The point of connection tariffs are based on load flow analysis and capture utilization of each network element by the users. These regulations also provide necessary mechanisms for billing, collection and other commercial matters.

National Electricity Policy, 2005

The GoI notified the National Electricity Policy ("**NEP**") on February 12, 2005, under Section 3 of the Electricity Act. The key objectives of the NEP are amongst other things stipulating guidelines for accelerated development of the power sector, providing supply of electricity to all areas and protecting interests of consumers and other stakeholders. The NEP vests the CTU and the STUs with the responsibility for transmission system planning and development on the national and regional and the intra-State levels, respectively, and requires the CTU to coordinate with the STUs for eliminating transmission constraints in a cost-effective manner. The NEP provides that the network expansion be planned and implemented keeping in view anticipated transmission needs that would be incident on the system in the open access regime. The NEP encourages private investment in the transmission sector, and states that prior agreement with Beneficiaries would not be a pre-condition for network expansion and the CTU and STUs should undertake network expansion after identifying requirements in consultation with stakeholders and obtaining due regulatory approvals.

Tariff Policy, 2006

The GoI notified the Tariff Policy on January 6, 2006 (as amended), under Section 3 of the Electricity Act, to ensure availability of electricity to consumers at reasonable and competitive rates, financial viability of the sector and to attract investment, promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks and promote competition, efficiency in operation and improvement in quality of power supply and to guide the CERC and the SERCs in discharging their functions. The Tariff Policy seeks to achieve optimal development of the transmission network and attract investments in the transmission sector and provide adequate returns, and the need for investments while laying down the rate of return, which should attract investments at par with, if not in preference to other sectors such that the electricity sector is able to create adequate capacity.

The Tariff Policy requires CERC to determine the rate of return on equity keeping in view the overall risk and prevalent cost of capital, and to establish norms for capital and operating costs, operating standards and performance indicators for transmission lines at different voltage levels. The Tariff Policy provides that transmission charges under the national tariff framework be determined on MW per circuit kilometer basis, zonal postage stamp basis, or some other pragmatic variant, such that transmission system users share the total transmission cost in proportion to their respective utilization of the transmission system, and that transactions be charged on the basis of average transmission losses arrived at after appropriately considering distance and directional sensitivity, as applicable to relevant voltage levels. The Tariff Policy requires investment by transmission developers other than the CTU or an STU to be invited through competitive bids, provided that after a period of five years or when CERC is satisfied that the situation in India is appropriate, competitive bidding be extended in respect of projects to be developed by the CTU and STUs.

The Tariff Policy stipulates that all future power requirements should be procured competitively by distribution licensees except in cases of expansion of pre-existing projects or where a State controlled/owned company as an identified developer is involved. In these cases, regulators must resort to tariffs determination based on norms provided that expansion of generating capacity by private developers for this purpose will be restricted to a one time addition of not more than 50 per cent of the existing capacity.

The GoI amended the Tariff Policy on January 20, 2016 ("**Tariff Policy, 2016**"). The Tariff Policy, 2016, provides for certain amendments to the existing tariff policy such as; (i) allowing power plants to sell surplus power generated, through power exchanges when state electricity distribution utilities do not purchase the contracted power in terms of the power purchase agreements, (ii) to ensure faster completion at lower costs, the transmission projects are to developed through the tariff based competitive bidding process to ensure increased investments of private sector, (iii) removing market uncertainty by allowing pass through for impact of any change in domestic duties, levies, cess and taxes in projects under the tariff based competitive bidding process and (iv) exempting inter-state transmission charges and losses for solar and wind power. The role of CERC and SERC in several issues have been clarified under the Tariff Policy, 2016 as; (i) CERC should lay down guidelines for pricing intermittent power, especially from renewable energy sources, where such procurement is not through competitive bidding. The tariff stipulated by CERC shall act as a ceiling for that category, (ii) SERC should, similar to the CERC, develop regulations for the inter-State transmission duly considering factors like voltage, distance, direction and quantum of flow, and (iii) CERC shall regulate the tariff of generating company, if such generating company enters into or otherwise have a composite scheme for generation and sale of electricity in more than one State, i.e. where more than 10% power sold outside State.

Indian Aircraft Act, 1934

The primary legislation governing the aviation sector in India is the Aircraft Act, 1934 ("**Aircraft Act**") and the Aircraft Rules, 1937 ("**Aircraft Rules**") enacted pursuant to the Aircraft Act. These legislations empower various authorities, including the Ministry of Civil Aviation ("**MoCA**") and Directorate General of Civil Aviation ("**DGCA**"), to, *inter alia*, regulate aircraft operations in India and provide no objection certificate under Section 9A of the Aircraft Act for construction of buildings or structures of specific heights, at a specified distance from an aerodrome to ensure safety of operation of aircrafts in accordance with international standards and recommended practices governing the operations of aircrafts. At present, the procedure for grant of no objection certificate is set out in the Air Traffic Management Circular No. 2 of 2013, issued by the Directorate of Air Traffic Management on January 4, 2013.

ENVIRONMENTAL LAWS

The Environment (Protection) Act, 1986 ("**EPA**") vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution, including the power to prescribe standards for emission of environmental pollutants or handling of hazardous substances, inspection of any premises, plant, equipment or machinery, and examination of manufacturing processes and materials likely to cause pollution. There are also provisions with respect to furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts. The MoEF has issued notifications under the EPA in 1994 and 2006 (collectively, the "**EIA Notifications**"), prescribing the procedure with respect to environmental impact assessment for the commencement, expansion or modernization of industrial or mining operations. While the

EPA and the EIA notifications do not generally require environmental clearance to be obtained for electrification and laying of new transmission lines, such environmental clearance is mandated in respect of certain areas of Aravali Range in the districts of Alwar in Rajasthan and Gurgaon and Mewat in Haryana, pursuant to a notification dated May 7, 1992 issued by the MoEF.

Penalties for violation of the EPA includes fine up to ₹ 0.01 crores or imprisonment of up to five years or both. Further, in case operations involve clearance of forest land, the Forest (Conservation) Act, 1980, as amended ("**Forest Conservation Act**") requires prior clearance of the GoI, through the MoEF. The penalties for noncompliance under the EPA and the Forest Conservation Act range from closure or prohibition of operations as well as monetary penalties on and imprisonment of the persons in charge of the conduct of the business of the defaulting company.

MoEF notification dated February 5, 2013, under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, exempts our Company from obtaining a resolution from Gram Sabhas that our transmission projects using the forest land for non-forest purposes, are in the interest of people living on the forest land, provided that recognized rights of primitive tribal groups and pre-agricultural communities are not affected.

LABOUR LAWS

The laws and regulations to employment that may be applicable to IndiGrid include the following:

- The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
- The Employees' State Insurance Act, 1948;
- The Minimum Wages Act, 1948;
- The Payment Of Wages Act, 1936;
- The Payment Of Bonus Act, 1965;
- The Payment Of Gratuity Act, 1972; and
- The Maternity Benefit Act, 1961.

In addition to the above, various state shops and commercial establishments acts are also applicable to IndiGrid.

REGULATORY APPROVALS

IndiGrid and the Initial Portfolio Assets are required to obtain consents, licenses, registrations, permissions and approvals for carrying out their present business activities which include, approvals for registration as an infrastructure investment trust and for carrying out its present business, as applicable. Such approvals include transmission licenses, consents, licenses, registrations, permissions and approvals under the Electricity Act, 2003 and regulations made thereunder, approvals from the telegraph authority, energisation approvals from the Central Electricity Authority, aviation clearances from the Airport Authority of India, no objection certificates from the Ministry of Defence, certain environmental approvals and environmental clearances and tax related approvals. There are certain other consents, licenses, registrations, permissions and approvals that we obtain for our business, which include, labour related approvals, approvals under the shops and establishments acts of various states, power line crossing approvals, railway line crossing approvals and other approvals. The requirement for such approvals for a particular project undertaken by us may vary based on factors such as the legal requirement in the state in which the project is being undertaken, the size of the projects undertaken and the type of project. Further, as the obligation to obtain such approvals arises at various stages in our projects and related assets, applications are filed and the necessary approvals are obtained at the appropriate stage.

Other than as stated in this section, IndiGrid and the Initial Portfolio Assets have obtained necessary consents, licenses, permissions, registrations and approvals from various governmental, statutory and regulatory authorities, required for the registration as an infrastructure investment trust and for carrying out its present business, as applicable. Certain material consents, licenses, registrations, permissions and approvals that are required to be obtained by IndiGrid and the Initial Portfolio Assets for undertaking their business have elapsed in their normal course and they have either made applications to the relevant Central or State government authorities for renewal of such consents, licenses, registrations, permissions and approvals or are in the process of making such applications for renewal of such consents, licenses, registrations, permissions and approvals. In view of the approvals listed below, IndiGrid can undertake the Issue as well as its current business, as applicable, and no further major approvals from any governmental or regulatory authority under the Electricity Act, 2003, or the rules made thereunder or any other entity are required to undertake the Issue or to continue its business, as applicable. Unless otherwise stated, these approvals are all valid as on date of this Draft Offer Document.

I. Approvals in relation to the Issue

1. In-principle approval from the BSE dated [●].

2. In-principle approval from the NSE dated [●].

II. Approvals for the IndiGrid

1. Certificate of registration bearing number IN/InvIT/16-17/0005 dated November 28, 2016 with SEBI as an infrastructure investment trust.

III. Approvals received by BDTCL

1. Transmission license dated October 12, 2011 issued by the CERC for building, maintaining and operating transmission lines for six interstate transmission systems, being, (i) Jabalpur to Bhopal; (ii) Bhopal to Indore; (iii) Bhopal to Bhopal; (iv) Aurangabad to Dhule; (v) Dhule to Vadodra; and (vi) Dhule to Dhule.

2. Tariff order dated October 28, 2011 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system to be developed by BDTCL.

3. Approval dated November 25, 2010 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission project set up by BDTCL.

4. Approval dated January 24, 2013 issued by the Ministry of Power, Government of India, under Section 164 of the Electricity Act for six interstate transmission systems, being, (i) Jabalpur to Bhopal; (ii) Bhopal to Indore; (iii) Bhopal to Bhopal; (iv) Aurangabad to Dhule; (v) Dhule to Vadodra; and (vi) Dhule to Dhule.

5. Approvals issued by the CEA, for energisation of (i) the electrical apparatus at Dhule associated with the Dhule-Vadodara line, the Dhule-Aurangabad line, the bus reactor main bay, HVDC lines and the Dhule-Dhule lines and other associated apparatus, (ii) Agaria Bhopal sub-station, (iii) 400 kV D/C Bhopal-Bhopal transmission line; (iv) 765 kV S/C Bhopal-Indore transmission line; (vi) 765 kV S/C Dhule-Aurangabad transmission line; (v) 765 kV S/C Dhule-Vadodara transmission line; (vi) 765 kV S/C Jabalpur-Bhopal transmission line; and (vii) 400 kV D/C Dhule-Dhule transmission line.

IV. Approvals received by JTCL

1. Transmission license dated October 12, 2011 issued by the CERC to establish a transmission project to strengthen the western and northern region and building, owning, maintaining and operating transmission lines from (i) Dharamjaygarh to Jabalpur; and (ii) Jabalpur to Bina.

2. Tariff order dated October 28, 2011 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system to be developed by JTCL.

3. Approval dated November 25, 2010 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission project set up by JTCL.

4. Approval dated June 5, 2013 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for (i) the 765 kV D/C Dharamjaygarh to Jabalpur transmission line; and (ii) 765 kV S/C Jabalpur to Bina transmission line.

5. Approvals issued by the CEA, for energisation of (i) the 765 kV S/C Jabalpur to Bina transmission line from the 765/400 kV substation at Jabalpur to the 765/400 kV substation at Bina; and (ii) the 765 kV D/C Dharamjaygarh to Jabalpur transmission line from the 765/400 kV substation at Jabalpur to the 765/400 kV substation at Dharamjaygarh.

V. Approvals applied for, but not yet received

1. Application dated October 5, 2016 made to the Deputy Conservator of Forest, Aurangabad Forest Division for Stage 2 approval with regard to diversion of reserved and protected forest land in favor of Bhopal Dhule Transmission Company Limited for construction of 765 kV S/C Dhule to Aurangabad Transmission Line under the Aurangabad Forest Division, Maharashtra.

2. Application dated October 5, 2016 made to the Deputy Conservator of Forest, Dhule Forest Division for Stage 2 approval with regard to diversion of reserve forest land for construction of 400kV D/C Dhule- Dhule Transmission Line in favor of Bhopal Dhule Transmission Company Limited under the Dhule Forest Division, Maharashtra.

VI. Approvals for which applications are yet to be made

As on the date of the Draft Offer Document, there are no approvals required by IndiGrid and the Initial Portfolio Assets for which applications are yet to be made.

LEGAL AND OTHER INFORMATION

Except as stated in this section, there are no material litigation and actions by regulatory authorities, in each case against IndiGrid, the Sponsor, the Investment Manager, the Project Manager, the Trustee, or any of their Associates, in the last five years as on the date of this Draft Offer Document.

For the purpose of this section, details of all regulatory actions and criminal matters have been disclosed. Further, any matter involving an amount equivalent to, or more than, the amount as disclosed below, in respect of IndiGrid, the Sponsor, the Investment Manager and each of their Associates has been disclosed.

For the Sponsor or Project Manager and its Associates (all of which are also Associates of the Investment Manager), the total consolidated income for Fiscal 2016 was ₹5,057.00 million and the consolidated net worth (i.e. the total of share capital and consolidated reserves and surplus) was ₹ 16.33 billion. Accordingly, all outstanding cases which involve an amount exceeding ₹ 252.85 million (being 5% of the total consolidated income) have been considered material. The Investment Manager does not have any outstanding litigation.

For the Trustee, the consolidated revenue for Fiscal 2016 was ₹365 million, the consolidated profit after tax was ₹ 180 million and the net worth was ₹526 million. Accordingly, all outstanding cases which involve an amount exceeding 5% of the profit after tax have been considered material.

In relation to the Project SPVs, all matters have been considered material for the purposes of disclosure in this section.

I. Litigation involving India Grid Trust

A. JTCL

Regulatory matters

(i) Four indirect tax matters involving JTCL are pending before the High Court of Madhya Pradesh and the Chairman, Commercial Tax Tribunal, Raipur, Chhattisgarh for payment of entry tax and value added tax allegedly incurred by JTCL for Fiscals 2014 and 2013 during the course of its business. The aggregate amount involved in these matters is ₹ 150.00 million, of which ₹ 46.80 million has been paid. These matters are currently pending.

(ii) The Assistant Commissioner of Income Tax, New Delhi initiated an inquiry against JTCL regarding the reduction in Tax Deducted at Source deposited from ₹ 18.90 million for Fiscal 2016 to ₹ 12.40 million for Fiscal 2017. JTCL has filed its reply.

(iii) Certain notices were received by JTCL under the Madhya Pradesh VAT Act, 2002. JTCL paid ` 0.01 million in relation thereto.

(iv) JTCL has filed a petition (the "**Petition**") before the CERC under Section 61, 63 and 79 of the Electricity Act, read with the statutory framework for tariff based competitive bidding for transmission services. The Petition was filed for approving the increase in transmission charges for the inter-state transmission project, consisting of two transmission lines (collectively, the "**Project**") praying for an increase of ₹ 800.00 million in the levelized transmission charges. The delay in commissioning of the Project was due to change in law and force majeure events including the amendment of the Forest Guidelines, delay in grant of forest clearance and delay in obtaining authorization under Section 164 of the Electricity Act. CERC, by its order dated October16, 2015 acknowledged the delay, allowed an extension in the scheduled date of commercial operation and directed JTCL to approach the CERC with documentary evidence to support the proposed increase in transmission charges. JTCL filed a petition dated December 18, 2015 before the CERC praying for approving quantification of the increase of ₹ 803.70 million per annum in the levelized transmission charges and allowing commencement of transmission charges from commercial operation date of the Project. The matter is currently pending.

Other matters

(i) Jagmohan Singh (the "**Applicant**") filed an application against the Union of India, JTCL and others, before the District Magistrate, Sagar, Madhya Pradesh, under the Telegraph Act, 1885, alleging that he suffered damage due to the construction of high voltage transmission lines by JTCL. He claimed compensation of ₹ 9.28 million. The District Judge, District Court, Sagar also issued a show cause notice dated August 25, 2016, requiring the Applicant to appear before it at the designated time. The matter is currently pending.

(ii) Sanjay Jain and others (the "**Petitioners**") filed a writ petition before the High Court of Madhya Pradesh, Jabalpur Bench (the "**High Court**") against the State of Madhya Pradesh and others (the "**Respondents**") alleging that the land is being utilized for construction of transmission line towers without acquiring the land in accordance with the law. The High Court, by its order date December 31, 2012 ordered that the status quo with respect to the property in question should be maintained till the land is not acquired by the Respondents for the construction of towers and ordered that compensation be paid to the Petitioners. The High Court, by an order dated July 8, 2014 (the "**Order**") disposed off the said matter along with the direction that along with the certified copy of the Order, the Petitioner may prefer a representation raising his grievances which to be adjudicated by a competent authority within a month. Till the decision by the said authority, the interim order shall remain in operation. JTCL got the stay vacated. The matter is currently pending.

(iii) Bhujbal Patel and others (the "**Petitioners**") filed a civil application against the Union of India before the District Magistrate, Sagar, Madhya Pradesh (the "**District Magistrate**"), under the Telegraph Act, 1885, alleging that they suffered damage due to the construction of the high voltage transmission line by JTCL. The Petitioners claimed compensation of ₹ 14.35 million. They filed a writ petition before the High Court of Madhya Pradesh, Jabalpur Bench (the "**High Court**"), alleging that JTCL was using their land, without consent and thereby depriving them of their right. The High Court issued an order dated June 23, 2014 in favour of JTCL (the "**Order**") and directed the Petitioners to seek recourse under Section 16 of the Telegraph Act, 1885. Thereafter, the Petitioners approached the Sub- Divisional Magistrate, Sagar. The High Court stated the Petitioners suppressed material facts and dismissed the Petition. Aggrieved, the Petitioners filed a civil application against the Union of India before the District Magistrate, under the Telegraph Act, 1885, alleging that they suffered damage due to the construction of the high voltage transmission line by JTCL and claimed compensation of ₹ 14.35 million. The matter is currently pending.

(iv) Lalchand Agrawal filed a writ petition against the Union of India before the High Court of Madhya Pradesh, (the "**High Court**") challenging the erection of a tower on his land by JTCL, alleging that his village was not mentioned in the notification dated July 12, 2013 under which JTCL was authorized to erect towers, and further alleging that no notice was provided and no compensation was paid. The High Court rejected the claim of Lalchand Agrawal. Aggrieved, Lalchand Agrawal has filed a civil appeal before the Supreme Court of India. JTCL has filed its reply. The matter is currently pending.

B. BDTCL

Regulatory matters

(i) Two indirect tax matters involving BDTCL are pending before the High Court of Madhya Pradesh in relation to demand for payment of entry tax in Fiscals 2014 and 2013which was allegedly incurred by BDTCL during the course of its business. BDTCL approached the Additional Commissioner (Appeal) against the order of the Assessing Officer, who rejected the appeal. BDTCL further prayed to the High Court of Madhya Pradesh and a stay was granted. The aggregate amount involved in the matters is ₹ 156.00 million, of which ₹ 54.80 million has been paid. The matters are currently pending.

(ii) One direct tax matter involving BDTCL is pending before the Assistant Commissioner of Income Tax, TDS, Delhi for payment of Tax Deducted at Source in Fiscals 2016, 2015, 2014, 2013, 2012 and 2011 allegedly arising out of mismatch in the calculation of the tax payable on return. The aggregate amount involved in the matter is ₹ 16.5 million. The matter is currently pending.

(iii) Certain notices were received by BDTCL under the Madhya Pradesh VAT Act, 2002. BDTCL paid ` 0.01 million in relation thereto.

(iv) BDTCL has filed a petition dated October 15, 2016 (the "**Petition**") before the CERC under Sections 63, 79 (1)(f) and 79 (1)(c) of the Electricity Act seeking compensatory and declaratory relief (the "**Relief**") under the Transmission Services Agreement dated December 7, 2010 in relation to six transmission lines and two sub-stations (collectively, the "**Project**"). The delay in commissioning the Project was due to change in law and force majeure events, including the amendment of Forest Guidelines, delay in grant of forest clearance, delay in receiving authorisation under Section 164 of the Electricity Act, delay in allotment of land for the construction of the Bhopal substation and change in applicable rates of taxes. Additionally, BDTCL prayed for extension of the scheduled commercial operation date upto June 9, 2015 and grant of increase of ₹ 212.3 million per annum in levelized transmission charges payable with effect from the commercial operation date of each element of the Project. The matter is currently pending.

Other matters

(i) In relation to a fatal accident that occurred on January 20, 2014 at the BDTCL premises in Sehore, near Bhopal leading to the death of one labourer, the Deputy Director, Industrial Health and Safety, Dewas (the "**Deputy Director**") issued a show cause notice to BDTCL as to why legal proceedings should not be initiated against it under the BOCW Act. A reply has been filed by BDTCL and the matter has been referred to the Labour Commissioner, Indore by the Deputy Director seeking directions for initiating criminal proceedings against BDTCL. The matter is currently pending.

(ii) Bhagawan Devman Bhilla filed a civil suit against the State of Maharashtra and BDTCL before the Joint Civil Judge (Senior Division), Dhule (the "**Judge**") for declaration, compensation and interim injunction in relation to a plot of land. BDTCL has filed a counter-claim and application for interim injunction. The Judge passed an order on February 23, 2016 (the "**Order**"), allowing the application for interim injunction of Bhagawan Devman Bhilla and partially allowing the application for interim injunction of BDTCL. BDTCL was restrained from evicting Bhagawan Devman Bhilla and Bhagawan Devman Bhilla was restrained from causing obstruction to the State of Maharashtra. Aggrieved by this Order, BDTCL filed an appeal in the court of the District Court, Dhule pleading that the order of the Judge should be stayed since it is bad in law and fact. The matter is currently pending.

(iii) Satya Narayan Mishra filed a petition under the Telegraph Act, 1885 before the District Judge, Narsinhpur, Madhya Pradesh, seeking compensation under Section 16 (3), the Telegraph Act, 1885 for the losses which he allegedly suffered due to construction of the overhead lines by BDTCL over his land. BDTCL has claimed that it has already provided the compensation through cheques dated January 14, 2014 and May 21, 2014. The matter is currently pending.

(iv) Shikha Neekhra (the "**Petitioner**") filed a writ petition against the State of Madhya Pradesh through the District Collector, BDTCL and Simplex Infrastructure Limited before the High Court of Madhya Pradesh, Jabalpur (the "**High Court**"), alleging that BDTCL and Simplex Infrastructure Limited had constructed a tower which destroyed a mango tree and tube well on her land. The High Court by an order dated May 8, 2014 directed the Collector to look in to the matter. The Collector decided a compensation of ₹ 0.05 million on November 11, 2014.Aggrieved by the decision of the Collector, and alleging that insufficient compensation had been granted, the Petitioner filed another writ petition seeking compensation of ₹ 0.92 million, before the High Court . The High Court, by an order dated July 21, 2015 ("**Order**") disposed off the said writ petition with the direction that any grievance of the Petitioner may be filed or raised before the District Judge, Raisen, in accordance with the provisions of Section 16 (3) of the Telegraph Act, 1885 within four weeks from the date of the Order. Accordingly, she has filed an application before the District Judge, Raisen under Section 16 (3) of the Telegraph Act, 1885, demanding compensation of ₹ 0.92 million towards the loss caused to her along with interest at 9% on such amount from the date of such damage. The matter is currently pending.

(v) Manish Neekhra filed a writ petition against the State of Madhya Pradesh, BDTCL and Simplex Infrastructure Limited before the High Court of Madhya Pradesh, Jabalpur, (the "**High Court**") alleging that BDTCL and Simplex Infrastructure Limited had constructed a tower and destroyed the boundary of a pond, whereby water entered in his field and destroyed his crops. The High Court by an order dated May 12, 2014 directed the Collector, Raisen (the "**Collector**") to decide the quantum of compensation. The Collector, by its order dated November 11, 2014 decided a compensation of ₹ 0.5 million. Aggrieved by the decision of the Collector, he filed a writ petition seeking compensation of ₹ 2.63 million. The High Court, by an order dated July 21, 2015 (the "**Order**") directed Manish Neekhra to file a complaint before the District Judge, Raisen under the Telegraph Act, 1885. Aggrieved, he filed an application before the District Magistrate, Narsinghpur under Section 16 (3) of the Telegraph Act, 1885 praying that compensation of ₹ 2.63 million be awarded for the loss caused to him along with interest at 9% p.a. from the date of loss. BDTCL filed its reply before the District Magistrate praying that the matter be dismissed. The matter is currently pending.

(vi) Pahup Singh (the "**Petitioner**") filed a writ petition (the "**Writ Petition**") against the Union of India, Collector and BDTCL, before the High Court of Madhya Pradesh, Jabalpur (the "**High Court**"), in relation to insufficiency of compensation for damage to his house over the land on which, a tower was constructed by BDTCL. BDTCL filed a caveat application before the High Court stating that it has dispatched a notice of caveat by registered post with acknowledgment due on the person by whom the Writ Petition is expected to be filed. The High Court by an order dated June 29, 2015 asked the Petitioner to file a case before District Judge, Narsinghpur under the Telegraph Act, 1885. Accordingly, a complaint has been filed demanding compensation for violating right of way. The matter is currently pending.

(vii) Shailendra Champaksinh Gohil, Pravinsinh Jaswantsinh Gohil and Janaksinh Jaswantsinh Gohil filed three special civil applications against the Union of India, Director, Ministry of Power, Government of India, BDTCL and the Collector, Bharuch, Office of the Collector, Bharuch before the High Court of Gujarat, Ahmedabad challenging the notification issued under Section 164 of the Electricity Act issued by the Director, Ministry of Power, Government of India (the "**Director**") dated January 24, 2013 (the "**Notification**") claiming that the Notification was without jurisdiction and beyond the scope of the Director for the laying of overhead transmission lines of BDTCL. The matter is currently pending.

(viii) Pravinsinh Jaswantsinh Gohil and Janaksinh Jaswantsinh Gohil filed separately filed two special civil applications against the Union of India, Ministry of Power, BDTCL and Office of the District Collector, Bharuch before the High court of Gujarat, Ahemdabad (the "**High Court**") alleging that the name of their village 'Moriana' was not mentioned in the notification darted January 24, 2013 (the "**Notification**"). BDTCL appealed against the interim order before the High Court. The appeal was allowed. The matter is currently pending.

(ix) Bhikhan Govinda Sasundre and others (the "**Petitioners**") filed a writ petition before the Bombay High Court, Aurangabad bench (the "**High Court**") against the State of Maharashtra, BDTCL and the District Collector, Aurangabad claiming compensation for the alleged damage caused to their field by laying high tension power transmission line. Further, the Petitioners sought directions against the District Collector and BDTCL for non-compliance with the order dated September 3, 2013. The Bombay High Court directed BDTCL to deposit ₹ 0.64 million within four weeks from February 18, 2016, which was subsequently deposited. The matter is currently pending.

(x) Dnyaneshwar Mangate (the "**Petitioner**") filed a writ petition against the State of Maharashtra, BDTCL, the District Collector and the District Magistrate, Aurangabad before the Bombay High Court, Aurangabad Bench (the "**High Court**") on October 19, 2013 for the payment of compensation in accordance with the order of the District Court, Aurangabad dated September 3, 2013 (the "**Order**"). BDTCL filed an appeal against the Order, subsequent to which the High Court instructed BDTCL to deposit ₹ 0.64 million within four weeks from February 18, 2016. The said amount was deposited. The matter is currently pending.

(xi) Navneet Manchhibhai Vasava and others (the "**Plaintiffs**") filed a civil suit against BDTCL before Civil Judge, Dediyapada alleging that laying of transmission lines violated their right of way and demanded compensation of ₹ 0.5 million. BDTCL filed its reply denying all allegations. The matter is currently pending.

(xii) Ashok Kumar Mishra (the "**Petitioner**") filed a writ petition against the State of Madhya Pradesh, and others before the High Court of Madhya Pradesh, Jabalpur, seeking directions to restrain BDTCL from constructing a tower upon the Petitioner's land and for the grant of adequate compensation. BDTCL was granted the authority to construct over such land by an authorization letter dated January 24, 2013. In this case, BDTCL was not made party to the suit. An order was passed by the High Court on June 3, 2013 directing that the status quo be maintained. BDTCL filed a review petition against the State of Madhya Pradesh, Ashok Kumar Mishra and others, for vacating the order dated June 3, 2013 and for BDTCL to continue construction of electric towers. The High Court passed an order dated February 3, 2014 directing any further action in pursuance of the order dated June 3, 2013 shall be kept in abeyance. Ashok Kumar Mishra filed another review petition for vacating the said order and also alleging that an employee of BDTCL had entered his premises and destroyed his crops. By an order dated June 29, 2016, the District Collector, Narsinghpur ("**District Collector**") ordered that the Petitioner is entitled to receive compensation for the damage caused by the laying of transmission lines over his land and property. The matter is currently pending.

(xiii) Kusumben Jayantibhai Patel and others ("**Petitioners**") filed a special civil application against BDTCL, and others before the High Court of Gujarat, Ahmedabad (the "**High Court**") for restraining BDTCL from entering their lands. The High Court passed an order dated August 7, 2013 directing BDTCL to approach District Collector, Vadodara to obtain permission under the Telegraph Act, 1885 to erect the transmission towers in the Petitioners' land. The District Collector issued an order on October 23, 2013 in the favour of BDTCL. Aggrieved by the order, Kusumben Jayantibhai Patel has challenged the order dated October 23, 2013 in the High Court. The matter is currently pending.

(xiv) 32 complaints have been filed against BDTCL before the District Collector, Aurangabad ("**District Collector**") demanding compensation for allegedly violating the right of way by constructing high tension power transmission lines over their agricultural land without obtaining the requisite permissions. Preliminary objections on jurisdiction have been filed before the District Collector, and are pending adjudication. The matters are currently pending.

(xv) Sharp Corporation Limited (the "**Petitioner**") filed a writ petition dated March 24, 2014 (the "**Petition**") before the High Court of Madhya Pradesh, Indore Bench (the "**High Court**") against PGCIL, the District Magistrate, BDTCL and others (the "**Respondents**") to restrain the Respondents from starting and/or continuing the construction over the Petitioner's land. Subsequently, BDTCL filed a reply to the Petition. A rejoinder has been filed by the Petitioner on May 12, 2014. The matter is currently pending.

II. Litigation involving the Associates of IndiGrid

A. ENICL

Regulatory matters

(i) One indirect tax matter involving ENICL is pending before the Patna High Court in relation to the demand for payment of Bihar Value Added Tax ("**Bihar VAT**") in Fiscals 2012 and 2011 filed by the Assessing Officer which was allegedly incurred by ENICL during the course of its business. ENICL filed a writ petition before the High Court against the order of the Assessing Officer contesting the payment of Bihar VAT and penalty imposed, which was subsequently dismissed. The aggregate amount involved in the matter is ₹ 890.00 million. The matter is currently pending.

(ii) ENICL filed a petition before the CERC dated July 7, 2011 seeking an increase in transmission charges and additional time due to change in geographical co-ordinates and additional expenditure in relation to the two transmission lines of ENICL (the "**Project**"). The CERC by its orders dated May 8, 2013 and July 31, 2013 disposed off the said petition and held that ENICL was entitled to claim transmission charges on a pro rata basis for the expenditure incurred, and additional time for execution of the additional scope of work. ENICL filed a petition under Section 61, 63 and 79 of the Electricity Act, read with the statutory framework for competitive bidding for transmission service for an increase in tariff to compensate the Petitioner and offset the adverse impact on capital cost. The Project has been delayed due to force majeure events, including delay in receiving forest clearance, natural calamities, riots and bandhs. ENICL prayed for reimbursement of additional capital expenditure, grant of extension in the scheduled commercial operation date and establishment of appropriate mechanism to offset transmission charges The CERC, by its order dated August 24, 2016 permitted the extension of the scheduled commercial operation date for the Project and held that ENICL is entitled to payment of debt services for the period of force majeure in the form of increase in non-escalable transmission charges in terms of the TSA. Subsequently, ENICL filed a petition before the CERC praying for relief including approving the quantification of increase of 8.54% per annum in the non- escalable transmission charges and restoring ENICL to the same economic condition prior to the occurrence of the change in law and force majeure events. The matter is currently pending.

Other matters

(i) Santosh Tarafdar (the "**Petitioner**") filed a money suit against ENICL demanding compensation of ₹ 0.98 million before the Civil Judge, Kokrajhar ("**Judge**") for the damage caused to his land due to the construction of transmission towers. The Petitioner filed an application against the order dated November 13, 2015 (the "**Order**") whereby the Judge rejected the applications filed by the Petitioner. ENICL filed an appeal against the Order. The Guwahati High Court granted a stay. The matter is currently pending.

(ii) Shiv Kumar Sharma and Ram Rani Devi (the "**Applicants**") filed an application for compensation against ENICL, Bajaj Electricals, Ministry of Power, Government of India, and the Bihar Electricity Board before the District Judge, Madhupura in compliance with the order dated January 21, 2013 (the "**Order**") of Patna High Court, Patna (the "**High Court**"). The High Court, by its order, directed the Applicants to approach the appropriate authority for claiming compensation. The Applicant has prayed for compensation of ₹ 13.2 million for damage caused while constructing the transmission line. The matter is currently pending.

(iii) Ambika Agarwal (the "**Petitioner**") filed a title suit before the Civil Judge, Junior Division, Jalpaiguri (the "**Civil Judge**") praying for an order restraining ENICL from carrying out any work on her property. ENICL filed an application (the "**Application**") before the Civil Judge, which was rejected. Aggrieved, ENICL filed an appeal before the Additional District Judge, 1st Court, Jalpaiguri. The matter is currently pending.

B. NTL

Civil matters

(i) Various persons (the "**Petitioners**") have filed petitions against NTL before the Civil Judge, Senior Division, Gurdaspur (Punjab) and one petition before the Civil Judge, Junior Division, Dasuya, Punjab alleging violation of right of way. One suit has been dismissed on December 12, 2015. In relation to the other suits, applications for grant of stay have been dismissed. These matters are currently pending.

(ii) Various persons (the "**Petitioners**") have filed 4 petitions against NTL before the High Court, Jammu (the "**High Court**"), of which one has been disposed off. In relation to two petitions, the High Court has ordered that the land in dispute should not be used without adopting the due course of law and affording the Petitioners an opportunity of being heard. Appearance has been made on behalf of NTL. The matter has been adjourned and is currently pending. In respect of one petition, the High Court has disposed off the Miscellaneous Application with the direction that the installation of the tower shall be in accordance with the law.

(iii) Mst Azi filed a petition against the State and others praying that the original survey should not be changed in relation to the Samba-Amargarh section. NTL has already given notice to concerned local authorities. The matter is currently pending.

Regulatory matters

(i) NTL filed a petition dated June 22, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 before the CERC seeking payment of monthly transmission charges for the period starting from April 7, 2016 under the NTL TSA and in accordance with the order dated July 15, 2015 issued by the Ministry of Power, Government of India entitled "Policy for Incentivizing Early Commissioning of Transmission Projects" under which NTL has prayed that it is entitled to the payment of monthly transmission charges from the actual date of commercial operation, April 7, 2016, which is in advance of the scheduled commercial operation date of June 3, 2017. The matter is currently pending.

C. RTCL

Regulatory matters

(i) RTCL filed a petition dated March 11, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 before the CERC seeking payment of monthly transmission charges for the period starting from December 26, 2015 under the RTCL TSAs and the revenue sharing agreement and the order dated July 15, 2015 issued by the Ministry of Power, Government of India entitled "Policy for Incentivizing Early Commissioning of Transmission Projects" under which the RTCL has prayed that it is entitled to the payment of monthly transmission charges from the actual date of commercial operation, December 26, 2015, which is in advance of the scheduled commercial operation date of February 2016. The matter is currently pending.

D. PKTCL

Regulatory matters

(i) One indirect tax matter involving PKTCL is pending before the Chairman, Commercial Tax Tribunal, Ranchi, Jharkhand. The Assessing Officer imposed tax and levied penalty on PKTCL for Fiscal 2016 alleging that the material imported by PKTCL in Jharkhand is for sale and hence VAT should be paid. PKTCL filed an appeal before the Joint Commissioner (Appeal), Ranchi, and the said appeal was rejected. Aggrieved, PKTCL Filed a revision petition before the Chairman, Commercial Tax Tribunal, Jharkhand. Subsequently, stay was granted in the matter. The aggregate amount involved in the matter is ₹ 104.30 million, of which an amount of ` 26.10 million has been paid. The matter is currently pending.

(ii) PKTCL filed a petition dated July 7, 2016 before the CERC under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 seeking compensatory and declaratory reliefs under the PKTCL TSA on account of force majeure and change in law including the delay in application for forest diversion proposal, shifting of termination point of Purulia substation, delay in grant of forest clearance, law and order issues, which adversely affected and subsequently, delayed the construction of 2 transmission lines (the "**Project**"). The matter is currently pending.

E. SPTL

*Pursuant to the Scheme of Arrangement between STL, SPTL and their respective shareholders and creditors ("**Scheme**") effective from May 23, 2016 subsequent to which the power products and transmission grid business of STL were demerged, the case by or against STL have been transferred to SPTL.*

Regulatory matters

(i) The excise department, Mumbai (the "**Department**") raised a demand amounting to ₹130 million (the "**Demand**") pertaining to excise duty levied on goods of SPTL (the "**Goods**"). The Goods were removed from taxation by SPTL on the assumption that the project ("**Project**") qualified for an exemption under the JBIC funded project (the "**Removal**"). Pursuant to the Removal, the Department withdrew the exemption certificate directing that the Project did not qualify for any exemption, thereby raising the Demand (the "**Order**"). Pursuant to the Order, SPTL appeal before the Custom Excise and Service Tax Appellate Tribunal, Mumbai ("**CESTAT Mumbai**") and Custom Excise and Service Tax Appellate Tribunal, Ahmedabad (the "**CESTATS**"). While the orders of CESTATs were in favour of SPTL, CESTAT Mumbai passed an order dated March 29, 2011 (collectively, the "**CESTAT Orders**") directing the Department to re-quantify the demand that is within limitation. The Department preferred appeals against the CESTAT Orders before the High Court of Bombay. The matter is current pending.

(ii) Feeders Lloyd Corporation Limited ("**FLCL**") filed a petition (the "**Petition**") before the arbitral tribunal (the "**Tribunal**") against SPTL for recovery of excise duty charged by SPTL amounting to ₹ 18.70 million and ₹ 5.65 million respectively, central sales tax amounting to ₹ 243.41 million and tax deducted at source amounting to ₹ 8.16 million ("**Claims**"). FLCL through the Petition asked for a refund of the Claims which was borne by them on behalf of SPTL. The Tribunal passed an order (the "**Order**") dismissing the Petition. SPTL has filed certain caveat applications against the potential appeal made by FLCL against the Order. The matter is currently pending.

(iii) SPTL issued a legal notice dated May 23, 2013 (the "**Notice**") in favour of Aster Private Limited ("**Aster**") for illegal termination of contract which was entered between Aster and SPTL for purchase of aluminum with respect to the PHCN Nigeria project (the "**Termination**"). SPTL through the Notice, filed for claims amounting to a total of ₹ 42.80 million which was the total loss borne by SPTL owing to the Termination. Pursuant to the Notice, an arbitration application was filed by STL before the High Court of Andhra Pradesh. The matter is currently pending.

F. Litigation involving the Sponsor and Project Manager

Nil

G. Litigation involving the Associates of the Sponsor and Project Manager

Please see the section entitled "-*Litigation involving the Associates of the IndiGrid*" above.

H. Litigation involving the Investment Manager

Nil

I. Litigation involving the Associates of the Investment Manager

Please see the section entitled "-*Litigation involving the Associates of the IndiGrid*" above.

J. Litigation involving the Trustee

(i) Various lenders have filed 21 recovery suits and various miscellaneous petitions thereto before the Debt Recovery Tribunals and the Debt Recovery Appellate Tribunals against the borrowers and debenture issuing companies including the Trustee (acting as a debenture trustee/security trustee), in its capacity as a proforma defendant. In respect thereof, liquidators have been appointed for 3 borrower companies. These matters are currently pending.

(ii) Dhanlakshmi Bank Limited has filed a declaratory and injunction suit before the City Civil Court, Bombay against Core Education and Technologies Limited and the Trustee has been named as a defendant along with other lenders. The matter is currently pending.

(iii) Arshiya Limited has filed a suit before the City Civil Court, Mumbai against Kotak Mahindra Bank and the Trustee ("**Defendants**") under Section 9 of the Code of Civil Procedure, 1908 to restrain the Defendants from enforcing a pledge. The matter is currently pending.

(iv) Jitender Das Magnati HUF/ Jitender Das Magnati ("**Pledgor**") have filed a suit before the Principal District Judge, Vishakapatnam, against the Trustee and Axis Bank Limited to prevent the enforcement and invocation of pledged shares of Sevenhills Healthcare Private Limited. The matter is currently pending.

(v) Sevenhills Healthcare Private Limited has filed an interim application before the Additional Senior Civil Judge, Vishakapatnam against the Trustee for a permanent injunction to, *inter alia*, restrain the Trustee from enforcing the secured assets. The matter is currently pending.

(vi) Torrent Pharmaceuticals Limited has filed an intervention application before the Debt Recovery Appellate Tribunal, New Delhi and the Debt Recovery Tribunal, Kolkatta to intervene in recovery proceedings filed by Axis Bank Limited. The Trustee is named as a proforma defendant in its capacity to the original application.

(vii) The Trustee had filed an appeal in the Bombay High Court against the ex-parte order obtained by Elder Pharmaceuticals Limited for default in payment related to debentures issued by the Trustee. A provisional liquidator has been appointed. The matter is currently pending.

(viii) The Trustee, acting on the instructions of the lenders, has also filed an intervention application in the Bombay High Court for the property mortgaged for a secured debenture issue, which is currently under dispute. The matter has not been listed as on date.

(ix) The Trustee, acting on the instructions of the lender, has filed an impleadment petition before the High Court of Judicature at Hyderabad, against the original writ petition filed by Gowthaminagar Plot Owner's Association questioning the title of property mortgaged by the borrower company in favour of the Trustee. The matter is has not been listed on date.

(x) The Trustee, on behalf of certain debenture holders, has filed 2 complaints before the Additional Chief Magistrate, Bhoiwada, Mumbai under sections 138 and 142 of the Negotiable Instruments Act, 1882 for default by the borrowers of debentures. The matters are currently pending.

(xi) Rajiv Mehta and Vishwanath Tribewala have filed an intervention application in the recovery suit filed by Axis Bank Limited against Elder Pharmaceuticals Limited. The Trustee has been added as a proforma defendant in its capacity as a debenture trustee.

SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by the Parties to the InvIT or the Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified Securities Contract (Regulation) (Stock Exchanges and clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The InvIT Regulations provide for delisting of units from the Stock Exchanges.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. 1ST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

RIGHTS OF UNITHOLDERS

The rights and interests of Unitholders are contained in this Draft Offer Document and the InvIT Regulations. Under the Trust Deed and the Investment Management Agreement, these rights and interests are safeguarded by the Trustee and the Investment Manager. Any rights and interests of Unitholders as specified in the Draft Offer Document would be deemed to be amended to the extent of any amendment to the InvIT Regulations.

Beneficial Interest

Each Unit represents an undivided beneficial interest in IndiGrid. A Unitholder has no equitable or proprietary interest in the InvIT Assets of IndiGrid and is not entitled to transfer of the InvIT Assets (or any part thereof) or any interest in the InvIT Assets (or any part thereof) of IndiGrid. A Unitholder's right is limited to the right to require due administration of IndiGrid in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Ranking

No Unitholder of the IndiGrid shall enjoy superior voting or any other rights over another Unitholder. Further, there shall not be multiple classes of Units of IndiGrid. However, IndiGrid may issue subordinate units of IndiGrid only to the Sponsor and its associates, which will be disclosed in the Offer Document, where such subordinate units shall carry only inferior voting or any other rights compared to other Units.

Redressal of grievances

The Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager. The Stakeholders' Relationship Committee of the Investment Manager shall monitor the status of complaints and their redressal. For details, please see the section entitled "*Corporate Governance*" on page 110.

Distribution

The Unitholders shall have the right to receive distribution in accordance with the InvIT Regulations and in the manner set forth in this Draft Offer Document. For details, please see the section entitled "*Distribution*" on page 177.

Meeting of Unitholders

Meetings of Unitholders will be conducted in accordance with the InvIT Regulations.

Passing of resolutions

1. With respect to any matter requiring approval of the Unitholders:
   (i) a resolution shall be considered as passed when the votes cast by Unitholders, so entitled and voting, in favour of the resolution exceed a certain percentage as specified in the InvIT Regulations, of votes cast against;
   (ii) the voting may be done by postal ballot or electronic mode;
   (iii) a notice of not less than 21 days shall be provided to the Unitholders;
   (iv) voting by any Unitholder (including, the Sponsor in its capacity as a Unitholder), who is a related party in such transaction, as well as associates of such Unitholder(s) shall not be considered on the specific issue;
   (v) the Investment Manager shall be responsible for all the activities pertaining to conducting of meeting of the Unitholder, subject to overseeing by the Trustee.

   Provided that for issues pertaining to the Investment Manager, including a change in Investment Manager, removal of Investment Manager or change in control of Investment Manager; the Trustee shall convene and handle all activities pertaining to conduct of the meetings. Provided further that, for issues pertaining to the Trustee, including change in Trustee, the Trustee shall not be involved in any manner in the conduct of the meeting.

2. Further, with respect to IndiGrid:

(i) an annual meeting of all Unitholders shall be held not less than once a year within 120 days from the end of each financial year and the time between two meetings shall not exceed 15 months;
(ii) with respect to the annual meeting of Unitholders,

(a) any information that is required to be disclosed to the Unitholders and any issue that, in the ordinary course of business, may require approval of the Unitholders may be taken up in the meeting including:
- latest annual accounts and performance of IndiGrid;
- approval of auditor and fee of such auditor, as may be required;
- latest valuation reports;
- appointment of valuer, as may be required;
- any other issue;

(b) for any issue taken up in such meetings which require approval from the unit holders other than as specified in Regulation 22(6) of the InvIT Regulations, votes cast in favour of the resolution shall be more than the votes cast against the resolution.

3. In case of the following, approval from Unitholders shall be required where votes cast in favour of the resolution shall be more than the votes cast against the resolution:

(i) any approval from Unitholders required in terms of Regulation 18 (*Investment conditions and dividend policy),* Regulation 19 (*Related party transactions)* and Regulation 21 *(Valuation of assets*) of the InvIT Regulations;
(ii) any transaction, other than any borrowing, the value of which is equal to or greater than 25% of the assets of IndiGrid;
(iii) any borrowing in excess of specified limit as required under Regulation 20(2) of the InvIT Regulations;
(iv) any issue of Units after initial public offer by IndiGrid, in whatever form, other than any issue of Units which may be considered by SEBI, under Regulation 22(5) of the InvIT Regulations;
(v) increasing period for compliance with investment conditions to one year in accordance with Regulation 18(5)(c) of the InvIT Regulations;
(vi) any issue, in the ordinary course of business, which in the opinion of the Sponsor or Trustee or Investment Manager, is material and requires approval of the Unitholders, if any;
(vii) any issue for which SEBI or the designated stock exchanges requires approval.

4. In case of the following, approval from Unitholders shall be required where votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution, provided that in case of clause (iv) below, if approval is not obtained, the person shall provide an exit option to the Unitholder(s) to the extent and in the manner specified by SEBI:

(i) any change in the Investment Manager, including removal of the Investment Manager or change in control of the Investment Manager;
(ii) any material change in investment strategy or any change in the management fee of IndiGrid;
(iii) the Sponsor or Investment Manager proposing to seek delisting of units of IndiGrid;
(iv) any issue, not in the ordinary course of business, which in the opinion of the Sponsor or Investment Manager or Trustee requires approval of the Unitholders;
(v) any issue for which SEBI or the designated stock exchanges requires approval;
(vi) any issue taken up on request of the Unitholders including:
(a) removal of the Investment Manager and appointment of another investment manager to IndiGrid;
(b) removal of the auditor and appointment of another auditor to IndiGrid;
(c) removal of the valuer and appointment of another valuer to IndiGrid;
(d) delisting of IndiGrid, if the Unitholders have sufficient reason to believe that such delisting would act in the interest of the Unitholders;
(e) any issue which the Unitholders have sufficient reason to believe that is detrimental to the interest of the Unitholders;
(f) change in the Trustee if the Unitholders have sufficient reason to believe that acts of such Trustee is detrimental to the interest of the Unitholders.

With respect to the right(s) of the Unitholders under clauses 4(vi) above:

(i) not less than 25% of the Unitholders by value, other than any party related to the transactions and its associates, shall apply, in writing, to the Trustee for the purpose;
(ii) on receipt of such application, the Trustee shall require, with the Investment Manager to place the issue for voting in the manner as specified in the InvIT Regulations;
(iii) with respect to clause 4(vi)(f) above, not less than 60% of the Unitholders by value shall apply, in writing, to the trustee for the purpose.

Information rights

The Investment Manager, on behalf of IndiGrid, shall also submit such information to the Stock Exchanges and Unitholders on a periodical basis as may be required under the InvIT Regulations and the Listing Agreement to be entered into with the Stock Exchanges in relation to the listing of Units. The Investment Manager (on behalf of IndiGrid) shall disclose to the stock exchanges, Unitholders and SEBI, all such information and in such manner as specified under the InvIT Regulations. The Investment Manager, on behalf of IndiGrid, shall also provide disclosures or reports specific to the sector or sub-sector in which IndiGrid has invested or proposes to invest, in the manner as may be specified by SEBI.

Buyback and Delisting of Units

Any buyback or delisting of Units, will be in accordance with the InvIT Regulations.

For additional details in relation to rights of Unitholders, please see the section entitles "*Parties to IndiGrid*" on page 81.

IndiGrid

DILUTION

Dilution is the amount by which the Issue Price exceeds the net asset value ("**NAV**") per Unit, immediately after the completion of this Issue (net of Issue expenses). NAV per Unit is determined by subtracting the total liabilities of IndiGrid from the total assets of IndiGrid and dividing by the number of Units issued and outstanding immediately before this Issue. The *pro forma* NAV before this Issue was approximately ₹[●] per Unit.

IndiGrid will issue up to [●] Units at an Issue Price of [●] for each Unit, resulting in a combined NAV of IndiGrid of approximately ₹ [●] million or ₹ [●] per Unit based on the total number of Units outstanding after the completion of this Issue. This represents an immediate dilution in combined NAV of approximately ₹ [●] per Unit to the Sponsor and an immediate dilution in combined NAV of approximately ₹ [●] per Unit to other Unitholders, subscribing in this Issue.

The following provides the per Unit dilution as on September 30, 2016:

Combined NAV per Unit before this Issue*	₹ [●]
Combined NAV per Unit after this Issue*	₹ [●]
Dilution in NAV per Unit to the Sponsor attributable to the Sponsor*	₹ [●]
Dilution in NAV per Unit to Unitholders (other than the Sponsor)*	₹ [●]
Dilution to Unitholders (other than the Sponsor) as a percentage of the Issue Price *	[●]%

**To be included in the Final Offer Document.*

ISSUE STRUCTURE

Initial Public Issue of up to [●] Units for cash at price of ₹ [●] per Unit aggregating up to ₹ 26,500 million by IndiGrid. This Issue is being made through the Book Building Process. This Issue shall constitute at least 25% of the total outstanding Units on a post-Issue basis.

Particulars	Institutional Investors[1]	Non Institutional Investors
Number of Units available for Allotment/allocation [2]	Not more than [●] Units	Not less than [●] Units
Percentage of Issue Size available for Allotment/allocation	Not more than 75% of the Issue size[1]	Not less than 25% of the Issue size
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate	Proportionate
Minimum Bid	Such number of Units that the Bid Amount exceeds ₹1,000,000 and in multiples of [●] Units thereafter	Such number of Units that the Bid Amount exceeds ₹ 1,000,000 and in multiples of [●] Units thereafter
Maximum Bid	Such number of Units (in multiples of [●] Units) not exceeding the size of this Issue, subject to applicable limits	Such number of Units (in multiples of [●] Units) not exceeding the size of this Issue, subject to applicable limits
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Bid Lot	[●] Units and in multiples of [●] Units thereafter	[●] Units and in multiples of [●] Units thereafter
Allotment Lot	[●] Units and in multiples of [●] Units thereafter	[●] Units and in multiples of [●] Units thereafter
Trading Lot	Such number of Units, the value of which is or exceeds ₹ 500,000	Such number of Units, the value of which is or exceeds ₹ 500,000
Who can apply[3]	(i) QIBs; or (ii) family trusts or systemically important non-banking financial companies registered with the Reserve Bank of India or intermediaries registered with SEBI, all with net-worth of more than ₹ 5,000 million, as per the last audited financial statements	Bidders other than Institutional Investors, eligible to apply in this Issue
Terms of Payment	Entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form (including for Anchor Investors)[4][5]	Entire Bid Amount shall be payable at the time of submission of the Bid cum Application Form.[4]

(1) *The Investment Manager, in consultation with the Lead Managers may allocate up to 60% of the Institutional Investor portion to Anchor Investors on a discretionary basis.*

(2) *Subject to valid Bids being received at or above the Issue Price. This Issue will be made through the Book Building Process wherein not more than 75% of this Issue will be available for allocation on a proportionate basis to Institutional Investors, provided that the Investment Manager, in consultation with the Lead Managers may allocate up to 60% of the Institutional Investor Portion to Anchor Investors on a discretionary basis.*

(3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Bidders are advised to consult their own advisors with respect to any restrictions or limitations that may be applicable to them, including any restrictions or limitations in relation to their ability to invest in the Units. By making a Bid (including any revision thereof), the Bidder will be deemed to have represented to the Investment Manager, the Trustee, the Lead Managers and the Syndicate Members that it is eligible to participate in the Issue and be Allotted Units under applicable law.*

(4) *Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. The balance, if any, shall be paid within the pay-in date specified in the CAN.*

(5) *In case of ASBA Investors, the SCSBs shall be authorised to block such funds in the bank account of the Investor that are specified in the Bid cum Application Form.*

In case of under-subscription in any investor category, the unsubscribed portion in either the Institutional Investor portion or the Non Institutional Investor Portion may be Allotted to Applicants in the other category at the discretion of the Investment Manager in consultation with the Lead Managers.

Indicative Issue Timeline

Event	Indicative Date
Bid/Issue Opening Date	[●][1]
Bid/Issue Closing Date	[●][2]

Event	Indicative Date
Closing Date	On or about [●]
Designated Date	On or about [●]
Finalisation of the Basis of Allotment	On or about [●]
Initiation of refunds	On or about [●]
Listing Date	On or about [●]

(1) The Investment Manager may, in consultation with the Lead Managers, consider participation by Anchor Investors in accordance with the InvIT Regulations and SEBI Guidelines. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

(2) The Investment Manager may in consultation with the Lead Managers, consider closing the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date in accordance with the SEBI Guidelines.

The above timetable is indicative and does not constitute any obligation or liability on IndiGrid, the Investment Manager, the Trustee or the Lead Managers.

While the Investment Manager shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Units on the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, including any extension of the Bid/Issue Period by the Investment Manager due to any revision(s) of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Units will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

Except in relation to the Bids received from the Anchor Investors and Strategic Investors, Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period (except the Bid/Issue Closing Date) at the Bidding Centres and the Designated Branches mentioned on the Bid cum Application Form. Investors are not allowed to withdraw or lower their Bid (in terms of number of Units or the Bid Amount) at any stage. It is clarified that Bids not uploaded on the electronic bidding system would be rejected. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, Investors are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. IST on the Bid/Issue Closing Date. Any time mentioned in this Draft Offer Document is IST. Investors are cautioned that, in the event a large number of Bids are received on the Bid/Issue Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days i.e. Monday to Friday (excluding any public holiday). None among IndiGrid, the Investment Manager, the Trustee or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

In case of any discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Investor, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

The Investment Manager in consultation with the Lead Managers, reserve the right to revise the Price Band during the Bid/Issue Period. In case the Price Band is revised, the Issue Period shall be extended for a minimum period of one Working Day, subject to the total Bid/Issue Period not exceeding 30 days. The revised Price Band and Issue Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and also by indicating the change on the websites of IndiGrid, the Lead Managers, the Sponsor, the Investment Manager and the Stock Exchanges and at the terminals of the members of the Syndicate. In accordance with the InvIT Regulations and the SEBI Guidelines, the Price Band cannot be revised more than two times during the Bid/ Issue Period.

ISSUE INFORMATION

Below is a summary, intended to provide a general outline of procedures for bidding, application, payment, Allocation and Allotment of Units to be issued pursuant to the Issue. The procedure followed in this Issue may differ from other issues, and investors are presumed to have apprised themselves of the same from the Investment Manager or the Lead Managers.

Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to the Trustee, the Investment Manager, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Units. Bidders are also advised to make their independent investigations submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Units that can be held by them under applicable law or as specified herein. The Investment Manager, the Trustee, the Lead Managers, the Syndicate Members, if any, and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Units. The Investment Manager, the Trustee, the Lead Managers and Syndicate Members, if any, do not accept any responsibility for the completeness and accuracy of the information stated in this chapter and are not liable for any amendment, modification or change in the applicable law which may occur after the date hereof.

Authority for the Issue

IndiGrid is eligible for the Issue in accordance with Regulation 14(4) of the InvIT Regulations. The Issue was authorised and approved by the board of directors of the Trustee and the board of directors of the Investment Manager on [●] and [●], respectively.

The Investment Manager has applied for the in-principle approval of the BSE and the NSE for the listing of the Units on the BSE and the NSE. The Investment Manager has filed a copy of this Draft Offer Document and will file a copy of the Offer Document and Final Offer Document with SEBI and the Stock Exchanges.

The Units have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

This section applies to all Bidders. All Bidders other than Anchor Investors (including Strategic Investors) shall mandatorily participate in the Issue through the ASBA process. Bidders applying in this Issue should carefully read the provisions applicable to them before submitting a Bid through the ASBA process. All Investors are required to pay the full Bid Amount at the time of Bidding, by way instructing the relevant SCSB to block the full Bid Amount at the time of Bidding, or by making payment by electronic method, by Anchor Investors.

By making a Bid (including any revision thereof), the Bidder will be deemed to have represented to the Investment Manager, the Trustee, the Lead Managers and the Syndicate Members that it is eligible to participate in the Issue and be Allotted Units under applicable law. Bidders are also advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Units that can be held by them under applicable law or as specified herein.

Book Building Procedure

This Issue is being made through the Book Building Process, wherein not more than 75% of the Issue shall be available for allocation to Institutional Investors on a proportionate basis, provided that the Investment Manager may, in consultation with the Lead Managers, allocate upto 60% of the Institutional Investor Portion to Anchor Investors on a discretionary basis, in accordance with the InvIT Regulations and the SEBI Guidelines. Strategic Investors may participate in the Issue under the Anchor Investor Portion. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Investors, subject to valid Bids being received at or above the Issue Price. In case of under-subscription in any category, the unsubscribed portion in any category may be Allotted to Bidders in the other category at the discretion of the Investment Manager, in consultation with the Lead Managers and the Designated Stock Exchange.

Bidders do not have the right to withdraw or lower their Bid (in terms of number of Units or the Bid Amount) at any stage.

Bidders should note that Allotment to successful Bidders will be only in the dematerialized form. Bid cum Application Forms which do not have the details of the Bidders' depository accounts including DP ID, PAN and Client ID will be treated as incomplete and rejected. Bidders will not have the option of receiving Allotment in physical form. On Allotment, the Units will be traded only on the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Copies of the Bid cum Application Form and the abridged offer document will be available at the offices of the Lead Managers, the Syndicate Members, if any, the principal place of business of IndiGrid and the Designated Intermediaries at the Bidding Centres. An electronic copy of the Bid cum Application Form will also be available on the websites of the SCSBs, the NSE (www.nseindia.com) and the BSE (www.bseindia.com). The Anchor Investor Application Forms will be made available at the principal place of business of the IndiGrid and the registered office of the Investment Manager and the Lead Managers.
Bidders should use only the specified Bid cum Application Form bearing the stamp of a Designated Intermediary submitted at Bidding Centres (except in case of electronic Bid cum Application Forms), for the purpose of making a Bid in terms of the Offer Document. Bid cum Application Forms not being such specified stamp are liable to be rejected. Before being issued to Bidders, the Bid cum Application Form will be serially numbered.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Issue only through the ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process. Bidders (other than Anchor Investors) must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and Bid cum Application Forms that do not contain such details will be rejected.

The Bid cum Application Form will contain information about the Bidder and the price and number of Units that the Bidder wishes to Bid for. Bidders will have the option to make a maximum of three Bids in the Bid cum Application Form and such options will not be considered multiple Bids.

On filing of the Final Offer Document with SEBI and the Stock Exchanges, the Bid cum Application Form will be treated as a valid application form for Allotment of the Units. On submission of the completed Bid cum Application Form to a Designated Intermediary or the Lead Manager (in case of Anchor Investors), the Bidder is deemed to have authorized the Investment Manager to make the necessary changes in the Offer Document as may be required under the InvIT Regulations, the SEBI Guidelines and other applicable laws, for filing the Final Offer Document with SEBI and the Stock Exchanges without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form including Bid cum Application Form*
Resident Indians	[●]
Non-Residents including Eligible NRIs and FPIs and multilateral and bilateral development financial institutions, excluding Anchor Investors	[●]
Anchor Investors*	[●]

**Bid cum Application Forms for Anchor Investors will be made available at the principal place of business of the IndiGrid and the registered office of the Investment Manager and the Lead Managers.*

Designated Intermediaries shall submit/deliver the Bid cum Application Forms of Bidders (other than Anchor Investors) to the respective SCSBs where the Bidders has a bank account and shall not submit it to any non-SCSB Bank or Escrow Collection Bank.

Who can Bid?

Each Bidder should check if it is eligible to apply under applicable laws. Furthermore, certain categories of Bidders may not be allowed to Bid in the Issue or hold Units in excess of the limits specified under applicable law. Each Bidder (other than Anchor Investor) is required to Bid for a Minimum Bid Size of ₹ 1 million.

The Parties to IndiGrid and the Lead Managers are not liable for any amendment or modification or change to applicable laws, which may occur after the date of this Draft Offer Document. Investors are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Units that can be held by them under applicable law.

The Trustee and the Valuer and the employees of the Valuer who were involved in the valuation of the InvIT Assets are not permitted to Bid in this Issue.

The Units have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Units are only being offered and sold (i) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Offer Document as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Offer Document as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Units have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the Securities Act.

Units Offered and Sold within the United States

Each purchaser that is acquiring the Units offered pursuant to this Issue within the United States, by its acceptance of this Draft Offer Document and of the Units, will be deemed to have acknowledged, represented to and agreed with IndiGrid and the Lead Managers that it has received a copy of this Draft Offer Document and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Units offered pursuant to this Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Units offered pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Units for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion;

(4) the purchaser is not an affiliate of IndiGrid or a person acting on behalf of an affiliate;

(5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Units, or any economic interest therein, such Units or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until IndiGrid determines, in its sole discretion, to remove them;

(6) the Units are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Units;

(7) the purchaser will not deposit or cause to be deposited such Units into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Units are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(8) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the Units;

(9) the purchaser understands that such Units (to the extent they are in certificated form), unless IndiGrid determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE UNITS REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(10) IndiGrid will not recognize any offer, sale, pledge or other transfer of such Units made other than in compliance with the above-stated restrictions; and

(11) the purchaser acknowledges that IndiGrid, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Units are no longer accurate, it will promptly notify IndiGrid, and if it is acquiring any of such Units as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Units Issued and Sold in this Issue

Each purchaser that is acquiring the Units offered pursuant to this Issue outside the United States, by its acceptance of this Draft Offer Document and of the Units offered pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with IndiGrid and the Lead Managers that it has received a copy of this Draft Offer Document and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Units offered pursuant to this Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Units offered pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser is purchasing the Units offered pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Units offered pursuant to this Issue, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Units was originated and continues to be located outside the United States and has not purchased such Units for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of such Units or any economic interest therein to any person in the United States;

(5) the purchaser is not an affiliate of the IndiGrid or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Units, or any economic interest therein, such Units or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its

behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until IndiGrid determines, in its sole discretion, to remove them;

(7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the Units;

(8) the purchaser understands that such Units (to the extent they are in certificated form), unless IndiGrid determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE UNITS REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(9) IndiGrid will not recognize any offer, sale, pledge or other transfer of such Units made other than in compliance with the above-stated restrictions; and

(10) the purchaser acknowledges that IndiGrid, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Units are no longer accurate, it will promptly notify IndiGrid, and if it is acquiring any of such Units as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each EEA State that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any Units may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
(b) to fewer than 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the Underwriters; or
(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Units shall result in a requirement for IndiGrid or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Units under, the offers contemplated in this Draft Offer Document will be deemed to have represented, warranted and agreed to with the Underwriter and IndiGrid that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of to the public" in relation to any of the Units in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Units to be offered so as to enable an investor to decide to purchase or subscribe for the Units, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Units acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Units acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Units to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Units which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the

Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

IndiGrid, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Participation by Associates and affiliates of the Lead Managers and Syndicate Members

The Lead Managers and the Syndicate Members are not entitled to Bid for Units in this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Lead Managers and Syndicate Members may Bid for Units in the Issue, either in the Institutional Investor Portion (excluding the Anchor Investor Portion) or in the Non Institutional Investor Portion, where allocation will be on a proportionate basis, either on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs shall be treated equally for the purpose of allocation to be made on a proportionate basis. Neither the Lead Managers nor any persons related to the Lead Managers (other than mutual funds, pension funds and insurance companies sponsored by entities related to the Lead Managers, subject to applicable law) can apply in the Issue under the Anchor Investor Portion.

Bids by Eligible NRIs

Eligible NRIs are permitted to participate in the Issue subject to compliance with the applicable restrictions and conditions which may be prescribed by the Government from time to time. The RBI had by its notification no. FEMA.355/2015-RB dated November 16, 2015, made certain amendments to the FEMA Regulations, thereby permitting investment by NRIs in units of infrastructure investment trusts in a manner (and subject to such terms and conditions) specified in Schedule 11 thereof.

(i) Only Bids accompanied by payment in freely convertible foreign exchange will be considered for Allotment.

(ii) Bids by Eligible NRIs applying on repatriation basis, should be made through Non-Resident External ("**NRE**") Accounts or Foreign Currency Non-Resident ("**FCNR**") Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Bids will not be accepted out of NRO Account of Eligible NRI bidding on a repatriation basis. Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form for Non-Residents ([•] in colour).

(iii) In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments may be made out of an NRO Account. Eligible NRIs Bidding on non-repatriation basis are advised to use the bid cum application form meant for Non–Residents [●] in color.

Bids by FPIs

Foreign Portfolio Investors are permitted to participate in the Issue subject to compliance with Schedule 11 of FEMA 20. In terms of the SEBI FPI Regulations, any FII who holds a valid certificate of registration shall be deemed to be an FPI, till the expiry of the block of three years for which fee have been paid as per the SEBI FII Regulations. Further, through its circular dated March 15, 2016, the SEBI has permitted FPIs to invest in units of infrastructure investment trusts subject to compliance with such other terms and conditions as the SEBI may prescribe from time to time.

In case of Bids by FPIs the payment should be made out of funds held in a Special Rupee Account by an inward remittance through normal banking channels including debit to an NRE or FCNR account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account. In case of Bids made by FPIs, a verified true copy of the certificate of registration issued by the designated depository participant under the SEBI (FPI) Regulations is required to be attached along with the Bid cum Application Form, failing which, the Investment Manager, in consultation with the Lead Managers, reserves the right to reject the Bid without assigning any reasons thereof.

Bids by SCSBs

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by Anchor Investors

The Investment Manager, in consultation with the Lead Managers may allocate up to 60% of the Institutional Investor Portion on a discretionary basis to the Anchor Investors, in accordance with the InvIT Regulations and the SEBI Guidelines. The Institutional Investor Portion will be reduced in proportion to the allocation under the Anchor Investor Portion. Strategic Investors may apply under the Anchor Investor Portion. Only Institutional Investors (as defined under Regulation 106X of the ICDR Regulations) and Strategic Investors (as defined under Regulation 2(1)(zza) of the InvIT Regulations) are eligible to invest in the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Units will be added to the Institutional Investor Portion. In accordance with the InvIT Regulations and the SEBI Guidelines, the key terms for participation in the Anchor Investor Portion are provided below.

(i) Anchor Investors are not permitted to participate in the Issue through the ASBA process. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the principal place of business of IndiGrid, and the registered offices of the Investment Manager and the Lead Managers.

(ii) A Bid by an Anchor Investor must be for a minimum of such number of Units so that the Bid Amount is at least ₹ 100 million. Bids by Strategic Investors must together be for a minimum of such number of Units such that the Bid Amount is for at least 5% of the Issue size or such amount as may be specified by SEBI from time to time. A Bid cannot be submitted for more than 60% of the Institutional Investor Portion.

(iii) The Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date and Allocation to Anchor Investors will be completed on the same day.

(iv) The Investment Manager, in consultation with the Lead Managers, will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
   - two, where the allocation under Anchor Investor Portion is up to ₹ 2,500 million; and
   - five, where the allocation under Anchor Investor Portion is over ₹ 2,500 million.

(v) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Units allocated to Anchor Investors and the Anchor Investor Allocation Price, will be made available on the websites of the Stock Exchanges, the Sponsor, the Investment Manager and the Lead Managers, prior to the Bid/Issue Opening Date.

(vi) If the Issue Price is higher than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within two Working Days of the Bid/ Issue Closing Date. If the Issue Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price and the amount in excess of the Issue Price paid by Anchor Investors will not be refunded to them.

(vii) The Units Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment. However, the Units Allotted to the Strategic Investors will be locked in for a period of one year from the date of Allotment.

(viii) None of the Lead Managers or any person related to the Lead Managers (except mutual funds, insurance companies and pension funds sponsored by the Lead Managers or entities related to the Lead Managers, subject to applicable law) are permitted to participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the Lead Managers.

(ix) Bids made by Institutional Investors and Strategic Investors (where such Strategic Investors are Institutional Investors) Bidding under both the Anchor Investor Portion and the Institutional Investor Portion will not be considered as multiple Bids.

(x) The Investment Manager, in consultation with the Lead Managers, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons.

All Non-Resident Investors including Eligible NRIs and FPIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission.

There is no reservation for NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Anchor Investors cannot withdraw or lower the size of their Bids (in terms of number of Units or the Bid Amount) at any stage after submission of the Bid.

Bids by SEBI registered VCFs and AIFs

The VCF Regulations prescribe, amongst others, the investment restrictions on VCFs registered with SEBI. Further, the AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Further, VCFs which have not re-registered as an AIF under the AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the AIF Regulations. Additionally, VCFs and AIFs are subject to certain investment restrictions, including with respect to the percentage of investible funds held in each investee entity. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively.

Bids by Banking Companies

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which, the Bid(s) may be rejected.

Bids by LLPs

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, the Bid(s) may be rejected.

Bids by Provident Funds/Pension Funds

On March 2, 2015 the Ministry of Finance issued a notification allowing investments by non-government provident funds, super-annuation funds and gratuity funds up to 5% in infrastructure investment trusts, as specified. On May 29, 2015, the Ministry of Labour and Employment issued a notification allowing investments by provident funds up to 5% in infrastructure investment trusts, as specified. The Pension Fund Regulatory and Development Authority issued circulars dated June 3, 2015 and September 2, 2015, respectively, allowing investments by national pension funds up to 5% in infrastructure investment trusts, as specified. However such investments by provident funds and pension funds will be subject to, amongst others, the sponsor having a minimum of AA or equivalent rating from at least two credit rating agencies registered with SEBI. In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, the Bid(s) may be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs (including FIIs), insurance companies, mutual funds, AIFs, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Investment Manager, in consultation with the Lead Managers, reserves the right to reject any Bid, in either case, without assigning any reason thereof.

The Investment Manager, in consultation with the Lead Managers, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

The above information is given for the benefit of the Bidders. Each Bidder should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Issue is in compliance with the investment restrictions under applicable law. Certain categories of Bidders may not be allowed to Bid in the Issue or hold Units exceeding certain limits specified under applicable law.

IndiGrid, the Investment Manager, the Trustee or the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date hereof. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Units that can be held by them under applicable law or regulation or as specified herein.

Maximum and Minimum Bid Size

(i) Each Bidder (other than Anchor Investor) is required to Bid for a Minimum Bid Size of ₹ 1 million.
(ii) No Bidder shall Bid for such number of Units which exceeds the Issue size.
(iii) The maximum Bid by any Bidder including Institutional Investors should not exceed the investment limits prescribed for them under the applicable law.
(iv)

The price and quantity options submitted by a Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the highest number of Units Bid for by a Bidder at or above the Issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid.

Information for the Bidders:

(i) The Offer Document will be filed by the Investment Manager with SEBI and the Stock Exchanges at least five Working Days before the Bid/Issue Opening Date.
(ii) After the filing of the Offer Document with SEBI and the Stock Exchanges, the Lead Managers/ Investment Manager shall make a pre-Issue advertisement on the websites of IndiGrid, the Sponsor, the Investment Manager and the Stock Exchanges. Further, such pre-Issue will also be published in all editions of Economic Times (a widely circulated English national daily newspaper) and in all editions of Navbharat Times (a widely circulated Hindi national daily newspaper with wide circulation in New Delhi).
(iii) Any Bidder (who is eligible to invest in the Units) may obtain the Abridged Offer Document or the Bid cum Application Form or both from the principal place of business, and the registered offices of the Investment Manager or with any Designated Intermediary at the Bidding Centres. Anchor Investor Application Forms will be made available at the principal place of business of the IndiGrid and the registered office of the Investment Manager and the Lead Managers.
(iv) The Bid/Issue Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bid/Issue Period shall be extended for a minimum period of one Working Day, subject to the total Bid/Issue Period not exceeding 30 Working Days. The revised Price Band and Bid/Issue Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and also by indicating the change on the websites of IndiGrid, the Lead Managers, the Sponsor, the Investment Manager and the Stock Exchanges and at the terminals of the members of the Syndicate. In accordance with the InvIT Regulations and the SEBI Guidelines, the Price Band cannot be revised more than two times.
(v) The Designated Intermediaries will accept Bids during the Bid/Issue Period in accordance with the terms of the Offer Document, provided that the Lead Managers will accept the Bids from Anchor Investors only on the Anchor Investor Bidding Date.
(vi) The Bids should be submitted on the prescribed Bid cum Application Form only. Bids by ASBA Bidders will be accepted by the Designated Intermediaries at the Bidding Centres in accordance with applicable law and any circulars issued by SEBI in this regard. Bid cum Application Forms should bear the stamp of a Designated Intermediary. Bid cum Application Forms (except electronic Bid cum Application Forms) which do not bear the stamp of a Designated Intermediary are liable to be rejected.
(vii) The Bidding Centres will acknowledge the receipt of the Bid cum Application Forms by stamping and returning to the Investor the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Instructions for completing the Bid Cum Application Form

Bidders may note that Bid cum Application Forms not filled completely or correctly as per instructions provided in the Offer Document and the Bid cum Application Form are liable to be rejected.
Bids must be:

(i) made only in the prescribed Bid cum Application Form or Revision Form, as applicable;
(ii) completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here and in the Bid cum Application Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders must provide details of valid and active DP ID, Client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended shall not be considered for Allotment. Bidders should note that the members of the Syndicate and/or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms; and
(iii) in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).

Bidders should also note that:

(i) information provided by Bidders will be uploaded in the online system by the Designated Intermediaries and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible;
(ii) only the First Bidder is required to sign the Bid cum Application Form. Bidders should ensure that that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
(iii) if the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form should also be signed by the account holder as provided in the Bid cum Application Form.

General Instructions

Dos:

(i) Check if you are eligible to apply as per the terms of the Offer Document and under Applicable Laws and approvals;
(ii) Ensure that you have Bid within the Price Band;
(iii) Read all the instructions carefully and complete the relevant Bid cum Application Form;
(iv) Ensure that the details about the PAN, DP ID and Client ID are correct, and the Beneficiary Account is activated, as Allotment of Units will be in dematerialized form only;
(v) Ensure that the Bids are submitted at the Bidding Centres only on the Bid cum Application Forms bearing the stamp of a Designated Intermediary;
(vi) Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form (other than in the case of Anchor Investors).
(vii) Ensure that your Bid is submitted at a Bidding Centre of a Designated Intermediary. Further, ensure that the Bid cum Application Form is signed by the ASBA Account holder if the Bidder is not the ASBA Account holder;
(viii) Ensure that the full Bid Amount is paid for Bids and funds equivalent to the Bid Amount are blocked by the SCSBs;
(ix) Ensure that you have correctly checked the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid.
(x) Instruct your respective banks to not release the funds other than in relation to this Issue, blocked in the ASBA Accounts;
(xi) Ensure that you request for and have received a Acknowledgement Slip for all your Bid options;
(xii) Ensure that you receive an Acknowledgement Slip from the Designated Intermediary for the submission of your Bid cum Application Form;
(xiii) Submit revised Bids at the same Bidding Centre of a Designated Intermediary, through which the original Bid was placed and obtain a revised Acknowledgement Slip, as the case may be;
(xiv) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim,

who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for Bidders residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which the PAN is not mentioned will be rejected;

(xv) In cases where the PAN is same, such Bids will be treated as multiple applications. Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be "suspended for credit" and no credit of Units pursuant to the Issue will be made into the accounts of such Bidders.

(xvi) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;

(xvii) In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

(xviii) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant;

(xix) Ensure that the category and the Bidder status is indicated;

(xx) Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., relevant documents are submitted;

(xxi) Ensure that Bids submitted by any person outside India are in compliance with applicable foreign and Indian laws; and

(xxii) With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid.

Dont's:

(i) Do not Bid for lower than the Minimum Bid Size;

(ii) Do not submit a Bid without payment of the entire Bid Amount;

(iii) Do not Bid less than the Floor Price or higher than the Cap Price;

(iv) Do not Bid on another Bid cum Application Form after you have submitted a Bid;

(v) Do not pay the Bid Amount in cash, by money order or postal order or stockinvest and in relation to ABSA Bidders, in any other mode other than blocked amounts in the ASBA Accounts;

(vi) Do not send Bid cum Application Forms by post and only submit the same to a Designated Intermediary at a Bidding Centre;

(vii) Do not fill up the Bid cum Application Form such that the Units Bid for exceed, the Issue size or investment limits, or the maximum number of Units that can be held or the maximum amount permissible under applicable laws or under the terms of the Offer Document;

(viii) Do not submit more than five Bid cum Application Forms per ASBA Account;

(ix) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;

(x) Do not submit incorrect details of DP ID, Client ID and PAN or give details for which demat account is suspended or for which such details cannot be verified by the Registrar.

(xi) Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process, other than in relation to the Issue;

(xii) Do not submit the Bid for an amount more than funds available in your ASBA Account;

(xiii) Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidders;

(xiv) Do not submit a Bid in case you are not eligible to acquire Units under applicable law or your relevant constitutional documents or otherwise;

(xv) Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per demographic details provided by the Depository;

(xvi) Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Units or the Bid Amount) at any stage; and

(xvii) Do not submit your Bid after [●] on the Bid/Issue Closing Date.

Method and Process of Bidding

(i) The Investment Manager and the Lead Managers will declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Offer Document with SEBI and the Stock Exchanges.

(ii) Post filing of the Offer Document with SEBI and the Stock Exchanges, the Lead Managers/ Investment Manager shall make a pre-Issue advertisement on the websites of the Sponsor, the Investment Manager and the Stock Exchanges. Further, such pre-Issue will also be published in all editions of Economic Times (a widely circulated English national daily newspaper) and in all editions of Navbharat Times (a widely circulated Hindi national daily newspaper with wide circulation in New Delhi).

(iii) The Price Band will be decided by the Investment Manager in consultation with the Lead Managers and shall be disclosed at least five Working Days prior to the Bid/Issue Opening Date on the websites of IndiGrid, the Sponsor, the Investment Managers and the Stock Exchanges and in the newspapers where the pre-Issue advertisement was published.

(iv) The Lead Managers will accept Bids from the Anchor Investors on the Anchor Investor Bidding Date, *i.e.* one Working Day prior to the Bid/Issue Opening Date. Bidders, except Anchor Investors, who are interested in subscribing to the Units should approach any of the Designated Intermediaries at Bidding Centres to register their Bids during the Bid/Issue Period. The Designated Intermediaries will accept Bids from all Bidders and will have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the Syndicate Agreement and/or the Offer Document. The Bid/Issue Period will be for at least three Working Days and not exceeding 30 Working Days (incl*uding* the days for which the Issue is open in case of revision in Price Band). If the Price Band is revised, the revised Price Band and the Bid/Issue Period will disclosed on the websites of IndiGrid, the Sponsor, the Investment Managers, Lead Managers, Syndicate Members, SCSBs and the Stock Exchanges and in the newspapers where the pre-Issue advertisement will be published.

(v) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices within the Price Band and specify the demand (*i.e.*, the number of Units Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. In case of an upward revision in the Price Band, in the event the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Units Bid for will be adjusted downwards for the purpose of Allotment, such that no additional payment will be required from the Bidder and the Bidder shall be deemed to have approved such revised Bid. The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Units at a specific price.

(vi) No Bidder shall either withdraw or lower its Bid at any stage.

(vii) After determination of the Issue Price, the maximum number of Units Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(viii) Except in relation to the Bids received from the Anchor Investors, the Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an Acknowledgement Slip, and SCSBs will generate an Acknowledgement Slip for each price and demand option and will, on demand, give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each Bid cum Application Form.

(ix) On receipt of the Bid cum Application Form (whether in physical or electronic mode) the Designated Branch of the SCSB will verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB will reject such Bids and will not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB will block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid.

(x) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "-*Payment Instructions*" in this section.

Bidders' Depository Account and Bank Account Details

Bidders should note that on the basis of Bidders' PAN, DP ID and Client ID provided by them in the Bid cum Application Form and as entered into the electronic bidding system of the Stock Exchanges by the Members of the Syndicate and the SCSBs as the case may be, the Registrar will obtain from the Depository the demographic details including the Bidders' address, occupation and bank account details (including the nine-digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf (the "**Demographic Details**"), from the Depository. The Demographic Details will be used for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to Anchor Investors. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Accordingly, Bidders should carefully fill in their depository account details in the Bid cum Application Form.

By signing the Bid cum Application Form, the Bidder is deemed to have authorized the Depositories to provide to the Registrar, on request, the required Demographic Details as available in their records.

Bids with no corresponding record available with the Depositories matching the three parameters (namely, PAN (in case of joint Bids, PAN of First Bidder), the DP ID and Client ID), are liable to be rejected.

Payment mechanism for ASBA Bidders

The ASBA Bidders will specify the ASBA Account in the Bid cum Application Form and the SCSB will block an amount equivalent to the Bid Amount in the ASBA Account so specified. The SCSB will keep the Bid Amount in the relevant ASBA Account blocked until finalization of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the Bid, as the case may be.

In the event of rejection of the Bid cum Application Form, failure of the Issue or for unsuccessful Bid cum Application Forms, the Registrar will give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account and the SCSBs will unblock the Bid Amount on receipt of such instruction.

Payment Instructions for Anchor Investors

The Investment Manager and the Syndicate will open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour Anchor Investors will issue payment instruments. The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

In case of resident Anchor Investors: "Escrow Account - [●] – Anchor Investor - R"
In case of non-resident Anchor Investors: "Escrow Account - [●] – Anchor Investor - NR"

The Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement amongst the Investment Manager, the Trustee (acting on behalf of IndiGrid), the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from Investors.

The Escrow Collection Banks will act in terms of the Offer Document and the Escrow Agreement. The monies deposited in the Escrow Account(s) will be held for the benefit of the Anchor Investors until the Designated Date. On the Designated Date, the Escrow Collection Banks will transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Escrow Collection Banks and the Refund Account. The Escrow Collection Banks will not exercise any lien whatsoever over the monies deposited therein and will hold the monies therein in trust for the Anchor Investors. The balance amount after transfer to the Public Issue Account will be transferred to the Refund Account. Payments of refund to the Anchor Investors will be made from the Refund Account are per the terms of the Escrow Agreement and the Offer Document.

Payments should be made by Anchor Investors only in electronic mode through direct credit/NEFT/NECS/RTGS. Cheques or bank drafts, cash, stockinvest, money orders or postal orders will not be accepted and is liable to be rejected.

Other Instructions

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid for the total number of the Units required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is the same. However, a Bidder can revise the Bid through the Revision Form.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids, provided that the Bids clearly indicate the scheme concerned for which the Bid is made. Bids by Strategic Investors and QIBs under the Anchor Investor Portion and Institutional Investor Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

More than one ASBA Bidder may Bid for Units using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Bid cum Application Forms from ASBA Bidders with respect to any single ASBA Account.

The Investment Manager, in consultation with the Lead Managers, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. A check will be carried out for the same PAN. In cases where the PAN is same, such Bids will be treated as multiple applications.

Right to Reject Bids

In case of QIBs Bidding in the Institutional Investor Portion and Anchor Investors, the members of the Syndicate may reject Bids provided that such rejection will be made at the time of acceptance of the Bid and the reasons for rejecting such Bids will be provided to such Bidder in writing. The Members of the Syndicate may also reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.

Grounds for Technical Rejections

Bidders are advised that incomplete or illegible Bid cum Application Forms will be rejected by Designated Intermediaries. Bidders are advised to note that Bids are liable to be rejected on technical grounds including the following:

(i) The amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Units Bid for;
(ii) Application on plain paper;
(iii) In case of partnership firms, Units may be registered in the names of the individual partners and no firm as such will be entitled to apply;
(iv) Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors;
(v) PAN not stated (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
(vi) GIR number furnished instead of PAN;
(vii) Where PAN details are not verified by demat accounts, i.e. where the demat account is "suspended for credit";
(viii) Bids for lower value of Units than specified for that category of Bidders;
(ix) Bids at a price less than the Floor Price;
(x) Bids at a price over the Cap Price;
(xi) Submission of more than five Bid cum Application Forms per ASBA Account;
(xii) Bids for a value of less than ₹ 1 million;
(xiii) Bidder category not specified;

(xiv) Multiple Bids as described in the Offer Document;
(xv) In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
(xvi) Bids accompanied by cash, stockinvest, money order or postal order;
(xvii) Signature of sole and/or the First Bidder (in case of joint Bids) is missing.
(xviii) The Bid cum Application form not being signed by the ASBA Account holder, if the ASBA Account holder is different from the Bidder;
(xix) Bid cum Application Form does not have the stamp of a Designated Intermediary (except for electronic ASBA Bids), as the case may be;
(xx) Bid cum Application Forms are not submitted within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Offer Document and as per the instructions in the Offer Document and the Bid cum Application Forms;
(xxi) Inadequate funds in the ASBA Account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account;
(xxii) Authorisation for blocking funds in the ASBA Account not provided;
(xxiii) Bids for amounts greater than the maximum permissible amounts prescribed by Applicable Law;
(xxiv) Bids by OCBs;
(xxv) Bids by persons in the United States other than "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act;
(xxvi) Bids by persons prohibited from buying, selling or dealing in the Units directly or indirectly by SEBI or any other regulatory authority;
(xxvii) Bids by persons who are not eligible to acquire Units under applicable law or their relevant constitutional documents or otherwise; and
(xxviii) Bids that do not comply with the securities laws of their respective jurisdictions.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE LEAD MANAGERS/THE DESIGNATED INTERMEDIARIES DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES THE APPLICATION IS LIABLE TO BE REJECTED.

Electronic Registration of Bids

(i) The Designated Intermediaries will register the Bids received, except Bids received from Anchor Bidders, using the online facilities of the Stock Exchanges. Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges. The Lead Managers, the Investment Manager and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Bids accepted by Designated Intermediaries, (ii) the Bids uploaded by Designated Intermediaries, (iii) the Bids accepted but not uploaded by the Designated Intermediaries or (iv) Bids accepted and uploaded without blocking funds in the ASBA Accounts. It will be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(ii) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the Designated Intermediaries during the Bid/Issue Period. The Designated Intermediaries can also set up facilities for offline electronic registration of Bids subject to the condition that it will upload the offline data file into the on-line facilities for book building on a regular basis.

(iii) On the Bid/Issue Closing Date, the Designated Intermediaries will upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the Lead Managers on a regular basis. In order to ensure that the data uploaded is accurate, the Syndicate may be permitted one Working Day after the Bid/Issue Closing Date to amend some of the data fields (currently DP ID, Client ID and PAN) entered by them in the electronic bidding system, after which the Registrar will proceed with the Allotment of the Units. Bidders are cautioned that a high inflow of Bids is typically experienced on the last Working Day of the Bidding, which may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time. Such Bids that could not uploaded will not be considered for allocation. Bids will only be accepted on Working Days (excluding any public holiday).

(iv) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price will be made available at the Bidding Centres and on the websites of each of the Stock Exchanges during the Bid/Issue Period.

(v) At the time of registering each Bid, the Designated Intermediaries will enter the following details of the Bidder in the electronic system:

- Name of the infrastructure investment trust;
- Bid cum Application Form number;
- Bidder Category – QIB, Eligible NRI, FPI, etc;
- PAN of the first applicant;
- DP ID;
- Client ID;
- Number of Units Bid for; and
- Price option.

(vi) A system generated Acknowlegement Slip will be given to the Bidder (only on demand) as a proof of the registration of each of the Bidding options. It is the Bidders' responsibility to obtain the Acknowledgement Slip from Designated Intermediaries. The registration of the Bid by Designated Intermediaries does not guarantee that the Units will be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.

(vii) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Investment Manager and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of IndiGrid, the management of the Investment Manager or the Trustee or any project of IndiGrid nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Offer Document; nor does it warrant that the Units will be listed or will continue to be listed on the Stock Exchanges.

Build up of the book and revision of Bids

(i) Bids received from various Bidders through the Designated Intermediaries will be electronically uploaded to the Stock Exchanges mainframe on a regular basis.

(ii) The book gets built up at various price levels. This information will be available with the Lead Managers at the end of the Bid/Issue Period.

(iii) During the Bid/Issue Period, any Bidder who has registered his or her interest in the Units at a particular price level is free to revise the Bid upwards within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(iv) Upward revisions can be made in both the desired number of Units and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or its previous Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The Members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Forms.

(v) The Bidder can make this upward revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Designated Intermediary through which such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(vi) If revision of the Bids results in an incremental amount, the relevant SCSB will block the additional Bid Amount. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

(vii) When a Bidder revises his or her Bid, he or she will surrender the earlier Acknowledgement Slip and will, on demand, receive a revised Acknowledgement Slip from the Designated Intermediary. It is the responsibility of the Bidder to request for and obtain the revised Acknowledgement Slip, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

(i) Based on the Bids received and demand generated at various price levels, the Investment Manager, in consultation with the Lead Managers, will finalize the Issue Price and the Anchor Investor Issue Price.
(ii) Allocation to Anchor Investors will be at the discretion of the Investment Manager in consultation with the Lead Managers, subject to compliance with the InvIT Regulations, the SEBI Guidelines and other Applicable Laws. In the event of under-subscription in the Anchor Investor Portion, the balance Units will be added to the Institutional Investor Portion. The number of Units allocated to Anchor Investors and the Anchor Investor Allocation Price, will be made available in public domain by the Lead Managers before the Bid/Issue Opening Date.
(iii) In case of under-subscription in any category, the unsubscribed portion in either the Institutional Investor category or the Non Institutional Investor Portion may be allotted to applicants in the other categories.
(iv) Allocation to Non-Residents, including Eligible NRIs and FPIs will be subject to applicable law.
(v) The Investment Manager in consultation with the Lead Managers reserves the right to withdraw the Issue any time after the Bid/Issue Opening Date, but before the Allotment without assigning any reasons whatsoever.
(vi) No Bidders can withdraw or lower their Bids at any time.

Illustration of the Book Building and Price Discovery Process

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per unit, issue size of 3,000 units and receipt of five bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the units of the issuer infrastructure investment trust at various prices and is collated from bids received from various Bidders.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.70%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of units is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Signing of Underwriting Agreement

(i) IndiGrid (acting through the Trustee), the Sponsor, the Investment Manager, the Lead Managers and the Syndicate Members will enter into an Underwriting Agreement on or immediately after the finalization of the Issue Price.
(ii) After signing the Underwriting Agreement, the Investment Manager and the Sponsor will update and file the updated Offer Document with SEBI and the Stock Exchanges in terms of the InvIT Regulations and the SEBI Guidelines, which then will be termed the "Final Offer Document". The Final Offer Document will contain details of the Issue Price and Issue size if any, underwriting arrangements and will be complete in all material respects.

It is proposed that pursuant to the terms of the Underwriting Agreement, the Lead Managers shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.
The Underwriters have indicated their intention to underwrite the following number of Units:

This portion has been intentionally left blank and will be completed before filing of the Final Offer Document.

Name, address, telephone number, fax number and e-mail address of the Underwriters	Indicative Number of Units to be Underwritten	Amount Underwritten (₹ in millions)
[●]	[●]	[●]

The above-mentioned is indicative underwriting and will be finalised after pricing and actual allocation. Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The board of directors of the Investment Manager or any committee thereof, at its meeting held on [●], has accepted and entered into the Underwriting Agreement.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Units allocated to Bidders procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to Units to the extent of the defaulted amount in accordance with the Underwriting Agreement.

Advertisement regarding Issue Price and Prospectus

The Investment Manager will issue an advertisement after the filing of the Final Offer Document with SEBI and the Stock Exchanges. This advertisement will indicate the Issue Price.

Issuance of Allotment Advice

(i) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Units in the Issue.

(ii) The Registrar will then dispatch an Allotment Advice to the Bidders who have been Allotted Units in the Issue. The dispatch of an Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

(iii) The issuance of Allotment Advice is subject to "***Notice to Anchor Investors: Allotment Reconciliation and Confirmation of Allocation Note***" below.

Notice to Anchor Investors: Allotment Reconciliation and Confirmation of Allocation Note ("CAN")

(i) A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Investment Manager in consultation with the Lead Managers, selected Anchor Investors will be sent a CAN or, if required, the revised CAN.

(ii) **In the event that the Issue Price is higher than the Anchor Investor Allocation Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Units allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Allocation Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(iii) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Units will directly receive Allotment Advice.

Designated Date and Allotment of Units

On Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Units from ASBA Accounts into Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to Refund Account. Whilst the Investment Manager shall ensure all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Units on the Stock Exchanges are completed within 12 Working Days of the Bid Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Issue Period by the Investment Manager, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Units will be entirely at the discretion of the Stock Exchanges and in accordance with the Applicable Laws.

Bidders are advised to instruct their Depository Participant to accept the Units that may be Allotted to them in this Issue.

Basis of Allotment

For other than Anchor Investors

(i) The allotment of Units to Bidders other than Anchor Investors shall be on proportionate basis within the specified investor categories and the number of Units Allotted shall be rounded off to the nearest integer, subject to minimum Allotment as per InvIT Regulations and the SEBI Guidelines.
(ii) In case of under-subscription in any investor category, the unsubscribed portion in either the Institutional Investor category or the Non Institutional Investor category may be allotted to applicants in the other category.
(iii) The aggregate Allotment to Institutional Investors will not exceed 75% of the Issue Size.
(iv) The aggregate Allotment to Non Institutional Investors shall not be less than 25% of the Issue Size.
(v) The identity of Institutional Investors other than Strategic Investors, shall not be made public.

For Anchor Investor Portion

Allocation of Units to Anchor Investors at the Anchor Investor Allocation Price will be at the discretion of the Investment Manager, in consultation with the Lead Managers, subject to compliance with the following requirements:

- not more than 60% of the Institutional Investor Portion will be available for allocation to Anchor Investors;
- allocation to Anchor Investors will be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to ₹ 2,500 million and minimum number of five Anchor Investors for allocation more than ₹ 2,500 million. The identity of the Anchor Investors shall be made public.

The number of Units Allocated to Anchor Investors and the Anchor Investor Allocation Price will be made available on the websites of the Stock Exchanges, the Sponsor, the Investment Manager and the Lead Managers, prior to the Bid/Issue Opening Date.

Method of Proportionate Basis of Allotment in the Issue

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, the Investment Manager will finalize the Basis of Allotment in consultation with the Designated Stock Exchange. The Designated Stock Exchange along with the Lead Managers and the Registrar will be responsible for ensuring that the Basis of Allotment is finalized in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment will be made in marketable lots, on a proportionate basis as explained below:

(i) Bidders will be categorized according to the number of Units applied for.
(ii) The total number of Units to be allotted to each category as a whole will be arrived at on a proportionate basis, which is the total number of Units applied for in that category (number of Investors in the category multiplied by the number of Units applied for) multiplied by the inverse of the over-subscription ratio.

Number of Units to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Units applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

Units in Dematerialized Form with NSDL or CDSL

As per the InvIT Regulations and SEBI Guidelines, the Allotment of Units in the Issue will be only in dematerialized form.

In this context, two agreements have been signed amongst the Trustee (acting on behalf of IndiGrid), the respective Depositories and the Registrar:

(i) Agreement dated [●], between NSDL, the Trustee (acting on behalf of IndiGrid) and the Registrar; and
(ii) Agreement dated [●], between CDSL, the Trustee (acting on behalf of IndiGrid) and the Registrar.

Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(i) A Bidder applying for Units must have at least one valid beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
(ii) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
(iii) Bid cum Application Forms or Revision Forms containing incomplete or incorrect details under the heading "Bidder's Depository Account Details" are liable to be rejected.
(iv) Units in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Units are proposed to be listed have electronic connectivity with CDSL and NSDL.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, PAN, Bidders depository account details, number of Units applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Units in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Intermediaries, Bidders can contact the relevant Designated Intermediary.

Payment of Refunds

Payment of refunds will be made in the manner described below.

Mode of Refunds

For Anchor Investors

For Anchor Investors, any payment of refund will be made electronically through NECS, Direct Credit, RTGS or NEFT. For all other Anchor Investors, including those who have not updated their bank particulars with the MICR code, refund orders through speed or registered post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. Any bank charges for cashing such cheques, pay orders or demand drafts at other centers will be payable by the respective Investors. Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted.

Refunds for Bidders other than Anchor Investors

In the case of ASBA Bidders, the Registrar will instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amounts specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids, within 12 Working Days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys

With respect to Anchor Investors, the Investment Manager will ensure dispatch of Allotment Advice, refund orders (except for Anchor Investors who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment of Units.

In case of Anchor Investors who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/Issue Closing Date. A suitable communication will be sent to the Anchor Investors receiving refunds through this mode within 12 Working Days from the Bid/Issue Closing Date, giving details of the bank where refunds will be credited along with amount and expected date of electronic credit of refund.

Refund Orders or instructions to the SCSBs

In the case of ASBA Bidders, the Registrar will instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Bid Amounts specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids, within 12 Working Days of the Bid Closing Date.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar

Allotment of Units in the Issue, including the credit of Allotted Units to the beneficiary accounts of the Depository Participants, will be made not later than 12 Working Days of the Bid/Issue Closing Date. If Allotment letters/refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner through direct credit, NEFT, RTGS or NECS, or unblocking of ASBA Accounts or the refund instructions have not been issued to the clearing system in the disclosed manner and/or demat credits are not made to Bidders within 12 Working Days from the Bid/ Issue Closing Date, the Investment Manager will be liable to pay interest at 15% per annum, as prescribed under the InvIT Regulations and other applicable law.

IndiGrid and the Investment Manager shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Units from all the Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

The Investment Manager, in consultation with the Trustee and the Lead Managers, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before Allotment. If the Investment Manager, in consultation with the Lead Managers, withdraws the Issue, it will issue a public notice within two days or such other time as may be prescribed by SEBI in this regard, providing reasons for not proceeding with the Issue. The Lead Managers, through the Registrar, will notify the SCSBs to unblock the ASBA Accounts within one Working Day or such other time as may be prescribed by SEBI, from the day of receipt of such notification. The notice of withdrawal will be made available on the websites of the Stock Exchanges, IndiGrid the Sponsor, the Investment Manager and will also be issued in the same newspapers where the pre-Issue advertisements have appeared.

If the Investment Manager withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that they will proceed with a further public offering of Units, it will file a fresh draft offer document with SEBI or the Stock Exchanges, as the case may be.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Investment Manager will apply for only after Allotment; and (ii) the final approval of the Final Offer Document after it is filed with SEBI and the Stock Exchanges.

In the event IndiGrid does not receive listing permission from the Stock Exchanges or in the event of withdrawal of the observation letter issued by SEBI, the Units shall not be eligible for listing IndiGrid and IndiGrid shall be liable to refund the subscription monies, if any, to the respective Bidders immediately, along with interest at the rate of 15% per annum, from the date of Allotment.

Minimum Subscription and Minimum Allotment

In case IndiGrid does not receive (i) the minimum subscriptions of at least 90% of the Issue; or (ii) subscription for atleast 15% of the total outstanding Units by public Unitholders, on a post-Issue basis; or (iii) if to the number of prospective Allottees (other than the Sponsor, its related parties and Associates) is less than 20, the entire subscription money shall be refunded.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO INDIA GRID TRUST AND ITS UNITHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To
The Board of Directors
Axis Trustee Services Limited
(as trustee of India Grid Trust)
Axis House, 2nd Floor
Wadia International Center
Pandurang Budhkar Marg
Worli, Mumbai 400 025

and

The Board of Directors
Sterlite Infraventures Limited
Malco Industries Limited
Sipcot Industrial Complex, Madurai Bye pass road
Tuticorin, Thoothukudi
Tamil Nadu 628 002

Dear Sirs,

Sub: Statement of possible tax benefits available to India Grid Trust and its unitholders

We hereby confirm that the enclosed Annexure, prepared by Sterlite Infraventures Limited (the "Investment Manager") on behalf of India Grid Trust ("IndiGrid") states the possible tax benefits available to IndiGrid and the unitholders of IndiGrid under the Income-tax Act, 1961 ('Act') presently in force in India. Several of these benefits are dependent on IndiGrid or its unitholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of IndiGrid or its unitholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, IndiGrid or its unitholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Investment Manager. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Investment Manager and on the basis of our understanding of the business activities and operations of IndiGrid.

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We do not express an opinion or provide any assurance as to whether:

- IndiGrid or its unitholders will continue to obtain these benefits in future;
- the conditions prescribed for availing the benefits, where applicable have been/would be met with; and
- the revenue authorities/courts will concur with the views expressed herein.

For S R B C & Co LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number: 105754

Place: Pune
Date: December 1, 2016

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO INDIA GRID TRUST AND ITS UNITHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')

1. <u>TAX BENEFITS AVAILABLE TO INDIA GRID TRUST ('INDIGRID') UNDER THE ACT</u>

The following benefits are available to IndiGrid after fulfilling conditions as per the applicable provisions of the Act and the guidelines prescribed by the Securities and Exchange Board of India ('SEBI') [including the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended] ('SEBI Regulations')

1.1 **<u>Tax benefit in the hands of IndiGrid in respect of interest income received from the Special Purpose Vehicle(s) ('SPVs'):</u>**

Interest received or receivable by IndiGrid from the Project SPVs should be exempt from tax, subject to satisfaction of conditions given in section 10(23FC) of the Act.

Further, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1961 ('the Rules').

1.2 **<u>Benefits in the hands of IndiGrid in respect of income other than the income distributed by the HoldCo / SPVs:</u>**

1.2.1 Section 10(38) – Income on transfer of long term listed equity share or mutual fund units in the hands of IndiGrid

Income arising to IndiGrid on transfer of equity shares or units of an equity oriented fund or units of a business trust, will be exempt under section 10(38) of the Act, if the said asset is a long-term capital asset and such transaction is subject to STT. These assets turn long term if they are held for more than 12 months for equity shares or units of an equity oriented fund and more than 36 months for units of business trust.

Further, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

1.2.2 Section 10(34) of the Act: Income by way of dividend referred to under section 115-O of the Act

Dividend received by IndiGrid referred to under section 115-O from domestic companies on investments is exempt from tax under section 10(34) of the Act.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

Section 94(7) of the Act provides that losses arising from the sale/ transfer of securities or units purchased within a period of three months prior to the record date and sold/ transferred within three (for shares)/nine (for units) months after such date, will be disallowed to the extent dividend income on such shares is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

1.2.3 Section 10(35) of the Act – Income from specified units

The following incomes are exempt under section 10(35) of the Act, in the hands of IndiGrid (except income arising on transfer of units mentioned therein):

a) Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;
b) Income received in respect of units from the Administrator of the specified undertaking as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
c) Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

Section 94(7) of the Act provides that losses arising from the sale/ transfer of securities or units purchased within a period of three months prior to the record date and sold/ transferred within nine months after such date, will be disallowed to the extent dividend income on such shares is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

1.2.4 Section 10(34A) of the Act - Income from buy back of shares

The provisions of section 115QA mandate domestic companies to pay an additional tax at the rate of 20% (plus applicable surcharge and cess) on buy-back of shares (not being shares listed on a recognized stock exchange). Further, income arising from buy-back of unlisted shares shall not be taxable as per section 10(34A) of the Act in the hands of an Investment trust.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

1.2.5 Section 115UA(2) read with section 111A and section 112 of the Act - Taxability of capital gains at concessional rates

In terms of section 115UA(2) of the Act, the total income of IndiGrid shall be chargeable to tax at the maximum marginal rates in force except for the income chargeable to tax on transfer of Short Term Capital assets and Long Terms Capital assets under section 111A and section 112 of the Act, respectively and income referred in para 1.1.1 above

If the period of holding of a security (other than a unit) listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. With respect to shares of a company not being listed on a recognized stock exchange, the determinative period of holding shall be more than 24 months with effect from Financial Year 2016-17 for it to be regarded as long term capital asset. With respect to other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust, the determinative period of holding is more than 36 months for it to be regarded as long term capital asset.

As per the provisions of section 111A of the Act, any income arising from transfer of short term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a eligible business trust, transacted through a recognized stock exchange and subject to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of long term capital assets shall be chargeable to tax in the hands of IndiGrid at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than units) or Zero Coupon Bonds shall be at the rate of 10% (plus applicable surcharge and cess) without indexation benefit. The said provision is subject to exemption under section 10(38) as discussed in para 1.2.1 above.

Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, capital gains arising on transfer of a long term capital asset shall be exempt from capital gains under section 54EC if the gains are invested within 6 months from the date of transfer in purchase of specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL), if permitted to be invested by an Investment trust as per the extant governing regulations. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis

In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, capital gains arising on transfer of a long term capital asset shall be exempt from capital gains tax under section 54EE if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified assets if permitted to be invested by an Investment trust as per the extant governing regulations. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Also, as per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. Long term capital loss arising on sale of shares or units of equity oriented fund subject to STT is not allowed to be set-off and carried forward.

2. TAX BENEFITS AVAILABLE TO UNIT-HOLDERS OF INDIGRID

2.1 Special Benefits available to the Unit-Holders of IndiGrid:

Following tax benefit is specifically available to the unitholders of IndiGrid subject to the fulfilment of the conditions specified in the Act and SEBI Regulations:

2.1.1 Section 10(23FD) of the Act - Tax exemption in respect of income distributed by IndiGrid:

As per the provisions of section 115UA(1) of the Act, the income distributed by IndiGrid shall be deemed to be of the same nature and in the same proportion in the hands of the Unit-holder as if such income was received by or accrued to IndiGrid.

As per the provisions of section 10(23FD), any income referred to in section 115UA(1) of the Act and distributed by IndiGrid [except for that proportion of interest income referred in section 10(23FC) of the Act and taxable under section 115UA(3) of the Act] shall not be included in the total income of the unit-holders.

IndiGrid shall not be subject to levy of dividend distribution tax on the amount of income distributed to its unit holders.

Section 115BBDA provides that where total income of an assessee being an individual, HUF or a firm, resident in India includes any income exceeding Rs. 10 Lakh by way of dividend declared, distributed or paid by a domestic company, he should be liable to additional tax @ 10% on such dividend. Currently, the law is not clear and there is ambiguity on whether investors receiving income representing dividend from IndiGrid is likely to be considered as 'dividend declared, distributed or paid by a domestic company' referred to in section 115BBDA. The ambiguity exists even though the Act confers a pass through status in favour of investor.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

2.2 General Benefits available to the all the Unit-Holder of IndiGrid:

For resident Unit-holder:

2.2.1 Income arising on transfer of units of IndiGrid, will be exempt under section 10(38) of the Act if the such units are held as long-term capital assets and such transaction is chargeable to securities transaction tax ('STT'). The determinative period of holding for such units to qualify as long term capital asset is more than 36 months.

2.2.2 A Unit-holder being a domestic company will not be able to claim the above exemption while computing the book profits under section 115JB of the Act and income tax payable under the said section shall be available as credit under section 115JAA. As per clause (hc) of explanation 1 to section 2(42A) the period of holding for the units shall include the period for which the shares were held by the promoter in the SPV. Also, as per clause (iie)/(fc) to explanation 1 to section 115JB any notional gain/loss on transfer of shares of SPV in exchange of units allotted shall be reduced/added to book profits respectively for computation of Minimum Alternate Tax. As per clause (k)/(iif) of explanation 1 to section 115JB any gain/loss on transfer of such units shall be included/excluded while computing the book profit respectively for levy of Minimum Alternate Tax.

2.2.3 In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

2.2.4 Short-term capital gains arising on transfer of the units of IndiGrid will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act provided such transaction is subject to STT. In case of a Unit-holder being an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

2.2.5 Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years

2.2.6 Where the gains arising on the transfer of the units of IndiGrid are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act. The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

For non-resident Unit-Holder

2.2.7 Income arising on transfer of units of IndiGrid will be exempt under section 10(38) of the Act if the said units are long-term capital assets and such transfer is subject to STT. These assets turn long term if they are held for more than 36 months. The provisions of section 115JB of the Act shall not be applicable in such case as mentioned in Para 2.2.12 below.

2.2.8 Short-term capital gains arising on transfer of the units of IndiGrid will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

2.2.9 Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

2.2.10 Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

2.2.11 As per explanation 4 to section 115JB(2), the provisions of section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

For unit-holders who are Foreign Portfolio Investors ('FPIs')/ Foreign Institutional Investors ('FIIs'):

2.2.12 Where the gains arising on the transfer of units of IndiGrid are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

2.2.13 As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.,.

2.2.14 Income arising on transfer of the units of IndiGrid will be exempt under section 10(38) of the Act if the said units are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 36 months.

2.2.15 Short-term capital gains arising on transfer of the units of IndiGrid will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

2.2.16 Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years

2.2.17 As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of units to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

2.2.18 Pursuant to Central Board of Direct Tax press release dated 24 September 2015, the Government has clarified the inapplicability of Minimum Alternate Tax provisions to FIIs/FPIs.

For unit-holders who are Mutual Funds:

2.2.19 Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

2.2.20 IndiGrid is not required to withhold tax on interest payment to Mutual Fund set up under section 10(23D) of the Act.

For Venture Capital Companies/ Funds:

For VCF/VCC registered prior to 21 May 2012

2.2.21 Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

2.2.22 As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

For VCF/VCC registered post to 21 May 2012

2.2.23 VCF/VCC registered post 21 May 2012 shall be classified as a Category 1 Alternate Investment Fund which shall be governed by the SEBI (AIF) Regulations 2012. For such funds benefit of section 10(23FB) and section 115U shall not be applicable and shall be governed section 115UB read with section 10(23FBA) and 10(23FBB) which states that business income earned by such fund shall be taxable in the hands of the Fund and exempt in the hands of the unit holders, and other income earned viz. capital gains, income from other sources shall be exempt in the hands of the fund and taxable in the hands of unit holder.

II. UNDER THE WEALTH TAX ACT, 1957

The Wealth Tax Act, 1957 has now been abolished from FY 2015-16 and is not applicable from AY 2016-17 onwards.

III. TAX DEDUCTION AT SOURCE

Section 194LBA – Certain income from units of IndiGrid:

Where any distributed income referred in section 115UA, is in the nature referred to in sub clause (a) of clause (23FC) of section 10 i.e. interest payable by IndiGrid to its unit holder being a resident, shall at the time of credit of such payment deduct tax at the rate of 10%. No tax is required to be deducted on dividend income distributed by IndiGrid to the unit holders
In case payment referred to above is made to a non-resident unit holder, then the same shall be subjected to the tax deduction at the rate of 5%. Additionally, in view of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

Applicability of other provisions

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents [other than LTCG exempt under section 10(38) of the Act] may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the Double Tax Avoidance Agreement (DTAA), whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

Pursuant to amendment in section 206AA vide notification 53/2016 dated 24 June 2016 introducing Rule 37B, requirement of quoting permanent account number (PAN) in case of certain specified income is eliminated by maintaining specified documents as mentioned in the said notification.

Notes:

1. The income-tax rates specified in this note are as applicable for the financial year 2016-17, and are exclusive of surcharge and education cess, if any. Rate of surcharge and cess are provided below:

   Surcharge:

   Domestic companies:

   If the net income does not exceed INR 10 million – Nil
   If the net income exceeds INR 10 million but does not exceed INR 100 million - 7 per cent
   If the net income exceeds INR 100 million - 12 per cent

   Foreign companies:

   If the net income does not exceed INR 10 million - Nil
   If the net income exceeds INR 10 million but does not exceed INR 100 million - 2 per cent
   If the net income exceeds INR 100 million - 5 per cent

2. For individuals, surcharge at the rate of 15% and for other assessees surcharge at the rate of 12% shall be applicable if the total income exceeds INR 10 million. Surcharge on dividend distribution tax shall be at the rate of 12%.

   Education cess:

   In all cases, education cess will be levied at the rate of 3 per cent of income-tax and surcharge.

3. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares and units.

4. The stated benefits will be available only to the sole/ first named holder in case the units are held by joint holders.

5. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

6. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

8. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the Finance Act, 2016. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

9. The information provided above sets out the possible tax benefits available to the unitholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares and units, under the current tax laws presently in force

in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares and units particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

COMBINED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Sterlite Grid 1 Limited
F-1, The Mira Corporate Suites
1 & 2, Ishwar Nagar, Mathura Road
New Delhi 110065

and

The Board of Directors
Sterlite Infraventures Limited
Malco Industries Limited
Sipcot Industrial Complex, Madurai Bye pass road
Tuticorin, Thoothukudi
Tamil Nadu 628 002

Report on the Combined Financial Statements

We have audited the accompanying Special Purpose Combined Financial Statements of Sterlite Grid 1 Limited ("SGL1"), Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL") (together referred to as the "SPV Group"), which comprise the Combined Balance Sheets as at September 30, 2016, March 31, 2016, March 31, 2015 and 31 March 2014, the Combined Statements of Profit and Loss (including Other Comprehensive Income), the Combined Cash Flow Statements, Combined Statements of Changes in Equity and a Summary of Significant Accounting Policies and Other Explanatory Information for the six month period ended September 30, 2016 and the years ended March 31, 2016, March 31, 2015 and 31 March 2014; (collectively, the "Combined Financial Statements").

The Combined Financial Statements have been prepared in accordance with the basis of preparation as set out in note 2.1 to the Combined Financial Statements.

Management's Responsibility for the Combined Financial Statements

The Board of Directors of Sterlite Grid 1 Limited ("SGL1") and Sterlite Infraventures Limited (the "Investment Manager") are responsible for the preparation of these Combined Financial Statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the SPV Group in accordance with the basis of preparation as set out in note 2.1 to the Combined Financial Statements. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Combined Financial Statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Combined Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Combined Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Combined Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of Combined Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SPV Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Combined Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Combined Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Combined Financial Statements give a true and fair view of the state of affairs (financial position) of the SPV Group as at September 30, 2016, March 31 2016, March 31, 2015 and March 31, 2014 and of its losses (financial performance including other comprehensive income), its cash flows, and the changes in equity for the six month period ended September 30, 2016 and the years ended March 31, 2016, March 31, 2015 and 31 March 2014 in accordance with the basis of preparation as set out in note 2.1 to the Combined Financial Statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2.1 to the Combined Financial Statements, which describes the Basis of preparation of the Combined Financial Statements. The Combined Financial Statements have been prepared by SGL1 and the Investment Manager to meet the requirements of SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder and for inclusion in the Draft Offer Document prepared by the Investment Manager in connection with the proposed Initial Public Offering of units of the India Grid Trust. As a result, the Combined Financial Statements may not be suitable for another purpose.

Report on Other Legal and Regulatory Requirements

As required by SEBI Circular number CIR/IMD/DF/114/2016 dated October 20, 2016 ("SEBI Circular"), we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) The Combined Balance Sheets, Combined Statements of Profit and Loss (including Other Comprehensive Income), Combined Cash Flow Statements and Combined Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Combined Financial Statements;

(c) In our opinion, the aforesaid Combined Financial Statements comply with the basis of preparation as stated in note 2.1 to the Combined Financial Statements;

(d) In our opinion and to the best of our information and according to the explanations given to us, the combined financial statements give the disclosures, in accordance with the SEBI Circular, in respect of the net assets at fair value as at September 30, 2016 and the total returns at fair value for the six month period ended September 30, 2016 and the year ended March 31, 2016 respectively.

For S R B C & CO LLP
Chartered Accountants
Firm registration number: 324982E/E300003

per Paul Alvares
Partner
Membership No.: 105754
Place: Pune
Date: November 23, 2016

SPV Group

(as defined in Note 1 - Corporate Information)

Combined Balance Sheet as on

Particulars	Notes	September 30, 2016 (Rupees in millions)	March 31, 2016 (Rupees in millions)	March 31, 2015 (Rupees in millions)	March 31, 2014 (Rupees in millions)
ASSETS					
I. Non-current assets					
(a) Property, plant and equipment	3	38,995.58	39,679.86	16,995.42	226.23
(b) Capital work-in-progress		-	1.78	20,389.54	29,264.20
(c) Intangible Assets	4	1.39	1.89	3.38	2.74
(d) Financial assets					
(i) Trade and other receivables	7	101.62	101.62	101.62	30.34
(ii) Loans	6	718.01	718.01	1,276.30	1,742.10
(iii) Other financial assets	8	271.38	270.45	273.47	180.14
(e) Deferred tax assets (net)	9	-	107.53	59.46	-
(f) Other assets	12	36.91	81.56	513.77	1,194.85
		40,124.89	**40,962.70**	**39,612.96**	**32,640.60**
II. Current assets					
(a) Financial assets					
(i) Investments	5	137.50	7.04	-	-
(ii) Trade and other receivables	7	618.18	639.26	176.62	17.60
(iii) Cash and cash equivalents	10	228.47	217.23	548.40	314.61
(iv) Others financial assets	8	367.02	454.51	173.52	-
(b) Current tax assets (net)	11	-	-	-	0.83
(c) Other assets	12	225.49	151.31	33.18	55.26
		1,576.66	**1,469.35**	**931.72**	**388.30**
Total assets		**41,701.55**	**42,432.05**	**40,544.68**	**33,028.90**
EQUITY AND LIABILITIES					
EQUITY					
(a) Equity Capital	13	176.73	176.73	176.73	1.75
(b) Other equity	14	1,891.14	2,177.77	2,958.10	(60.56)
Total equity		**2,067.87**	**2,354.50**	**3,134.83**	**(58.81)**
LIABILITIES					
I. Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	15	34,714.76	34,848.95	32,577.97	24,949.14
(ii) Other financial liabilities	17	7.63	7.63	7.63	674.14
(b) Provisions	19	-	-	8.32	3.15
(c) Deferred tax liabilities (net)	9	1,250.87	1,455.07	1,712.94	-
		35,973.26	**36,311.65**	**34,306.86**	**25,626.43**
II. Current liabilities					
(a) Financial liabilities					
(i) Borrowings	15	1,778.35	1,664.89	128.73	309.11
(ii) Trade and other payables	16	13.73	21.58	45.85	1.32
(iii) Other financial liabilities	17	1,863.51	2,073.48	2,908.19	5,349.46
(b) Other liabilities	18	4.83	5.95	12.44	1,798.14
(c) Provisions	19	-	-	7.78	3.25
		3,660.42	**3,765.90**	**3,102.99**	**7,461.28**
Total liabilities		**39,633.68**	**40,077.55**	**37,409.85**	**33,087.71**
Total equity and liabilities		**41,701.55**	**42,432.05**	**40,544.68**	**33,028.90**
Summary of significant accounting policies	2				

The accompanying notes form an integral part of the Combined financial statements.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Pune
Date: November 23, 2016

For and on behalf of the Board of Directors of
Sterlite Grid 1 Limited

Mithun Gole
Director
DIN: 07662587

Place: New Delhi
Date: November 23, 2016

For and on behalf of the Board of Directors of
Sterlite Infraventures Limited
(as Investment Manager of India Grid Trust)

Harsh Shah
Chief Financial Officer

Place: New Delhi
Date: November 23, 2016

SPV Group
(as defined in Note 1 - Corporate Information)
Combined Statement of Profit and Loss for the

Particulars	Notes	Six months ended September 30, 2016 Rupees in millions	Year ended March 31, 2016 Rupees in millions	Year ended March 31, 2015 Rupees in millions	Year ended March 31, 2014 Rupees in millions
Income					
Revenue from operations	21	2,180.59	3,542.37	598.67	-
Other income	22	53.94	21.21	91.69	301.37
Total		**2,234.53**	**3,563.58**	**690.36**	**301.37**
Expenses					
Employee benefit expense	23	17.99	48.60	7.16	0.27
Other expenses	26	126.22	361.44	145.67	245.80
Total		**144.21**	**410.04**	**152.83**	**246.07**
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**2,090.32**	**3,153.54**	**537.53**	**55.30**
Depreciation, amortisation and impairment	25	678.61	962.68	373.37	17.22
Finance cost	24A	1,798.60	3,299.28	936.89	563.54
Finance income	24B	(3.58)	(22.16)	(108.80)	(138.01)
Loss before tax		**(383.31)**	**(1,086.26)**	**(663.93)**	**(387.45)**
Tax expense	20				
Current tax		-	-	-	2.37
Adjustment of tax relating to earlier periods		-	-	(1.24)	-
Deferred tax		(96.68)	(305.93)	(195.76)	6.41
Total tax expense		(96.68)	(305.93)	(197.00)	8.78
Loss for the year		**(286.63)**	**(780.33)**	**(466.93)**	**(396.23)**
Other Comprehensive Income					
Other Comprehensive Income not to be reclassified to profit or loss in subsequent period					
Re-measurement of defined benefit plans		-	-	(3.05)	(0.30)
Income tax effect	20	-	-	1.06	0.10
		-	-	(1.99)	(0.20)
Total Other Comprehensive Income for the year, net of tax	27	**-**	**-**	**(1.99)**	**(0.20)**
Total Comprehensive Income for the year, net of tax attributable to:		**(286.63)**	**(780.33)**	**(468.92)**	**(396.43)**
Loss for the year					
Attributable to:					
Equity holders of the parent		(286.63)	(780.33)	(466.93)	(396.23)
Non-controlling interests		-	-	-	-
Total comprehensive income for the year					
Attributable to:					
Equity holders of the parent		(286.63)	(780.33)	(468.92)	(396.43)
Non-controlling interests		-	-	-	-
Earnings per unit - Refer note 28					
Summary of significant accounting policies	2				

The accompanying notes are an integral part of the Combined financial statements.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of Directors of
Sterlite Grid 1 Limited

For and on behalf of the Board of Directors of
Sterlite Infraventures Limited
(as Investment Manager of India Grid Trust)

per Paul Alvares
Partner
Membership Number : 105754

Mithun Gole
Director
DIN: 07662587

Harsh Shah
Chief Financial Officer

Place: Pune
Date: November 23, 2016

Place: New Delhi
Date: November 23, 2016

Place: New Delhi
Date: November 23, 2016

SPV Group

(as defined in Note 1 - Corporate Information)

Combined Statement of Changes in Equity

A. Equity Capital

Particulars	Rs. in millions
At April 01, 2013	1.00
Issue of equity capital (Note 13)	0.75
At March 31, 2014	1.75
Issue of equity capital (Note 13)	174.98
At March 31, 2015	176.73
Issue of equity capital (Note 13)	-
At March 31, 2016	176.73
Issue of equity capital (Note 13)	-
At September 30, 2016	**176.73**

B. Other Equity

Rs. in millions

Particulars	Share application money pending allotment (Note 14)	Equity Component of Non-Convertible Debentures/Loans (Note 14)	Reserves and Surplus		Total Equity
			Securities premium (Note 14)	Retained Earnings (Note 14)	
Balance as at April 1, 2013	**247.87**	**-**	**150.00**	**(69.50)**	**328.37**
Profit/(loss) for the period	-	-		(396.23)	(396.23)
Other comprehensive income	-	-		(0.20)	(0.20)
Total comprehensive income for the year	-	-	-	(396.43)	(396.43)
Issue of share capital	(247.87)	-	247.12	-	(0.75)
Share application money received	8.25	-	-	-	8.25
Balance as at March 31, 2014	**8.25**	**-**	**397.12**	**(465.93)**	**(60.56)**
Profit/(loss) for the period	-	-	-	(466.93)	(466.93)
Other comprehensive income	-	-	-	(1.99)	(1.99)
Total comprehensive income for the year	-	-	-	(468.92)	(468.92)
Issue of Non convertible debentures/Loans	-	3,495.83	-	-	3,495.83
Refund of share application money	(8.25)	-	-	-	(8.25)
Balance as at March 31, 2015	**-**	**3,495.83**	**397.12**	**(934.85)**	**2,958.10**
Profit/(loss) for the period	-	-	-	(780.33)	(780.33)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**(780.33)**	**(780.33)**
Balance as at March 31, 2016	**-**	**3,495.83**	**397.12**	**(1,715.18)**	**2,177.77**
Profit/(loss) for the period	-	-	-	(286.63)	(286.63)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**(286.63)**	**(286.63)**
Balance as at September 30, 2016	**-**	**3,495.83**	**397.12**	**(2,001.81)**	**1,891.14**

The accompanying notes are an integral part of the Combined financial statements.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of Directors of
Sterlite Grid 1 Limited

For and on behalf of the Board of Directors of
Sterlite Infraventures Limited
(as Investment Manager of India Grid Trust)

per Paul Alvares
Partner
Membership Number : 105754
Place: Pune
Date: November 23, 2016

Mithun Gole
Director
DIN: 07662587
Place: New Delhi
Date: November 23, 2016

Harsh Shah
Chief Financial Officer

Place: New Delhi
Date: November 23, 2016

SPV Group

(as defined in Note 1 - Corporate Information)

Combined Cash Flow Statement for the

	Six months ended September 30, 2016 Rupees in millions	Year ended March 31, 2016 Rupees in millions	Year ended March 31, 2015 Rupees in millions	Year ended March 31, 2014 Rupees in millions
Cash flow from Operating Activities				
Loss before tax	**(383.31)**	**(1,086.26)**	**(663.93)**	**(387.45)**
Adjustments to reconcile loss before tax to net cash flows:				
- Depreciation and amortisation expense	678.61	962.68	373.37	17.22
- Fair valuation of derivative instruments at FVTPL	(34.92)	138.20	35.30	(26.73)
- Loss on disposal of property plant and equipment	-	-	5.64	-
- Interest income on bank deposit	(0.01)	(18.48)	-	(5.13)
- Finance costs	1,798.60	3,299.28	936.89	563.54
- Income from investment in mutual funds	(9.12)	(20.86)	(5.00)	(23.91)
Operating profit before working capital changes	**2,049.85**	**3,274.56**	**682.27**	**137.54**
Movements in working capital:				
- Increase/(Decrease) in provisions	-	(7.78)	4.53	(6.55)
- Increase/(Decrease) in long term provisions	-	(8.32)	5.17	0.72
- Increase/(Decrease) in trade payables	(7.85)	(24.27)	44.53	(3.45)
- Increase/(Decrease) in Other current liabilities	(1.12)	(6.48)	(38.35)	(57.03)
- Increase/(Decrease) in Other financial Liabilities	1.49	189.66	3.82	9.90
- (Increase)/Decrease in Trade receivable	21.08	(462.64)	(230.30)	(47.94)
- (Increase)/Decrease in other non current assets	0.00	(0.00)	0.00	(12.90)
- (Increase)/Decrease in other non current financial assets	(0.93)	3.02	(93.33)	(117.78)
- (Increase)/Decrease in other current financial assets	87.49	(280.99)	(173.52)	1.14
- (Increase)/Decrease in other current assets	(74.18)	(118.13)	22.08	(24.16)
Changes in working capital	**25.98**	**(715.93)**	**(455.37)**	**(258.05)**
Cash generated from operations	**2,075.83**	**2,558.63**	**226.90**	**(120.51)**
Direct taxes (paid) /refund received (net)	44.65	47.20	(33.97)	(31.33)
Net cash flow from/(used in) operating activities (A)	**2,120.48**	**2,605.83**	**192.93**	**(151.84)**
Cash flow from Investing Activities				
Purchase of fixed assets (including capital work in progress and capital advances)	(211.34)	(3,696.92)	(7,596.75)	(13,948.91)
(Purchase)/Sale of mutual fund investments (net)	(121.33)	13.82	5.00	164.06
Loans to subsidiaries	-	(546.90)	(1,494.40)	(614.10)
Loans repaid by subsidiaries		1,105.19	1,960.20	
Interest income on bank deposits	0.01	18.48	-	5.13
Net cash used in investing activities (B)	**(332.66)**	**(3,106.33)**	**(7,125.95)**	**(14,393.82)**
Cash flow from Financing Activities				
Proceeds from issue of Non convertible debentures	-	-	12,881.45	-
Proceeds from issue of shares	-	-	174.98	0.00
Proceeds from share application money	-	-	-	1,753.05
Proceeds of loan from holding company (net)	161.47	4,831.20	3,906.30	(435.05)
Repayments of loan from holding company (net)	(48.00)	(4,081.36)	(6,895.71)	-
Refund of Share application money	-	-	(1,753.05)	-
Proceeds from long term loans		21,318.59	2,312.27	11,846.18
Repayment of long term loans	(564.85)	(19,057.62)	-	-
Proceeds from short term loans	-	-	50.81	309.11
Repayment of short term loans	-	(128.73)	(231.19)	(250.00)
Finance costs	(1,325.20)	(2,712.74)	(3,279.05)	(1,871.52)
Net cash flow from / (used in) financing activities (C)	**(1,776.58)**	**169.34**	**7,166.81**	**11,351.77**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	11.24	(331.16)	233.79	(3,193.89)
Cash and cash equivalents as at beginning of the year	217.23	548.40	314.61	3,508.50
Cash and cash equivalents as at the end of the year	**228.47**	**217.23**	**548.40**	**314.61**

Components of Cash and cash equivalents:	As at September 30, 2016 Rupees in millions	As at March 31, 2016 Rupees in millions	As at March 31, 2015 Rupees in millions	As at March 31, 2014 Rupees in millions
Balance with banks:				
- On current accounts	228.37	217.23	535.70	311.72
- Deposits with original maturity of less than 3 months	0.10	-	12.70	2.89
Total cash and cash equivalents (refer note 10)	**228.47**	**217.23**	**548.40**	**314.61**

The accompanying notes are an integral part of the Combined financial statements.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Pune
Date: November 23, 2016

For and on behalf of the Board of Directors of Sterlite Grid 1 Limited

Mithun Gole
Director
DIN: 07662587

Place: New Delhi
Date: November 23, 2016

For and on behalf of the Board of Directors of Sterlite Infraventures Limited (as Investment Manager of India Grid Trust)

Harsh Shah
Chief Financial Officer

Place: New Delhi
Date: November 23, 2016

1. Corporate information

The special purpose combined financial statements comprise financial statements of Sterlite Grid 1 Limited ("SGL1"), Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL") (individually referred to as "SPV" and together referred to as "SPV Group"). The SPVs are companies domiciled in India and having their registered office at F-1, The Mira Corporate Suits, Ishwar Nagar, New Delhi 110065.

BDTCL and JTCL are developers for the designing, construction and maintenance of power transmission lines and substations on Build Own Operate and Maintain ('BOOM') basis and are required to operate and maintain the transmission systems for a period of 35 years.

SGL1, BDTCL and JTCL are subsidiaries of Sterlite Power Grid Ventures Limited (the "Sponsor") and are proposed to be transferred from the Sponsor to India Grid Trust (the "IndiGrid"). The Sponsor settled IndiGrid on October 21, 2016 as an irrevocable trust, pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882 and is under the process of getting registered with SEBI as an Infrastructure Investment Trust under Regulation 3(1) of the Securities Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014. The Sponsor has transferred to the Trustee a sum of Rs. 10,000 towards the initial settlement of IndiGrid. The Trustee to IndiGrid is Axis Trustee Services Limited (the "Trustee") and the Investment Manager for IndiGrid is Sterlite Infraventures Limited (the "Investment Manager"). As required by the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, the details of various entities comprised in the combined financial statements is as given below:

Name of SPV	Principal activities	Proposed Shareholding by IndiGrid	Nature of Proposed Investment	Status
Bhopal Dhule Transmission Company limited (BDTCL)	Developer on Build Own Operate and Maintain ('BOOM') basis, for the designing, construction and maintenance of power transmission lines. The Company is required to operate and maintain the transmission system for a period of 35 years.	100%	Subsidiary	Operating
Jabalpur Transmission Company Limited (JTCL)	Developer on Build Own Operate and Maintain ('BOOM') basis, for the designing, construction and maintenance of power transmission lines. The Company is required to operate and maintain the transmission system for a period of 35 years.	100%	Subsidiary	Operating
Sterlite Grid 1 Limited (SGL1)	Intermediate holding company	100%	Subsidiary	Operating

2. Significant Accounting Policies

2.1 Basis of preparation

The Combined Financial Statements of the SPV Group comprise the Combined Balance Sheet as at September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014 and the Combined Statement of Profit and Loss, Combined Cash Flow Statement, Combined Statement of Changes in Equity and a Summary of Significant Accounting Policies and Other Explanatory Information for the six month period ended September 30, 2016 and for the years ended March 31, 2016, March 31, 2015 and March 31, 2014.

The Combined Financial Statements were authorised for issue in accordance with resolutions passed by the Board of Directors of the Investment manager and the Board of Directors of the SGL1 on November 23, 2016.

The Combined Financial Statements have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder ("InvIT Regulations") and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India ("Guidance Note").

The Combined Financial Statements are special purpose financial statements and have been prepared by SGL1 and the Investment Manager to meet the requirements of InvIT Regulations and for inclusion in the Draft Offer Document prepared by the Investment Manager in connection with the proposed Initial Public Issue of units of IndiGrid. As a result, the Combined Financial Statements may not be suitable for another purpose. As permitted by para 41 of the Guidance Note, comparative figures for the six months period ended September 30, 2015 have not been given. Further, the Combined Financial Statements are not prepared in accordance with the requirements of Schedule III notified under the Companies Act, 2013.

In accordance with the requirements of the InvIT Regulations, since IndiGrid is newly set up on October 21, 2016 and has been in existence for a period lesser than three completed financial years and the historical financial statements of IndiGrid are not available for the entire portion of the reporting period of three years, the Combined Financial Statements have been disclosed for the periods when such historical financial statements were not available. Further, as required by the InvIT regulations, the Combined Financial Statements are prepared, based on an assumption that all the assets and SPV's were part of IndiGrid for such period when IndiGrid was not in existence. However, the financial statements may not be representative of the position which may prevail after the SPV Group is transferred to IndiGrid.

The Combined Financial Statements are presented in Indian Rupees millions, except when otherwise indicated.

Transition to Ind AS
For the purpose of preparation of the Combined Financial Statements, the date of transition to Ind-AS has been considered as April 1, 2013. Refer Note 43 for information on how the SPV Group adopted Ind AS.

The Combined Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

§ Derivative financial instruments
§ Certain financial assets measured at fair value (refer accounting policy regarding financial instruments)

Basis of Combination
The Combined Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all the SPVs used for the purpose of combination are drawn up to the same reporting date i.e. year ended on March 31 each year/period ended September 30, 2016.

The procedure for preparing Combined Financial Statements of the SPV Group are stated below –

a) combine like items of assets, liabilities, equity, income, expenses and cash flows of the SPVs;
b) offset (eliminate) the carrying amount of SGL1's investment in BDTCL and JTCL and SGL1's portion of equity of each BDTCL and JTCL;
c) eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the SPV Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

SGL1 held 49% of the equity share capital in East-North Interconnection Company Limited ('ENICL') as at September 30, 2016. Further SGL1 also holds Compulsorily convertible preference shares (CCPS) and Compulsorily convertible debentures (CCD) in ENICL. These investments in equity shares, CCPS and CCD in ENICL are proposed to be transferred to Sterlite Power Grid Ventures Limited ('SPGVL'). The amount receivable by SGL1 from SPGVL in respect of the above is proposed to be utilised for part repayment of the loan from SPGVL. For the purpose of preparation of these Combined Financial Statements, the aforesaid investments in equity shares, CCPS and CCD of ENICL have been adjusted against the loan from SPGVL as at September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014. (refer note 15)

Dates of commencement of commercial operations

InvIT Regulations require disclosure, if there are any assets for which the financial information is considered for a period lesser than three years and the additional interim period. The details of incorporation and commencement of operations of BDTCL and JTCL which own the transmission infrastructure are as given below:

Name of the entity	Date of incorporation	Element	Commercial operation date of the element
BDTCL*	September 8, 2009	Bhopal Substation	September 30, 2014
		Dhule Substation	December 6, 2014
		Bhopal Bhopal Line	August 12, 2014
		Bhopal Indore Line	November 19, 2014
		Jabalpur Bhopal Line	June 9, 2015
		Dhule Dhule Line	December 6, 2014
		Dhule Vadodara Line	June 13, 2015
		Aurangabad Dhule Line	December 5, 2014
JTCL	September 8, 2009	Jabalpur Bina Line	July 1, 2015
		Dharamjaigarh Jabalpur Line	September 12, 2015

*Commercial operation dates for BDTCL as per CERC order dated November 26, 2015.

2.2 First time adoption of Ind AS

These being the first Ind AS Combined Financial Statements of the SPV Group, are covered by Ind AS 101 – 'First Time Adoption'. The policies set out below have been consistently applied to all the periods presented in the Combined Financial Statements including the preparation of the Ind AS opening Historical Combined Statement of Financial Position as at April 1, 2013 ('Transition date') for the purpose of the transition to Ind AS and as required by Ind AS 101. These accounting policies have been applied consistently for all the material transactions by all entities within the SPV Group.

The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP"), which is considered as the Previous GAAP, for purposes of Ind AS 101, being the basis on which the entities in the SPV Group prepared and issued its financial statements for the years ended March 31, 2016, March 31, 2015 and March 31, 2014. Indian GAAP differs in certain areas from Ind AS.

These Combined Financial Statements correspond to the classification provisions contained in Ind AS 1 'Presentation of Financial Statements'. For clarity purposes, various items are aggregated in the Combined Statement of Profit and Loss and Combined Statement of Financial Position. These items are disaggregated separately in the notes to the Combined Financial Statements, where applicable or required.

These Combined Financial Statements have been prepared on the accrual and going concern basis, using the historical cost convention except where Ind AS requires an alternative treatment. The principal variations from the historical cost convention relate to financial instruments.

The preparation of Combined Financial Statements in accordance with Ind AS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Combined Financial Statements are disclosed in note 39.

2.3 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the SPV Group in preparing its combined financial statements:

a) Current versus non-current classification

The SPV Group presents assets and liabilities in the combined balance sheet based on current/non-current classification. An asset is current when it is:

§ Expected to be realised or intended to be sold or consumed in the normal operating cycle
§ Held primarily for the purpose of trading
§ Expected to be realised within twelve months after the reporting period or
§ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
§ It is expected to be settled in the normal operating cycle
§ It is held primarily for the purpose of trading
§ It is due to be settled within twelve months after the reporting period or
§ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The SPV Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the SPV Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the SPV Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

b) Foreign currencies

The SPV Group's combined financial statements are presented in INR, which is its functional currency. The SPV Group does not have any foreign operation and has assessed the functional currency of SPV's to be INR.

Transactions and balances
Transactions in foreign currencies are initially recorded by the SPV Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The SPV Group measures financial instruments such as derivatives at fair value at each balance sheet date.
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 measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
§ In the principal market for the asset or liability, or
§ In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the SPV Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The SPV Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the combined financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1**-** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2**-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3**-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the SPV Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets such as property plant and equipment. Involvement of external valuers is decided by each SPV management on a need basis and relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management of each SPV decides after discussion with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management of each SPV analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the SPV’s accounting policies. For this analysis, the management of each SPV verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with each SPV’s external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. The valuation results are discussed at the Audit Committee.

For the purpose of fair value disclosures, the SPV Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

§ Disclosures of Statement of Net Assets at fair value and Statement of Total Returns at fair value
§ Quantitative disclosures of fair value measurement hierarchy (note 37)
§ Investment in quoted mutual fund (note 5)
§ Financial instruments (including those carried at amortised cost) (note 36)

d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the SPV Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated rebates and other similar allowances.

The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services
Income from power transmission services is recognised on a pro-rata basis as and when services are rendered based on availability and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends
Income from dividend on investments is accrued in the year in which it is declared, whereby the SPV Group's right to receive is established.

e) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

§ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
§ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

§ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
§ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable SPV Group and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Property, plant and equipment

Capital work in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the plant and equipment are required to be replaced at intervals, the SPV Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

(Life in number of years)

Asset Category	Useful Life considered	Useful life (Schedule II#)
Lease hold improvements	10	N/A
Building-Substation	25	30
Plant and equipment		
- Substation (including components)	5-35	40
- Power transmission lines (including components)	25-35	40
- General plant and equipment	2-5	15
Data Processing Equipment's (Computers)	3-5	3-6
Furniture & Fittings	7.5	10
Office Equipment	4	3
Vehicles	5	8

Schedule II to the Companies Act 2013

The SPV Group, based on technical assessments made by technical experts and management estimates, depreciates the certain items of building, plant and equipment, data processing equipment's, furniture and fittings, office equipment's and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

g) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred.

Currently, the Company does not incur any significant cost on research and development.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

The company does not have any intangible assets with indefinite useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation

Amortisation is calculated on a straight-line basis over the estimated useful lives of the intangible assets. Currently, the only intangible asset is computer software which is amortised over five years on straight line basis.

h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the SPV Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly stated in the arrangement.

SPV Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the SPV Group is classified as a finance lease. The SPV Group does not have any significant arrangements which would get classified as finance leases. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

SPV Group as a lessor

Leases in which the SPV Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all the risks and rewards of ownership transfer from the SPV Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Groups net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

j) Impairment of non-financial assets

The SPV Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the SPV Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The SPV Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These forecasts, especially for the transmission lines are based on the transmission services agreements (TSA) signed by the individual SPV's for their respective assets. Accordingly, a substantial part of the revenue considered for impairment calculations is based on the transmission services agreement. Rest of the items of these budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the SPV Group extrapolates cash flow projections (after factoring revenue as per TSA) in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the SPV Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

k) Provisions

Provisions are recognised when the SPV Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the SPV Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The SPV Group has no obligation, other than the contribution payable to the provident fund. The SPV group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The SPV Group has a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The SPV Group recognises the following changes in the net defined benefit obligation as an expense in the combined statement of profit and loss:

§ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
§ Net interest expense or income

m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the SPV Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. The SPV Group does not have significant financial assets which are subsequently measured at amortised cost.

Debt instrument at FVTOCI
A 'debt instrument' is classified as the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the SPV Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The SPV Group does not have significant financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the SPV Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The SPV Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

This category is most relevant to the SPV Group. This category is generally applied to Investments in short-term mutual funds, Trade and other receivables and Cash and short-term deposits.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the SPV Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The SPV Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable

If the SPV Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the SPV Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

The SPV Group does not have significant investments in the nature of Equity investments.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the SPV Group's combined balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The SPV Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the SPV Group has transferred substantially all the risks and rewards of the asset, or (b) the SPV Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the SPV Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the SPV Group continues to recognise the transferred asset to the extent of the SPV Group's continuing involvement. In that case, the SPV Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the SPV Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the SPV Group could be required to repay.

Impairment of financial assets
Majority of the financial assets of the SPV Group pertain to Trade and other receivables. Considering the nature of business, the SPV Group does not foresee any credit risk on its trade and other receivables which may cause an impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the SPV group does not have any past history of impairment of Trade and other receivables.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The SPV Group's financial liabilities include borrowings and related costs, trade and other payables, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the SPV Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

The SPV Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings
This is the category most relevant to the SPV Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 15.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the SPV Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets
The SPV Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The SPV Group's senior management determines change in the business model as a result of external or internal changes which are significant to the SPV Group's operations. Such changes are evident to external parties. A change in the business model occurs when the SPV Group either begins or ceases to perform an activity that is significant to its operations. If the SPV Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The SPV Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	**Revised Classification**	**Accounting Treatment**
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the combined balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The SPV Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps to hedge its foreign currency risks, interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit or loss.

Since the Company does not meet the strict criteria for hedge accounting, it has not applied hedge accounting in respect of its derivative contracts.

o) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the combined statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the SPV Groups cash management.

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SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 3: Property, plant and equipment (also refer note 40 and 41)

(Rupees in millions)

Particulars	Freehold Land	Leasehold Land	Leasehold Improvements	Building-Substation	Substation	Transmission lines	Plant and equipments	Data processing equipments	Furniture and fitting	Office equipment	Vehicle	Total
Cost												
At April 01, 2013	14.91	193.94	5.68	-	-	-	-	5.09	4.76	1.76	0.58	226.72
Additions during the year	-	-	-	-	-	-	106.31	0.48	0.28	1.17	1.54	109.78
Disposals	-	91.10	-	-	-	-	-	-	-	-	-	91.10
At March 31, 2014	14.91	102.84	5.68	-	-	-	106.31	5.57	5.04	2.93	2.12	245.40
Additions during the year	9.43	2.53	-	63.25	6,752.34	10,308.27	5.64	2.07	0.49	3.30	-	17,147.32
Disposals	-	-	4.76	-	-	-	-	0.78	3.39	-	-	8.93
At March 31, 2015	24.34	105.37	0.92	63.25	6,752.34	10,308.27	111.95	6.86	2.14	6.23	2.12	17,383.79
Additions during the year	-	-	-	-	-	23,462.53	0.07	-	0.82	0.88	-	23,464.30
Adjustments	-	-	-	-	151.86	29.48	-	-	-	-	-	181.36
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2016	24.34	105.37	0.92	63.25	6,904.20	33,800.28	112.02	6.86	2.96	7.11	2.12	41,029.43
Additions during the year	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Adjustments	-	-	-	-	7.46	(13.63)	-	-	-	-	-	-6.18
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At September 30, 2016	24.34	105.37	0.92	63.25	6,911.66	33,786.65	112.02	6.86	2.96	7.13	2.12	41,023.26
Depreciation and Impairment												
At April 01, 2013	-	-	0.83	-	-	-	-	1.26	0.78	0.19	0.02	3.08
Depreciation charge for the year	-	-	0.52	-	-	-	13.99	0.86	0.35	0.25	0.12	16.09
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2014	-	-	1.35	-	-	-	13.99	2.12	1.13	0.44	0.14	19.17
Depreciation charge for the year	-	-	0.28	0.90	96.80	94.82	41.86	1.16	0.38	0.47	0.20	236.87
Impairment (refer note 40)	-	-	-	-	-	135.13	-	-	-	-	-	135.13
Disposals	-	-	1.60	-	-	-	-	0.43	0.76	-	-	2.79
At March 31, 2015	-	-	0.03	0.90	96.80	229.95	55.85	2.85	0.75	0.91	0.34	388.38
Depreciation charge for the year	-	-	0.01	2.40	240.31	816.42	32.38	1.81	0.54	1.89	0.56	1,096.32
Impairment (refer note 40)	-	-	-	-	-	-135.13	-	-	-	-	-	-135.13
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2016	-	-	0.04	3.30	337.11	911.24	88.23	4.66	1.29	2.80	0.90	1,349.57
Depreciation charge for the year	-	-	0.01	1.21	121.50	548.39	5.24	0.45	0.30	0.73	0.28	678.11
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At September 30, 2016	-	-	0.05	4.51	458.61	1,459.63	93.47	5.11	1.59	3.53	1.18	2,027.68
Net Block												
At April 01, 2013	14.91	193.94	4.84	-	-	-	-	3.83	3.99	1.56	0.56	223.64
At March 31, 2014	14.91	102.84	4.32	-	-	-	92.32	3.46	3.91	2.49	1.99	226.23
At March 31, 2015	24.34	105.37	0.89	62.35	6,655.54	10,078.32	56.10	4.01	1.39	5.32	1.79	16,995.42
At March 31, 2016	24.34	105.37	0.88	59.95	6,567.09	32,889.04	23.80	2.20	1.67	4.32	1.22	39,679.86
At September 30, 2016	24.34	105.37	0.87	58.74	6,453.05	32,327.02	18.55	1.75	1.37	3.60	0.94	38,995.58

SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 4: Intangible assets

(Rupees in millions)

Particulars	Software/Licenses	Total
Cost		
At April 01, 2013	**4.77**	**4.77**
Additions during the year		-
Disposals		-
At March 31, 2014	**4.77**	**4.77**
Additions during the year	2.00	**2.00**
Disposals		-
At March 31, 2015	**6.77**	**6.77**
Additions during the year	-	-
Disposals	-	-
At March 31, 2016	**6.77**	**6.77**
Additions during the year	-	-
Disposals	-	-
At September 30, 2016	**6.77**	**6.77**
Depreciation		
At April 01, 2013	**0.89**	**0.89**
Charge for the year	1.13	**1.13**
Disposals	-	-
At March 31, 2014	**2.02**	**2.02**
Charge for the year	1.37	**1.37**
Disposals	-	-
At March 31, 2015	**3.39**	**3.39**
Charge for the year	1.49	**1.49**
Disposals	-	-
At March 31, 2016	**4.88**	**4.88**
Charge for the year	0.50	**0.50**
Disposals	-	-
At September 30, 2016	**5.38**	**5.38**
Net Block		
At April 01, 2013	**3.88**	**3.88**
At March 31, 2014	**2.74**	**2.74**
At March 31, 2015	**3.38**	**3.38**
At March 31, 2016	**1.89**	**1.89**
At September 30, 2016	**1.39**	**1.39**

SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 5: Investments

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Investments at fair value through Profit or Loss				
Investment in Mutual Fund				
Nil units as at September 30, 2016 (March 31, 2016: 6,59,141.63, March 31, 2015 and March 31, 2014: Nil units) of Rs 100 each/- of Birla Sun Life Cash Plus - Daily Dividend-Direct Plan	-	7.04	-	-
137,054.57 units as at September 30, 2016 (March 31, 2016, March 31, 2015 and March 31, 2014 : Nil) of Rs 1000/- each of SBI Premier Liquid fund	137.50	-	-	-
Total	**137.50**	**7.04**	**-**	**-**
Non-current	-	-	-	-
Current	137.50	7.04	-	-
	137.50	**7.04**	**-**	**-**
Aggregate value of quoted investment	**137.50**	**7.04**	**-**	**-**
Aggregate value of unquoted investment	**-**	**-**	**-**	**-**

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SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 6: Loans

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Loans (Unsecured considered good unless otherwise stated)				
Loans to related party (refer note 33)	718.01	718.01	1,276.30	1,742.10
	718.01	**718.01**	**1,276.30**	**1,742.10**
Non Current	718.01	718.01	1,276.30	1,742.10
Current	-	-	-	-
	718.01	**718.01**	**1,276.30**	**1,742.10**

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SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 7: Trade and other receivables

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Unsecured, considered good	719.80	740.88	278.24	47.94
	719.80	**740.88**	**278.24**	**47.94**
Non Current (refer note 33)	101.62	101.62	101.62	30.34
Current	618.18	639.26	176.62	17.60
Total	**719.80**	**740.88**	**278.24**	**47.94**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies.

Trade receivables are non-interest bearing and are generally on terms of 60 days

See Note 38 on credit risk of trade receivables, which explains how the SPV Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Note 8: Other financial assets

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Non-Current				
Security deposits	3.30	2.37	5.39	7.51
Interest receivable from related party (refer note 33)	268.08	268.08	268.08	172.63
	271.38	**270.45**	**273.47**	**180.14**
Current				
Interest accrued on Investments	0.01	-	0.44	-
Unbilled revenue*	367.01	454.51	173.08	-
	367.02	**454.51**	**173.52**	**-**
Total	**638.40**	**724.96**	**446.99**	**180.14**

* Unbilled revenue is the transmission charges for the last month of period/year billed to transmission utilities in the next month subsequent to period/year end.

Financial assets at amortised cost	638.40	724.96	446.99	180.14
Financial Assets carried at fair value through profit or loss	-	-	-	-
Financial Assets carried at fair value through other comprehensive income	-	-	-	-

Note 9: Deferred tax asset/liabilities (net)

Note 9 (a): In Combined Balance Sheet

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	2,740.56	2,117.35	470.97	0.51
Others	1,286.81	1,455.07	1,712.94	-
Gross deferred tax liability (A)	4,027.37	3,572.42	2,183.91	0.51
Unabsorbed depreciation under Income tax	2,744.04	2,156.52	505.80	0.51
Others	32.46	68.36	24.63	-
Gross deferred tax assets (B)	2,776.50	2,224.88	530.43	0.51
Net deferred tax asset	-	107.53	59.46	-
Net deferred tax liabilities	1,250.87	1,455.07	1,712.94	-

Note 9(b): In Combined Statement of Profit and Loss

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Impact of difference between net block of property, plant and equipment for tax and for financial reporting	623.21	1,646.38	470.46	-
Others	(168.26)	(257.86)	(137.36)	-
Gross deferred tax liability	454.95	1,388.52	333.10	-
Unabsorbed depreciation under Income tax	587.51	1,650.72	505.29	-
Others	(35.89)	43.73	24.63	(6.41)
Gross deferred tax assets	551.63	1,694.45	529.92	(6.41)
Net deferred tax recognised in profit or loss	**(96.68)**	**(305.93)**	**(195.76)**	**6.31**
Net deferred tax recognised in OCI	**-**	**-**	**1.06**	**0.10**

i) For the calculation of deferred tax assets/liabilities, the SPV Group has not considered tax holiday available to Bhopal Dhule Transmission Company Limited (BDTCL) and Jabalpur Transmission Company Limited (JTCL) under the Income Tax Act. The management based on estimated cash flow workings for these projects, believes that since there will be losses in the initial years of the projects, no benefit under the Income tax Act would accrue to the SPV Group in respect of the tax holiday. Management will re-assess this position at each balance sheet date.

ii) During the years ended March 31, 2016 and March 31, 2015, the SPV group had recognized deferred tax asset on tax losses of BDTCL and JTCL representing unabsorbed depreciation to the extent that it is probable that the entities will have sufficient taxable profits in future periods as required under Ind AS-12 Income Taxes. BDTCL and JTCL have entered into Transmission Services Agreements (TSAs) with long term transmission customers which provides for fixed revenues over the period of 35 years. The existence of TSAs and the projects having become operational fulfilled the requirement of Ind AS-12 for recognition of deferred tax assets. However, as at September 30, 2016, based on the expected future profitability of BDTCL and JTCL after considering the proposed future debt structure in the SPV Group, the management has determined that it cannot recognise deferred tax assets on the unabsorbed depreciation carried forward in BDTCL and JTCL. Hence no net deferred tax asset (i.e. net of deferred tax liability), has been recognised for BDTCL and JTCL as at September 30, 2016.
For SGL1, no deferred tax asset has been recognised as at September 30, 2016 or for any earlier year.

SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 10: Cash and cash equivalents

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
(a) Balance with banks on current accounts *	228.37	217.23	535.70	311.72
(b) Deposits with original maturity of less than 3 months	0.10	-	12.70	2.89
Total	228.47	217.23	548.40	314.61

* Out of this, an amount of Rs Nil (March 31, 2016: Nil, March 31, 2015: Rs. 283.30 millions, March 31, 2014 - Nil) is kept towards Debt Service Reserve Account as per the requirements of the term loan agreement with banks.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at period/year end:

Particulars	As at September 30, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Balance with banks on current accounts	228.37	217.23	535.70	311.72
Deposits with original maturity of less than 3 months	0.10	-	12.70	2.89
Total	228.47	217.23	548.40	314.61

Note 11: Current tax assets (net)

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Tax paid in advance (net of provision)	-	-	-	0.83
Total	-	-	-	0.83

Note 12: Other assets

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Non-current				
Capital advances	-	-	385.01	1,098.75
Deposits with government authorities	12.90	12.90	12.90	12.90
Advance income tax and withholding tax	24.01	68.66	115.86	83.20
	36.91	**81.56**	**513.77**	**1,194.85**
Current				
Prepaid expenses	79.83	31.12	18.03	33.96
Advances recoverable in cash or in kind	38.08	48.60	4.42	13.93
Deposits paid under dispute (refer note 30)	101.70	69.98	10.10	-
Balances with government authorities	5.88	1.61	0.63	7.37
	225.49	**151.31**	**33.18**	**55.26**
Total	**262.40**	**232.87**	**546.95**	**1,250.11**

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SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 13 : Equity capital

Particulars	As at September 30, 2016		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of shares in millions	In Rs. millions	No. of shares in millions	In Rs. millions	No. of shares in millions	In Rs. millions	No. of shares in millions	In Rs. millions
Authorised	20.00	200.00	20.00	200.00	20.00	200.00	1.00	10.00
Issued and subscribed and fully paid up	17.67	176.73	17.67	176.73	17.67	176.73	0.18	1.75
Total	**17.67**	**176.73**	**17.67**	**176.73**	**17.67**	**176.73**	**0.18**	**1.75**

1. Reconciliation of equity capital outstanding at the beginning and at the end of the reporting period

Particulars	As at September 30, 2016		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of shares in millions	In Rs. millions	No. of shares in millions	In Rs. millions	No. of shares in millions	In Rs. millions	No. of shares in millions	In Rs. millions
At the beginning of the period	17.67	176.73	17.67	176.73	0.18	1.75	0.10	1.00
Issued during the period	-	-	-	-	17.50	174.98	0.08	0.75
Outstanding at the end of the period	17.67	176.73	17.67	176.73	17.67	176.73	0.18	1.75

Terms/Rights attached to the equity capital

The SPV Group has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the SPV Group, the holders of equity shares will be entitled to receive remaining assets of the SPVs, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Particulars	As at September 30, 2016		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of shares in millions	% holding	No. of shares in millions	% holding	No. of shares in millions	% holding	No. of shares in millions	% holding
Sterlite Technologies Limited	-	-	-	-	-	-	0.18	100.00%
Sterlite Power Grid Ventures Limited, Immediate Holding Company	17.67	100.00%	17.67	100.00%	17.67	100.00%	-	-

3. Number of Shares held by each shareholder holding more than 5% Shares in the company

Particulars	As at September 30, 2016		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of shares in millions	% holding	No. of shares in millions	% holding	No. of shares in millions	% holding	No. of shares in millions	% holding
Sterlite Technologies Limited	-	-	-	-	-	-	0.18	100.00%
Sterlite Power Grid Ventures Limited, Immediate Holding Company	17.67	100.00%	17.67	100.00%	17.67	100.00%	-	-

Note 14: Other equity

a) Share application money pending allotment

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Balance as at the beginning of the year	-	-	8.25	247.87
Issue of equity capital	-	-	-	(247.87)
Share application money received	-	-	-	8.25
Refund of share application money	-	-	(8.25)	-
Balance as at end of the year	**-**	**-**	**-**	**8.25**

Sterlite Grid 1 Limited ('SGL1') had received share application money of Rs. 247.87 millions from Sterlite Technologies Limited. During the year ended March 31, 2014, SGL issued 75,000 equity shares of Rs 10 each at a premium of Rs 3,295 each.

b) Equity component of non- convertible debentures/loans

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Balance as at the beginning of the year	3,495.83	3,495.83	-	-
Issue of non-convertible debentures/loans	-	-	3,495.83	-
Balance as at end of the year	**3,495.83**	**3,495.83**	**3,495.83**	**-**

c) Reserves and surplus

1) Securities premium

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Balance as at the beginning of the year	397.12	397.12	397.12	150.00
Add: Addition during the year	-	-	-	247.12
Closing balance	**397.12**	**397.12**	**397.12**	**397.12**

2) Retained earnings

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Balance as at the beginning of the year	**(1,715.18)**	**(934.85)**	**(465.93)**	**(69.50)**
Add: Loss for the period	(286.63)	(780.33)	(468.92)	(396.43)
Net balance/(deficit)	**(2,001.81)**	**(1,715.18)**	**(934.85)**	**(465.93)**
Total other equity	**1,891.14**	**2,177.77**	**2,958.10**	**(60.56)**

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Note 15: Borrowings

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Non-current interest bearing borrowings				
Loans from banks and financial institutions (secured)				
Indian rupee loan from banks	18,276.92	17,973.30	15,734.64	11,967.44
Indian rupee loan from financial institutions	4,203.42	5,063.25	3,792.25	4,606.48
Foreign currency loan from financial institutions	2,562.82	2,620.74	2,599.92	1,777.28
Local bill discounting and acceptances	-	-	1,028.19	2,394.21
Buyer's credit	-	-	355.36	274.97
Loans and Advances from related parties (refer note 33)				
Debentures (Unsecured)				
1,320.041 millions (March 31, 2016: 1,320.041 millions, March 31, 2015: 1,320.041 millions and March 31, 2014: Nil) Non Convertible Debentures of Rs 10/- each	9,646.60	9,166.66	8,277.23	-
Loan from related party (Unsecured)	-	-	1,500.43	4,663.81
Less: Investments in East North Interconnection Company Limited (refer note 2.1)			(735.05)	(735.05)
	34,689.76	**34,823.95**	**32,552.97**	**24,949.14**
Non-current non-interest bearing borrowings				
Loans from Related Parties (refer note 33)				
Loan from Holding Company (Unsecured)	-	-	-	-
Loan from Fellow Subsidiary Company (Unsecured)	25.00	25.00	25.00	-
	25.00	**25.00**	**25.00**	**-**
Total	**34,714.76**	**34,848.95**	**32,577.97**	**24,949.14**
Current interest bearing borrowings				
Buyer's credit from banks (Secured)	-	-	128.73	309.11
Current maturities of long term borrowings				
Indian rupee loan from banks (Secured)	889.48	800.54	664.77	693.60
Indian rupee loan from financial institutions (Secured)	184.13	217.40	38.00	45.79
Foreign currency loan from financial institutions (Secured)	147.72	141.99	144.65	107.65
Less: Clubbed under "other current financial liabilities" (refer note 17)	(1,221.33)	(1,159.93)	(847.42)	(847.04)
	-	-	-	-
	-	**-**	**128.73**	**309.11**
Current non-interest bearing borrowings				
Loan from Holding Company (Unsecured) (refer note 33)	3,278.20	3,164.74	-	-
Less: Investments in East north Interconnection Company Limited (refer note 2.1)	(1,499.85)	(1,499.85)	-	-
Total	**1,778.35**	**1,664.89**	**128.73**	**309.11**

Sterlite Grid 1 Limited (SGL1)

a) Non Convertible debenture (NCD) of Face value of Rs.10 each amounting to Rs. 12,881.45 millions carry nil interest and are held by Sterlite Power Grid Ventures Limited. The NCD would be redeemable at the option of the NCD holder anytime after 5 years from the date of allotment viz July 23, 2014. If the NCD holders do not exercise their right of redeeming the NCDs, the NCDs shall be due for repayment at the end of 7 years from the date of allotment. Since the interest rate for the NCD is below market rate, an amount of Rs 3,366.73 million (net of deferred tax of Rs.1,781.97 millions) has been re-classified to equity as contribution from parent during the year ended March 31, 2015.

b) The unsecured loan from holding company carries nil interest rate. This loan is either repayable as per mutually agreed terms or convertible into equity as per mutually agreed terms. Since the interest rate for the loan is below market rate, an amount of Rs 129.10 million (net of deferred tax of Rs. 68.33 millions) has been re-classified to equity as contribution from parent during the year ended March 31, 2015.

Bhopal Dhule Transmission Company Limited (BDTCL)

c) Indian rupee term loan of nominal value of Rs. 9,322.49 millions from bank and of nominal value of Rs. 3,598.10 millions from financial institutions carries interest at the rate of SBI base rate + 0.80% p.a. 60% of total loan amount is repayable in 59 structured quarterly instalments in accordance with amortisation schedule starting from September 2015. Balance 40% of the total loan amount shall be repayable as a bullet repayment as a last instalment. The term loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of BDTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of BDTCL into and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of BDTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower into and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by pledge of 51% of share capital of BDTCL held by Sterlite Grid 1 Limited voting rights of which do not fall below 51%.

d) Foreign currency loan from financial institution carries interest at the rate of 6m LIBOR + 2.10% to 3.80% spread. BDTCL has taken currency and interest rate swaps to hedge currency and 6m LIBOR to fixed rate. 65% of total loan amount is repayable in 46 quarterly instalments as per repayment schedule starting from September 2015. Balance 35% of the total loan amount shall be repayable as a bullet repayment in accordance with the repayment schedule such that average tenor of the facility shall be more than 8.51 years. The foreign currency loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of BDTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of BDTCL into and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of BDTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from Sterlite Technologies Limited (which is in the process of being transferred to Sterlite power Transmission Limited. Refer note 33) directly/ indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of BDTCL.

e) The unsecured loan from fellow subsidiary company is interest free loan. This loan is either repayable as per mutually agreed terms or convertible into equity as per mutually agreed terms subject to approval from lenders of the term loan. Other terms and conditions of this loan will be subject to approval from term loan lenders

Jabalpur Transmission Company Limited (JTCL)

f) Indian rupee term loan from banks of nominal value of Rs. 9,658.23 millions and of nominal value of Rs. 1,030.87 millions from financial institutions carries interest at the rate of SBI base rate + 0.80% p.a. 60% of total loan amount is repayable in 59 structured quarterly instalments in accordance with amortisation schedule starting from March 2016. Balance 40% of the total loan amount shall be repayable as a bullet repayment as a last instalment. The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of JTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of JTCL in to and under all clearances pertaining to the project (including transmission license) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of JTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by pledge of 51% of share capital of JTCL held by Sterlite Grid 1 Limited voting rights of which do not fall below 51%.

SPV Group is required to ensure compliance of following financial covenants in respect of long term loans obtained from banks and financial institutions:

SPV Group shall pay additional interest to the lenders at the rate of 1% (one per cent) per annum over and above the applicable interest rate on the outstanding amount of the secured obligations in the event of any adverse deviation by more than 20% in respect of (A) and (B):

(A) Total debt gearing and
(B) Minimum debt service coverage ratio.

SPV Group is also required to maintain specified security margin.

The financial covenants will be reviewed on availability of audited accounts of the Borrower annually. The first review shall be at the FY 2016-17 onwards and every year thereafter based on the audited financials of the previous financial year.

In case of continuous default/decline in performance levels, the Lenders may stipulate any other conditions as deemed necessary in consultation with the Borrower. The Borrower shall not pay any dividend till the default is rectified to the satisfaction of the Lenders. Further, breach of Financial covenants in two successive testing periods would be recognized as Event of Default.

Note 16: Trade and other payables

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Current				
Trade payables (including acceptance)	13.73	21.58	45.85	1.32
Total	**13.73**	**21.58**	**45.85**	**1.32**

Trade payables are not-interest bearing and are normally settled on 30-90 days terms
For explanation on the SPV Group's risk management policies, refer note 38.

Note 17: Other financial liabilities

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Non-Current				
Interest payable to related parties (refer note 33)	7.63	7.63	7.63	674.14
	7.63	7.63	7.63	674.14
Current				
Interest accrued but not due on borrowings	-	-	1.76	1.25
Interest accrued and due on borrowings	115.40	121.94	-	-
Derivatives instruments	143.93	178.85	40.65	5.35
Current maturities of long term borrowings (Refer Note 15)	1,221.33	1,159.93	847.42	847.04
Payables for purchase of property, plant and equipment	127.88	359.28	1,955.41	4,196.00
Margin money payable	50.10	50.10	49.24	289.92
Others (including reimbursement of expenses payable) (refer note 33)	204.87	203.38	13.71	9.90
Total	**1,863.51**	**2,073.48**	**2,908.19**	**5,349.46**
Total Financial Liabilities	**1,871.15**	**2,081.11**	**2,915.82**	**6,023.60**
Financial Liability at amortised cost	1,727.22	1,902.26	2,875.17	6,018.25
Financial Liability at fair value through profit and loss	143.93	178.85	40.65	5.35

Note 18: Other liabilities

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Current				
Share application money pending allotment	-	-	-	1,744.80
Provision for income tax	-	-	-	2.55
Withholding taxes payable	4.66	5.94	7.46	47.08
Service tax payable	0.17	0.01	4.98	3.71
Total	**4.83**	**5.95**	**12.44**	**1,798.14**

Note 19: Provisions

Particulars	As at September 30, 2016 In Rs. millions	As at March 31, 2016 In Rs. millions	As at March 31, 2015 In Rs. millions	As at March 31, 2014 In Rs. millions
Non-Current				
Provision for gratuity (refer note 29)	-	-	8.32	3.15
Total	**-**	**-**	**8.32**	**3.15**
Current				
Provision for leave encashment*	-	-	7.78	3.25
Total	**-**	**-**	**7.78**	**3.25**

***** For the period ended September 30, 2016 and the year ended March 31, 2016, the valuation for leave encashment was carried out by Sterlite Power Grid Ventures Limited at the group level and the costs are allocated to the SPV Group on a systematic basis.

Note 20: Income tax

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Income tax expense reported in the statement of profit and loss				
Current tax				
Current income tax	-	-	-	2.37
Adjustment in respect of current tax of previous years	-	-	(1.24)	-
Deferred tax				
Relating to origination and reversal of temporary difference	(96.68)	(305.93)	(195.76)	6.41
Total	**(96.68)**	**(305.93)**	**(197.00)**	**8.78**
Statement of other comprehensive income (OCI)				
Deferred tax related to items recognised in OCI during the year				
Net loss/(gain) on actuarial gains and losses	-	-	1.06	0.10
Total	-	-	1.06	0.10
Reconciliation of deferred tax liabilities, net				
Opening balance as of April 1	(1,347.55)	(1,653.48)	-	6.31
Deferred tax liability on equity component of Non-Convertible debentures/Loans	-	-	(1,850.30)	-
Tax income/(expense) during the period recognised in profit or loss	96.68	305.93	195.76	(6.41)
Tax income/(expense) during the period recognised in OCI	-	-	1.06	0.10
Closing balance	**(1,250.87)**	**(1,347.55)**	**(1,653.48)**	**-**

The SPV Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of tax expense and the accounting profit/loss multiplied by domestic tax rate for the years ended September 30, 2016, March 31, 2016, March 31, 2015 and March 31,2014.

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Accounting profit/(loss) before tax from continuing operations	(383.31)	(1,086.26)	(663.93)	(387.45)
Tax @ 30.9%	(118.44)	(335.65)	(205.15)	(119.72)
Adjustments:				
In respect of current income tax of previous years	-	-	(1.24)	-
Deferred tax asset not recognised on tax losses	35.24	60.57	35.71	126.39
Difference in rate of current tax and deferred tax	(10.36)	(32.79)	(20.98)	-
Deferred tax on unabsorbed depreciation of previous years recognised in current year	-	(2.21)	(2.60)	-
Others	(3.11)	4.16	(2.72)	2.12
At the effective income tax rate	(96.68)	(305.93)	(197.00)	8.78

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Note 21: Revenue from operations

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Income from transmission charges	2,180.59	3,542.37	598.67	-
Total	**2,180.59**	**3,542.37**	**598.67**	**-**

Note 22: Other income

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Sale of aluminium ingots	-	-	-	193.27
Income from investment in mutual funds	9.12	20.86	5.00	23.91
Management fees (refer note 33)	-	-	70.00	30.00
Lease rental income	-	-	16.63	17.60
Foreign exchange gain (net)	-	0.35	-	9.01
Fair valuation of derivative instruments	34.92	-	-	26.73
Miscellaneous income	9.90	0.00	0.06	0.85
Total	**53.94**	**21.21**	**91.69**	**301.37**

Note 23 : Employee benefits expense

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Salaries, wages, bonus and commission	17.77	44.75	4.75	-
Contribution to provident fund #	-	-	1.11	0.45
Gratuity expenses (refer note 29)	-	-	1.17	(0.18)
Staff welfare expenses	0.22	3.85	0.13	-
Total	**17.99**	**48.60**	**7.16**	**0.27**

Salary cost is allocated to the SPV Group by Sterlite Power Grid Ventures Limited ('SPGVL') on a cost basis. Liabilities towards statutory dues including provident fund contributions are discharged by SPGVL and subsequently reimbursed by the SPV Group to SPGVL.

Note 24A: Finance cost

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Interest cost	1,785.20	3,270.70	931.76	559.66
Bank charges	13.40	28.58	5.13	3.88
Total	**1,798.60**	**3,299.28**	**936.89**	**563.54**

Note 24B: Finance income

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Interest income on long term loans (refer note 33)	-	-	106.06	132.88
Interest on bank deposit	0.01	18.48	-	5.13
Interest others (refer note 33)	-	0.00*	0.01	0.00*
Interest on income tax refund	3.57	3.68	2.73	-
Total	**3.58**	**22.16**	**108.80**	**138.01**

* Amounts below 0.01 million

Note 25: Depreciation, amortisation and impairment

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Depreciation on tangible assets (note 3)	678.11	1,096.32	236.87	16.09
Impairment of tangible assets (note 3 and note 40)	-	(135.13)	135.13	-
Amortisation of intangible assets (note 4)	0.50	1.49	1.37	1.13
Total	**678.61**	**962.68**	**373.37**	**17.22**

Note 26: Other expenses

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Cost of aluminium ingots sold	-	-	-	187.65
Business promotion	-	0.02	1.94	0.52
Transmission infrastructure maintenance charges	52.15	86.59	-	-
Power and fuel	4.69	9.83	5.72	-
Rent	0.44	0.74	8.83	10.87
Rates and taxes	13.30	8.50	2.57	2.68
Insurance	30.96	47.05	6.52	-
Travelling and conveyance	6.59	16.95	9.94	-
Legal and professional fees	8.29	33.73	29.96	22.54
Directors sitting fee and commission	0.16	0.38	0.28	-
Recruitment expense	-	0.13	3.76	3.19
Loss on sale of property, plant and equipment	-	-	5.64	-
Foreign exchange loss (net)	-	-	12.10	-
Fair valuation of derivative instruments	-	138.20	35.30	-
Miscellaneous expenses	9.64	19.32	23.11	18.35
Total	**126.22**	**361.44**	**145.67**	**245.80**

Amounts disclosed above are net of amounts capitalised to Property, plant and equipment (refer note 32)

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Notes to Combined Financial Statements

Note 27: Components of Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below-

In Rs. millions

Particulars	Retained Earnings			
	Six months ended September 30, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
(i) Items that will not be reclassified to Profit and Loss				
Remeasurement gains or (losses) on defined benefit plans (net of tax)	-	-	(1.99)	(0.20)
			(1.99)	(0.20)
(ii) Items that will be reclassified to Profit and Loss	-	-	-	-
Total	**-**	**-**	**(1.99)**	**(0.20)**

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Note 28: Earnings Per Unit (EPU)

The number of units that IndiGrid will issue to investors in the proposed Initial Public Issue and to SPGVL in exchange of the shareholdings in the SPV Group and against the loan from SPGVL is not presently ascertainable. Hence the disclosures in respect of Earnings per Unit have not been given.

Under the Project Manager Agreement dated November 10, 2016 , IndiGrid will issue additional units without consideration to SPGVL in the event BDTCL and/or JTCL receive additional tariff towards claims made on account of cost overruns due to force majeure and changes in law, the petitions for which have been filed and are currently pending disposal by CERC. This will have impact on the earnings per unit of the SPV Group.

Note 29: Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Salary cost is allocated to the SPV Group by Sterlite Power Grid Ventures Limited ('SPGVL') on a cost basis. Liabilities towards statutory dues including provident fund contribution are discharged by SPGVL and subsequently reimbursed by the SPV Group to SPGVL.

B. Defined benefit plans:

The SPV Group has a defined benefit plan (Gratuity) for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The said gratuity plan is unfunded.

For the year ended March 31, 2016, the actuarial valuation of gratuity payable was carried out by SPGVL at group level and the costs have been allocated to the SPV Group on a systematic basis. Hence detailed disclosures in respect of defined benefit plans as at March 31, 2016 have not been given.

For the six months period ended September 30, 2016, the cost in respect of gratuity has been computed on a pro rata basis based on the actuarial valuation done as at March 31, 2016. Hence disclosures in respect of defined benefit plans as at September 30, 2016 have not been given.

The following table summarises the components of net benefit expense recognised in the Statement of profit and loss and the amounts recognised in the balance sheet for the gratuity plan.

Particulars	**Year ended March 31, 2015 In Rs. millions**	**Year ended March 31, 2014 In Rs. millions**
Statement of Profit and Loss		
Net employee benefit expense recognised in the employee cost		
Current Service cost	2.02	0.51
Past Service Cost	-	-
Interest cost on benefit obligation	0.36	0.23
(Gain)/Losses on settlement	-	-
Net benefit expense *	2.38	0.74
Amount recorded in Other Comprehensive Income		
Opening amount recognised in OCI		
Measurement during the period due to		
Actuarial loss/(gain) arising from change in financial assumptions	3.38	(0.58)
Actuarial loss/(gain) arising from change in demographic assumptions	(1.14)	-
Actuarial loss/(gain) arising on account of experience changes	0.97	0.87
Amount recognised in OCI	3.21	0.29
Reconciliation of Net Liability/Asset		
Opening Defined Benefit Liability/(Asset)	3.86	2.83
Expense charged to Profit and Loss	2.38	0.74
Amount recognised in OCI	3.21	0.29
Employer Contribution	-	-
Closing net defined benefit liability/asset	9.45	3.86
Movement in benefit obligation and balance sheet		
A reconciliation of the benefit obligation during the inter-valuation period		
Opening defined benefit obligation	3.86	2.83
Current Service cost	2.02	0.51
Past Service Cost	-	-
Interest on defined benefit obligation	0.36	0.23
Remeasurement during the period due to :		
Actuarial loss/(gain) arising from change in financial assumptions	3.38	(0.58)
Actuarial loss/(gain) arising from change in demographic assumptions	(1.14)	-
Actuarial loss/(gain) arising on account of experience changes	0.97	0.87
Benefits paid	-	-
Closing defined benefit obligation [liability/(asset)] recognised in balance Sheet	9.45	3.86
Net Liability is bifurcated as follows:		
Current	-	-
Non-current	8.32	3.15
Net Liability	8.32	3.15

*Out of total expense of Rs. 2.38 million in 2014-15 and Rs. 0.74 million in 2013-14, amount of Rs. 1.17 million and Rs. (0.18) million has been debited to the statement of profit and loss and the remaining has been capitalised.

The principal assumptions used in determining above defined benefit obligations for the Project SPV's plans are shown below:

Particulars	**Year ended March 31, 2016**	**Year ended March 31, 2015**	**Year ended March 31, 2014**
Discount rate	7.80%	7.98%	9.44%
Future salary increase	8%	8%	5%
Expected average remaining working lives (in years)	8	8	20
Withdrawal rate (based on grade and age of employees)	10%	10%	2%

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (Impact)	
		Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Discount rate	1% increase	(0.62)	(0.40)
	1% decrease	0.71	0.48
Future salary increase	1% increase	0.70	0.49
	1% decrease	(0.63)	(0.42)
Withdrawal rate	1% increase	(0.09)	0.16
	1% decrease	0.09	(0.20)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Within the next 12 months (next annual reporting period)	0.48	0.07
Between 2 and 5 years	4.29	0.59
Beyond 5 years	4.70	3.20
Total expected payments	9.47	3.86

Weighted average duration of defined benefit plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2015 Years	Year ended March 31, 2014 Years
Weighted average duration of defined benefit plan obligation	12 - 15	21

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Note 30: Commitments and contingencies

A. Commitments

		September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014
1)	Commitment relating to completion of the transmission projects, net of capital advances (In Rs. millions)	-	-	913.29	6,916.66

2) The SPVs have entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Project SPVs have committed to transmit power of contracted capacity and have also committed minimum availability of transmission line over the life of the TSA period. The TSA contains provision for penalties in case of certain defaults.

3) For commitments related to leases refer note 31

B. Contingent liabilities

Particulars	September 30, 2016 In Rs. millions	March 31, 2016 In Rs. millions	March 31, 2015 In Rs. millions	March 31, 2014 In Rs. millions
Entry tax demand	306.04	276.32	100.94	-
Builder works contract cess demand	-	4.17	-	-
Total	**306.04**	**280.49**	**100.94**	**-**

As at September 30, 2016

1) Entry tax demand of Rs 156.04 millions for Bhopal Dhule Transmission Company Limited (BDTCL) and Rs 98.45 millions for Jabalpur Transmission Company Limited (JTCL) pertains to demands under the Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13 and 2013-14. BDTCL and JTCL have preferred an appeal against the demand before High Court, Bhopal. Both the SPVs are contesting the demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the SPV Group's financial position and results of the operations. BDTCL has deposited Rs. 54.88 millions and JTCL has deposited Rs 34.76 millions with the tax authorities against the said demands.

2) Entry tax demand of Rs 51.55 millions for JTCL pertains to demand under Chhattisgarh Value Added Tax Act, 2005 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13 and 2013-14. JTCL has preferred an appeal against the demand before Additional Commissioner of Commercial Tax, Bilaspur. The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on SPV Group's financial position and results of the operations. JTCL has deposited Rs. 12.05 millions with the tax authorities against the said demand.

As at March 31, 2016

1) Entry tax demand of Rs 156.04 millions for Bhopal Dhule Transmission Company Limited (BDTCL) and Rs 98.45 millions for Jabalpur Transmission Company Limited (JTCL) pertains to demands under the Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13 and 2013-14. BDTCL and JTCL have preferred an appeal against the demand before High Court, Bhopal. Both the Project SPVs are contesting the demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the SPV Group's financial position and results of the operations. BDTCL has deposited Rs. 39.01 millions and JTCL has deposited Rs 24.61 millions with the tax authorities against the said demands.

2) Entry tax demand of Rs 21.83 millions for JTCL pertains to demand under Chhatisgarh Value Added Tax Act, 2005 for payment of entry tax upon completion of assessment by tax authorities for the year 2013-14. JTCL has preferred an appeal against the demand before Additional Commissioner of Commercial Tax, Bilaspur. The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the SPV Group's financial position and results of the operations. JTCL has deposited Rs. 2.18 millions with the tax authorities against the said demand.

3) BOCW cess demand of Rs 4.17 millions for JTCL pertains to demand under the Building and Other Construction Workers' Welfare Cess Act, 1996 for payment of cess for the year 2012-13 and 2013-14. JTCL has preferred an appeal against the said demand before Joint Commissioner (Labour), Madhya Pradesh. The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued for the said demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the SPV Group's financial position and results of the operations. JTCL has deposited Rs 4.17 millions with the tax authorities against the said demand.

As at March 31, 2015

Entry tax demand of Rs 68.95 millions for Bhopal Dhule Transmission Company Limited (BDTCL) and Rs 31.99 millions for Jabalpur Transmission Company Limited (JTCL) pertains to demands under the Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13. BDTCL and JTCL have preferred an appeal against the demand before Additional Commissioner of Commercial tax, Bhopal. Both the companies are contesting the demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the SPV Group's financial position and results of the operations. BDTCL has deposited Rs. 6.90 millions and JTCL has deposited Rs 3.20 millions with the tax authorities against the said demands.

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Note 31: Leases

SPV Group as a lessee

The SPV Group had taken office premises on operating lease from August 2011. The lease term was for 9 years and renewable at the option of the SPV Group. There is no escalation clause in the lease agreement for 3 years. During the year 2014-15, the SPV Group had cancelled the lease.

The lease rentals charged during the period is as under

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
1) Lease rentals recognised during the period	-	-	10.62	5.44
2) Future minimum lease payments				
Not later than 1 year	-	-	-	12.15
Later than 1 year and not later than 5 years	-	-	-	53.32
Later than 5 years	-	-	-	17.36

SPV Group as a lessor
The SPV Group had given TSE Machine and Stringing Tools on operating lease in FY 2014-15. The Lease term varies from 4 months to 6 months and renewable at the mutual option of the parties.

Particulars	Six months ended September 30, 2016 In Rs. millions	Year ended March 31, 2016 In Rs. millions	Year ended March 31, 2015 In Rs. millions	Year ended March 31, 2014 In Rs. millions
Lease rental income recognised during the period	-	-	16.63	17.60

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Note 32: Capitalisation of expenditure

The expenditure incidental to the setting up of the project is included in Capital Work in Progress (CWIP) which is apportioned to the assets on completion of the project and commencement of commercial operations. The SPV Group has capitalised the following expenses to the cost of fixed asset/ capital work-in-progress (CWIP):

Particulars	Six months ended September 30, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
	In Rs. millions	In Rs. millions	In Rs. millions	In Rs. millions
Finance cost	-	572.06	2269.09	1726.31
Employee benefit expense (including gratuity)	-	30.47	99.63	92.16
Legal and professional fees	-	9.48	54.88	63.26
Route survey cost	-	0.00	0.04	2.92
Travelling and conveyance expenses	-	21.44	29.39	22.73
Foreign currency exchange loss/(gain) (refer note below)	12.13	198.47	178.10	(193.29)
General expenses	-	10.07	29.12	2.94
Rates and taxes	-	1.58	5.18	3.95
Internal audit fees	-	-	1.86	1.98
Rent	-	1.11	1.94	1.02
Total	**12.13**	**844.68**	**2,669.23**	**1,723.98**

Note on deferral/capitalisation of exchange difference:
For the purpose of these Combined Financial Statements, the SPV Group has availed the option given under Ind AS 101 whereby the SPV Group has continued its previous Indian GAAP policy for accounting for exchange differences arising from translation of long term foreign currency monetary items.

Capitalised borrowing costs
Finance costs incurred are capitalised in respect of project related borrowings till the date of capitalisation of the project.

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SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

NOTE 33: RELATED PARTY DISCLOSURES

I. List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

(i) Holding Compannies
a. Sterlite Power Grid Ventures Limited (SPGVL) - Immediate Holding Company
b. Sterlite Technologies Limited (STL) - Interrnediate Holding Company*
c. Sterlite Power Transmission Limited (SPTL) - Interrnediate Holding Company
d. Volcan Investments Limited, Bahamas - Ultimate Holding Company

* STL was the immediate holding company of Sterlite Grid 1 Limited (SGL1) till July 23, 2014. Post that SGL1 was transferred to STL's subsidiary SPGVL and STL became intermediate holding company of SGL1. With effect from April 1, 2015, SPGVL was transferred to SPTL under a Scheme of demerger of the power business of STL. Hence SPTL became intermediate holding company of SGL1.

(ii) Subsidiaries
a. East-North Interconnection Company Limited (ENICL) - Refer Note 2.1

(iii) Fellow Subsidiaries
a. Sterlite Grid 2 Limited (SGL2)
b. Purulia and Kharagpur Transmission Company Limited (PKTCL)
c. RAPP Transmission Company Limited (RTCL)

(iv) Key management personnel (KMP)
a. Mr. Ajay Bhardwaj

II. List of related parties as per the requirements of InvIT Regulations (as of September 30, 2016) (refer notes below)

(i) Parties to IndiGrid
a. Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project manager
b. Sterlite Infraventures Limited (SIVL) - Investment Manager
c. Axis Trustee Services Limited - Trustee of IndiGrid

(ii) Any unit holder holding, directly or indirectly, more than twenty percent. of the units of IndiGrid

None

(iii) Associates, Promoters, Directors and Partners of the persons mentioned in clause (i) and (ii)

Particulars		Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project manager	Sterlite Infraventures Limited (SIVL) - Investment Manager	Axis Trustee Services Limited - Trustee of IndiGrid
Promoters		Sterlite Power Transmission Limited	Sterlite Power Transmission Limited	Axis Bank Limited
Directors		Mr. Pravin Agarwal Mr. Pratik Agarwal Mr. Anand Gopaldas Agarwal Mr. A R Narayanaswamy Mr. Udai Dhawan Mr. Avaantika Rajesh Kakkar	Mr. Dindayal Jalan Mr. Pratik Pravin Agarwal Mr. Ponnuswamy Ramnath	Mr. Srinivasan Varadarajan Mr. Ram Bharoseylal Vaish Mr. Sidharth Rath Mr. Rajaraman Viswanathan Mr. Thanjavur Selvaraj Asokraj Mr. Raghuraman Mahalingam
Partners		Not applicable	Not applicable	Not applicable
Associates	**A)**	**Subsidiary Companies**		
		Sterlite Grid 2 Limited (SGL2) Sterlite Grid 3 Limited (SGL3) Sterlite Grid 4 Limited (SGL4) East North Interconnection Company Limited (ENICL) RAPP Transmission Company Limited (RTCL) Purulia & Kharagpur Transmission Company Limited (PKTCL) NRSS XXIX Transmission Limited (NRSS) Maheshwaram Transmission Limited Odisha Generation Phase II Transmission Limited Gurgaon-Palwal Transmission Limited Khargone Transmission Limited	None	None
	B)	**Holding Companies**		
		Sterlite Power Transmission Limited (Immediate holding company) (SPTL) Twin Star Overseas Limited, Mauritius (Intermediate holding company) (TSOL) Volcan Investments Limited, Bahamas (Ultimate holding company) (VIL)	Sterlite Power Transmission Limited (Immediate holding company) (SPTL) Twin Star Overseas Limited, Mauritius (Intermediate holding company) (TSOL) Volcan Investments Limited, Bahamas (Ultimate holding company) (VIL)	Axis Bank Limited

Particulars		Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project manager	Sterlite Infraventures Limited (SIVL) - Investment Manager	Axis Trustee Services Limited - Trustee of IndiGrid
	C)	**Companies / Body Corporate with same promoters**		
		Sterlite Infraventures Limited (SIVL)	Sterlite Power Grid Ventures Limited	Axis Finance Limited Axis Assets Management Company Axis Mutual Fund Trustee Axis Private Equity Axis Capital Limited Axis Securities Limited Axis Bank UK Limited A.Treds Limited
	D)	**Group companies**		
		Covered in (A), (B) and (C) above	Covered in (A), (B) and (C) above	Covered in (A), (B) and (C) above
	E)	**Companies or LLPs under the same management**		
		Covered in (A), (B) and (C) above	Covered in (A), (B) and (C) above	Covered in (A), (B) and (C) above
	F)	**Companies / Body Corporate / LLP in which the Sponsor/Project manager/Investment manager/Trustee hold more than 15% of its paid-up equity share capital or partnership interest**		
		Covered in (A) above	None	None
	F)	**Companies / Body Corporate / LLP in which the directors of Sponsor/Project manager/Investment manager/Trustee, either individually or collectively, hold more than 15% of its paid-up equity share capital or partnership interest**		
		IBIS Softee Solutions Pvt Ltd (75% held by Mr. A R Narayanaswamy) IBIS Systems & Solutions Pvt Ltd (75% held by Mr. A R Narayanaswamy)	None	None

Notes:

1 For disclosure of related parties under the categories 'Group companies' and 'Companies under same management' for SPGVL, SIVL and Trustee of IndiGrid, entities which are holding companies, subsidiaries and associates and joint ventures (if any) of the promoters of SPGVL, SIVL and Trustee of IndiGrid have only been considered.

2 The list of related parties disclosed above under Sr. no. II as per the requirements of InvIT Regulations is as of September 30, 2016.

3 The list of related parties disclosed above pertaining to the Trustee of IndiGrid is based on the information made available by Axis Trustee Services Limited.

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SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

NOTE 33: RELATED PARTY DISCLOSURES

III. Transactions with related parties and period/year end balances

(Rs in million)

Sr. No.	Particulars	30 September 2016	31 March 2016	31 March 2015	31 March 2014
(a)	**Related party transactions**				
1	**Management fees (excluding service tax)**				
	SPGVL	-	-	30.00	-
	ENICL	-	-	30.00	30.00
	SGL2	-	-	10.00	-
2	**Interest income on compulsorily convertible debentures**				
	ENICL	-	0.00*	0.01	0.00*
3	**Interest on unsecured loan (expense)**				
	STL	-	-	187.44	465.36
	SPGVL	-	-	8.47	-
4	**Interest on unsecured loan (income)**				
	ENICL	-	-	106.06	132.88
5	**Unsecured loans taken***				
	STL	-	-	2,231.90	300.00
	SPGVL	161.47	5,596.70	1,649.40	-
	SGL2	-	-	25.00	-
6	**Unsecured loans repaid***				
	SPGVL	48.00	4,081.36	-	-
	STL	-	-	6,895.71	735.05
7	**Repayment of unsecured loan given**				
	ENICL	-	1,105.19	1,960.20	-
8	**Unsecured loans given**				
	ENICL	-	546.90	1,494.40	614.10
9	**Issue of Share Capital (including securities premium)**				
	SPGVL	-	-	174.98	-
	STL	-	-	-	247.87
10	**Share Application Money received**				
	STL	-	-	-	1,753.05
11	**Share application money refunded**				
	STL	-	-	1,753.05	-
12	**Conversion of Compulsorily Convertible Debentures into Compulsorily Convertible Preference Shares (refer note 2.1)**				
	ENICL	-	1,299.60	-	-
13	**Purchase of Compulsorily Convertible Debentures of ENICL (refer note 2.1)**				
	SPGVL	-	764.80	-	-
	STL	-	-	-	636.80
14	**Purchase of Equity Shares of ENICL (refer note 2.1)**				
	STL	-	-	-	0.25
15	**Conversion of unsecured loans into Compulsorily Convertible Debentures (refer note 2.1)**				
	ENICL	-	-	-	98.00
16	**Issue of non-convertible debentures***				
	SPGVL	-	-	12,881.45	-

* amounts below 0.01 millions

Sr. No.	Particulars	30 September 2016	31 March 2016	31 March 2015	31 March 2014
17	**Purchase of conductors and OPGW cables**				
	STL	-	-	1,440.99	2,123.26
	SPTL	-	260.18	0	0
18	**Sale of conductors and OPGW cables**				
	STL		-	-	192.34
19	**Advance for purchase of conductors**				
	STL				41.23
20	**Reimbursment of expense received or receivable**				
	SPGVL	-	0.44	-	-
	ENICL	0.11	-	0.19	-
	RTCL	-	0.28	-	-
	PKTCL	-	0.16	-	-
	SGL2	-	0.03	-	-
21	**Reimbursment of expense paid or payable**				
	PKTCL	-	-	1.87	-
	RTCL	-	-	1.71	-
	SPTL	12.72	-	-	-
	SPGVL	73.99	165.55	-	-
22	**Remuneration to KMP**				
	Mr. Ajay Bhardwaj#	-	-	7.76	7.93
23	**Sitting fees paid to Directors**				
	Mr. A R Narayanswamy	0.08	0.17	0.14	-
24	**Corporate guarantees given on behalf of SPV Group**				
	SPTL	300.00			

KMP remuneration allocated to SPV Group from parent entity

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Sr. No.	Particulars	30 September 2016	31 March 2016	31 March 2015	31 March 2014
(b)	**Related party balances as at period/year end**				
1	**Share application money pending allotment**				
	STL	-	-	-	8.25
2	**Unsecured loan payable**				
	STL	-	-	-	4,663.81
	SPGVL	3,278.20	3,164.74	1,649.40	-
	SGL2	25.00	25.00	25.00	-
3	**Unsecured loan receivable**				
	ENICL	718.01	718.01	1,276.30	1,742.10
4	**Interest payable (net of witholding tax)**				
	STL	-	-	-	674.14
	SPGVL	7.63	7.63	7.63	-
5	**Payable for purchase of property, plant and equipment**				
	STL	-	-	1,114.35	1,436.28
	SPTL	65.51	67.35	-	-
6	**Other payables**				
	STL	-	-	18.08	21.82
	SPTL	58.16	45.45	-	-
	SPGVL	93.02	131.14	-	-
	PKTCL	-	-	1.87	-
	RTCL	-	-	1.71	-
7	**Other receivables**				
	SPGVL	-	-	0.73	-
	STL	-	-	0.20	-
	ENICL	0.12	0.00	-	9.25
	RTCL	0.28	0.28		
	PKTCL	0.16	0.16		
	SGL2	0.03	0.03		
8	**Corporate guarantee outstanding**				
	STL	-	-	350.00	5,600.00
	SPTL	300.00	0.10	-	-
9	**Advance outstanding against capital goods**				
	STL	-	-	75.94	97.17
10	**Management fees receivable (net of TDS)**				
	SPGVL	30.71	30.71	30.71	-
	SGL2	10.24	10.24	10.24	-
	ENICL	60.67	60.67	60.67	30.34
11	**Interest receivable (net of witholding tax)**				
	ENICL	268.08	268.08	268.08	172.63
12	**Non convertible debentures**				
	SPGVL	12,881.45	12,881.45	12,881.45	-
13	**Compulsorily convertible debentures (refer note 2.1)**				
	ENICL	200.00	200.00	734.80	734.80

Note:

Transactions with related parties have been shown at their nominal values without giving effect to the impact of reclassifications into liability and equity and adjustments arising on account of effective interest rate method under Ind AS.

Note 34: Segment Information

The SPV Group's activities comprise of transmission of electricity in certain states in India. Based on the guiding principles given in Ind AS 108 on "Segment Reporting", this activity falls within a single business and geographical segment and accordingly the disclosures of Ind AS 108 have not been separately given.

Under Point of Connection (PoC) mechanism, Power Grid Corporation of India Limited ('PGCIL') is designated as central transmission utility with the responsibility for billing and collecting of usage charges from Inter-State Transmission Services (ISTS) users. Hence the entire amount of trade receivables pertaining to transmission charges is receivable from PGCIL.

Note 35: Derivatives and Unhedged foreign currency exposure

(a) The following are the outstanding Forward exchange contracts entered into by the SPV Group, for hedge purpose:

Year ended	Currency Type	Foreign Currency (In millions)	Amount (In millions)	Buy/Sell	No. of contracts (Quantity)
September 30, 2016	US $	41.25	2,749.78	Buy	10
March 31, 2016	US $	42.30	2,806.15	Buy	10
March 31, 2015	US $	2.50	156.48	Buy	2
March 31, 2014	US $	2.76	165.97	Buy	3

(b) Commodity future contracts to hedge against fluctuation in commodity prices (aluminium):

The following were the outstanding future contracts entered into by Sterlite Technologies Limited (erstwhile holding company) on behalf of the SPV Group as on March 31, 2015 and March 31, 2014:

Year	No. of contracts	Contracted quantity (MT)	Buy/Sell
March 31, 2015	12	1,585	Buy
March 31, 2014	10	11,475	Buy

There were no commodity future contracts outstanding during the period ended September 30, 2016 and year ended March 31, 2016

(c) Interest rate/Cross currency interest rate swap contracts outstanding as at year end to hedge against exposure to variable interest outflow on loans/foreign currency fluctuations:

Year	Currency type	No. of contracts	Foreign currency In millions (Nominal value)	Period of contract	Floating rate	Fixed rate
September 30, 2016	US $	1	10.58	31 Dec 2015 to 31 Mar 2021	1.95% (fixed LIBOR) + spread of 3.8% on USD principal	6.71% on INR principal
September 30, 2016	US $	1	41.40	31 Dec 2015 to 27 Dec 2017	USD 6 Month Libor on USD principal	1.95% on USD principal
March 31, 2016	US $	1	11.63	31 Dec 2015 to 31 Mar 2021	1.95% (fixed LIBOR) + spread of 3.8% on USD principal	6.71% on INR principal
March 31, 2016	US $	1	41.40	31 Dec 2015 to 27 Dec 2017	USD 6 Month Libor on USD principal	1.95% on USD principal
March 31, 2015	US $	1	23.77	13 Feb 2013 to 30 Dec 2015	USD 6 Month Libor on USD principal	1.045% on USD principal
March 31, 2015	US $	1	41.40	31 Dec 2015 to 27 Dec 2017	USD 6 Month Libor on USD principal	1.95% on USD principal
March 31, 2014	US $	1	23.77	13 Feb 2013 to 30 Dec 2015	USD 6 Month Libor on USD principal	1.045% on USD principal
March 31, 2014	US $	1	41.40	31 Dec 2015 to 27 Dec 2017	USD 6 Month Libor on USD principal	1.95% on USD principal

The SPV Group had outstanding interest rate swap contracts to swap 6m LIBOR to 1.045% / 1.950% on foreign currency loan from financial institution. During the year ended March 31, 2016, the SPV Group entered into further swap contracts on the same loan whereby the foreign exchange rate for principal and interest payments has been fixed at INR 65.05 / USD and the interest rate fixed at 6.71% on the loan amount converted in INR at the fixed USD rate. As a combined result of the swap contracts, the SPV Group would pay interest in INR at 6.71% on the foreign currency loan converted to INR at INR 65.05/USD and receive interest at 6m LIBOR + 2.10% to 3.80% on the foreign currency loan amount.

(d) The period/year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Category	Currency type	September 30, 2016		March 31, 2016		March 31, 2015		March 31, 2014	
		Foreign currency In millions	Amount In millions	Foreign currency In millions	Amount In millions	Foreign currency In millions	Amount In millions	Foreign currency In millions	Amount In millions
Payable for purchase of plant and equipment	US $	0.59	39.28	2.19	145	2.54	159.08	17.42	1,046.93
Buyer's credit	US $	-	-	-	-	7.24	452.89	8.81	529.66
Buyer's credit	Euro	-	-	-	-	0.46	31.20	0.46	38.16
External commercial borrowing	US $	-	-	-	-	42.12	2,636.02	29.64	1,781.25

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SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 36: Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the SPV Group's financial instruments as of September 30, 2016

In Rs. millions

Particulars	Amortised Cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Investments	-	137.50	-	137.50	137.50
Loans	718.01	-	-	718.01	718.01
Trade and other receivables	719.80	-	-	719.80	719.80
Cash and short-term deposits	228.47	-	-	228.47	228.47
Other financial assets	638.40	-	-	638.40	638.40
Total	**2,304.68**	**137.50**	**-**	**2,442.18**	**2,442.18**
Financial liabilities					
Borrowings	37,714.45	-	-	37,714.45	37,714.45
Trade and other payables	13.73	-	-	13.73	13.73
Derivative liabilities	-	143.93	-	143.93	143.93
Other financial liabilities	505.88	-	-	505.88	505.88
Total	**38,234.06**	**143.93**	**-**	**38,377.98**	**38,377.98**

Set out below is a comparison, by class, of the carrying amounts and fair value of the SPV Group's financial instruments as of March 31, 2016

In Rs. millions

Particulars	Amortised Cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Investments	-	7.04	-	7.04	7.04
Loans	718.01	-	-	718.01	718.01
Trade and other receivables	740.88	-	-	740.88	740.88
Cash and short-term deposits	217.23	-	-	217.23	217.23
Other financial assets	724.96	-	-	724.96	724.96
Total	**2,401.08**	**7.04**	**-**	**2,408.12**	**2,408.12**
Financial liabilities					
Borrowings	37,673.77	-	-	37,673.77	37,673.77
Trade and other payables	21.58	-	-	21.58	21.58
Derivative liabilities	-	178.85	-	178.85	178.85
Other financial liabilities	742.34	-	-	742.34	742.34
Total	**38,437.69**	**178.85**	**-**	**38,616.54**	**38,616.54**

SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Set out below is a comparison, by class, of the carrying amounts and fair value of the SPV Group's financial instruments as of March 31, 2015

In Rs. Millions

Particulars	Amortised Cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Loans	1,276.30	-	-	1,276.30	1,276.30
Trade and other receivables	278.24	-	-	278.24	278.24
Cash and short-term deposits	548.40	-	-	548.40	548.40
Other financial assets	446.99	-	-	446.99	446.99
Total	**2,549.92**	**-**	**-**	**2,549.92**	**2,549.92**
Financial liabilities					
Borrowings	33,554.12			33,554.12	33,554.12
Trade and other payables	45.85			45.85	45.85
Derivative liabilities	0.00	40.65		40.65	40.65
Other financial liabilities	2027.75			2,027.75	2,027.75
Total	**35,627.72**	**40.65**	**-**	**35,668.37**	**35,668.37**

Set out below is a comparison, by class, of the carrying amounts and fair value of the SPV Group's financial instruments as of March 31, 2014

In Rs. Millions

Particulars	Amortised Cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Loans	1,742.10			1,742.10	1,742.10
Trade and other receivables	47.94			47.94	47.94
Cash and short-term deposits	314.61			314.61	314.61
Other financial assets	180.14			180.14	180.14
Total	**2,284.79**	**-**	**-**	**2,284.79**	**2,284.79**
Financial liabilities					
Borrowings	26,105.29			26,105.29	26,105.29
Trade and other payables	1.32			1.32	1.32
Derivative liabilities		5.35		5.35	5.35
Other financial liabilities	5,171.21			5,171.21	5,171.21
Total	**31,277.82**	**5.35**	**-**	**31,283.17**	**31,283.17**

The following method and assumptions were used to estimate the fair values:

(i) The fair value of the quoted mutual fund are based on the price quotations at reporting date. The fair value of unquoted instruments , loans from banks, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(ii) The company enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc.

Note 37: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the SPV Group's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets as at September 30, 2016; March 31, 2016; March 31, 2015 and March 31, 2014

In Rs. millions

		Fair value measurement using		
	Amount	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets/(liabilities) measured at fair value through profit and loss				
Mutual fund investments (refer note 1 below)				
As at September 30, 2016	137.50	137.50	-	-
As at March 31, 2016	7.04	7.04	-	-
As at March 31, 2015	-	-	-	-
As at March 31, 2014	-	-	-	-
Interest rate swaps/ Cross currency interest rate swap and foreign currency forward contracts(refer note 2 below)				
As at September 30, 2016	(143.93)	-	(143.93)	-
As at March 31, 2016	(178.85)	-	(178.85)	-
As at March 31, 2015	(40.65)	-	(40.65)	-
As at March 31, 2014	(5.35)	-	(5.35)	-

There have been no transfers among Level 1, Level 2 and Level 3.

Notes:

1 The fair value of mutual fund investments are based on the net assets values (NAVs) of the respective mutual fund schemes as at balance sheet date

2 The SPV Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

Note 38(a): Financial risk management objectives and policies

The SPV Group’s principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the SPV Group’s operations . The SPV Group’s principal financial assets include Investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The SPV Group is exposed to market risk, credit risk and liquidity risk. The SPV Group’s senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the SPV Group’s policy that no trading in derivatives for speculative purposes may be undertaken. The SPV Group reviews and agrees policies for managing each of these risks, which are summarised below

The Risk Management policies of the SPV Group are established to identify and analyse the risks faced by the SPV Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the SPV Group's activities.

Management has overall responsibility for the establishment and oversight of the Project SPV Group risk management framework. In performing its operating, investing and financing activities, the Project SPV Group is exposed to the Credit Risk, Liquidity Risk and Market risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk . Financial instruments affected by market risk include borrowings, bank deposits, Investments in short-term mutual funds, and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and provisions.

The following assumption has been made in calculating the sensitivity analyses:
• The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The SPV Group’s exposure to the risk of changes in market interest rate primarily relates to the SPV Group's long term debt obligations with floating interest rates.

As infrastructure development and construction business is capital intensive, the SPV Group is exposed to interest rate risks. The SPV Group is exposed to the interest rate fluctuation in both domestic and foreign currency borrowing. To manage this, the SPV Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on that portion of loans and borrowings affected. With all the other variables held constant, the SPV Group's loss before tax is affected through the impact on floating rate borrowings, as follows:

In Rs. millions

Particulars	Increase/Decrease in Basis Points	Effect on profit before tax / pre-tax equity
September 30, 2016		
Base Rate	+50	(59.34)
Base Rate	-50	59.34
March 31, 2016		
Base Rate	+50	(99.26)
Base Rate	-50	99.26
March 31, 2015		
Base Rate	+50	(26.63)
Base Rate	-50	26.63
March 31, 2014		
Base Rate	+50	(15.00)
Base Rate	-50	15.00

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The SPV Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the SPV Group’s foreign currency borrowings. This foreign currency risk is mitigated by using foreign currency forward contracts and swaps. Even though these are hedging instruments, the SPV Group has not applied hedge accounting for the purpose of preparation of combined financial statements.

At September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014, the SPV Group has hedged its foreign currency liability in respect of borrowings aggregating Rs 2,710.54 millions as at Sept 30, 2016, Rs. 2,762.73 millions as at March 31, 2016, Rs. 2,744.57 millions as at March 31, 2015 and Rs 1,931.50 millions as at March 31, 2014.

Out of total foreign currency exposure the SPV Group has hedged the exposure of 98.59% as at September 30, 2016, 95.08% as at March 31, 2016, 4.55% as at March 31, 2015 and 4.66% as at March 31, 2014.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the SPV Group's loss before tax is due to changes in the fair value of monetary assets and liabilities. The SPV Group has used the exemption under Ind AS 101 for existing long term foreign currency monetary items. The SPV Group continues to apply the policy adopted for treatment of exchange differences arising on long term foreign currency items pertaining to the acquisition of depreciable assets. For the purpose of sensitivity disclosures, the Ind AS 101 exemption has been ignored. With all the other variable held constant, the SPV Group's loss before tax is affected through the impact on change of foreign currency rate as follows-

In Rs. millions

	Change in USD rate	Effect on profit before tax / pre-tax equity	Change in Euro rate	Effect on profit before tax / pre-tax equity
September 30, 2016	**+5%**	(1.96)	**+5%**	-
	-5%	1.96	**-5%**	-
March 31, 2016	**+5%**	(7.26)	**+5%**	-
	-5%	7.26	**-5%**	-
March 31, 2015	**+5%**	(162.40)	**+5%**	(1.56)
	-5%	162.40	**-5%**	1.56
March 31, 2014	**+5%**	(167.89)	**+5%**	(1.91)
	-5%	167.89	**-5%**	1.91

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The SPV Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

BDTCL and JTCL are engaged in transmission infrastructure development business under BOOM (Build, Own, Operate and Maintain) and currently derive its revenue primarily from BOOM contracts with long term transmission customers ('LTTC'). BDTCL and JTCL being transmission licensees receive payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ('CTU') from LTTC's are disbursed pro-rata to all Transmission Service Providers ('TSPs') from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's of payments which were due, the SPV Group has not considered any expected credit loss on the financial assets in the nature of trade receivables. During the various periods presented, there has been no change in the credit risk of trade receivables. However, this assessment may need a review if there is any change in the Pooling Regulations.

Credit risk from balances deposited/invested with banks and financial institutions as well as investments made in mutual funds, is managed by the SPV Group's treasury department in accordance with the Project SPV's policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. Based on this policy, the Company does not foresee any risk on account of credit losses, either in the bank deposits which are made with AAA rated banks and also in regard to mutual funds which is primarily debt oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.

The SPV Group's maximum exposure to credit risk for the components of the Balance Sheet as at September 30, 2016, March 31, 2016, March 31, 2015 and March 31, 2014 is the carrying amounts of Trade and Other Receivables, Cash and cash Equivalents and Other Assets as disclosed in Note 7, 8 10 and 11 respectively. However, the credit risk is low due to reasons mentioned above.

(c) Liquidity risk

Liquidity risk is the risk that the SPV Group may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The SPV Group's objective is to, at all times times maintain optimum levels of liquidity to meet its cash and collateral obligations . The SPV Group requires funds both for short term operational needs as well as for long term investment programs mainly in growth projects. The SPV Group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the SPV Group's financial liabilities based on contractual undiscounted payments:

Rs. In millions

Particulars	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total
As at September 30, 2016						
Borrowings*	-	292.38	4,207.16	5,875.39	28,839.37	39,214.30
Other financial liabilities	283.37	11.86	218.37	45.26	90.96	649.82
Trade payables	2.75	8.24	2.75	-	-	13.74
	286.12	**312.48**	**4,428.28**	**5,920.65**	**28,930.33**	**39,877.86**
As at March 31, 2016						
Borrowings*	-	286.61	4,038.06	4,679.52	30,169.35	39,173.54
Other financial liabilities	521.31	12.25	217.83	40.13	129.66	921.18
Trade payables	4.32	12.95	4.32	-	-	21.59
	525.63	**311.81**	**4,260.21**	**4,719.65**	**30,299.01**	**40,116.31**
As at March 31, 2015						
Borrowings*	-	47.58	928.72	11,003.51	22,309.52	34,289.33
Other financial liabilities	81.65	129.32	1,811.25	15.74	30.43	2,068.39
Trade payables	9.17	27.51	9.17	-	-	45.85
	90.82	**204.41**	**2,749.15**	**11,019.25**	**22,339.95**	**36,403.58**
As at March 31, 2014						
Borrowings*	-	69.69	1,086.46	15,805.56	9,878.63	26,840.34
Other financial liabilities	317.69	391.03	3,778.64	675.60	3.59	5,166.55
Trade payables	0.26	0.79	0.26	-	-	1.31
	317.95	**461.51**	**4,865.36**	**16,481.17**	**9,882.22**	**32,008.20**

* Excludes the adjustment in respect of the investments in ENICL (refer note 2.1 and note 15)

Note 38(b): Capital management

For the purpose of the SPV Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the SPV Group. The primary objective of the SPV Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The SPV Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the SPV Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The SPV Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The SPV Group's policy is to keep the gearing ratio optimum. The SPV Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents excluding discontinued operations.

Particulars	As at September 30, 2016	As at March 31, 2016	As at March 31, 2015	As at April 1, 2014
	Rs. In millions	**Rs. In millions**	**Rs. In millions**	**Rs. In millions**
Interest Bearing Loans and borrowings (Note 15)*	35,911.10	35,983.88	34,264.17	26,840.33
Trade Payables (Note 16)	13.73	21.58	45.85	1.32
Other Financial Liabilities (Note 17)	649.82	921.18	2,068.40	5,176.55
Less: cash and short-term deposits (Note 10)	(228.47)	(217.23)	(548.40)	(314.61)
Net debt	**36,346.18**	**36,709.41**	**35,830.02**	**31,703.60**
Equity share capital (Note 13)	176.73	176.73	176.73	1.75
Other equity (Note 14)	1,891.14	2,177.77	2,958.10	(60.56)
Total capital	**2,067.87**	**2,354.50**	**3,134.83**	**(58.81)**
Capital and net debt	**38,414.05**	**39,063.91**	**38,964.85**	**31,644.79**
Gearing ratio	**95%**	**94%**	**92%**	**100%**

* Excludes the adjustment in respect of the investments in ENICL (refer note 2.1 and note 15)

In order to achieve this overall objective, the SPV Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the period ended September 30, 2016 and the years ended March 31, 2016, March 31, 2015, March 31, 2014.

Note 39: Significant accounting judgements, estimates and assumptions

The preparation of the SPV Group's combined financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Groups accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Applicability of Appendix A-Service Concession Arrangements of Ind AS 11 Construction Contracts

BDTCL and JTCL are transmission licensees under the Electricity Act 2003 holding valid license for 25 years. These entities have also entered into a Transmission Services Agreement ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process and are required to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 35 years. The management of the individual SPV and SPV Group are of the view that the grantor as defined under Appendix A of Ind AS 11 ("Appendix A") requires transmission licensees to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantors involvement and approvals are to protect public interest and are not intended to control through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix A is not applicable to BDTCL and JTCL.

Additional tariff to be claimed due to force majeure events

BDTCL and JTCL have incurred certain additional costs in the construction of the transmission infrastructure and these costs were due to force majeure events and change in law. As per the terms of the TSA, BDTCL and JTCL are entitled to additional tariff. In case of JTCL, the Company has filed petitions with CERC and CERC has vide order dated October 16, 2015 given an in principle approval with a request to quantify the cost overruns. JTCL is in the process of furnishing the required information. In case of BDTCL, the Company has filed the petition with CERC. The Company has received a legal opinion that it is entitled as per terms of TSA to claim this amount from CERC. The recoverable amount of assets for the purpose of impairment evaluation, include an estimate of the additional tariff which management believes it will recover from the LTTC's. Refer Note 40 on impairment evaluation for additional details.

Date of transition to Ind AS

The entities in SPV Group being subsidiaries of Sterlite Power Grid Ventures Limited, satisfy the criteria specified by the Ministry of Corporate Affairs for applicability of Ind AS. If the criteria for applicability of Ind AS are applied, the entities in the SPV Group would be required to prepare Ind AS financial statements from April 1, 2016 (i.e. 2016-17) with a comparative period of 2015-16 and a transition date of April 1, 2015. Applicability of Ind AS with a transition date of April 1, 2015 would not achieve comparability of the three year financial information as required by the InvIT regulations. Accordingly, for the special purpose of preparation of the combined financial statements for the purpose of InvIT regulations, the transition date has been considered as April 1, 2013 (being the beginning of the earliest period for which the combined entities present financial information under Ind AS).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the SPV Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For the purpose if assessment for impairment, the SPV Group has compared the carrying value of an asset or cash generating unit with the value in use. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and other assumptions. The key assumptions used to determine the recoverable amount for the assets are disclosed and further explained in Note 40.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The SPV Group has Rs. 8,614.07 million (31 March 2016: Rs. 6,824.26 million, 31 March 2015: Rs. 1,954.04 million, 31 March 2014: Rs. 411.29 million) of tax losses carried forward. If the SPV Group was able to recognise all unrecognised deferred tax assets, loss after tax would have decreased and equity would have increased by Rs. 237.29 million (31 March 2016: Rs. 205.17 million, 31 March 2015: Rs. 172.99 million, 31 March 2014: Rs. 142.35).

Further, the SPV Group has not considered tax holiday available to BDTCL and JTCL under the Income Tax Act for the computation of deferred tax assets/liabilities. Refer Note 9 and 20 for detailed explanation.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 and 37 for further disclosures.

Note 40: Key Assumptions for impairment evaluation

As required by Ind AS 36 - Impairment of Assets, the SPV Group has determined the recoverable amounts of the transmission assets in BDTCL and JTCLas at March 31, 2016 and as at March 31, 2015, on the basis of the value in use by estimating the future cash flows over the period of transmission services agreements ('TSA') of the respective transmission assets. For such estimation, management has used certain key assumptions which are as follows:

i. Tax adjusted discount rate:
- As at March 31, 2016 - BDTCL and JTCL: 9.60%;
- As at March 31, 2015 - BDTCL: 10.00% and JTCL: 10.10%

ii. Inflation rate: For March 31, 2016 - 7.26%; and for March 31, 2015 - 6.98%
iii. Additional tariff to be claimed from customers in respect of cost overruns incurred due to force majeure events and changes in laws as permitted by the respective Transmission Services Agreement (TSA);

iv. Recoverability of the metal value (as adjusted for inflation) in the project cost at the end of TSA period;
v. Availability of transmission lines at 99.75% throughout the TSA period;

Based on management evaluation, these assumptions were considered reasonable as at March 31, 2016 and March 31, 2015. The recoverable amounts were higher than the carrying values of the transmission assets in BDTCL as at March 31, 2016 and March 31, 2015. The recoverable amount for the transmission assets in JTCL was higher than the carrying value as at March 31, 2016, however the recoverable amount was lower than the carrying value by Rs. 132.86 million as at March 31, 2015. The SPV Group has also obtained valuation reports from an external consultant in order to arrive at the above conclusion. These assumptions are reassessed on a periodic basis for the purpose of determination of the recoverable amounts of the transmission assets. Any change in key assumptions can have a material effect on the recoverable amounts of the respective transmission asset.

In respect of additional tariff claimed, the Management has taken legal opinion that based on facts and circumstances; BDTCL and JTCL are legally entitled as per terms of TSA to claim the amount. The additional tariff that BDTCL and JTCL will eventually receive will depend on Central Electricity Regulatory Commission (CERC) approving the SPV's claim and the amount. The SPV Group has filed petitions for additional tariff with CERC for BDTCL and JTCL.

CERC vide Order dated October 16, 2015 has in principle agreed that JTCL is eligible for additional tariff in respect of force majeure events and changes in laws as per the terms of the TSA and has asked JTCL to quantify the cost overruns based on information available on completion of the JTCL project and approach CERC again with the quantified amount of additional tariff claim towards force majeure and changes in laws which shall be considered by CERC in accordance with law. JTCL is in the process of filing the required information with CERC.

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Note 41: Capitalisation of Project Elements

During FY 2014-15, the SPV Group has capitalised the following elements of the projects. Accordingly, an amount of Rs. 17,123.87 millions has been transferred from Capital work in progress to Property, Plant and Equipment under the heads Building-substations, Substations and Transmission lines.

BDTCL Project
Bhopal - Indore Transmission Line
Bhopal - Bhopal Transmission Line
Aurangabad - Dhule Transmission Line
Dhule - Vadodara Transmission Line
Dhule - Dhule Transmission Line
Substation located at Bhopal
Substation located at Dhule

During FY 2015-16, the SPV Group has capitalised the following elements of the projects. Accordingly, an amount of Rs. 23,462.53 millions has been transferred from Capital work in progress to Property, Plant and Equipment under the head Transmission lines.

BDTCL Project
Bhopal - Jabalpur Transmission Line

JTCL Project
Jabalpur - Bina Transmission line
Jabalpur - Dharmjaygarh Transmission line

Pending negotiations and settlement of claims/counter claims with EPC contractors/vendors in respect of delays in commissioning of the projects/other reasons, the management has considered its best estimate of cost incurred till year end based on the contract terms, purchase/work orders issued and the work completed. Any adjustment arising subsequently would be adjusted to the cost of property, plant and equipment at the time of settlement.

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Note 42: Disclosures as required by SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016

A. Project wise operating cash flows

Rs in millions

Project	Six months ended September 30, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Bhopal Dhule Transmission Company Limited	1,108.18	2,038.35	241.26	(21.03)
Jabalpur Transmission Company Limited	883.05	621.30	33.08	(2.45)
Total	**1,991.23**	**2,659.65**	**274.34**	**(23.48)**

B. Capitalisation statement

Rs in millions

Particulars	Pre-issue as at September 30, 2016		As adjusted for issue*
Total debt (A)#	**37,714.45**		
Unitholder's Fund			
Unit Capital	176.73		
Equity Component of Non Convertible Debentures	3,495.83		
Securities Premium	397.12		
Retained Earnings	(2,001.81)		
Total unitholder's Fund (B)	**2,067.87**		
Debt equity ratio [A/(A+B)]	**18.24**		

*corresponding details post IPO are not available, hence the required disclosures in respect of the same have not been provided in the above table.

includes NCDs/loans of Rs. 11,449.96 million from the Sponsor and a fellow subsidiary disclosed under Long term/Short term borrowings in Note 15.

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SPV Group
(as defined in Note 1 - Corporate Information)
Notes to Combined Financial Statements

Note 42: Disclosures as required by SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016

C. Debt payment history
(covering SGL1, BDTCL and JTCL)

Rs in millions

Particulars	March 31, 2014				March 31, 2015				March 31, 2016				September 30, 2016			
	Term loans (external)	Other loans (external)	Promoter loans	Total	Term loans (external)	Other loans (external)	Promoter loans	Total	Term loans (external)	Other loans (external)	Promoter loans	Total	Term loans (external)	Other loans (external)	Promoter loans	Total
Carrying amount of debt at the beginning of the year/period*	10,262.88	250.00	4,363.81	14,876.69	19,198.23	2,978.29	4,663.81	26,840.33	22,974.40	1,512.28	9,802.65	34,289.33	26,817.21	-	12,356.34	39,173.55
Additional borrwowings during the year/period (including debts refinanced)	9,055.47	2,978.29	300.00	12,333.76	6,712.98	1,011.24	17,602.95	25,327.17	26,321.28	-	5,596.70	31,917.98	-	-	161.47	161.47
Repayments during the year/period (including debts refinanced)	-	(250.00)	-	(250.00)	(3,000.00)	(2,477.25)	(7,710.91)	(13,188.16)	(22,661.12)	(1,512.28)	(4,081.36)	(28,254.76)	(571.83)	-	(48.00)	(619.83)
Other adjustments/settlements during the year/period#	(120.12)	-	-	(120.12)	63.18	-	(4,753.20)	(4,690.01)	182.64	-	1,038.34	1,220.99	19.12	-	480.00	499.11
Carrying amount of debt at the end of the year/period*	19,198.23	2,978.29	4,663.81	26,840.34	22,974.40	1,512.28	9,802.65	34,289.33	26,817.21	-	12,356.34	39,173.54	26,264.49	-	12,949.80	39,214.30
Interest payments (cash outflow)	1,614.31	141.84	-	1,756.15	2,104.72	248.04	-	2,352.76	2,555.03	157.74	-	2,712.77	1,262.61	109.55	-	1,372.16

* Excludes the adjustment in respect of the investments in ENICL (refer note 2.1 and note 15)
# pertain to adjustments on account of exchange differences on foreign currency loans and adjustments on account of reclassification into liabilities and equity and effective interest rate method under Ind AS.

Note 42: Disclosures as required by SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016

D. Statement of Net Assets at Fair Value as at September 30, 2016 (refer note 3 below)

(Rupees in millions)

Particulars	**Book value**	**Fair value**
A. Assets	41,701.55	43,310.46
B. Liabilities (at book value)	39,633.68	39,633.68
C. Net Assets (A-B)	2,067.87	3,676.77

Notes:

1. The number of units that IndiGrid will issue to investors in the proposed Initial Public Issue and to SPGVL in exchange of the shareholdings in the Project SPVs and against the loan from SPGVL is not presently ascertainable. Hence the disclosures in respect of Net Asset Value (NAV) per Unit have not been given.

2. Project wise break up of Fair value of Assets as at September 30, 2016:

Particulars	**Fair value* (Rupees in millions)**
BDTCL	22,371.86
JTCL	19,748.28

* Fair values of assets as disclosed above are the fair values of the total assets of BDTCL and JTCL as included in the Combined Financial Statements. Fair value of assets of SGL1 have not been disclosed since SGL1 is not a project SPV.

3. Fair values of total assets (including project wise break up for BDTCL and JTCL of fair value of total assets) as at September 30, 2016 as disclosed above are solely based on the fair valuation report of the independent valuer appointed under the InvIT Regulations.

Note 42: Disclosures as required by SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016

E. Statement of Total Return at Fair Value (refer note 1 below)

Particulars	Six months ended September 30, 2016	Year ended March 31, 2016
Total Comprehensive Income (As per the Statement of Profit and Loss)	(286.63)	(780.33)
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income (refer note 1 below)	574.00	687.18
Total Return	**287.37**	**(93.15)**

Note:

1 In the above statement, Other changes in fair value for the six month period ended September 30, 2016 has been computed based on the difference in fair values of total assets as at September 30, 2016 and as at March 31, 2016 and that for the year ended March 31, 2016 has been computed based on the difference in fair values of total assets as at March 31, 2016 and as at March 31, 2015. The fair values of total assets as at September 30, 2016, March 31, 2016 and March 31, 2015 are solely based on the valuation report of the independent valuer appointed under the InvIT Regulations.

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Note 43: First Time Adoption of Ind AS

These combined financial statements, for the six months period ended September 30, 2016 and for the years ended March 31, 2016, March 31, 2015 and March 31, 2014 are the financial statements, the SPV Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the entities in the SPV Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) rules 2014 ("Indian GAAP").

In preparing these combined financial statements, the SPV Group's opening balance sheet was prepared as at April 1, 2013, the SPV Group's assumed date of transition to Ind AS. Ind AS standards and interpretations that are effective for the Ind AS financial statements for the six month period ended September 30, 2016, have been applied consistently and retrospectively whenever required. The resulting difference between the carrying amount of the assets and liabilities in the financial statements under Ind AS and Indian GAAP arising due to difference in accounting policies as per Ind AS and as per Indian GAAP, as at the transition date (April 1, 2013) have been recognised directly in equity at the transition date.

In preparing its opening Ind AS balance sheet, the SPV Group has applied the following principles for assets, liabilities and equity forming part of the combined financial statements;

§ Recognise all assets and liabilities whose recognition is required by Ind ASs;
§ Not recognise items as assets and liabilities if Ind ASs do not permit such recognition;
§ Reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with Ind ASs; and
§ apply Ind ASs in measuring all recognised assets and liabilities.

In preparing the combined financial statements as at the transition date, the SPV Group has availed itself of certain exemptions and exceptions in accordance with Ind AS 101, as explained below:

Exemptions from retrospective application:

§ Since there is no change in functional currency, the SPV Group has elected to continue with the carrying value for all of its Property, plant and equipment and Intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the date of transition.

§ The SPV Group has elected to continue the existing policy as per the previous GAAP i.e. adjustment of foreign exchange differences to the Property, plant and equipment in respect of the long term foreign currency monetary items recognised in the financial statements.

As per our report of even date

For S R B C & CO LLP Firm Registration No. 324982E/E300003 Chartered Accountants	**For and on behalf of the Board of Directors of** **Sterlite Grid 1 Limited**	**For and on behalf of the Board of Directors of** **Sterlite Infraventures Limited**
per Paul Alvares Partner Membership Number : 105754 Place: Pune Date: November 23, 2016	**Mithun Gole** Director DIN: 07662587 Place: New Delhi Date: November 23, 2016	**Harsh Shah** Chief Financial Officer Place: New Delhi Date: November 23, 2016

PROJECTIONS OF REVENUE FROM OPERATIONS AND CASH FLOW FROM OPERATING ACTIVITIES

Report of auditors on projections of revenue from operations and cash flow from operating activities and underlying assumptions

To
The Board of Directors
Axis Trustee Services Limited
(as trustee of India Grid Trust)
Axis House, 2nd Floor
Wadia International Center
Pandurang Budhkar Marg
Worli
Mumbai 400 025

To
The Board of Directors
Sterlite Infraventures Limited
F-1, The Mira Corporate Suites 1&2
Ishwar Nagar, Mathura Road
New Delhi 110 065

We have examined the accompanying Statement of projections of revenue from operations and cash flow from operating activities and the underlying assumptions of the InvIT Group consisting of India Grid Trust ("IndiGrid"), Sterlite Grid 1 Limited ("SGL1"), Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL") (BDTCL and JTCL are individually referred to as "Project SPVs"), for the years ending March 31, 2018, March 31, 2019 and March 31, 2020 along with the basis of preparation and other explanatory information and the significant assumptions (Statement of projections of revenue from operations and cash flow from operating activities along with the related assumptions for the InvIT Group and each of the Project SPVs are hereinafter referred to as the "Projection Information"), annexed to this report for the purpose of inclusion in the Draft Offer Document, prepared by Sterlite Infraventures Limited (the "Investment Manager") in connection with the proposed Initial Public Offering of Units of IndiGrid (the "Offering"). SGL1, BDTCL and JTCL are subsidiaries of Sterlite Power Grid Ventures Limited (the "Sponsor") and are proposed to be transferred from the Sponsor to IndiGrid.

The preparation and presentation of the Projection Information, including the underlying assumptions, in accordance with the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 issued by the Securities and Exchange Board of India ("SEBI") on September 26, 2014, as amended from time to time and any circulars issued thereunder (the "InvIT Regulations"), is the responsibility of IndiGrid's Investment Manager.

The Projection Information has been prepared by the Investment Manager for inclusion in the Draft Offer Document using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur, as set out in Note III to the Projection Information and has been approved by the Board of Directors of the Investment Manager. Consequently, users are cautioned that the Projection Information may not be appropriate for purposes other than that described above.

We have examined the Projection Information taking into consideration:

(a) the terms of our engagement agreed with you vide our engagement letter dated November 10, 2016 requesting us to carry out work on the Projection Information, proposed to be included in the Offering; and
(b) Standard on Assurance Engagement 3400, "The Examination of Prospective Financial Information", issued by the Institute of Chartered Accountants of India.

We have examined the evidence supporting the assumptions and other information in the Projection Information on test basis. Our responsibility is to examine the evidence supporting the assumptions (excluding the hypothetical assumptions) and other information in the Projection Information. Our responsibility does not include verification of the accuracy of the projections. Therefore, we do not vouch for the accuracy of the Projection Information.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Projection Information. Further, in our opinion, the Projection Information, read with the Basis of Preparation and notes therein, is properly prepared on the basis of the assumptions as set out in Note III to the Projection Information and is consistent with the accounting policies used for preparation of the historical Combined Financial Statements as required by the InvIT Regulations and included in the Draft Offer Document, which are prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Projection Information since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Projection Information.

This report is required by InvIT Regulations requiring the independent auditor to issue a report on the Projection Information and is issued for the sole purpose of the Offering in accordance with Indian InvIT Regulations. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside India, including in the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. US securities regulations do not require profit forecasts to be reported on by a third party. This report should not be relied upon by prospective investors in the United States of America, including persons who are Qualified Institutional Buyers as defined under Rule 144A under the United States Securities Act of 1933 participating in the Offering. We accept no responsibility and deny any liability to any person who seeks to rely on this report and who may seek to make a claim in connection with any offering of securities on the basis that they had acted in reliance on such information under the protections afforded by United States of America law and regulation.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the Draft Offer Document and is not to be used, referred to or distributed for any other purpose.

For S R B C & CO LLP
Chartered Accountants
Firm registration number: 324982E/E300003

per Paul Alvares
Partner
Membership No.: 105754
Place: Pune
Date: November 23, 2016

India Grid Trust
Statement of projections of revenue from operations and cash flow from operating activities

(Rs. in million)

S. No.	Particulars	Years ending March 31,		
		2018	**2019**	**2020**
A.	**India Grid Trust Group (combined)**			
	Revenue from operations	4,551.60	4,555.42	3,983.27
	Cash flow from operating activities	4,255.65	4,190.90	3,755.12
B.	**Bhopal Dhule Transmission Company Limited ('BDTCL')**			
	Revenue from operations	2,589.76	2,592.95	2,596.40
	Cash flow from operating activities	2,405.72	2,367.48	2,361.82
C.	**Jabalpur Transmission Company Limited ('JTCL')**			
	Revenue from operations	1,961.83	1,962.47	1,386.86
	Cash flow from operating activities	1,854.83	1,828.13	1,398.23

The accompanying notes form an integral part of the above Statement

For and on behalf of the Board of Directors of
Sterlite Infraventures Limited
(as Investment Manager of India Grid Trust)

Harsh Shah
Chief Financial Officer

Place: New Delhi
Date: November 23, 2016

India Grid Trust

Notes to the Statement of projections of revenue from operations and cash flow from operating activities

I. General information

India Grid Trust (the "IndiGrid" or the "InvIT") is a trust constituted by "The Indenture of Trust" dated October 21, 2016, registered under the Registration Act, 1908 and under the Securities Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014. IndiGrid is settled by Sterlite Power Grid Ventures Limited (the "Sponsor"). The Trustee to IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Sterlite Infraventures Limited (the "Investment Manager" or the "Management"). IndiGrid along with Sterlite Grid 1 Limited ("SGL1"), Bhopal Dhule Transmission Company Limited ("BDTCL") and Jabalpur Transmission Company Limited ("JTCL") together are referred to as the "InvIT Group". BDTCL and JTCL are wholly owned subsidiaries of SGL1 and are hereinafter referred to as "Project SPVs". SGL1, BDTCL and JTCL are subsidiaries of the Sponsor and are proposed to be transferred from the Sponsor to IndiGrid. Sterlite Power Grid Ventures Limited will also act as Project Manager for the Project SPVs.

II. Basis of preparation of projections of revenue from operations and cash flow from operating activities

The projections of revenue from operations and cash flow from operating activities of the InvIT Group and of BDTCL and JTCL ("Projections") for the years ending March 31, 2018, March 31, 2019 and March 31, 2020 ("Projection period") have been prepared by the Investment Manager solely for inclusion in the Draft Offer Document in connection with the proposed Initial Public Offerings of Units of the InvIT in accordance with the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 issued by the Securities and Exchange Board of India ("SEBI") on September 26, 2014, as amended from time to time and any circulars issued thereunder (the "InvIT Regulations"). Therefore, the use of the Projections may not be appropriate and should not be used or relied upon for any purpose other than that described above.

The Projections are prepared based on the accounting policies used for preparation of the Combined Financial Statements as required by the InvIT Regulations, which are prepared in accordance with Indian Accounting Standards ("Ind AS") as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013.

Though the aforesaid Projections are prepared under the Ind-AS framework, they do not provide for all the detailed disclosures as required under Ind-AS.

Cash flow from Operating activities for the InvIT Group and the Project SPVs have been calculated using the direct method under Ind AS 7 - Statement of Cash Flows and is computed by deducting the operating expenses and income taxes from revenue from operations and adjusted for working capital changes and non-cash expenses (if any). Cash flow from operating activities do not include any items pertaining to financing or investing nature.

The Projections have been prepared and disclosed in INR millions, unless otherwise specifically mentioned.

The Projections contain forecasts and projections that relate to future events, which are, by their nature, subject to significant risks and uncertainties. The future events referred to involve risks, uncertainties and other factors which may cause the actual results or performance to be materially different from the Projections.

III. Significant assumptions for the Projections

The Projections have been prepared based on the significant assumptions summarized below. These are Investment Managers best estimate assumptions and have been prepared by the Investment Manager solely for inclusion in the Draft Offer Document in connection with the proposed Initial Public Offerings of Units of the InvIT in accordance with the requirements of the InvIT Regulations. The Investment Manager considers the assumptions to be appropriate and reasonable as at the date of the Projections i.e. November 23, 2016. However, the investors should consider these assumptions as well as the Projections and make their own assessment of the future performance of IndiGrid.

India Grid Trust

Notes to the Statement of projections of revenue from operations and cash flow from operating activities

1. Revenue from Operations:

Revenue from operations of the InvIT Group and of each of the Project SPVs consists of tariff income. Revenue projections do not include any other income (operating or otherwise).

Key variables for projections of revenue are non-escalable tariff, escalable component of tariff, the annual escalation rate, annual availability, incentives, penalties, rebates and surcharges. Each of these variables are explained below:

i. Non-Escalable tariff:

The non-escalable tariff for BDTCL and JTCL has been considered based on tariff approved by the Central Electricity Regulatory Commission (CERC) for the respective projects.

Non-Escalable tariff considered for the Projections is as follows:

Project SPVs	BDTCL (INR million)	JTCL (INR million)
Year ending March 31, 2018	2,419.92	1,864.42
Year ending March 31, 2019	2,417.28	1,862.74
Year ending March 31, 2020	2414.53	1302.86

The revenue projections as above cover only a period of 3 years. For non-escalable tariff revenues for periods beyond FY 2019-20, CERC Tariff Orders for BDTCL and JTCL should be referred.

ii. Escalable component of tariff and the annual escalation rate:

The base escalable tariff for BDTCL and JTCL has been considered based on CERC Tariff Orders. The actual annual escalation rates published by CERC have been used to adjust the base escalable tariff from the bid closure date till March 31, 2017 and post that an annual escalation rate of 6.50% has been considered for calculation of the escalable component of tariff which is the compounded annual inflation rate based on the inflation rates published by CERC in the last six financial years.

Escalable component of tariff considered for the Projections is as follows:

Project SPVs	BDTCL (INR million)	JTCL (INR million)
Year ending March 31, 2018	88.04	35.44
Year ending March 31, 2019	93.76	37.74
Year ending March 31, 2020	99.85	40.20

iii. Annual Availability:

The Annual availability for BDTCL and JTCL projects has been considered as 99.75%. This is based on the historical average annual availability figures for these projects since the dates of commencement of their commercial operations and based on average annual availability figures of past 5 years for Power Grid Corporation of India Limited ("PGCIL") which owns a significant proportion of the transmission projects in India (as published in its Annual Report for FY 2015-16).

iv. Incentives, penalties, rebates and surcharge:

As per the terms of the respective Transmission Services Agreements (TSAs), BDTCL and JTCL are eligible for incentive payments in case the annual availability is more than 98%. Incentive percentage is calculated as (Actual Availability % minus 98%) multiplied by 2. The incentive percentage is required to be applied to total revenue (non-escalable and escalable) to arrive at the amount of incentive. For the Projections, incentives have been computed considering availability of 99.75% for BDTCL and JTCL over the Projection Period. Alternatively, if the availability is less than 95%, penalties are levied.

Further, in case the customers make the payment of tariff charges within 1 day of receipt of invoice, rebate of 2% of tariff is payable, whereas if the payment is made within 30 days, rebate of 1% is payable to customers. If the payment is made post 60 days, then surcharge of 1.25% per month is payable by the customers. For the Projections, rebate (net of surcharge) of 0.23% of annual tariff revenue has been considered for BDTCL and JTCL based on last five years average rebate (net of surcharge) of PGCIL as computed based on data available in its Annual Report for FY 2015-16.

2. Operating Expenses (in Project SPVs)

The operating expenses include routine/periodic maintenance, insurance, other operating expenses, Project Manager fees and Investment Manager fees. Those costs are projected based on the base year expenses for the Project SPVs and projected annual increase based on inflation rates and/or based on agreements with the service providers.

Based on the above, the total operating expenses considered in the Projections are as follows:

Project SPVs	BDTCL (INR million)	JTCL (INR million)
Year ending March 31, 2018	217.10	130.60
Year ending March 31, 2019	225.72	134.68
Year ending March 31, 2020	234.82	127.24

Operating expenses comprise of the following:

i. Operation and Maintenance (O&M) expenses:

O&M expenses considered in the Projections are based on currently existing O&M contracts and O&M expenses currently being incurred in the Project SPVs as adjusted for inflation of 6.50%.

ii. Insurance:

Insurance expenses considered in the Projections are based on premiums currently being allocated to the Project SPVs based on project costs. The insurance policies are currently being taken by the Sponsor annually for the entire operational project portfolio of the Sponsor. The Investment Manager does not foresee any increase in the insurance cost over the projection period of 3 years, hence the cost has been kept constant over the Projection period. However, if there are failures/damages to the transmission infrastructure for which claims are made, the insurance premiums may change significantly. This cannot be estimated due to the short operational performance history of the transmission projects.

iii. Other operating expenses:

These mainly include legal/regulatory charges and professional fees. These expenses have been considered in the Projections based on the management's expectations as to the extent to which these are recurring in nature as adjusted with inflation rate as above.

iv. Project Manager Fees:

The Project Manager Fees is considered based on the Project Implementation and Management Agreement dated November 10, 2016 executed among the Trustee, Investment Manager, Project Manager, SGL1, BDTCL and JTCL. The Project Manager fee is 10% of the gross expenditure incurred by each Project SPV in relation to the operation and maintenance costs, per annum plus service tax at 15%. The gross expenditure does not include depreciation and finance costs. The fee will be payable every six months. The Project Manager fees is assumed to be paid out of the cash flows of the Project SPVs for the purpose of the Projections. The Project manager fee (including taxes assumed to be non-creditable) considered is as follows:

Particulars	BDTCL (INR million)	JTCL (INR million)
Year ending March 31, 2018	17.37	9.59
Year ending March 31, 2019	18.27	10.02
Year ending March 31, 2020	19.22	10.46

v. Investment Manager Fee

Investment manager fee has been considered based on the Investment Management Agreement ("IMA") dated November 10, 2016 executed among the Trustee, Investment manager, SGL1, BDTCL and JTCL and the proposed amendment to IMA as agreed and approved by the Trustee and Investment Manager. The Investment manager fee is 1.75% of difference between revenue from operations and operating expenses (other than fees of the Investment Manager) of each Project SPV per annum plus service tax at 15%. For this purpose, operating expenses will not include depreciation, finance cost and income tax expense. The fee will be payable every six months. The Investment Manager fees is assumed to be paid out of the cash flows of the Project SPVs for the purpose of the Projections. The Investment manager fee (including taxes assumed to be non-creditable) considered is as follows:

Particulars	BDTCL (INR million)	JTCL (INR million)
Year ending March 31, 2018	48.73	37.61
Year ending March 31, 2019	48.62	37.54
Year ending March 31, 2020	48.50	25.87

3. Operating Expenses (at InvIT level)

Operating expenses at InvIT level comprise of the following:

i. Trustee Fee

The Trustee fee of Rs. 0.7 million, Rs. 0.4 million and Rs. 0.4 million plus applicable taxes has been considered for the financial years ending March 31, 2018, 2019 and 2020 respectively. This is based on the expected fee to be charged by the Trustee under the Trust deed.

ii. Other expenses

Other expenses for the InvIT include audit fees, valuer's fees, legal/professional fees and other miscellaneous expenses and are primarily estimated based on the quotes (to the extent available) and Project SPV Management's experience and best judgment of Investment Manager. Other expense of Rs. 4.20 million, Rs. 4.41 million and Rs. 4.63 million have been considered for the financial years ending March 31, 2018, 2019 and 2020 respectively.

India Grid Trust

Notes to the Statement of projections of revenue from operations and cash flow from operating activities

4. Income Taxes

For Project SPVs:

Income taxes for Project SPVs have been computed at income tax rates applicable to the Project SPVs for FY 2016-17 which are expected to apply for the Projection Period. For the computation of income tax for Project SPVs, following assumptions have been considered by the Management:

a) Assumptions in respect of finance costs in Project SPVs:

On external debt: Based on the arrangement letters signed with bank dated November 21, 2016, external debt in BDTCL is considered at Rs. 10 billion during the Projection Period repayable in quarterly instalments over a door to door tenure of 7 years beginning FY 2017-18 and the rate of interest has been considered at 8% p.a. payable quarterly. The upfront fee on external debt has been assumed at 0.5% of loan amount. No external debt has been assumed in JTCL for the Projection Period.

On loan from InvIT to Project SPVs: Loan from InvIT to BDTCL has been assumed at Rs. 8.06 billion and to JTCL at Rs. 16.40 billion. The rate of interest on these loans from InvIT has been assumed at 13% p.a. payable quarterly. This transaction will be eliminated and not have any effect on the combined cash flow from operating activities of the InvIT Group.

The above assumptions in 4(a) are hypothetical assumptions and may change due to changes in capital structure, interest rate, type of instruments used, etc.

b) Assumptions in respect of depreciation in Project SPVs:
Depreciation for income tax purpose has been considered at the applicable rates of depreciation under the Income Tax Act for FY 2016-17 which are expected to apply for the Projection Period.

For InvIT

The InvIT will receive interest income from Project SPVs which is considered exempt under Income Tax Act, 1961. No income other than the above has been assumed in the InvIT. Hence no income tax expense/cash flow is assumed for the InvIT over the Projection Period. This transaction of receipt of interest income will be eliminated and not have any effect on the combined cash flow from operating activities of the InvIT Group.

5. Changes in Working Capital

For Project SPVs:

For the computation of changes in working capital, the receivables period is assumed at three months of tariff revenues based on the historic data and Management estimates. Further, operating expenses payable period has been assumed as one month (except for Project Manager and Investment Manager fees which are payable after every six months as per the respective agreements with Project Manager and Investment Manager).

For InvIT Group:

Changes in working capital for the InvIT Group over the Projection Period have been considered as the summation of the working capital changes in the Project SPVs during the Projection Period.

India Grid Trust

Notes to the Statement of projections of revenue from operations and cash flow from operating activities

6. Other Assumptions

The Investment Manager has made the following additional assumptions in preparing the Projections:

i. SGL1 being only a holding company of the Project SPVs, no revenue from operations have been assumed for SGL1 over the Projection period. Operating expenses at SGL1 are not expected to be material and no impact of the same has been considered in the Projections;
ii. The initial portfolio of Project SPVs is assumed to remain unchanged throughout the Projection period;
iii. No further assets are assumed to be acquired during the Projection period;
iv. No further capital is assumed to be raised during the Projection period;
v. It is assumed that there will be no material change in taxation legislations or other applicable legislations during the Projection period. Goods and Services Tax (GST) is expected to be introduced with effect from April 1, 2017. In the absence of complete clarity on the GST law, the rates applicable, and the date of implementation, the impact of the same has not been considered in the Projections. The introduction of GST may have a material impact on the Projections.
vi. The Projections have been prepared using Ind AS standards and interpretations that are effective for the Ind AS financial statements for the six month period ended September 30, 2016. The Projections do not take into account the impact of any new Ind AS standard or interpretation not effective as at September 30, 2016. Ind AS standards or interpretations issued but not effective or not issued as at September 30, 2016 which may become effective during the Projections period may have an impact on the Projections and to that extent the actual figures may vary from the Projections;
vii. No gain/loss has been considered on account of changes in foreign exchange rates and derivative instruments;
viii. The Projections are based on assumptions and are subject to a number of factors. Investors should be aware that future events cannot be predicted with any certainty and there may be deviations from the figures projected in the Projections.
ix. BDTCL and JTCL have filed claims for tariff increase due to force majeure/change in law, which are pending approval from CERC. No additional revenue has been considered in the Projections in respect of tariff increase on account of force majeure/change in law that BDTCL and/or JTCL may receive in future post approval of CERC.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts, which are or may be deemed material have been entered or are to be entered into in due course. These contracts and also the documents for inspection referred to hereunder, may be inspected at the principal place of business of IndiGrid, from 10:00 A.M. to 5:00 P.M., on all Working Days from the date of the Offer Document until the date of listing of the Units pursuant to this Issue. Any of the contracts or documents mentioned in this Draft Offer Document may be amended or modified at any time if so required in the interest of IndiGrid or if required by the other parties, without reference to the Unitholders, subject to compliance with applicable law.

1. Trust deed entered into between the Sponsor and the Trustee dated October 21, 2016.

2. SEBI registration certificate for India Grid Trust bearing number IN/InvIT/16-17/0005 dated November 28, 2016 as an infrastructure investment trust.

3. Investment management agreement entered into between the Trustee (on behalf of IndiGrid), Investment Manager, SGL1, BDTCL and JTCL dated November 10, 2016.

4. Project implementation and management agreement entered into between the Trustee (on behalf of IndiGrid), the Investment Manager, the Project Manager, SGL1, BDTCL and JTCL dated November 10, 2016.

5. Securities purchase agreement dated [●], to be entered into between the Sponsor, the Trustee (on behalf of IndiGrid), the Investment Manager and SGL1.

6. Deed of right of first offer dated [●] between the Sponsor, the Investment Manager and the Trustee (on behalf of IndiGrid).

7. Issue agreement dated December 1, 2016 entered into among the Trustee (on behalf of IndiGrid), the Trustee, the Investment Manager, the Sponsor, the Project Manager and the Lead Managers.

8. Escrow agreement dated [●], entered into among the Trustee (on behalf of IndiGrid), the Investment Manager, the Escrow Collection Banks, the Refund Banks, the Registrar to the Issue and the Lead Managers.

9. Syndicate Agreement dated [●], entered into among the Lead Managers, the Syndicate Members, the Trustee (on behalf of IndiGrid), the Investment Manager and the Registrar to the Issue.

10. Underwriting Agreement dated [●], entered into among the Underwriters, IndiGrid (acting through the Trustee), the Investment Manager, the Trustee (on behalf of IndiGrid), the Sponsor and the Project Manager.

11. Registrar agreement dated December 1, 2016 to be entered into among the Trustee (on behalf of IndiGrid), Investment Manager and the Registrar to the Issue.

12. Agreement dated [●], between NSDL, the Trustee (on behalf of IndiGrid), Investment Manager and the Registrar to the Issue.

13. Agreement dated [●], between CDSL, the Trustee (on behalf of the IndiGrid), Investment Manager and the Registrar to the Issue.

14. Certified copies of the updated Memorandum and Articles of Association of the Investment Manager as amended from time to time.

15. Board resolutions of the Investment Manager dated November 7, 2016, authorising this Issue.

16. Consents from the (i) Lead Managers, (ii) Legal counsel to the IndiGrid and to the Sponsor as to Indian law, (iii) Legal Counsel to the Lead Managers as to Indian Law, (iv) International Legal Counsel to the Lead Managers, (v), the Initial Portfolio Assets, the Sponsor and the Investment Manager, (vi) Valuer;

(vii) Registrar to the Issue; (viii) Escrow Collection Banks; (ix) Refund Banks; and (x) compliance officer of IndiGrid.

17. Combined Financial Statements and the report thereon.

18. Consolidated financial statements of the Sponsor for financial years ended March 31, 2016 and March 31, 2015 along with the report thereto.

19. Standalone financial statements of the Investment Manager for financial years ended March 31, 2016, March 31, 2015 and March 31, 2014 along with the report thereto.

20. Projections of Revenue from Operations and Cash Flow from Operating Activities and the report thereon.

21. The statement of tax benefits dated December 1, 2016 from the Auditors.

22. Due diligence certificate dated December 2, 2016 addressed to SEBI from the Lead Managers.

23. In principle listing approvals dated [•] and [•] issued by BSE and NSE respectively.

24. SEBI observation letter bearing number [•] dated [•].

25. Transmission services agreement by and between BDTCL, Sterlite Energy Limited, GMR Kamalanga Energy Limited, Navbharat Power Private Limited, Monnet Power Company Limited, Jindal India Thermal Power Limited, Lanco Babandh Power Limited, Ind Barath Energy (Utkal) Limited, MB Power (Madhya Pradesh) Limited, RKM Powergen Limited, Athena Chhattisgarh Power Limited, Jindal Power Limited, SKS Power Generation (Chhattisgarh) Limited, Korba West Power Company Limited, DB Power Limited, Visa Power Limited, KSK Mahanadi Power Company Limited, Bharat Aluminium Company Limited, Vandana Vidyut Limited, Lanco Amarkantak Power Limited, Chhattisgarh Steel & Power Limited, GMR Chhattisgarh Energy Private Limited and Chhattisgarh State Power Trading Company Limited on December 7, 2010.

26. Transmission services agreement by and between BDTCL and PGCIL dated November 12, 2013.

27. Transmission services agreement by and between JTCL, Adhunik Power and Natural Resources Limited, Corporate Power Limited, Essar Power (Jharkhand) Limited, West Bengal State Electricity Distribution Company Limited and MB Power (Madhya Pradesh) Limited on December 1, 2010.

28. Transmission services agreement by and between JTCL and PGCIL dated November 12, 2013.

29. Revenue sharing agreement dated November 12, 2013 with BDTCL and PGCIL.

30. Revenue sharing agreement dated November 12, 2013 with JTCL and PGCIL.

31. Corporate governance policies of the Investment Manager.

Any of the contracts or documents mentioned in the Draft Offer Document may be amended/modified at any time if so required in the interest of IndiGrid or if required by other parties, without reference to the Unitholders, subject to compliance with applicable law.

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Infraventures Limited

Rahul Asthana
Independent Director and Chairman

Date: December 2, 2016
Place: Mumbai

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Infraventures Limited

Tarun Kataria
Independent Director

Date: December 2, 2016
Place: Singapore

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Infraventures Limited

Kuldip K. Kaura
Non-executive Director

Date: December 2, 2016
Place: London

IndiGrid

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Infraventures Limited

Pratik Agarwal
Executive Director

Date: December 2, 2016
Place: Mumbai

DECLARATION

The Sponsor declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Power Grid Ventures Limited

Pravin Agarwal
Director

Date: December 2, 2016
Place: Pune

DECLARATION

The Sponsor declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Power Grid Ventures Limited

Pratik Agarwal
Director

Date: December 2, 2016
Place: Mumbai

DECLARATION

The Sponsor declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Power Grid Ventures Limited

Anand Agarwal
Director

Date: December 2, 2016
Place: Pune

DECLARATION

The Sponsor declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Power Grid Ventures Limited

A. R. Narayanaswamy
Director

Date: December 2, 2016
Place: Mumbai

DECLARATION

The Sponsor declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Power Grid Ventures Limited

Avaantika Kakkar
Director

Date: December 2, 2016
Place: Mumbai

DECLARATION

The Sponsor declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Offer Document is contrary to the provisions of the InvIT Regulations, the SCRA, SEBI Guidelines, SEBI Act and all regulations and guidelines issued by the GoI or SEBI (as the case may be). The Sponsor further certifies that all the statements and disclosures in this Draft Offer Document are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Sterlite Power Grid Ventures Limited

Udai Dhawan
Director

Date: December 2, 2016
Place: Mumbai

ANNEXURE A

VALUATION REPORT

Strictly Private and Confidential

HARIBHAKTI & CO. LLP
Chartered Accountants

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

Valuation Date: 30th September 2016

Date: 23rd November 2016
LM-593/40A/LM

Haribhakti & Co. LLP,
705, Leela Business Park,
Andheri - Kurla Road,
Andheri (E),
Mumbai – 400 059
T:+ 91 22 66729999

Sterlite Infraventures Limited
F-1, Mira Corporate Suits,
1&2, Mathura Road, Ishwar Nagar,
New Delhi – 110065

India Grid Trust
(Axis Trustee Services Limited acting on behalf of the Trust)
F-1, Mira Corporate Suits,
1&2, Mathura Road, Ishwar Nagar,
New Delhi – 110065

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

Dear Sirs,

We, Haribhakti & Co. LLP, Chartered Accountants ("H&Co."), have been appointed vide letter dated 22nd September 2016, as an independent valuer, as per Regulation 2(zzf) of the SEBI InvIT Regulations, by Sterlite Infraventures Limited ("the Investment Manager" or "SIVL"), acting as the investment manager for Sterlite Power Grid Ventures Limited ("the Company", or "SPGVL", or "the Sponsor") and Axis Trustee Services Limited acting on behalf of the India Grid Trust ("Trustee") for the purpose of the valuation of the two indirect subsidiaries or special purpose vehicles ("SPVs") of the Company. The Initial Portfolio Assets to be valued are proposed to be transferred to the India Grid Trust ("IndiGrid" or "Trust") to be created as set out in the SEBI InvIT Regulations, where SIVL is acting as the Investment Manager and the Company as the Sponsor within the meaning of the SEBI InvIT Regulations.

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

We enclose our Report providing our opinion on the fair enterprise values of the two SPVs on a going concern basis as at 30th September 2016 ("Valuation Date"). The attached Report details the valuation methodologies, calculations and conclusions with respect to this valuation.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

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

Please note that all comments in our Report must be read in conjunction with the Caveats to the Report, which are contained in Section 2 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Company's advisors and can be reproduced and included in the draft offer document, offer document and final offer document proposed to be filed in connection with an initial public offering of the units of the Trust and may be made available for the inspection to the public as a material document and with the Securities and Exchange Board of India, the Stock Exchanges and any other regulatory and supervisory authority, as may be required.

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

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

Yours faithfully,

For **Haribhakti & Co. LLP,**

Chartered Accountants

Firm Registration Number: 103523W / W100048

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Atul Gala

Partner

Membership No. 048650

Place: Mumbai

Encl: As above

Contents

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
SIVL or Investment Manager	Sterlite Infraventures Limited
SPGVL or the Company or Sponsor	Sterlite Power Grid Ventures Limited
Trust or InvIT	India Grid Trust
Trustee	Axis Trustee Services Limited
H&Co.	Haribhakti & Co. LLP, Chartered Accountants
BDTCL	Bhopal Dhule Transmission Company Limited
JTCL	Jabalpur Transmission Company Limited
STL	Sterlite Technologies Limited
SPTL	Sterlite Power Transmission Limited
LTTC	Long Term Transmission Customer
COD	Commercial Operation Date
TSP	Transmission Service Provider
BOOM	Build-Own-Operate-Maintain
TSA	Transmission Service Agreement
INR	Indian Rupees
Mn	Million
FY	Financial Year Ended 31st March
NAV	Net Asset Value Method
WOS	Wholly Owned Subsidiary
Capex	Capital Expenditure
NCA	Net Current Assets Excluding Cash and Bank Balances
EBIT	Earnings Before Interest and Taxes
EV	Enterprise Value
CCIL	Clearing Corporation of India Limited
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014
SPV	Special Purpose Vehicle
SGL1	Sterlite Grid 1 Limited
IPO	Initial Public Offer
ckms	Circuit Kilometers
MVA	Mega Volt Ampere
FYP	Five year Plan
EHV	Extra High Voltage
KV	Kilo Volts
MU	Million Units
MW	Mega Watts
CEA	Central Electricity Authority

1. Purpose of Valuation

1.1. Sterlite Power Grid Ventures Limited ("the Company" or "Sponsor" or "SPGVL") is primarily engaged into installation and operation of electricity transmission projects.

1.2. The Company is proposing to act as Sponsor for the India Grid Trust (hereinafter referred to as "IndiGrid" or "Trust"), an infrastructure investment trust under the SEBI InvIT Regulations. Axis Trustee Services Limited ("Trustee") has been appointed as the Trustee of the above mentioned Trust. Sterlite Infraventures Limited ("SIVL") 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.

1.3. We understand that the proposed InvIT, acting through the Trustee, shall acquire the equity stake held by the Company in its two SPVs, mentioned in para 1.4, indirectly by the acquisition of SGL1 (the holding company of the two SPVs), following which units will be issued to the Company by the Trust, which are to be listed on one or more Indian Stock Exchanges consequent to an IPO Process ("Proposed Transaction"). In this regard, Investment Manager intends to undertake an independent valuation of the Initial Portfolio Assets (as defined in para 1.5) as per the extant provisions of the SEBI InvIT Regulations and the consultation paper dated 8th July 2016 ("Consultation Paper") issued by Securities and Exchange Board of India("SEBI").

1.4. The two SPVs of the Company are as follows:

1.4.1. Bhopal Dhule Transmission Company Limited **("BDTCL")** operates six EHV overhead transmission lines of 944 ckms comprising four 765 kV single circuit lines of 891 ckms and two 400 kV dual circuit lines of 53 ckms. The single circuit lines comprises of a 260 ckms line from Jabalpur to Bhopal in Madhya Pradesh, a 176 ckms line from Bhopal to Indore in Madhya Pradesh, a 192 ckms line from Aurangabad to Dhule in Maharashtra and a 263 ckms line from Dhule (Maharashtra) to Vadodara (Gujarat). The double circuit lines consist of a 36 ckms line within Dhule and a 17 ckms line within Bhopal. In addition, the project includes 2 sub-stations of 3,000 MVA, one each in Bhopal and Dhule.

1.4.2. Jabalpur Transmission Company Limited **("JTCL")** operates two EHV overhead transmission lines of 992 ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV dual circuit line of 757 ckms from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV single circuit line of 235 ckms from Jabalpur to Bina in Madhya Pradesh.

(The above identified assets are hereinafter together referred to as **"Initial Portfolio Assets"** / "SPVs" of the Company.)

1.5. In this regard, the Investment Manager and the Trustee have appointed us, Haribhakti & Co. LLP, Chartered Accountants (H&Co.) to undertake the fair valuation at the enterprise level (including debt) of the Company's Initial Portfolio Assets as per the SEBI InvIT Regulations as at 30th September 2016.

1.6. H&Co. declares that:

1.6.1. It is competent to undertake the valuation in terms of the SEBI InvIT Regulation;

1.6.2. It is independent and has prepared the Report on a fair and unbiased basis;

1.6.3. It has valued the SPVs based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI (Infrastructure Investment Trusts) Regulation, 2014.

1.7. This Valuation Report ("Report") covers all the disclosures required as per the SEBI InvIT Regulations and the Valuation of the Initial Portfolio Assets is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

Scope of Valuation

1.8. We have undertaken the fair valuation at the enterprise level (including debt) of the Initial Portfolio Assets of the Company.

1.9. The Valuation Date considered for this fair enterprise valuation of Initial Portfolio Assets is 30th September 2016. Valuation analysis and results are specific to the date of this Report. A valuation of this nature involves consideration of various factors including the financial position of the SPVs as at the Valuation Date, trends in the equity stock market, government securities and other industry trends.

1.10. We have been mandated by the management of the Company and the Investment Manager to arrive only at the Enterprise Value of the SPVs.

1.11. For the amount pertaining to the operating working capital, management of the Company and the Investment Manager has acknowledged to consider the provisional financial statements as on 30th September 2016 to carry out the valuation for two SPVs.

2. Exclusions and Limitations

2.1. Our Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

2.2. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by us during the course of our work. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Company or the SPVs or any of other entity mentioned in this Report and have considered them at the value as disclosed by the Company in their regulatory filings or in submissions, oral or written, made to us.

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

2.4. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company or the SPVs or any other entity mentioned in the Report. Nothing has come to our knowledge to indicate that the material provided to us was misstated or incorrect or would not afford reasonable grounds upon which to base our Report.

2.5. This Report and the information contained herein are absolutely confidential and are intended for the sole use in connection with the purpose as set out above. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the Proposed Transaction in accordance with the provision of SEBI InvIT Regulations. The Report and summary of valuation included herein can be reproduced and included in the draft offer document proposed to be filed in connection with the initial public offering of the units of Trust and may be made available for inspection in the manner specified therein and may be relied upon by the underwriters in connections with such initial public offering. However, we will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without our written consent.

2.6. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

2.7. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us or used by us up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, revise or reaffirm this Report if information provided to us changes.

2.8. This Report is based on the information received from the sources mentioned in para 3 and discussions with the representatives of the Company. We have assumed that no information has been withheld that could have influenced the purpose of our Report.

2.9. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.

2.10. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

2.11. We do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

2.12. We have arrived at an indicative value based on our analysis. Any transaction price may however be significantly different as Sponsor and Investment Manager will decide value.

2.13. Our conclusion assumes that the assets and liabilities of the Company/ SPVs, reflected in their respective latest balance sheets remain intact as of the Report date.

2.14. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither ourselves, nor any of our partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. We are not liable to any third party in relation to the issue of this Report.

2.15. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

2.16. For the present valuation exercise, we have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.

2.17. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us from the Investment Manager, as laid out in the engagement letter, for such valuation work.

2.18. In rendering this Report, we have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

2.19. This Report does not look into the business/ commercial reasons behind the proposed transaction nor the likely benefits arising out of the same. Similarly it does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

2.20. We are not advisors with respect to legal tax and regulatory matters for the proposed transaction. No investigation of the 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.

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

2.22. **Limitation of Liabilities**

2.22.1. It is agreed that, having regard to the H&Co's interest in limiting the personal liability and exposure to litigation of its personnel, the Company, Investment Manager, InvIT and Trustee will not bring any claim in respect of any damage against any of the H&Co's personnel personally.

2.22.2. In no circumstances H&Co. shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the Services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise) even if the Company had contemplated and communicated to H&Co. the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Company and no communication by H&Co. should be treated as an invitation or inducement to engage the Company to act upon the Deliverable.

2.22.3. In the particular circumstances of this case, our liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by us from the Investment Manager, as laid out in the engagement letter, for such valuation work.

2.22.4. It is clarified that the Company, SIVL and Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.

2.22.5. H&Co. will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Company, SIVL or the Trustee.

3. Sources of Information

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of the Company:

3.1. **With respect to BDTCL**

3.1.1. Audited financial statements of BDTCL for the financial year ("FY") ended 31st March 2016 and 31st March 2015;

3.1.2. Provisional Profit & Loss Account and Balance Sheet for the six months ended 30th September 2016.

3.1.3. Projected Profit & Loss Account and Working Capital requirements of BDTCL from 1st October 2016 to 31st March 2049;

3.1.4. As on 31st March 2016, Sterlite Grid 1 Limited ("SGL1") holds 100% equity stake in BDTCL. As represented to us by the management of the Company, there are no changes in the shareholding pattern from 31st March 2016 to the date of issuance of this Report.

3.1.5. Transmission Service Agreement of BDTCL with Central Transmission Utility dated 12th November 2013.

3.1.6. Due Diligence Report of Lahmeyer International (India) Private Ltd

3.2. **With respect to JTCL**

3.2.1. Audited financial statements of JTCL for the financial year ("FY") ended 31st March 2016 and 31st March 2015;

3.2.2. Provisional Profit & Loss Account and Balance Sheet for the six months ended 30th September 2016.

3.2.3. Projected Profit & Loss Account and Working Capital requirements of JTCL from 1st October 2016 to 31st March 2049;

3.2.4. As on 31st March 2016, SGL1 holds 100% equity stake in JTCL. As represented to us by the management of the Company, there are no changes in the shareholding pattern from 31st March 2016 to the date of issuance of this Report.

3.2.5. Transmission Service Agreement of JTCL with Central Transmission Utility dated 12th November 2013.

3.2.6. Due Diligence Report of Lahmeyer International (India) Private Ltd

3.3. Audited financial statements of the Company and the Investment Manager for FY15 and FY16;

3.4. Management Representation Letter dated 22nd November 2016.

3.5. Physical inspection for BDTCL and JTCL, as required by regulation 21 (2) of the SEBI InvIT Regulations.

4. Overview of the Company, InvIT and SPVs

4.1. SPGVL is primarily engaged into power transmission business whereby it executes power transmission system projects and provides fiber-to-the-premise networks on lease to carriers of high speed internet, voice, video and value added services through separate SPVs for each project.

4.2. SPGVL owns ten inter-state power transmission projects with a total network of 29 power transmission lines of approximately 6,767 ckms and seven substations having approximately 12,630 MVA of transformation capacity.

4.3. As at 30th September 2016, ~72% of the equity stake in SPGVL (on a fully diluted basis) was held by Sterlite Power Transmission Limited ("SPTL") and the balance equity stake (on a fully diluted basis) was held by Standard Chartered Private Equity group.

4.4. SPTL is the holding company of SPGVL and it is also engaged in the business of providing power products and engaging in transmission grid business which it had acquired from Sterlite Technologies Limited ("STL") by virtue of Scheme of Arrangement ("Scheme of Demerger") under the provision of section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956, wherein the power products and transmission business of STL was transferred to SPTL with effect from 1st April 2015.

4.5. STL, incorporated in 2000, was formerly known as Sterlite Optical Technologies Limited and changed its name to Sterlite Technologies Limited in 2007. STL is currently listed on National Stock Exchange of India Limited and BSE Limited in India.

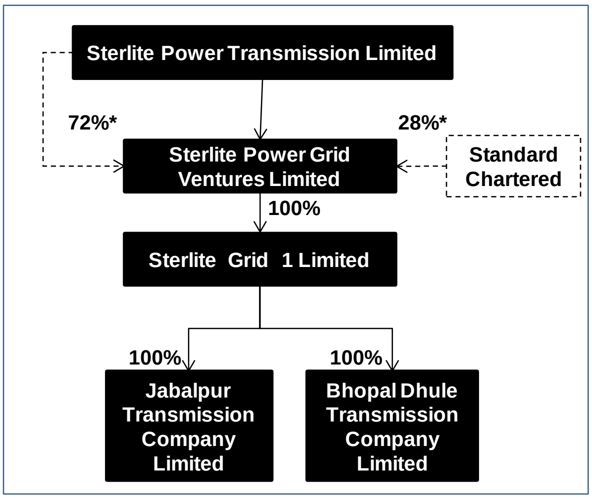
4.6. SPGVL has separate companies under it which handle two or more SPVs each. Accordingly Sterlite Grid 1 Limited ("SGL1"), a wholly owned subsidiary of SPGVL, operates two SPVs.

4.7. SGL1 is the holding company of the two SPVs. given below;

i. Bhopal Dhule Transmission Company Limited ('BDTCL')

ii. Jabalpur Transmission Company Limited ('JTCL')

Thus, currently, the group structure is as follows:



** Above shareholding of SPGV is on a fully diluted basis*

4.8. **The Details of the Initial Portfolio Assets are as given below:**

4.9. **Bhopal Dhule Transmission Company Limited ("BDTCL")**

4.9.1. Summary of details of the Project are as follows:

Parameters	Details
Project Cost	INR 21,777 Mn
Total Length	944 ckms
TSA Agreement Date	12th November 2013
Scheduled COD	31st March, 2014
Expiry Date	35 years from the scheduled COD
Project COD	9th June, 2015
SPGVL's stake	100%

4.9.2. The BDTCL project was awarded to SGL1 by the Ministry of Power on 31st January 2011 for a 35 year period from the scheduled commercial operation date on a BOOM basis.

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

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

4.9.5. The project consists of the following transmission lines and substations implemented on multiple contracts basis:

Transmission line / Sub-Station	Location	Route length (ckms)	Specifications	Commission date	Contribution to total tariff
Jabalpur - Bhopal	Madhya Pradesh	260	765 kV S/C	June 9, 2015	22%
Bhopal - Indore	Madhya Pradesh	176	765 kV S/C	November 19, 2014	12%
Bhopal - Bhopal (MPPTCL)	Madhya Pradesh	17	400 kV D/C	August 12, 2014	2%
Aurangabad - Dhule (IPTC)	Maharashtra	192	765 kV S/C	December 5, 2014	10%
Dhule (IPTC) - Vadodara	Maharashtra, Gujarat	263	765 kV S/C	June 13, 2015	16%
Dhule (IPTC) - Dhule (MSETCL)	Maharashtra	36	400 kV D/C	December 6, 2014	4%
Bhopal Sub-station	Madhya Pradesh	-	2 x 1,500 MVA 765/400 kV	September 30, 2014	17%

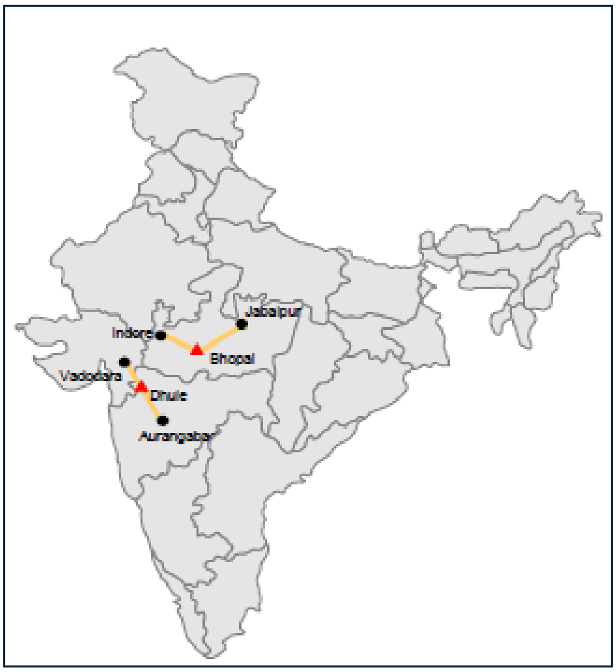
Dhule Sub-station	Maharashtra	-	2 x 1,500 MVA 765/400 kV	December 6, 2014	17%

4.9.6. The project is complete and all the eight elements of the project have been commissioned and are operational.

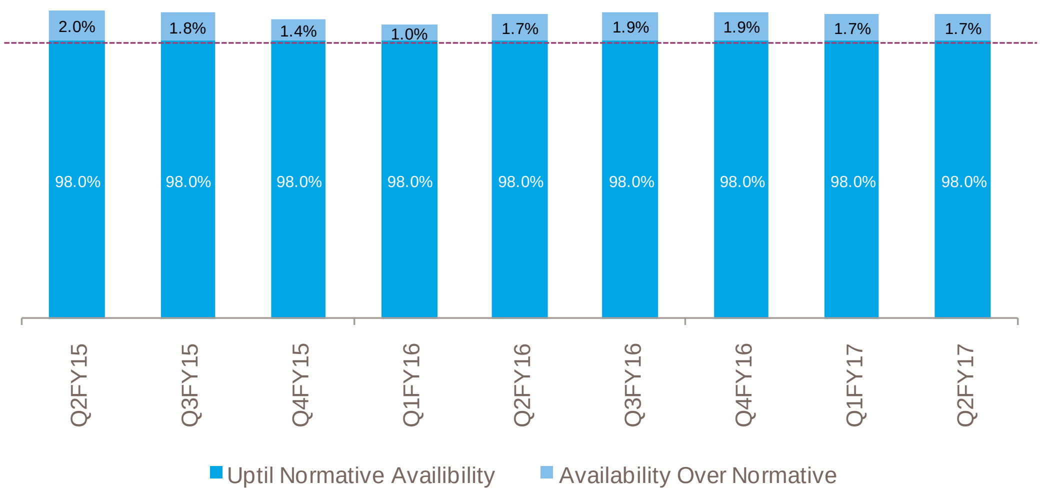
4.9.7. BDTCL entered into transmission services agreement dated November 12, 2013 with Power Grid Corporation of India Limited. The expiry date of TSA shall be the date which is 35 years from the scheduled Commercial Operation Date ("COD") of the project.

4.9.8. The actual COD of the project was 9th June 2015. So, there has been a delay in the commercial commencement of the project with respect to the scheduled COD of 31st March 2014 as specified in the TSA.

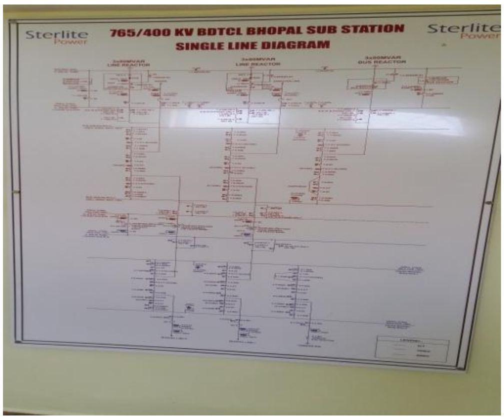
4.9.9. Following is the map showing area covered by BDTCL:



4.9.10. Operating Efficiency history of BDTCL:



4.9.11. **Pictures of the site**:



We had visited the above site on 27th September, 2016.

4.10. Jabalpur Transmission Company Limited ("JTCL")

4.10.1. Summary of details of the Project are as follows:

Parameters	Details
Project Cost	INR 19,157 Mn
Total Length	922 ckms
TSA Agreement Date	12th November 2013
Scheduled COD	31st March, 2014
Expiry Date	35 years from the scheduled COD
Project COD	14th September, 2015
SPGVL's stake	100%

4.10.2. The JTCL project was awarded to SGL1 by the Ministry of Power on 19th January 2011 for a 35 year period from the scheduled commercial operation date on a BOOM basis

4.10.3. JTCL operates two EHV overhead transmission lines of 992 ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV dual circuit line of 757 ckms from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV single circuit line of 235 ckms from Jabalpur to Bina in Madhya Pradesh.

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

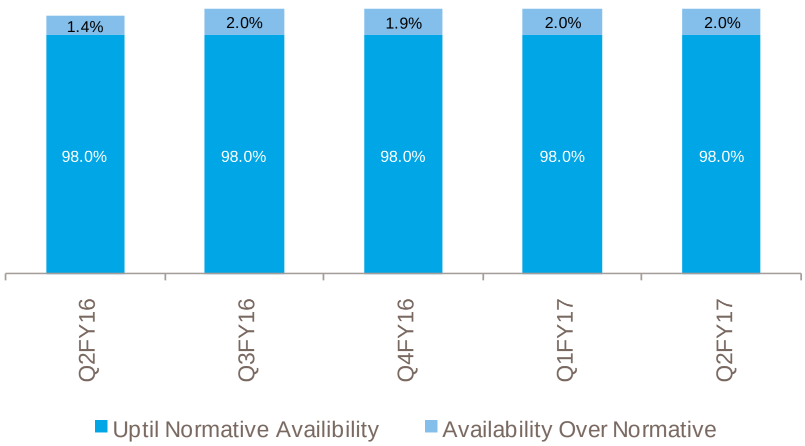
4.10.5. The project consists of the following transmission lines and is being implemented on multiple contracts basis:

Transmission line	Location	Route length (ckms)	Specifications	Commission date	Contribution to total tariff
Jabalpur-Dharamjaygarh	Chhattisgarh, Madhya Pradesh	757	765 kV D/C	September 14, 2015	72%
Jabalpur-Bina	Madhya Pradesh	235	765 kV S/C	July 1, 2015	28%

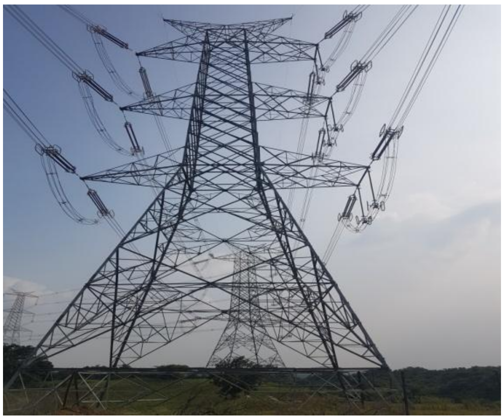
4.10.6. JTCL entered into a transmission services agreement dated November 12, 2013 with Power Grid Corporation of India Limited. Expiry date of TSA shall be the date which is 35 years from the scheduled Commercial Operation Date ("COD") of the project

4.10.7. Following is the map showing area covered by JTCL:

4.10.8. Operating Efficiency history of JTCL:



4.10.9. **Pictures of the site**:



We had visited the above site on 27th September, 2016.

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5. Overview of the Industry

5.1. Introduction:

5.1.1. The power industry forms the basis of any economy as it meets the energy requirement of several other industries. India was third highest energy consumer after China and the US, with 5.3% global share in 2015. India was also the third largest producer of electricity, after Japan and Russia, in 2013, with over 5% global share in electricity generation in 2015.

5.1.2. Despite such healthy growth, the per-capita electricity consumption in India is only 1,010 kWh in 2015 (as per CEA), which is significantly lower than the world average and the lowest among the BRICS (Brazil, Russia, India, China and South Africa). This indicates the strong growth potential of the Indian power sector.

5.2. Demand and Supply

5.2.1. Demand: India continues to be a power deficit country even after an increasing trend in demand in the past. It is expected that energy requirement growth will continue to be healthy at 7.5% to 8% CAGR over FY 17 to FY 21. The primary growth drivers for rapid expansion in India's energy demand include investments in industrial and infrastructure development, rising per capita energy consumption levels etc

5.2.2. Supply: India has seen a robust growth in the installed power generation capacity in the past four years. The installed power generation capacity of ~ 302 GW in FY 16 is expected to increase to ~ 306 GW by the end of FY 17.

5.3. India's economic outlook

5.3.1. According to World Bank, India has retained its position as the fastest-growing economy in the world in 2015, after overtaking China in the previous year. Based on its estimates, India will continue to occupy the top slot among major economies with a growth rate of 7.6% to 7.7% until 2018. India's growth rate is significantly higher than the world average of around 3% and is also higher than other developing economies, such as China, Brazil, Indonesia and sub-Saharan African nations.

5.3.2. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014. The FDI inflow has doubled to Rs 2.6 trillion in 2015-16 from Rs 1.3 trillion in 2012-13. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 55 in 2015-16 from 71 in 2014-15. Also, compared with other large emerging economies, India's purchasing-manager index for 2016, published by World Bank, has been reflecting more buoyant sentiment. In essence, India is in a sweet spot compared with other major global economies.

5.4. Power transmission network in India

5.4.1. The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the Transmission and Distribution (T&D) system is a three-tier structure comprising distribution networks, state grids and regional grids.

5.4.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by PGCIL, which facilitates the transfer of power from a surplus region to the ones with deficit.

5.4.3. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has increased from 358,580 ckm in 2006-07 to around 554,774 ckm in 2015-16.

5.4.4. PGCIL has remained the single largest player in these additions, contributing to 45-50% of the total investment in the sector. With a planned capital expenditure outlay of Rs 1.1 trillion for the 12th five year plan, PGCIL has spent around Rs 0.9 trillion over 2013-16.

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

5.4.6. However, the share of private sector in the power transmission segment has been rising. In fact, it has risen from nil in FY 2007 to almost 6% (in ckm) as on end FY 2016, but is still far behind the private sector penetration in the power generation sector which increased considerably from ~13% in FY 2007 to 40% as on March 2015-16. Although to encourage private-sector participation in building transmission capacity, the central government notified power-transmission schemes to be undertaken through tariff-based competitive bidding (TBCB), but still lower private player penetration in the transmission sector necessitates higher allotment of transmission lines to private players by the central transmission utilities.

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

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

Source: Crisil Power Transmission Report – November 2016

6. Valuation Approach

6.1. The present valuation exercise is being undertaken in order to derive the Enterprise Value of the Initial Portfolio Assets.

6.2. The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the valuers, based on the facts and circumstances as applicable to the business of the company to be valued.

6.3. There are three generally accepted approaches to valuation:

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

6.4. **Cost Approach**

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

Net Asset Value ("NAV")

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

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

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

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

6.5. **Market Approach**

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

Comparable Companies Multiples ("CCM") Method

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

Comparable Transactions Multiples ("CTM") Method

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

Market Price Method

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

6.6. **Income Approach**

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

Discounted Cash Flow ("DCF") Method

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

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

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

6.7. Conclusion on Valuation Approach

It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Company. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the Company, and other factors which generally influence the valuation of companies and their assets.

Accordingly, we have summarized the application of valuation method for the current valuation exercise as under:

Cost Approach

In the present case, since all the SPVs have entered into TSA, the revenue of these SPVs is pre-determined for the life of the project. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, since the Net Asset value does not capture the future earning potential of the businesses, we have not considered the cost approach for the current valuation exercise.

Market Approach

The present valuation exercise is to undertake a fair enterprise value of the 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, we have not considered CCM method in the present case. In the absence of adequate details about the Comparable Transactions, we were unable to apply the CTM method. Currently, the equity shares of SPGVL are not listed on any recognized stock exchange of India. Hence, we are unable to apply market price method.

Income Approach

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

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7. Valuation of Individual SPVs

We have estimated the value of SPVs using the Discounted Cash Flow Method. While carrying out this engagement, we have relied extensively on the information made available to us by the management of the Company. We have considered projected financial statement of the individual SPVs as provided by the management of the Company.

7.1. The key assumptions of the projections provided to us by the management can be divided into two parts:

Part A: Base Case

This refers to the revenue estimated for the SPVs as per the existing provisions of TSA, and

Part B: Incremental Revenue

This refers to incremental transmission revenue based on the petition filed with commission as provided by the management of the Company.

7.2. **Key Assumption under Part A: Base Case**

7.2.1. **Transmission Revenue**: The transmission revenue of the company comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA for the life of the project.

7.2.2. **Non Escalable Transmission Revenue**: The Non Escalable Transmission revenue remains fixed for the entire life of the project. We have corroborated the revenue considered in the financial projections of the respective TSA and documents provided to us by the management of the Company.

7.2.3. **Escalable Transmission Revenue:** Escalable Transmission revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA and documents provided to us by the management of the Company. The escalation is to mainly compensate with the inflation factor.

7.2.4. **Incentives:** As provided in the respective TSA, if the annual availability exceeds 98%, the TSP shall be entitled to an annual incentive as provided in TSA. Provided no incentives shall be payable above the availability of 99.75%. As represented to us by the management, the annual availability shall be above 98% where the TSP shall be entitled to the incentives as provided in the TSA.

7.2.5. **Penalty:** If the annual availability in a contract year falls below 95%, the TSP shall be entitled for an annual penalty as provided in the TSA. As represented to us by the management, the annual availability shall not fall below 95% and thus the penalty has not been considered in the financial projections.

7.2.6. **Operations & Maintenance ("O&M"):** O&M expenditure are estimated by the management for the projected period based on the escalation rate as determined for each SPVs. We have relied on the projections provided by the management of the Company on the operating and maintenance expenses for the projected period.

7.2.7. **Depreciation:** The book depreciation has been calculated using Straight Line Method over the life of the project. For calculating depreciation for the projected period, we have considered depreciation rate as specified in the Income Tax Act and WDV as per Income Tax Return filed by the Company. The Company/ SPVs are not expected to incur any capital expenditure in the projected period.

7.2.8. **Tax Incentive**: SPVs are eligible for tax holiday under section 80IA of Income Tax Act. Such tax holiday shall be available for any 10 consecutive years out of 15 years beginning from the date of COD.

7.2.9. **Working Capital**: The management and representatives of the Company have envisaged the working capital requirement of the SPVs for the projected period. The operating working capital assumptions for the projections as provided by the management comprises of trade receivables and trade payables for O&M Expenses.

7.3. **Key Assumption under Part B: Incremental Revenue Case**

7.3.1. **Incremental Transmission Revenue**: As provided in the TSA, "every party shall be entitled to claim relief for a Force Majeure Event affecting its performance in relation to its obligation under this agreement". In the present case, BDTCL and JTCL has claimed relief by filing petition with the Central Electricity Regulatory Commission for the force majeure seeking an increase in transmission revenue to offset the additional cost incurred. The final verdict of the Commission is yet to come. We have considered this incremental transmission revenue as provided by the management of the Company for arriving at the Enterprise Value of the Initial Portfolio Assets.

7.3.2. **Operations & Maintenance ("O&M"):** No Operations & Maintenance ("O&M") expenditure needs to be considered for Incremental Revenue.

7.3.3. **Depreciation:** No depreciation needs to be considered for incremental revenue. Further, the Company/ SPVs are not expected to incur any capital expenditure in the projected period.

7.3.4. **Tax:** We have considered full income tax @ 34.61% on the incremental revenue.

7.3.5. **Working Capital**: The management and representatives of the Company have envisaged the working capital requirement of the SPVs for the projected period. The working capital assumptions for the projections as provided by the management comprises of trade receivables only.

7.4. **Valuation of each SPVs can be summarized as follows:**

Particulars		Value (INR Mn)			Reference	
		BDTCL	JTCL	Total	BDTCL	JTCL
Valuation of SPV under Part A: Base Case	A	20,718	15,026	35,744	para 7.6.1	para 7.6.2
Valuation of SPV under Part B: Incremental Revenue	B	1,141	4,424	5,565	para 7.8.1	para 7.8.2
Enterprise Value	**(A + B)**	**21,859**	**19,450**	**41,309**		

Valuation of SPVs under Part A: Base Case

7.5. **Calculation of Weighted Average Cost of Capital for each SPVs under Part A: Base Case**

7.5.1. **Cost of Equity:**

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

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

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

Wherein:

K(e) = cost of equity

Rf = risk free rate

RP = risk premium i.e. market risk premium over and above risk free rate

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

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

7.5.2. **Risk Free Rate:**

We have applied a risk free rate of return of 7.0% on the basis of the relevant zero coupon yield curve as on 30th September 2016 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

7.5.3. **Risk Premium:**

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

Risk premium = Equity market return – Risk free rate

Wherein:

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

Risk free rate = 7.0% as explained in para 7.5.2.

7.5.4. **Beta:**

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. Normally we would take a relevant number from a quoted stock and the market on which it trades. However, since shares of SPGVL or each SPVs are not publicly quoted, we have sought to estimate the relevant Beta with respect to benchmark numbers. It is impossible to identify a company with exactly same characteristics as each SPVs. Therefore we have sought to use the beta of Power Grid Corporation Limited since its business operations is similar to those of the SPVs.

We have further unlevered that beta based on debt-equity of the respective company using the following formula:

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

Further we have re-levered it based on debt-equity of the industry standard using the following formula:

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

7.5.5. **Company Specific Risk Premium:** We have not considered any company specific risk premium to the Ke for discounting the cash flows as per the TSA.

7.5.6. **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

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

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

Formula for calculation of WACC:

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

7.5.8. Accordingly, as per above, we have arrived the WACC of 7.95% & 7.91% for BDTCL and JTCL respectively for valuation under Base Case (Refer appendix I)

7.6. **Valuation of Individual SPV under Part A: Base Case**

7.6.1. **Valuation of BDTCL**

- We have relied on the projected financials of BDTCL as provided by its management and representatives for the period from 1st October 2016 to 31st March 2049.
- WACC arrived at for the purpose of valuation is 7.95% for cash flows as per Base Case (Refer Appendix I).
- For the terminal period, we have considered 0% constant growth rate for FCFF.
- As on valuation date, we have discounted the free cash flows of BDTCL using the WACC of 7.95% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 20,718 Mn (Refer Appendix II)

7.6.2. **Valuation of JTCL**

- We have relied on the projected financials of JTCL as provided by its management and representatives for the period from 1st October 2016 to 31st March 2049.
- WACC arrived at for the purpose of valuation is 7.91% for cash flows as per the Base Case (Refer Appendix I).
- For the terminal period, we have considered 0% constant growth rate for FCFF.
- As on valuation date, we have discounted the free cash flows of JTCL using the WACC of 7.91% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 15,026 Mn (Refer Appendix IV)

Valuation of SPV under Part B: Incremental Revenue Case

7.7. **Calculation of WACC for each SPVs under Part B: Incremental Revenue Case**

7.7.1. The Risk free rate, risk premium and beta component for Cost of Equity applied for incremental revenue are same as described under Part A: Base Case.

7.7.2. The calculation of CoE as per CAPM can be defined as follows:

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

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

7.7.3. We have considered 2% company specific risk premium to the cost of equity for discounting the incremental free cash flows arrived after considering the risk associated with incremental transmission revenue as mentioned in para 7.3.1 (Refer Appendix I).

7.7.4. Cost of debt remains same as under Part A: Base Case

7.7.5. Accordingly, as per above, we have arrived the WACC of 8.45% & 8.41% for BDTCL and JTCL respectively for valuation under Incremental Revenue Case (Refer appendix I)

7.8. Valuation of Individual SPV under Part B: Incremental Revenue Case

7.8.1. Valuation of BDTCL

- We have relied on the projected financials of BDTCL as provided by its management and representatives for the period from 1st October 2016 to 31st March 2049.
- WACC arrived at for the purpose of valuation is 8.45% for incremental free cash flows arrived after considering incremental revenue (Refer Appendix I).
- We have not considered valuation for the terminal period.
- As on valuation date, we have discounted the free cash flows after considering incremental transmission revenue of BDTCL using the WACC of 8.45% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 1,141 Mn (Refer Appendix III)

7.8.2. Valuation of JTCL

- We have relied on the projected financials of JTCL as provided by its management and representatives for the period from 1st October 2016 to 31st March 2050.
- WACC arrived at for the purpose of valuation is 8.41% for incremental free cash flows arrived after considering incremental revenue (Refer Appendix I).
- We have not considered valuation for the terminal period
- As on valuation date, we have discounted the free cash flows after considering incremental transmission revenue of JTCL using the WACC of 8.41% to arrive at the Enterprise Value ("EV") by aggregating the present value of cash flows for explicit period and terminal period at INR 4,424 Mn (Refer Appendix V).

8. Valuation Conclusion

8.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the businesses, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

8.2. Based on the above analysis the Enterprise Value as on the Valuation Date of the Initial Portfolio Assets is as follows:

Particulars		Value (INR Mn)			Reference	
		BDTCL	JTCL	Total	BDTCL	JTCL
Valuation of SPV under Part A: Base Case	A	20,718	15,026	35,744	para 7.6.1	para 7.6.2
Valuation of SPV under Part B: Incremental Revenue	B	1,141	4,424	5,565	para 7.8.1	para 7.8.2
Enterprise Value	**(A + B)**	**21,859**	**19,450**	**41,309**		

We have represented by the management that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at enterprise value of the SPVs.

Appendix I – Weighted Average Cost of Capital of each SPVs

Weighted Average Cost of Capital	BDTCL		JTCL		Remark
	Part A	Part B	Part A	Part B	
Market Returns	15.00%	15.00%	15.00%	15.00%	Market Return has been considered based on the long term average returns earned by an equity investor in India.
Risk Free Rate	7.00%	7.00%	7.00%	7.00%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th September 2016 of Government Securities having maturity period of 10 years, as quoted on CCIL's website.
Market Risk Premium	8.00%	8.00%	8.00%	8.00%	Market Premium = Market Return – Risk Free Rate
Beta	0.82	0.82	0.81	0.81	Beta has been considered based on the betas of the comparable companies operating in the similar kind of business in India.
Risk Premium	0.00%	2.00%	0.00%	2.00%	
Cost of Equity as per CAPM	**13.52%**	**15.52%**	**13.49%**	**15.49%**	Ke = Rf + β x (Rm-Rf) + CSRP
Pre Tax Cost of Debt	8.00%	8.00%	8.00%	8.00%	As per management estimate
Effective Tax Rate	23.82%	23.82%	24.42%	24.42%	Average tax rate for the life of the project has been considered
Cost of Debt	**6.09%**	**6.09%**	**6.05%**	**6.05%**	Effective cost of debt. K_d = Pre tax K_d * (1-Effective Tax Rate)
Debt/(Debt+Equity) Ratio	75.00%	75.00%	75.00%	75.00%	The debt – equity ratio computed as [D/(D+E)] is considered as 75% as per industry standard.
WACC = (Ke*(1-D:E)+(Kd*(1-t))*(D:E))	7.95%	8.45%	7.91%	8.41%	
Considered	**7.95%**	**8.45%**	**7.91%**	**8.41%**	

Appendix II – Valuation of BDTCL as on 30th September 2016 (INR mn) – Part A: Base Case

Valuation using Discounted Cash Flow Method as at 30th September 2016 (in INR Mn)

WACC 7.95%

FY ended	Revenue	YoY growth	EBITDA	YoY growth	less : Capex	less : Incremental NCA	Less: Taxation	FCFF	YoY growth	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
Oct 2016 - Mar 2017	1293		1222		-	77	184	961		0.25	0.98	942
FY18	2590	100.2%	2439	99.6%	-	(0)	366	2,073	115.7%	1.00	0.93	1,920
FY19	2593	0.1%	2434	-0.2%	-	(0)	365	2,069	-0.2%	2.00	0.86	1,775
FY20	2596	0.1%	2429	-0.2%	-	(0)	364	2,065	-0.2%	3.00	0.79	1,641
FY21	2600	0.1%	2424	-0.2%	-	(0)	363	2,061	-0.2%	4.00	0.74	1,518
FY22	2604	0.2%	2419	-0.2%	-	(0)	362	2,057	-0.2%	5.00	0.68	1,403
FY23	2609	0.2%	2414	-0.2%	-	(0)	361	2,053	-0.2%	6.00	0.63	1,297
FY24	1856	-28.8%	1652	-31.6%	-	(126)	198	1,579	-23.1%	7.00	0.59	924
FY25	1862	0.3%	1646	-0.3%	-	(0)	197	1,449	-8.3%	8.00	0.54	786
FY26	1867	0.3%	1640	-0.3%	-	(0)	196	1,444	-0.3%	9.00	0.50	726
FY27	1873	0.3%	1635	-0.4%	-	0	195	1,440	-0.3%	10.00	0.47	670
FY28	1880	0.3%	1629	-0.4%	-	0	194	1,435	-0.3%	11.00	0.43	619
FY29	1887	0.4%	1623	-0.4%	-	0	192	1,431	-0.3%	12.00	0.40	571
FY30	1894	0.4%	1617	-0.4%	-	0	191	1,426	-0.3%	13.00	0.37	527
FY31	1902	0.4%	1610	-0.4%	-	0	190	1,421	-0.3%	14.00	0.34	487
FY32	1911	0.5%	1604	-0.4%	-	0	188	1,415	-0.4%	15.00	0.32	449
FY33	1921	0.5%	1597	-0.4%	-	0	187	1,410	-0.4%	16.00	0.29	415
FY34	1931	0.5%	1591	-0.4%	-	0	185	1,405	-0.4%	17.00	0.27	383
FY35	1942	0.6%	1584	-0.4%	-	0	184	1,400	-0.4%	18.00	0.25	353
FY36	1954	0.6%	1577	-0.4%	-	1	183	1,394	-0.4%	19.00	0.23	326
FY37	1967	0.7%	1571	-0.4%	-	0	327	1,244	-10.8%	20.00	0.22	269
FY38	1981	0.7%	1564	-0.4%	-	1	519	1,045	-16.0%	21.00	0.20	209
FY39	1995	0.7%	1557	-0.4%	-	1	520	1,037	-0.8%	22.00	0.19	193
FY40	2011	0.8%	1550	-0.4%	-	1	520	1,029	-0.7%	23.00	0.17	177
FY41	2028	0.8%	1543	-0.4%	-	1	520	1,022	-0.7%	24.00	0.16	163
FY42	2047	0.9%	1536	-0.4%	-	1	520	1,015	-0.7%	25.00	0.15	150
FY43	2066	1.0%	1529	-0.4%	-	1	519	1,009	-0.6%	26.00	0.14	138
FY44	2088	1.0%	1522	-0.4%	-	1	518	1,003	-0.6%	27.00	0.13	127
FY45	2110	1.1%	1515	-0.4%	-	1	517	997	-0.5%	28.00	0.12	117
FY46	2135	1.2%	1509	-0.4%	-	1	516	991	-0.6%	29.00	0.11	108
FY47	2161	1.2%	1502	-0.4%	-	2	515	986	-0.5%	30.00	0.10	99
FY48	2189	1.3%	1496	-0.4%	-	2	513	981	-0.5%	31.00	0.09	92
FY49	2222	1.5%	1490	-0.4%	-	3	512	975	-0.5%	32.00	0.09	84
TMI Yr	2222	0.0%	1490	0.0%	-	-	516	974	-0.1%	32.00	0.09	84

Present Value of Explicit Period Cash Flows	19,659
Present Value of Terminal Year Cash Flow	1,059
Enterprise Value (in Mn)	**20,718**

Appendix III – Valuation of BDTCL as on 30th September 2016 (INR mn) – Part B: Incremental Revenue Case

Valuation using Discounted Cash Flow Method as at 30th September 2016 (in INR Mn)

WACC 8.45%

FY ended	Revenue	YoY growth	EBITDA	YoY growth	less : Capex	less : Incremental NCA	Less: Taxation	FCFF	YoY growth	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
Oct 2016 - Mar 2017	91		91		-	15	31	44		0.25	0.98	43
FY18	181	100.2%	181	100.2%	-	15	63	103	134.4%	1.00	0.92	95
FY19	182	0.1%	182	0.1%	-	0	63	119	14.7%	2.00	0.85	101
FY20	182	0.1%	182	0.1%	-	0	63	119	0.1%	3.00	0.78	93
FY21	182	0.1%	182	0.1%	-	0	63	119	0.1%	4.00	0.72	86
FY22	182	0.2%	182	0.2%	-	0	63	119	0.2%	5.00	0.67	79
FY23	183	0.2%	183	0.2%	-	0	63	119	0.2%	6.00	0.61	73
FY24	130	-28.8%	130	-28.8%	-	(9)	45	94	-21.5%	7.00	0.57	53
FY25	130	0.3%	130	0.3%	-	0	45	85	-9.2%	8.00	0.52	44
FY26	131	0.3%	131	0.3%	-	0	45	85	0.3%	9.00	0.48	41
FY27	131	0.3%	131	0.3%	-	0	45	86	0.3%	10.00	0.44	38
FY28	132	0.3%	132	0.3%	-	0	46	86	0.3%	11.00	0.41	35
FY29	132	0.4%	132	0.4%	-	0	46	86	0.4%	12.00	0.38	33
FY30	133	0.4%	133	0.4%	-	0	46	87	0.4%	13.00	0.35	30
FY31	133	0.4%	133	0.4%	-	0	46	87	0.4%	14.00	0.32	28
FY32	134	0.5%	134	0.5%	-	0	46	87	0.5%	15.00	0.30	26
FY33	134	0.5%	134	0.5%	-	0	47	88	0.5%	16.00	0.27	24
FY34	135	0.5%	135	0.5%	-	0	47	88	0.5%	17.00	0.25	22
FY35	136	0.6%	136	0.6%	-	0	47	89	0.6%	18.00	0.23	21
FY36	137	0.6%	137	0.6%	-	0	47	89	0.6%	19.00	0.21	19
FY37	138	0.7%	138	0.7%	-	0	48	90	0.6%	20.00	0.20	18
FY38	139	0.7%	139	0.7%	-	0	48	90	0.7%	21.00	0.18	16
FY39	140	0.7%	140	0.7%	-	0	48	91	0.7%	22.00	0.17	15
FY40	141	0.8%	141	0.8%	-	0	49	92	0.8%	23.00	0.15	14
FY41	142	0.8%	142	0.8%	-	0	49	93	0.8%	24.00	0.14	13
FY42	143	0.9%	143	0.9%	-	0	50	93	0.9%	25.00	0.13	12
FY43	145	1.0%	145	1.0%	-	0	50	94	0.9%	26.00	0.12	11
FY44	146	1.0%	146	1.0%	-	0	51	95	1.0%	27.00	0.11	11
FY45	148	1.1%	148	1.1%	-	0	51	96	1.1%	28.00	0.10	10
FY46	149	1.2%	149	1.2%	-	0	52	97	1.1%	29.00	0.10	9
FY47	151	1.2%	151	1.2%	-	0	52	99	1.2%	30.00	0.09	9
FY48	153	1.3%	153	1.3%	-	0	53	100	1.3%	31.00	0.08	8
FY49	156	1.5%	156	1.5%	-	0	54	101	1.5%	32.00	0.07	8
Present Value of Explicit Period Cash Flows												1,141
Enterprise Value (in Mn)												**1,141**

Appendix IV – Valuation of JTCL as on 30th September 2016 (INR mn) – Part A: Base Case

Valuation using Discounted Cash Flow Method as at 30th September 2016 (in INR Mn)

WACC 7.91%

FY ended	Revenue	YoY growth	EBITDA	YoY growth	less : Capex	less : Incremental NCA	Less: Taxation	FCFF	YoY growth	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
Oct 2016 - Mar 2017	981		941		-	(48)	135	854		0.25	0.98	838
FY18	1962	100.1%	1878	99.7%	-	(0)	270	1,609	88.5%	1.00	0.93	1,491
FY19	1962	0.0%	1875	-0.2%	-	(0)	269	1,607	-0.1%	2.00	0.86	1,380
FY20	1387	-29.3%	1296	-30.9%	-	(96)	145	1,247	-22.4%	3.00	0.80	992
FY21	1388	0.1%	1293	-0.3%	-	(0)	145	1,148	-7.9%	4.00	0.74	847
FY22	1388	0.1%	1289	-0.3%	-	(0)	144	1,146	-0.2%	5.00	0.68	783
FY23	1389	0.1%	1286	-0.3%	-	(0)	143	1,143	-0.2%	6.00	0.63	724
FY24	1390	0.1%	1282	-0.3%	-	(0)	142	1,140	-0.2%	7.00	0.59	669
FY25	1391	0.1%	1279	-0.3%	-	(0)	142	1,137	-0.3%	8.00	0.54	619
FY26	1392	0.1%	1275	-0.3%	-	(0)	141	1,134	-0.3%	9.00	0.50	572
FY27	1393	0.1%	1271	-0.3%	-	(0)	140	1,131	-0.3%	10.00	0.47	528
FY28	1395	0.1%	1267	-0.3%	-	(0)	139	1,128	-0.3%	11.00	0.43	488
FY29	1396	0.1%	1262	-0.3%	-	(0)	138	1,124	-0.3%	12.00	0.40	451
FY30	1398	0.1%	1258	-0.3%	-	(0)	137	1,121	-0.3%	13.00	0.37	417
FY31	1399	0.1%	1253	-0.4%	-	(0)	136	1,117	-0.3%	14.00	0.34	385
FY32	1401	0.1%	1249	-0.4%	-	(0)	135	1,114	-0.3%	15.00	0.32	356
FY33	1403	0.1%	1244	-0.4%	-	(0)	134	1,110	-0.3%	16.00	0.30	328
FY34	1405	0.1%	1239	-0.4%	-	(0)	133	1,106	-0.4%	17.00	0.27	303
FY35	1407	0.1%	1234	-0.4%	-	(0)	132	1,102	-0.4%	18.00	0.25	280
FY36	1409	0.2%	1228	-0.4%	-	(0)	142	1,087	-1.4%	19.00	0.24	256
FY37	1411	0.2%	1223	-0.4%	-	(0)	391	832	-23.4%	20.00	0.22	182
FY38	1414	0.2%	1217	-0.5%	-	(0)	394	823	-1.0%	21.00	0.20	167
FY39	1417	0.2%	1211	-0.5%	-	(0)	396	816	-1.0%	22.00	0.19	153
FY40	1420	0.2%	1205	-0.5%	-	(0)	397	808	-0.9%	23.00	0.17	140
FY41	1423	0.2%	1199	-0.5%	-	(0)	398	801	-0.9%	24.00	0.16	129
FY42	1427	0.2%	1193	-0.5%	-	(0)	398	794	-0.8%	25.00	0.15	119
FY43	1430	0.3%	1186	-0.5%	-	(0)	398	788	-0.8%	26.00	0.14	109
FY44	1434	0.3%	1180	-0.6%	-	(0)	398	782	-0.8%	27.00	0.13	100
FY45	1439	0.3%	1173	-0.6%	-	(0)	397	776	-0.8%	28.00	0.12	92
FY46	1444	0.3%	1166	-0.6%	-	(0)	396	770	-0.8%	29.00	0.11	85
FY47	1449	0.3%	1158	-0.6%	-	(0)	395	764	-0.8%	30.00	0.10	78
FY48	1454	0.4%	1151	-0.6%	-	(0)	393	758	-0.8%	31.00	0.09	72
FY49	1458	0.3%	1141	-0.9%	-	0	390	751	-1.0%	32.00	0.09	66
TMI Yr	1458	0.0%	1141	0.0%	-	-	395	746	-0.6%	32.00	0.09	65
Present Value of Explicit Period Cash Flows												14,199
Present Value of Terminal Year Cash Flow												827
Enterprise Value (in Mn)												**15,026**

Appendix V – Valuation of JTCL as on 30th September 2016 (INR mn) – Part B: Incremental Revenue Case

Valuation using Discounted Cash Flow Method as at 30th September 2016 (in INR Mn)

WACC 8.41%

FY ended	Revenue	YoY growth	EBITDA	YoY growth	less : Capex	less : Incremental NCA	Less: Taxation	FCFF	YoY growth	Cash Accrual Factor	Discounting Factor	PV of Cash Flows
Oct 2016 - Mar 2017	0		0		-	-	-	-		0.25	0.98	-
FY18	804		804		-	0	278	526		1.00	0.92	485
FY19	805	0.0%	805	0.0%	-	0	278	526	0.0%	2.00	0.85	448
FY20	569	-29.3%	569	-29.3%	-	(39)	197	411	-21.8%	3.00	0.78	323
FY21	569	0.1%	569	0.1%	-	0	197	372	-9.5%	4.00	0.72	269
FY22	569	0.1%	569	0.1%	-	0	197	372	0.1%	5.00	0.67	249
FY23	570	0.1%	570	0.1%	-	0	197	372	0.1%	6.00	0.62	229
FY24	570	0.1%	570	0.1%	-	0	197	373	0.1%	7.00	0.57	212
FY25	570	0.1%	570	0.1%	-	0	197	373	0.1%	8.00	0.52	196
FY26	571	0.1%	571	0.1%	-	0	198	373	0.1%	9.00	0.48	180
FY27	571	0.1%	571	0.1%	-	0	198	374	0.1%	10.00	0.45	167
FY28	572	0.1%	572	0.1%	-	0	198	374	0.1%	11.00	0.41	154
FY29	572	0.1%	572	0.1%	-	0	198	374	0.1%	12.00	0.38	142
FY30	573	0.1%	573	0.1%	-	0	198	375	0.1%	13.00	0.35	131
FY31	574	0.1%	574	0.1%	-	0	199	375	0.1%	14.00	0.32	121
FY32	574	0.1%	574	0.1%	-	0	199	375	0.1%	15.00	0.30	112
FY33	575	0.1%	575	0.1%	-	0	199	376	0.1%	16.00	0.27	103
FY34	576	0.1%	576	0.1%	-	0	199	376	0.1%	17.00	0.25	95
FY35	577	0.1%	577	0.1%	-	0	200	377	0.1%	18.00	0.23	88
FY36	578	0.2%	578	0.2%	-	0	200	378	0.2%	19.00	0.22	81
FY37	579	0.2%	579	0.2%	-	0	200	378	0.2%	20.00	0.20	75
FY38	580	0.2%	580	0.2%	-	0	201	379	0.2%	21.00	0.18	70
FY39	581	0.2%	581	0.2%	-	0	201	380	0.2%	22.00	0.17	64
FY40	582	0.2%	582	0.2%	-	0	201	380	0.2%	23.00	0.16	59
FY41	584	0.2%	584	0.2%	-	0	202	381	0.2%	24.00	0.14	55
FY42	585	0.2%	585	0.2%	-	0	202	382	0.2%	25.00	0.13	51
FY43	586	0.3%	586	0.3%	-	0	203	383	0.3%	26.00	0.12	47
FY44	588	0.3%	588	0.3%	-	0	204	384	0.3%	27.00	0.11	43
FY45	590	0.3%	590	0.3%	-	0	204	385	0.3%	28.00	0.10	40
FY46	592	0.3%	592	0.3%	-	0	205	387	0.3%	29.00	0.10	37
FY47	594	0.3%	594	0.3%	-	0	206	388	0.3%	30.00	0.09	34
FY48	596	0.4%	596	0.4%	-	0	206	389	0.4%	31.00	0.08	32
FY49	598	0.3%	598	0.3%	-	0	207	391	0.3%	32.00	0.08	30
TMl Yr		-100.0%		-100.0%				-	-100.0%	32.00	0.08	-
Present Value of Explicit Period Cash Flows												4,424
Enterprise Value (in Mn)												4,424

ANNEXURE B

TECHNICAL CONSULTANT’S REPORTS

LAHMEYER INDIA

Transmission Line (TL) Projects - JTCL, BDTCL

Due Diligence Report

Sterlite Power Grid Ventures Ltd., New Delhi
Delhi | INDIA

RESTRICTED

1 December 2016

REPORT
Rev-01

A company of TRACTEBEL ENGIE

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FINAL VENDOR DUE DILIGENCE REPORT

Our ref.: **Document No. P.009964-G-00108-002**

Imputation: Project No. P.009964

RESTRICTED

Client : «Sterlite Grid Limited»

Project : **2 Nos. Transmission Line Projects**

Subject : **Vendor Due Diligence for Submission**

Comments:

Revision No.	Date	Prepared / Revision By	Description
0	2016/10/17		Issued for approval
1	2016/12/01		Issued for approval

REV.	YY/MM/DD	STAT.	WRITTEN	VERIFIED	APPROVED	VALIDATED
01	16/12/01		DMA	SMR	DAK	DAK
00	16/10/17		DMA	DAK	SMR	SMR

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ACRONYM

AAAC	All Aluminum Alloy Conductors
ABG	Advance Bank Guarantee
ACSR	Aluminium Conductor Steel Reinforced
Areva	Areva T&D India Limited
ATV	All Terrain Vehicle
BOOM	Build, Own, Operate & Maintain
BDTCL	Bhopal-Dhule Transmission Company Limited
BSNL	Bharat Sanchar Nigam Limited
CTU	Central Transmission Utility
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
COD	Commercial Operation Date
CPG	Contract Performance Guarantee
CPBG	Contract Performance Bank Guarantee
D/C	Double Circuit
EA	Electricity Act
EPC	Engineering, Procurement & Construction
EHS	Environment, Health & Safety
FQP	Field Quality Plan
FTTH	Fibre To The Home
GOI	Government of India
GS	Galvanized Steel
HHI	Hyundai Heavy Industries Company Limited
IPTCs	Independent Power Transmission Companies
IEGC	Indian Electricity Grid Code
kA	Kilo Ampere
kM	Kilometer
kV	Kilo Volt
IE	Independent Engineer

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IMS	Integrated and Managed Services
ISV	Intermediary Safety Visit
LII	Lahmeyer International (India) Ltd.
LC	Letter of Credit
LD	Liquidated Damages
LOA	Letter of Award
LTTC	Long Term Transmission Customer
MOEF	Ministry of Environment & Forest
MQP	Material Quality Plan
MSRS	Mandatory Safety Requirement and Score
MP	Madhya Pradesh
MPPTCL	Madhya Pradesh Power Transmission Company Limited
MSL	Mean Sea Level
MSETCL	Maharashtra State Electricity Transmission Co. Ltd.
NTP	Notice to Proceed
NCR	Non Conformance Report
NLDC	National Load Dispatch centre
O& M	Operation & Maintenance
OEM	Original Equipment Manufacturer
OPGW	Optical Power Ground Wire
OF	Optical Fiber
OFC	Optical Fiber Cable
OSM	Owner Supplied Material
PBG	Performance Bank Guarantee
PCCF	Principal Chief Conservator of Forests
PFC	Power Finance Corporation
PG	Performance Guarantee
PTC	Power Transmission Conductors
PGCIL	Power Grid Corporation of India Ltd.
PTCC	Power & Telecommunication Coordination Committee
QAP	Quality Assurance Plan
ROW	Right of Way

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RLDC	Regional Load Dispatch Centre
S/C	Single Circuit
SEB	State Electricity Board
S/S	Substation
SGL	Sterlite Grid Ltd.
STL	Sterlite Technologies Ltd.
SOT	Safety Observation Tour
SPV	Special Purpose Vehicle
STU	State Transmission Utility
SLDC	State Load Dispatch Centre
TSA	Transmission Service Agreement
TSP	Transmission Service Provider
TL	Transmission Line
WR	Western Region

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1. EXECUTIVE SUMMARY

For evacuation of power from large number of IPP generation projects in Chhattisgarh, Madhya Pradesh, Odisha and Jharkhand, a comprehensive transmission system has been evolved. While most of the transmission lines are being constructed by the Central Transmission Utility (CTU), some of the transmission elements are being implemented by IPTCs.

Government of India, Ministry of Power, had invited bids for selection of Transmission Service Provider (TSP) based on 'Tariff Based Competitive Bidding Guidelines for Transmission Services'. Sterlite Grid Limited (erstwhile Sterlite Transmission Projects Limited) was selected as TSP for executing the 'System Strengthening Scheme for Western Region' consisting of 765 kV and 400 kV Transmission Lines and two numbers 765/400 kV Substations through its Special Purpose Vehicle (SPV) – Bhopal Dhule Transmission Company Limited (BDTCL). The BDTCL Transmission System consists of:

i. Jabalpur – Bhopal 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 259.693 circuit km. Hereinafter referred as BJ Transmission Line.
ii. Bhopal – Indore 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 175.75 circuit km. Hereinafter referred as BI Transmission Line.
iii. Bhopal (IPTC) – Bhopal (MPPTCL) 400 kV D/C transmission line with quad ACSR 'Moose' conductor, 17.362 circuit km. Hereinafter referred as BB Transmission Line.
iv. Aurangabad – Dhule 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 192.235 circuit km. Hereinafter referred as DA Transmission Line.
v. Dhule – Vadodara 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 262.90 circuit km. Hereinafter referred as DV Transmission Line.
vi. Dhule (IPTC) – Dhule (MSETCL) 400 kV D/C transmission line with quad ACSR 'Moose' conductor, 36.14 circuit km. Hereinafter referred as DD Transmission Line.

Substations

i. Bhopal (IPTC) Substation (2x1500 MVA, 765/400 kV)
ii. Dhule (IPTC) Substation (2x1500 MVA, 765/400 kV)

The transmission system is terminated at the gantry of Power Grid Corporation Limited (PGCIL) & State Transmission Utility (STU) 765/400 kV substations at Jabalpur, Indore, Aurangabad, Vadodara, Bhopal and Dhule. The Project was executed on Build, Own, Operate and Maintain (BOOM) basis.

Sterlite Power Grid Ventures Limited ("SPGVL" or "the Project Company") is a holding company for all the transmission projects with each asset housed under a separate Special Purpose Vehicle (SPV).

Sterlite Power Grid Ventures Limited (SPGVL) through its wholly owned subsidiary Sterlite Grid 1 Limited (SGL) owns Bhopal Dhule Transmission Company Limited (BDTCL).

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SPGVL owns ten (10) nos. projects consisting of 6767.702 circuit km power transmission lines and seven (7) nos. substations across 15 states in India. Sterlite have won these projects on Build Own Operate Maintain (BOOM) basis via tariff based competitive bidding process ran by Ministry of Power. Out of the total 10 nos. of project, four projects are operational and the construction is in progress for balance six nos. of project.

For all the 10 nos. of project, Sterlite has undertaken the designing, financing and construction & maintenance of the transmission systems for concession periods ranging from 25 to 35 years.

These transmission lines would help facilitate power evacuation and would be used for SEBs, Power GENCOs for which Sterlite would earn a fixed transmission tariff.

Lahmeyer International (India) Pvt. Ltd. has been appointed as Independent Engineer (IE) by SPGVL for Technical Due Diligence of the above Transmission Project being executed by the Project Company.

This Technical Due Diligence Report has been prepared based on the discussions with the officers of the Project Company, Project Site visit undertaken by IE from 27.09.2016 to 30.09.2016 and review of the documents provided by the Project Company.

The Transmission Service Agreement (TSA) has been signed between 22 nos. of Long Term Transmission Customers (LTTCs) and Bhopal Dhule Transmission Company Limited (BDTCL) on 7th Dec. 2010. The TSA covers the Allocated Project Capacity for each of the LTTCs for payment of the transmission charges. According to TSA, the scheduled COD of the Project was 36 months from the effective date of TSA which is 31st March 2011. Thus, the COD as per TSA was worked out to 31st March 2014.

The Project is complete and all the eight (8) nos. elements of the project have been commissioned and are fully operational. The COD of the last element which is the Dhule – Vadodara 765 kV S/C Transmission line has been declared on 13th June 2015. Considering the actual COD of the complete project as 13th June 2015, there has been a delay in the completion of the project with respect to the scheduled COD of 31st March 2014 specified in the Transmission Service Agreement.

The scheduled COD mentioned in the TSA has been delayed due to Force Majeure Events and change in law. .

Design and engineering of the Project was completed in – house for all the four types of towers (A, B, C and D) to be used for 765 kV S/C Transmission Lines and 400 kV D/C Transmission Lines and the prototype was tested. The Project was implemented on multiple contract packages. The contracts awarded are listed below:

i. 765/400 kV Transformers: Offshore Supply, Onshore Supply and Onshore Service (Supervision) Contracts to Hyundai Heavy Industries Company Limited, Seoul, Korea. This included supply of all the 14 nos. Transformers for both the 765/400 kV sub – stations at Bhopal and Dhule.
ii. 765 kV & 400 kV Reactors: Supply and Onshore Service (Supervision) Contract to Baoding Tianwei Baobian Electric Company Limited, China. This included supply of 22 nos. of 80 MVAr, single phase, 765 kV Reactors and one no. 125 MVAr, three phase, 400 kV Reactor including all accessories.

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iii. 765/400 kV Substations at Bhopal and Dhule: Supply of all equipments except Transformers & Reactors, Civil and Erection contract was awarded to Areva T&D India Limited.

iv. 765 kV & 400 kV Transmission Lines: Supply of Tower materials, Civil and Erection Contracts to Simplex Infrastructures Limited (3 lines) and KEC International Limited (3 lines).

v. Insulators (120 KN, 160 KN & 210 KN): Supply Contract to Xian Electric Engineering Company Limited, China.

vi. Hardware Fittings & Spacer Dampers for 765 kV & 400 kV lines: Supply Contract awarded to Mosdorfer India Private Limited.

vii. Contracts for supply of Bersimis & Moose Conductor was awarded to Apar Industries Limited, Hind Aluminium Industries Limited and Sterlite Technologies Limited.

Element wise COD dates are mentioned below:

1. Jabalpur – Bhopal 765 kV S/C – COD was achieved on 9th June, 2015 and is operational.
2. Bhopal – Indore 765 kV S/C – COD was achieved on 19th November, 2014 and is operational.
3. Bhopal – Bhopal 400 kV D/C – COD was achieved on 12th August, 2014 and is operational.
4. 765/400 kV Bhopal Substation at Agaria – COD was achieved on 30th September, 2014 and is operational.
5. Dhule – Vadodara 765 kV S/C – COD was achieved on 13th June, 2015 and is operational.
6. Dhule – Aurangabad 765 kV S/C – COD was achieved on 5th December, 2014 and is operational.
7. Dhule – Dhule 400 kV D/C – COD was achieved on 6th December, 2014 and is operational.
8. 765/400 kV Dhule Substation – COD was achieved on 6th December, 2014 and is operational.

For Project Operation and Maintenance activities the Project Company has out – sourced the works to different agencies. However, supervision of the O&M activities is being done in – house by the Project Company.

For maintenance works of all the 765 kV S/C and 400 D/C Transmission Line in Dhule Section is accorded to M/s. JBS Enterprise Pvt. Ltd and for 765 kV S/c and 400 kV D/C Transmission Lines in Bhopal section the maintenance works are out sourced to M/s. Telegence India. For the operation of sub – station in Dhule and Bhopal the works are outsourced to M/s. Encotech Energy (India) Pvt. Ltd.

Project Company has laid down Standard Operating procedures for effective O&M of the transmission lines. Additionally, regular trainings are being conducted to train the personnel on the latest techniques for effective maintenance of the Transmission lines and safety measures to be adopted during maintenance.

The transmission line towers have been designed as per IS:802 Part 1 & 2 with a reliability factor of 1.0 which ensures the reliability period of the transmission line for 50 years. Additionally, Project Company is taking necessary life extension measures through preventive maintenance and condition monitoring to increase the useful life of the equipment. .

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This Technical Due Diligence Report including the observations and recommendations of IE is based on the site visit undertaken by IE from 27th September, 2016 to 30th September, 2016, review of the Technical specifications, Material Quality Plan, Type Test Certificates, Field Quality Plan, Operation & Maintenance (O&M) Procedures, Environment, Health & Safety (EHS) Procedures. The Technical Due Diligence Report evaluates all the aspects related to technical suitability, clearances, quality, maintenance, safety & environment and identifies risks, if any in operation of the project during its useful life. The report comprises of the following sections:

Section – 2: Introduction

This section presents a brief introduction of the project and its sponsors including the scope of the work of the IE towards technical due diligence, the definitions of risk categories and the basis of the Report.

Section –3: Technical Assessment

The salient technical features of the project have been reviewed based on the technical specifications and compliance to codes and standards. The Quality Assurance and Safety aspects followed during execution of the project have also been reviewed.

The execution of the project by means of different contracts and packages is presented in this section. The Condition Assessment of the asset has been presented along with the current status of the project. Additionally, the useful life of the asset, technical guarantees and availability of transmission lines has been ascertained. .

Section –4: Operation and Maintenance (O&M) Arrangement

This section presents the arrangement made by the company for the Operation and Maintenance of the substations and the transmission lines. In this section, evaluation has been done regarding the adequacy of the O&M organization set-up, and the suitability of the O&M procedures.

Section –5: Environmental and Social Aspects

This section evaluates the impact of the project on the environment and social aspects. The practices adopted by the Project Company for maintaining Environment, Health & Safety (EHS) have also been evaluated in this section.

Section –6: Project Permits and Clearances

This section presents the status of the permits and clearances required for the successful completion of the project.

Section –7: Overall Status

This section of the report gives a comprehensive summary of the findings of the Technical Due Diligence report including the strengths and risks, if any of the project.

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As per the specification provided by the Project Company, the Substations, Transmission lines and Towers have been designed, installed and tested in accordance with International Standards and Indians Standards. The design has also met statutory requirements such as the Indian Electricity Rules, Indian Factory Act and Indian Electricity Grid Code etc. IE is of the opinion that considering the comprehensive Quality Assurance Plan followed by the Project Company, the final design and specifications of equipment/ systems installed in the Transmission are in line with the technical specification and the drawings & documents reviewed and approved by the Project Company.

The O&M philosophy and methodology being adopted by the Project Company is in line with the widely accepted practices followed for similar projects. The Standard Operating Procedures for transmission lines and substations laid down by the Project Company are comprehensive and include all the aspects required for effective operation and maintenance of the transmission lines.

IE is of the opinion that the O&M organization set-up envisaged for the O&M of the substations & transmission lines is adequate.

IE reviewed the provisions of the Transmission Service Agreement (TSA) and found the same to be in order.

IE reviewed the various supply and erection contracts for the project. IE is of the opinion that the warranties and Contract performance guarantees have been adequately covered in the various contracts and shall ensure the performance of the project.

IE found that all the major Permits/ Licenses like Transmission License, Approval under Section 68, Section 164 and Section 17 (3) of Electricity Act, 2003, forest clearance have already been obtained by the Project Company.

SPGVL has implemented adequate procedures to ensure that the Environment, Health & Safety aspects are duly taken care of. Upon review of the various EHS documents received from the Project Company, IE is of the opinion that the Project Company is following the EHS Procedures to ensure that the aspects related to Environment, Health and Safety of the project are duly taken care of.

Based on the technical review of the project, IE has concluded that there are no risks associated with the project.

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2. INTRODUCTION

2.1 Background

Bhopal Dhule Transmission Company Limited (hereinafter referred as “BDTCL or Project Company”) a subsidiary of SPGVL has set up four (4) nos. 765 kV Single Circuit (approximate 890.578 circuit km in length), Two (2) nos. 400 kV Double Circuit (approximate 53.502 circuit km in length) transmission lines and two nos. 765/400 kV Substations at Bhopal (Madhya Pradesh) and Dhule (Maharashtra) under “System Strengthening scheme for WR” on Build, Own, Operate and Maintain (BOOM) basis.

Lahmeyer International (India) Pvt. Ltd. has been appointed as Independent Engineer (henceforth referred to as IE); on behalf of M/s Sterlite Grid Ltd. (SGL) pursuant to contract via email dated 14.09.2016, to carry-out Technical Due Diligence of the Project.

Sterlite Grid Ventures Limited

Sterlite Power Grid Ventures Limited (“SPGVL” or “the Project Company”) is a holding company for all the transmission projects with each asset housed under a separate Special Purpose Vehicle (SPV).

Sterlite Power Grid Ventures Limited (SPGVL) through its wholly owned subsidiary Sterlite Grid 1 Limited (SGL) owns Bhopal Dhule Transmission Company Limited (BDTCL).

SPGVL owns ten (10) nos. projects consisting of 6767.702 circuit km power transmission lines and seven (7) nos. substations across 15 states in India. Sterlite have won these projects on Build Own Operate Maintain (BOOM) basis via tariff based competitive bidding process ran by Ministry of Power. Out of the total 10 nos. of project, four projects are operational and the construction is in progress for balance six nos. of project.

For all the 10 nos. of project, Sterlite has undertaken the designing, financing and construction & maintenance of the transmission systems for concession periods ranging from 25 to 35 years.

These transmission lines would help facilitate power evacuation and would be used for SEBs, Power GENCOs for which Sterlite would earn a fixed transmission tariff.

The Map in Fig 2.1 indicates the location of the BDTCL transmission system

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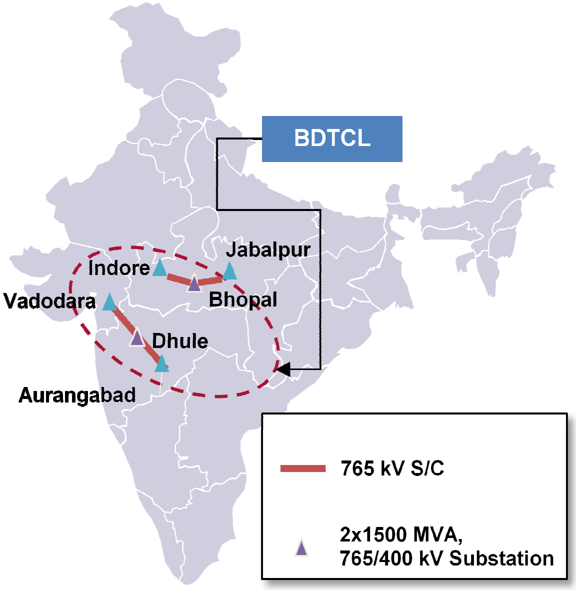

Figure 2.1: Map for BDTCL Transmission System

2.2 Definitions

Title	:	Definition
Project	:	System strengthening in Western region - 765 kV Transmission system from Jabalpur to Bhopal & Bhopal to Indore and Aurangabad to Dhule & Dhule to Vadodara and two nos.765/400 kV substations at Bhopal and Dhule.
Project Company	:	Bhopal Dhule Transmission Company Limited (BDTCL)
Independent Engineer	:	Lahmeyer International (India) Pvt. Ltd. (LII).

2.3 Scope of Report

SPGVL has asked IE to carry out the Technical Due Diligence of the BDTCL transmission project. IE's review is based on documents furnished by the Project Company and the site visits undertaken by IE from 27th to 30th September, 2016

2.4 Risk Categories

Based on the detailed review of the technical documents/ information provided by BDTCL, the IE proposes to identify in this Report, issues if any and the associated risks for the BDTCL Transmission Line project. If such issues are highlighted by the IE, the same shall be addressed by BDTCL for mitigation. Risks, if any identified by IE, shall be classified into three different categories as per the following table 2.1.

Table 2.1 – Definition of Risk Categories

Risk Category A	**Development Risk**	Matters which are dependent on external factors/ agencies and can affect the development/ schedule of the project.
Risk Category	**Technology Risk**	Matters that are related to technical aspects of the

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B		project which can affect performance/ availability significantly.
Risk Category C	**Operational Risk**	Matters related to O&M which can lead to poor performance/ lower availability

2.5 Basis of Report

This Report has been prepared based on the discussions with the Project Company's representative and review of documents provided by the Project Company. Following documents have been received from the Project Company:

- Technical specification
- Contracts for supply & erection
- Material Quality Plan
- Field Quality Plan
- Type Test Reports
- Type Test Report of Towers
- Permits and Clearances
- O&M Manual for BDTCL
- O&M Organization Chart
- Environment, Health and Safety (EHS) Procedures
- CEA approval certificates for energization
- POSOCO certificates for completion of trial operation.
- Transmission line Operational Performance

2.6 Disclaimer

IE has made no search of any public records nor independently validated the information provided by Project Company with any external source, nor does IE have any responsibilities whatsoever with respect to such validation. Apart from the reviewed documents listed above, IE has not examined any other documents relating to the matters of the Project Company for the purpose of this Report, nor does IE have any responsibility whatsoever with respect to the examination of other documents. Furthermore, IE has no responsibilities whatsoever with respect to the sufficiency or adequacy of the documents for the preparation of the Report.

IE's findings are strictly limited to the matters stated herein and are not to be read as extending by implication to any other matter. They are given as on the date of writing this Report solely for the benefit of the Client and may not be disclosed to or relied upon by anyone else without IE's prior consent, provided that, this opinion may be disclosed to the Auditors or any Professional Advisors of any of the Addressees or to any Regulatory Authority (as may be required by such Regulatory Authority) or otherwise pursuant to a court order or legal process.

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IE disclaims all responsibility and liability (including, without limitation, for any direct or indirect, special, consequential or incidental damage, loss or costs or loss of profit, goodwill or business) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information contained in this Report. Any use which a person makes of the Report or any reliance on or decisions to be made based on it, are the sole responsibility of such person. Decisions made or actions taken as a result of this Report shall be the sole responsibility of the parties directly involved in the decisions or actions.

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3. TECHNICAL ASSESSMENT

3.1. General

Bhopal Dhule Transmission Company Limited (hereinafter referred as "BDTCL or Project Company") a subsidiary of SPGVL has set up four (4) nos. 765 kV Single Circuit (approximate 890.578 circuit km in length), Two (2) nos. 400 kV Double Circuit (approximate 53.502 circuit km in length) transmission lines and two nos. 765/400 kV Substations at Bhopal (Madhya Pradesh) and Dhule (Maharashtra) under "System Strengthening scheme for WR" on Build, Own, Operate and Maintain (BOOM) basis.

The Transmission System covered under the Scheme facilitates in evacuation of power from various IPP Generating Stations and power pooled at pooling stations of PGCIL located at Jabalpur, in Madhya Pradesh and at Dhule in Maharashtra State to various beneficiaries in Western Region.

The Project consists of construction, operation and maintenance of following transmission lines and substations by the Project Company (BDTCL):

Transmission Lines

i. Jabalpur – Bhopal (BJ) 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 259.693 circuit km.
ii. Bhopal – Indore (BI) 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 175.75 circuit km.
iii. Bhopal (IPTC) – Bhopal (BB) (MPPTCL) 400 kV D/C transmission line with quad ACSR 'Moose' conductor, 17.362 circuit km.
iv. Aurangabad – Dhule (AD) 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 192.235 circuit km.
v. Dhule – Vadodara (DV) 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 262.90 circuit km.
vi. Dhule (IPTC) – Dhule (DD) (MSETCL) 400 kV D/C transmission line with quad ACSR 'Moose' conductor, 36.14 circuit km.

Substations

i. Bhopal (IPTC) Substation (2x1500 MVA, 765/400 kV)
ii. Dhule (IPTC) Substation (2x1500 MVA, 765/400 kV)

3.2. Transmission System

BDTCL project is part of the system strengthening scheme of the Western Region to facilitate the transfer of up to 5,000MW of electricity from the coal belt in the East, to the energy deficient regions of western and northern India. It involves 765 kV Single Circuit Lines; Vadodara-Dhule-Aurangabad and Indore-Bhopal-Jabalpur, two (2) nos. 400 kV Double Circuit transmission lines and two (2) nos. 765/400 kV substations at Bhopal and Dhule to strengthen the transmission system in the states of Madhya Pradesh, Maharashtra and Gujarat. BDTCL is considered as a critical part of national grid as it facilitates the evacuation of power from Odisha & Chhattisgarh to load centers. This network also provides energy stability to Indore, Dewas and Aurangabad among the other industrial pocket of the route.

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The following transmission elements are covered as part of transmission scheme “System Strengthening in WR" associated with Odisha phase-1 IPP projects:

i. Jabalpur – Bhopal 765 kV S/C line
ii. Bhopal – Indore 765 kV S/C line
iii. 765/400 kV, 2x1500 MVA substation at Bhopal
iv. Bhopal (IPTC) – Bhopal (MPPTCL) 400 kV D/C Line

And the following Elements are covered as part of transmission scheme “System Strengthening in WR" associated with new IPP projects in Chhattisgarh:

i. Aurangabad – Dhule (IPTC) 765 kV S/C line
ii. Dhule (IPTC) – Vadodara 765 kV S/C line
iii. 765/400 kV, 2x1500 MVA substation at Dhule (IPTC)
iv. Dhule (IPTC) – Dhule (MSETCL) 400 kV D/C Line

The Project Company has signed Transmission Service Agreement (TSA) with 22 numbers Long Term Transmission Customers (LTTCs).The Transmission Service Agreement is valid for a period of thirty five (35) years.

3.3. Salient Technical Features

3.3.1 General

IE has reviewed the Technical Specifications and system details made available by the Project Company for supply and construction of 765 kV and 400 kV transmission systems.

The Project Company completed all the design and engineering of towers and foundations of the Project in–house. IE found the design philosophy adopted for the transmission line and its interconnection with the Power Grid Corporation of India Ltd. (PGCIL)/ State Transmission Utility (STU) system to be in order. The design and prototype of all types of towers was completed and Type test of all the four types of Towers was done successfully.

The salient features of technical requirements/ parameters for various 765 kV & 400 kV transmission line materials/ components have been described in the following paragraphs.

3.3.2 Service Conditions & System Parameters

The Service Conditions of the Transmission Lines are given in Table 3.1 and System Parameters are given in Table 3.2 & 3.3 below:

Table 3.1: Service Conditions

Parameters	Value
Maximum Ambient Temperature	50 °C
Minimum Ambient Temperature	0°C
Relative humidity – Range	10% -100%

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Wind zone	2
Maximum wind velocity	39 m/sec
Maximum altitude above MSL	Up to 1000 m
Air Pollution	Moderately Polluted as per IEC 60815

Table 3.2: System Parameters for 765kV Transmission Line

Parameters	**Value**
Nominal voltage	765 kV
Maximum system voltage	800 kV
Lightning Impulse withstand Voltage	2100 kVpeak (BIL)
Power Frequency withstand Voltage	830 kVrms (dry)
Switching impulse withstand voltage (dry & wet)	1550 kVpeak (BSL)
Minimum corona extinction Voltage	508 kVrms phase to earth (dry)
Radio Interference Voltage between 0.5 and 2 MHz at 508 kV rms	2500 micro volts max.
Maximum Conductor Temperature	85ºC
Maximum Earthwire Temperature	53ºC

Table 3.3: System Parameters for 400kV Transmission Line

Parameters	**Value**
Operating voltage	400 kV
Maximum system voltage	420 kV
Lightning Impulse withstand Voltage	1550 kV peak
One Minute Power Frequenc withstand Voltage	630 kV rms (dry)
Switching impulse withstand voltag (Dry & Wet)	1050 kV rms
Minimum corona extinction Voltage	320 kV rms phase to earth (dry)
Radio Interference Voltage betwee 0.5 and 2 MHz at 320 kV rms	1000 microvolts max.
Maximum Conductor Temperature	85ºC
Maximum Earthwire Temperature	53ºC

IE observed that the above service conditions and system parameters are generally accepted for 765 kV and 400 kV transmission lines.

3.3.1. Insulators

Insulators are used to support the conductors and maintain clearances between circuits, tower and other conductors. It is designed to withstand both the normal operating voltage and surges due to switching and lightning. Insulators are broadly classified as either pin-type, which support the conductor above the structure, or suspension type, where the conductor hangs below the structure.

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Insulators are usually made of wet-process porcelain or toughened glass, with increasing use of glass-reinforced polymer insulators.
As per the Technical Specifications for Insulator Package, Insulators are of composite Long Rod Insulators as per specified electro – mechanical strength and total creepage.

The insulators of the suspension strings consist of composite long rod insulators for a three phase, 50 Hz, effectively earthed 765 kV S/C AC and 400 kV D/C transmission system. Coupling is ball and socket type with dimensions as per IEC 120/ IS: 2486 (Part II).

The size of long rod insulators, minimum creepage distance, the number used in different type of strings, their electro – mechanical strength and mechanical strength of insulator string along with Hardware fittings is as given in table below:

Table 3.4: Design Parameters – 765 kV line with Quad Bersimis Conductor

Type of String	Min. Creepage Distance (mm) Per Unit	Electro – Mechanical strength of Insulator Unit (kN)	Mechanical Strength of Insulator String along with Hardware Fittings (kN)
Single 'I' suspension Pilot, Towers B, C, D	16000	120	120
Double 'I' suspension Towers A	16000	120	240
Single 'V' suspension tower 'A'	16000	210	210

Table 3.5: Design Parameter – 400 kV line with Quad Moose Conductor

Type of String	Min. Creepage Distance (mm) Per Unit	Electro – Mechanical strength of Insulator Unit (kN)	Mechanical Strength of Insulator String along with Hardware Fittings (kN)
Single 'I' suspension Pilot, Towers B, C, D	13020	120	120
Double 'I' suspension Towers A	13020	120	240
Quadruple Tension for Towers B,C, D	13100	160	640

The long rod insulators are suitable for employment of hot line maintenance technique to allow usual hot line operation with ease, speed and safety and shall be designed to facilitate cleaning. The design and supply of Grading Rings is in the scope of Insulator supplier.

The Insulators have been subjected to Type Tests, Acceptance Tests and Routine Tests as per relevant National/ International Standards and prevailing practice.

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IE observed the technical parameters stipulated in the specifications for insulators are suitable for use on 765 kV and 400 kV transmission systems.

3.3.3 Conductor

Conductors are current carrying element of the transmission lines which transmits electricity. The most common conductor in use for transmission today is aluminum conductor steel reinforced (ACSR).

Aluminum is used because it has about half the weight of a comparable resistance copper cable. In order to increase efficiency of the transmission lines, typically EHV lines have bundled conductor arrangements. Bundle conductors consist of several parallel cables connected at intervals by spacers, often in a cylindrical configuration.

The conductor used is Quad ACSR 'Bersimis' for 765 kV Transmission line and Quad ACSR 'Moose' for the 400 kV lines. The sub conductor spacing is 450 mm for 400 kV and 457 mm for 765 kV Transmission lines. The salient parameters of the conductors are given below:

Table 3.6: Design Parameters - Conductor

Description	ACSR 'Moose'	ACSR 'Bersimis'
Size of the conductor	54/3.53 mm Al +7/3.53 mm Steel	42/4.57 mm Al +7/2.54 mm Steel
Overall Diameter (mm)	31.77	35.04
Minimum UTS (kN)	161.2	154
Unit Mass (Kg/km)	2004	2181
Configuration	Vertical for D/C	Horizontal for S/C
Total sectional Area	597 sq. mm	689.5 sq. mm
Description	**ACSR 'Moose'**	**ACSR 'Bersimis'**

The conductor offered has been subjected to Type Tests, Acceptance Tests and Routine Tests as per National / International Standards as per the specifications.

As per information available with IE, ACSR Moose conductor has been extensively used by PGCIL and other utilities on 400 kV lines and ACSR Bersimis on 765 kV lines and the performance has been found to be satisfactory.

3.3.4 Transmission Line Towers & Accessories

Transmission towers are the most visible component of the bulk power transmission system. Their function is to keep the high-voltage conductors separated from their surroundings and from each other. This requirement and the KV (voltage) define the basic physical dimensions of a tower, including its height, conductor spacing, and length of insulator required to mount the conductor.

The crucial design criteria for towers is to provide the structural strength necessary to maintain these distances under loading from the weight of the conductors, wind loads, ice loading, seismic loads, and possible impacts.

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Single circuit 765 kV line with quad conductor has Horizontal configuration of conductors and 400 kV D/C line has vertical configuration. Various type of towers used are based on the final detailed survey carried out by BDTCL and upon the soil investigation carried out by the erection contractor.

EHV transmission lines are used to transmit power over long distances. Substations act as inter connecting points between transmission lines for step up/down of the voltages and provide monitoring as well as protection to the grid.

a) Transmission Towers

Self – supporting hot dip galvanized lattice type bolted steel towers, designed to carry the line conductors with insulators, earth wires and fittings under all loading conditions have been considered for the Project. The towers are fully galvanized using mild steel / high tensile steel sections. Bolts and nuts are provided with spring washers.

Following type of single circuit towers have been used on 765 kV lines and D/C towers on 400 kV lines.

Table 3.7: Design Parameters – 765 kV/400kV Transmission Tower

Type of Tower	Deviation Limit	Typical Use
DA	0° – 2°	To be used as tangent tower
DB	0° – 15°	To be used for line Angle deviation from 0 to 15 deg./ Section tower
DC	15° – 30°	To be used for line Angle deviation from 15 to 30 Deg./Section Tower/Transposition Tower
DD	30° – 60°	To be used for line Angle deviation from 30 to 60 Deg.
		Dead End with 0 degree to 15 degrees deviation both on line side and substation side 0 deg.
		Complete Dead End
		For river crossing anchoring with longer wind span with 0 deg. Deviation on crossing span side and 0 to 30 deg. deviation on other side.
		Section tower for anti-cascading condition.

b) Galvanised Earthwire

As per the Technical specification, the earth wire used is 7/3.66 mm galvanised steel wire, the parameters of which are given in the below table 3.8:

Table 3.8: Major Parameters of GS Earthwire

Parameters	Value
Number and Nominal Diameter of Strands (mm)	7/3.66 mm steel
Overall diameter	10.98 mm

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Minimum UTS	68.4 KN
Unit Mass	583 kg/km
Resistance	2.5 ohms/km
Total sectional Area	73.6 sq. mm

c) Optical Ground Wire (OPGW)

Fibre Optic/OPGW based telecommunication terminal equipment (OPGW containing 24 Fibres)) are being provided; the same shall be utilized for Data, Voice and line protection applications. For protection purposes, both end Digital Protection Couplers (DPCs) shall be included. However, for line protection application, back up communication channel/link may be considered as per requirement so as to take care of OPGW/Telecommunication equipment outage.

BDTCL has installed approximately 917 kms of optical fiber cables (OPGW) with ten fiber pairs available for dark fiber lease.

BDTCL has deployed OPGW as it contains single-mode optical fibres with low transmission loss allowing long distance transmission at high speeds.

d) Hardware Fittings & Accessories

The Hardware fittings are suitable for employment of hot line maintenance techniques so that usual hot line operations can be carried out with ease, speed and safety.

As per the specification, provision exists for carrying out type test on complete insulator strings with hardware fittings, on suspension hardware fittings, on tension hardware fittings, spacer dampers as per National/ International standards.

e) CVT and Instrument Transformers:

BDTCL has two 765/400 kV substations (at Bhopal and Dhule) which are equipped with several capacitor voltage transformers, (or CVT), and Current transformers to enable measurement of EHV power system parameters by stepping down EHV signals to low voltage signals.

3.3.2. 500 MVA 1-Phase Transformers

As per requirement, the power transformers confirms to IEC: 60076 / IS: 2026. Major parameters of these transformers are given in the table below.

Table 3.9: Major Parameters of 500 MVA, Single Phase 765/400 kV Transformer

Parameters	Value
Rating – HV/ IV/LV (Tertiary)	500 MVA / 500 MVA /167 MVA
Cooling	ONAN / ONAF / (OFAF or ODAF) or ONAN / ONAF1 / ONAF2
Rating at different cooling	60% / 80% / 100%
Voltage Ratio	(765/√3) /(400/√3) /33 kV
Phases	Single
Impedance	HV/IV : 14 %

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	HV/LV : 195 % IV/LV : 180 %
Vector Group	YNaOd11

BDTCL has 14 single phase 500 MVA power transformers (at Bhopal and Dhule substations) for stepping down power from 765 KV to 400 KV including two spare single phase transformers. Thus each substation has 3,000 MVA of transformation capacity.

IE observed the technical parameters stipulated in the specifications for Transformer are suitable for use on 765 kV transmission system. The above parameters are generally accepted for transformers.

3.3.3. Reactors

Shunt Reactor comply with IEC: 289 / IS: 5553.

Table 3.10: Major Parameters of 765 kV & 400 kV Shunt Reactors

Parameters	**Value (765 kV)**	**Value (400 kV)**
Capacity	80 MVAR single phase at 765/√3 kV	125 MVAR, Three phase
Rated Voltage	765/√3 kV and; 800/√3 kV at maximum continuous operating voltage	420 kV
Insulation level for Winding Lightning Impulse withstand Voltage; Switching surge impulse withstands voltage.	1950 kV peak 1550 kV peak	1300 kVp (1.2/50 µsec) 1050 kVp (20/200/500 µsec)
Insulation level of Neutral Impulse withstand Voltage; Power frequency voltage.	550 kVp 230 kV rms	550 kVp 230 kV rms
Cooling System	ONAN (Natural Oil Circulation)	ONAN (Natural Oil Circulation)

BDTCL has 22 Nos 765 kV Reactors installed at Bhopal and Dhule substations for voltage control.IE observed the technical parameters stipulated in the specifications for 765 and 400 kV Reactors are suitable for use on 765 kV and 400 kV transmission systems. The above parameters are generally accepted for Reactors.

3.3.4. Circuit Breakers

The circuit breakers are used to break the circuit if any fault occurs in any of the instrument. These circuit breaker breaks for a fault which can damage other instrument in the substation. For any unwanted fault over the station we need to break the line current. This is only done automatically by the circuit breaker.

As per the requirement, Circuit Breaker comply to IEC: 62271-100 & IEC-6064 and are of SF6 type.

Table 3.11: Major Parameters of 800 kV & 420 kV Circuit Breakers

Parameters	**Value (765 kV)**	**Value (400 kV)**
Type of circuit breaker	SF6	SF6
Rated frequency	50 Hz	50 Hz

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Parameters	Value (765 kV)	Value (400 kV)
Number of poles	Three (3)	Three (3)
Rated Continuous Current	3150 A	3150 A
Rated Short Circuit Current breaking at rated voltage	40 kA with percentage DC component as per IEC- 62271-100 corresponding to minimum opening time under operating condition specified.	50 kA with percentage DC component as per IEC- 62271-100 corresponding to minimum opening time under operating condition specified.
Symmetrical interrupting capacity	40 kA rms	50 kA rms
Rated Short Circuit making current capability	102 kAp	125 kAp
System Neutral earthing	Effectively Earthed	Effectively Earthed
Reclosing	Single phase and three phase	Single phase and three phase
Rated Operating Duty	O-0.3sec-CO-3min-CO cycle	O-0.3sec-CO-3min-CO cycle

The substations at Bhopal and Dhule are also equipped with various switching equipment like Circuit breakers, Isolators and protection devices like lightning arrestors.

IE observed the technical parameters stipulated in the specifications for 800 kV and 420 kV Circuit Breakers are suitable for use on 765 kV and 400 kV transmission system.

3.4. Construction Technology

Project Company has used advanced technology, such as helicopters for stringing transmission lines and tower erections for few stretches of BDTCL line in order to make least impact on the area and community.

In order to achieve higher predictability of work schedules and minimal logistics issues during construction, Project Company had deployed aerial technologies involving a helicopter to erect towers as well as string conductors aerially on transmission towers, allowing speedier execution of works, especially in remote and difficult terrain. This results in considerable time savings achieved in pulling conductors by a helicopter as compared to other manual methods used in the conventional projects. Such technologies minimize social and environmental disturbances during the installation of transmission lines.

3.5. Codes and Standards

The technical specifications for the project are in line with the Indian and international Codes and Standards. The relevant codes and standards are mentioned in the technical specifications. The supply, erection and construction of the substations and the transmission lines is as per the requirements of the technical specifications and the relevant codes and standards thus ensuring the technical capability and quality of the project.

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3.6. Type Testing of Towers and Major Equipment for Substation and Transmission Lines

The Technical specifications specify the requirement for Type testing of Towers and all Major Equipment for Substation and Transmission Lines in line with the relevant codes and standards.

IE reviewed the type test certificates of the Towers, Circuit Breakers, Current Transformers, CVT, Isolators, Lightning Arresters, Relays, Conductors, Insulators and Hardware fittings provided by the Project Company and the same were found to be in order.

3.7. Quality Assurance and Safety Aspects

3.7.1. Quality Control

The Project Company is adhering to the Quality Assurance Program which is in line with the industry standards and practices and is complying with the requirements of the Indian and International Standards. IE observed that, during execution of work, the Project Company has adopted appropriate measures to keep a strict vigil in implementing the Field Quality Plan & Material Quality Plans and in supervising the construction work. The Material Quality Plans (MQP) of different components were reviewed by the IE and opines that the requisite tests and inspections are in line with Indian and International standards at various stages of the manufacturing process. This includes stringent quality control via Raw Material Inspection, In process Inspection, Final Inspection and Testing and Checks conducted during Packing & Despatch. IE is satisfied with the QAP followed for implementation of the Project.

3.7.2. Safety Aspects

Safety practices have been followed by the Project Company as per their Safety Standards which is in line with the industry standards and practices. IE is of the opinion that the safety rules and norms have been followed in the Project. During the execution of the project, all stores were properly fenced and provided with adequate lights. Safety equipment / accessories were used by site workers.

3.8. Contract Packages & Schedules

The Project is being implemented on multiple contracts basis under the supervision of BDTCL by reputed suppliers and contractors.

The Contracts were placed on the suppliers and contractors for two (2) nos. 765/400 kV substations, four (4) nos. 765 kV single circuit transmission lines, two (2) nos. 400 kV D/C transmission lines, Transformers and Reactors as given below:

i. Contract for Offshore/ Onshore supply of 765/400 kV Power Transformers along with all accessories and for Supervision of execution of services associated with installation of Transformers, was awarded to **M/s Hyundai Heavy Industries Company Limited, Korea**.

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ii. Contract for Offshore/ Onshore supply of 765 kV and 400 kV Reactors along with all accessories and for Supervision of execution of services associated with above works was awarded **to M/s Baoding Tianwei Baobian Company Limited, China**.

iii. **M/s. Areva T&D India Limited (Areva)** was awarded the contract for supply of substation equipments for 765/400 kV Bhopal and Dhule substations. Areva's scope of work included manufacture, assembly and testing at Works, packing and supply of substation equipments, equipment structures, for the two substations (excluding Transformers and Reactors). Contract for Civil works and Erection of substation equipments including its testing and commissioning was also awarded to Areva.

iv. **M/s. KEC International Limited (KEC)** was awarded the contract for supply of Tower/ Tower Materials for Aurangabad – Dhule, Dhule – Vadodara and Dhule (IPTC) – Dhule (STU) transmission lines. KEC's scope of work included manufacture, assembly and testing at Works, packing and supply of Tower Materials and Fasteners including Tower Body Extensions and Stubs, for the Transmission Lines. Contract for Erection of Towers, arranging Right of Way and obtaining necessary Clearances (except Forest Clearance) as well as erection of the Transmission Lines including its testing and commissioning was awarded to KEC.

v. **M/s. Simplex Infrastructure Limited (Simplex)** was awarded the contract for supply of Tower/ Tower Materials for Jabalpur – Bhopal, Bhopal – Indore and Bhopal (IPTC) – Bhopal (STU) transmission lines. Simplex's scope of work included manufacture, assembly and testing at Works, packing and supply of Tower Materials and Fasteners including Tower Body Extensions and Stubs, for the Transmission Lines. Contract for Erection of Towers, arranging Right of Way and obtaining necessary Clearances (except Forest Clearance) as well as erection of the Transmission Lines including its testing and commissioning was awarded to Simplex.

vi. Contract for Supply of 210 KN, 160 KN & 120 KN Insulators was awarded to **M/s Xian Electric Engineering Company Limited, China.**

vii. Contract for supply of Hardware Fittings & Spacer Dampers for 765 kV & 400 kV lines was awarded to **Mosdorfer India Private Limited**.

viii. Contracts for supply of Bersimis & Moose Conductor was awarded to **Apar Industries Limited, Hind Aluminium Industries Limited and Sterlite Technologies Limited**.

Table 3.12: Brief Structure of Contracts

S. No.	Contract	Broad Scope of Work	Contractor
765/400 kV Substations – Two nos.			
	Supply Contract	Design, detailed engineering, manufacturing, supply of all equipments for Two (2) nos. substations each of 2 x 1500 MVA, 765/400 kV, excluding supply of 765/400 kV transformers and 765 KV & 400 KV reactors.	M/s Areva T&D India Limited. New Delhi
	Erection Contract	Erection work for Two (2) nos. substations each of 2 x 1500 MVA, 765/400 kV, substations including 765/400 kV transformers and 765 kV & 400 kV reactors.	
	Civil Work Contract	Civil work for construction of Two (2) nos. substations each of 2 x 1500 MVA, 765/400 kV,	

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S. No.	Contract	Broad Scope of Work	Contractor
		including foundations for 765/400 kV transformers and 765 kV & 400 kV reactors.	
	Offshore Supply Contract	Design, detailed engineering, manufacturing, supply of Fourteen (14) nos. 765kV/√3 / 400kV/√3, 1-Phase, 500 MVA Power transformers along with accessories for Two (2) nos. substations each of 2 x 1500 MVA, 765/400 kV.	M/s Hyundai Heavy Industries Co., Limited, Seoul, Korea.
	Onshore Supply Contract	Supply of Transformer Oil, Neutral CTs and Spares etc FOR Bhopal (MP) & Dhule (Maharashtra)	
	Onshore Services Contract	Services for Erection (Supervision), Testing & Commissioning of Transformers.	
	Supply Contract	Design, detailed engineering, manufacturing, supply of Twenty two (22) nos. 765 kV/√3 1-Phase, 80 MVAr Reactors and One (1) no. 400 kV, 3-Phase, 125 MVAr Reactor along with accessories for Two (2) nos. substations each of 2 x 1500MVA, 765/400 kV, substations.	M/s Baoding Tianwe Baobian Electric Co. Ltd., China.
	Onshore Services Contract	Services for Erection (Supervision), Testing & Commissioning of Reactors.	
765 kV Transmission lines – 4 nos. & 400 kV Transmission lines – 2 nos.			
	Supply Contract	Supply of Tower material for 765 kV Transmission line from Jabalpur to Bhopal, Bhopal to Indore and 400 kV D/C Transmission lines from Bhopal (IPTCL) to Bhopal (MPPTCL)	M/s Simplex Infrastructure Limited., Kolkata
	Erection Contract	Erection Work for 765 kV Transmission lines from Jabalpur to Bhopal, Bhopal to Indore and 400 kV D/C Transmission lines from Bhopal (IPTCL) to Bhopal (MPPTCL)	
	Civil work Contract	Civil Work for construction of 765 kV Transmission lines from Jabalpur to Bhopal, Bhopal to Indore and 400 kV D/C Transmission lines from Bhopal (IPTCL) to Bhopal (MPPTCL)	
	Supply Contract	Supply of Tower material for 765 kV Transmission line from Dhule to Aurangabad, Dhule to Vadodara and 400 kV D/C Transmission lines from Dhule (IPTCL) to Dhule (MSETCL)	M/s KEC International Limited, Mumbai
	Erection Contract	Erection work for 765 kV Transmission line from Dhule to Aurangabad, Dhule to Vadodara and 400 kV D/C Transmission lines from Dhule (IPTCL) to Dhule (MSETCL)	
	Civil work Contract	Civil work for construction of 765 kV Transmission line from Dhule to Aurangabad, Dhule to Vadodara and 400 kV D/C Transmission lines from Dhule (IPTCL) to Dhule (MSETCL)	
Umbrella Contracts for Substations and Transmission Lines			
	Umbrella Agreement	Composite EPC work	M/s. KEC International Limited
	Umbrella Agreement	Composite EPC Work	M/s. SIMPLEX Infrastructure Limited

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S. No.	Contract	Broad Scope of Work	Contractor
	Umbrella Agreement	Composite EPC Work	M/s. Areva T&D India Ltd.
Supply Contract for Conductors.			
	Supply Contract for 4000 Kms	Scope of work broadly covers Design, detailed engineering, manufacturing, shop inspection, routine and acceptance type tests, seaworthy/ roadworthy packing, forwarding and delivery at F.O.R destination (Project sites) of ACSR Conductor (Bersimis) for 765 kV S/C lines in non–returnable drums	M/s. Apar Industries Ltd.
	Supply Contract for 2400 Kms	Scope of work broadly covers Design, detailed engineering, manufacturing, shop inspection, routine and acceptance type tests, seaworthy/ roadworthy packing, forwarding and delivery at F.O.R destination (Project sites) of ACSR Conductor (Bersimis) for 765 kV S/C lines in non–returnable drums	M/s. Hind Industries Ltd.
	Supply Contract for 4359 Kms of Bersimis Conductor and 652 Kms of Moose Conductor.	Scope of work broadly covers Design, detailed engineering, manufacturing, shop inspection, routine and acceptance type tests, seaworthy/ roadworthy packing, forwarding and delivery at F.O.R destination (Project sites) of ACSR Conductor (Bersimis & Moose) for 765 kV S/C & 400 kV D/C lines in returnable steel drums.	M/s Sterlite Power Transmission Ltd.
Contract for Supply of Insulators.			
	Supply Contract	Design, manufacture, shop inspection, testing (routine, acceptance & type tests), seaworthy/ roadworthy packing and forwarding of Composite Long Rod Insulators (210 KN, 160 KN & 120 KN) with complete set of Corona Control Rings and delivery at CIF, Nava Sheva, Mumbai for 765 kV S/C and 400 kV D/C Transmission lines.	Xian Electric Engineering Company Limited, China
Contract for Supply of Hardware Fittings and Spacer Dampers			
	Supply Contract	Design, Engineering, manufacturing, inspection, testing, type testing, packing & forwarding and delivery of Hardware Fittings & Spacer Dampers for 765 kV S/C and Hardware fittings for 400 kV D/C lines on FOR site basis	Mosdorfer India Pvt. Limited, Mumbai.

Note: For Transmission Line contracts:

Design & Engineering of Towers and Foundations etc is in–house by the Project Company.

Conductor, Insulators & other Hardware Fittings etc. are free issue items provided by the Project Company.

3.9. Availability

As per TSA the Target Availability of the Project shall be 98%. Calculation of the Availability for the Element or the Project shall be as per the CERC (Terms & Conditions of Tariff) Regulations.

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3.10. Condition Assessment of Asset

The Project is complete and all the eight (8) nos. elements of the project have been commissioned and are operational. The COD of the last element which is the Dhule – Vadodara 765 kV S/C Transmission line has been declared on 13th June 2015. The COD of the Bhopal Substation is 6th December, 2014 while that of Bhopal Substation is 30th September, 2014.

3.10.1. Review of Plant Design / Technical Details

As per the specification provided by the Project Company, the Transmission lines, Towers and Substations have been designed, installed and tested in accordance with International Standards and Indian Standards. The design has also met statutory requirements such as the Indian Electricity Rules, Indian Factory Act and Indian Electricity Grid Code etc.

3.10.2. Current Status of Asset

a) 765 kV S/C Jabalpur – Bhopal Transmission Line – 259.693 circuit km

The total length of the line is 259.693 circuit kms with a total of 665 nos. towers. The line is complete and is operational. The COD of the Transmission line has been declared on 9th June 2015. The CEA approval for energization of the 765 kV S/C Jabalpur-Bhopal Transmission Line was issued vide certificate ref. No. CEI/3/EI/RIO(W)/Insp/2015/687 dated 1st June 2015. The successful completion of 24 hrs trial run was achieved on 9th June, 2015 as accorded by the POSOCO Certificate vide letter dated 15th June, 2015.

b) 765 kV S/C Bhopal – Indore Transmission Line – 175.75 circuit km

The total length of the line is 175.75 circuit kms with a total of 455 nos. towers. The line is complete and is operational. The COD for Bhopal-Indore line is 19th Nov. 2014. The CEA approval for energization of the 765 kV S/C Bhopal-Indore Transmission Line was issued vide certificate ref. No. CEI/3/EI/RIO(W)/Insp/2014/646 dated 13th Aug. 2014. The successful completion of 24 hrs trial run was achieved on 19th November, 2014 as accorded by the POSOCO Certificate vide letter dated 1st December, 2014.

c) 400 kV D/C Bhopal – Bhopal Transmission Line – 17.362 circuit km

The total length of the line is 17.362 circuit km with a total of 27 nos. towers. The line is complete and is operational. The COD for the Bhopal-Bhopal line is 12th August, 2014. The CEA approval certificate for energization of the 400 kV D/C Bhopal-Bhopal Transmission Line was issued vide certificate ref. No. CEI/3/EI/RIO(W)/Insp/2014/452 dated 13th June 2014. The successful completion of 24 hrs trial run was achieved on 12th August, 2014 as accorded by the POSOCO Certificate vide letter dated 25th August, 2014.

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d) 765 kV S/C Aurangabad - Dhule Transmission Line – 192.235 circuit km

The total length of the line is 192.235 circuit km with a total of 509 nos. towers. The line is complete and is operational. The COD for the Auranagabad-Dhule line is 5th Dec. 2014. The CEA approval certificate for energization of the 765 kV S/C Aurangabad-Dhule Transmission Line was issued vide certificate ref. No. CEI/3/EI/RIO(W)/Insp/2014/950 dated 20th Oct. 2014. The successful completion of 24 hrs trial run was achieved on 5th December, 2014 as accorded by the POSOCO Certificate vide letter dated 1st January, 2015.

e) 765 kV S/C Dhule – Vadodara Transmission Line – 262.90 circuit km

The total length of the line is 262.90 circuit km with a total of 679 nos. towers. The line is complete and is operational. The COD for the Dhule- Vadodara line is 13th June 2015. The CEA approval certificate for energization of the 765 kV S/C Dhule – Vadodara Transmission Line was issued vide certificate ref. No. CEI/3/EI/RIO(W)/Insp/2015/145 dated 2nd February, 2015. The successful completion of 24 hrs trial run was achieved on 13th June, 2015 as accorded by the POSOCO Certificate vide letter dated 23rd June, 2015.

f) 400 kV D/C Dhule (IPTC) – Dhule (STU) Transmission Line – 36.14 circuit km

The total length of the line is 36.14 circuit km with a total of 56 nos. towers. The line is complete and is operational. The COD for the Dhule – Dhule line is 6th December, 2014. The CEA approval certificate for energization of the 400 kV D/C Dhule – Vadodara Transmission Line was issued vide certificate ref. No. CEI/3/EI/RIO(W)/Insp/2014/813 dated 29th September, 2014. The successful completion of 24 hrs trial run was achieved on 6th December, 2014 as accorded by the POSOCO Certificate vide letter dated 29th December, 2014.

g) Substation at Bhopal

765/400kV Substation at Bhopal is commissioned and is operational. The COD for the Bhopal Substation is 30th September, 2014.

The CEA approval certificate for energization of the 765/400 kV Bhopal Substation was issued vide certificate ref. No. CEI/3/EI/RIO (W)/Insp/2014/453 dated 13th June 2014 & certificate ref. No. CEI/3/EI/RIO (W)/Insp/2014/805 dated 26th Sept. 2014.

The Certificate for completion of trial operation of the 765/400 kV Bhopal Substation was issued by POSOCO vide Certificate no. WRLDC/BDTCL/002 dated 6th Aug. 2014 & Certificate no. WRLDC/BDTCL/005 dated 21st Oct. 2014.

h) Substation at Dhule

The substation at Dhule is commissioned and is operational. The COD of the Dhule Substation is 6th Dec. 2014.

The CEA approval certificate for energization of the 765/400 kV Dhule Substation was issued vide certificate ref. No. CEI/3/EI/RIO (W)/Insp/2014/178 dated 28th Feb. 2014.

The Certificate for completion of trial operation of the Dhule Substation was issued by POSOCO vide Certificate no. WRLDC/BDTCL/008 dated 30th Dec. 2014.

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3.11. Useful Life of Asset

The review of the Technical documents pertaining to the project by IE including the Technical Specifications, Type Test Certificates and Quality Plan of the different equipment/ components of the Substations & Transmission Lines confirm the quality of components and technical suitability of the Substation & Transmission Lines.

The transmission line towers have been designed as per IS: 802 Part 1 & 2 with a reliability factor of 1.0 which ensures the reliability period of the transmission line for 50 years. Additionally, Project Company is taking necessary life extension measures through preventive maintenance and condition monitoring to increase the useful life of the equipment. The useful life of different Substation equipment is indicated below:

Equipment	Approx life period
Circuit Breaker (All types and ratings)	10000 operations
Isolators with Earth switches(All types and ratings)	35 years
ICT's (765/400 kV)	35 years
Reactors (All Types and ratings)	35 years
Current Transformer (All types and ratings)	35 years
Capacitor Voltage Transformers (All types and ratings)	35 years
Lightening Arrestors (400 kV)	35 years
Lightening Arrestors (765 kV)	35 years
33/11 kV Distribution Transformer	35 years
Battery Charger (220 V and 48 V)	35 years
Battery Banks (220 V and 48 V)	1000 cycles
ACDB panels	35 years
DCDB panels	35 years
MLDB panels	35 years
320 kVA Diesel Generator	35 years
Relays	35 years
PLCC Panels	35 years
FOTE panels	35 years
SAS system	35 years
NIFPS(for Transformers and Reactors)	35 years
Hydrant Fire Protection system (for Buildings)	35 years
Large Video Screens	10 years

Project Company is advised to continue with the prudent maintenance practice and follow the OEM recommendation to achieve the useful life.

3.12. Technical Guarantee

Typically contract for Transmission Project does not envisage any performance guarantee parameters. However, the project is being implemented in line with the technical specifications with proper quality checks.

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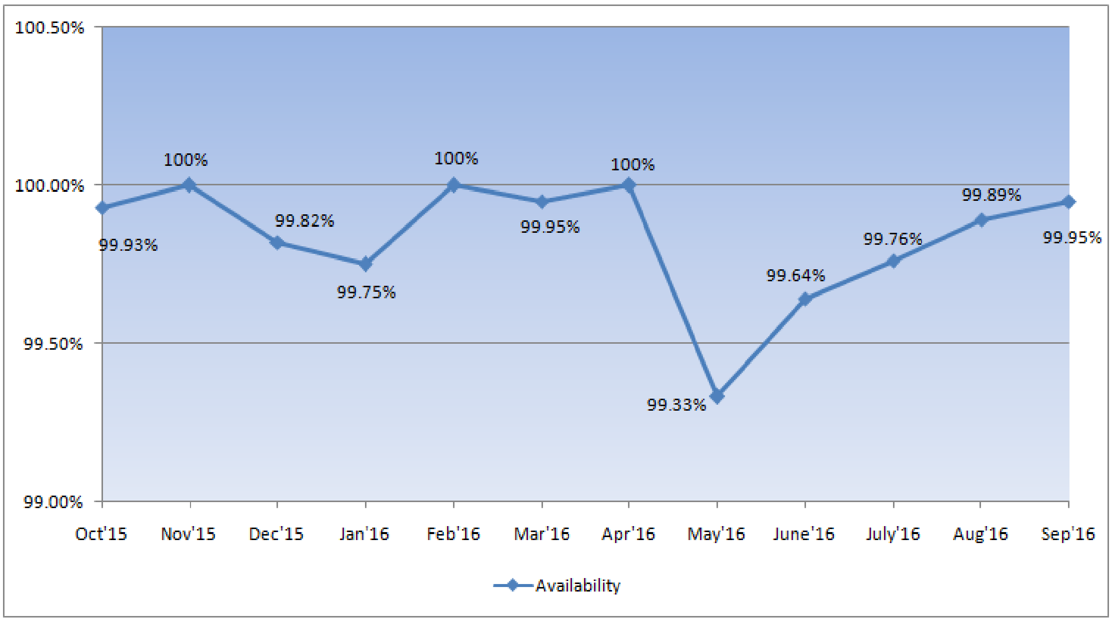
The Certificate for approval for Energization from CEA ensures the completeness and technical acceptability of the project. IE observed that all the elements have received the CEA approval for the same,

3.13. Availability of Transmission Lines and Substations

Normative availability of each element has been considered as 98%. This is in line with CERC Notification. Also, the target availability of the project as per Transmission Service Agreement is 98%.

The Project Company has submitted the monthly availability certificates for the BDTCL Transmission System. The availability of transmission lines from Oct 2015 to Sep 2016 is indicated in the Graph below:



IE observed that the Project Company has planned proper O&M procedures and an effective O&M organization set-up to maintain the availability of the substations and the lines. IE observed that the Availability is maintained more than 99%. IE is of the view that with prudent maintenance practices and deployment skilled manpower, maintaining 98% availability is achievable.

3.14. Assessment of Technology Risk

Based on the technical assessment of the project, IE does not foresee any Technology risk.

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4. PROJECT MANAGEMENT ARRANGEMENT

4.1 O&M Organization Set-up & its adequacy

The BDTCL transmission system consists of eight (8) nos. transmission elements with six (6) nos. transmission lines and two (2) nos. substations. All the eight (8) nos. elements are complete and are operational. The COD of the last element which is the Dhule – Vadodara 765 kV S/C Transmission line has been declared on 13th June 2015. The COD of the Bhopal Substation is 6th December, 2014 while that of Bhopal Substation is 30th September, 2014.

The Operation and Maintenance of the BDTCL transmission system is conducted by personnel assigned with specific roles and responsibilities as per the O&M organization chart.

The Head (O&M) of SPGVL is responsible for the Operation & Maintenance for BDTCL and other projects of SPGVL.

The patrolling and maintenance of Transmission Lines is outsourced to two different Agency. The maintenance works for 765 kV S/C Bhopal – Indore Transmission Line, 765 kV S/C Bhopal – Jabalpur Transmission Line and 400 kV D/C Bhopal – Bhopal Transmission line was awarded to M/s. Telegence India vide letter dated 23rd June, 2015. The Maintenance works for 765 kV S/C Dhule – Aurangabad Transmission Line, 765 kV S/C Dhule – Vadodara Transmission Line and 400 kV D/C Dhule – Dhule Transmission Line was awarded to M/s. JBS Eneterprises Pvt. Ltd. vide letter dated 23rd June, 2015. The total work order Period is valid for 36 months i.e. 3 years from the date of successful commissioning of the respective lines. Supervision of operation and maintenance work being carried out by the contractor is done by the SPGVL in-house team. .

The operations of Bhopal and Dhule 765/400 kV substation is outsourced to M/s. Encotech Energy (India) Pvt. Ltd. through two separate contracts.

The contract for deputation of Shift Operators and Technicians required for operation of Bhopal 765/400 kV substation was signed on 23rd September, 2014. The scope of the Operator includes visual checks of Substation equipment, maintaining records of equipments, co – ordinating with CTU/ RLDC/ Other substation site, Monitoring of maintenance work, health check of Substation equipments, monitoring and checking of Tools & Plants available etc. The scope of the Technician includes visual checks of Substation equipment, maintaining records of equipments, maintenance work of equipments, health check of Substation equipments, monitoring and checking of Tools & Plants available.

The contract for deputation of Shift Operators and Technicians required for operation of 765/400 kV Dhule substation was signed on 16th March, 2015. The scope of the Operator includes visual checks of Substation equipment, maintaining records of equipments, co – ordinating with CTU/ RLDC/ Other substation site, Monitoring of maintenance work, health check of Substation equipments, monitoring and checking of Tools & Plants available etc. The scope of the Technician includes visual checks of Substation equipment, maintaining records of equipments, maintenance work of equipments, health check of Substation equipments, monitoring and checking of Tools & Plants available.

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For each of the substations, there are five (5) nos. Shift In-charge for the operation of substation. In addition to the above, the O&M organization chart for the substation also specifies the following personnel:

- Maintenance expert engineer,
- Protection/ trouble shooting manger,
- O&M Planning & Outage Co-ordinator,
- Special Services for Substation Central Control room & OPGW.

The transmission lines in the Bhopal hub is divided into two (2) nos. sections. Each section is taken care by Section In-charge from the SPGVL In-house O&M team. The O&M contractor takes care of all the O&M activities under the guide lines of the Section In-Charge.

The transmission lines in the Dhule hub is divided into two (2) nos. sections. Each section is taken care of by Section In-charge from the SPGVL In-house O&M team. The O&M contractor takes care of all the O&M activities under the guide lines of the Section In-Charge

To optimize costs, the contractor has deployed manpower and stores at Bhopal and Dhule hubs. The gangs at these hubs shall look after the maintenance of transmission lines in a circle of radius 100 kms. The contractor shall maintain manpower and stores at Sub – hubs wherever required to have optimum maintenance.

The brief scope of the contractor includes:

i. Routine patrolling and maintenance
ii. T&P
iii. Stores
iv. Vehicles
v. Transportation of material
vi. Security of stores
vii. Insulator cleaning
viii. Corridor cleaning (vegetation), cutting of trees
ix. Replacement of mission members
x. Tightening of nuts and bolts
xi. Visual inspection for hot spots
xii. Breakdowns
xiii. Inspection of foundations
xiv. Strengthening of tower foundation and civil works
xv. Night Patrolling
xvi. Thermo vision once in six months
xvii. Signature analysis as and when required
xviii. Measurement of tower footing resistance
xix. Mock drill
xx. Thorough inspection of the corridor during pre monsoon and post monsoon
xxi. Tree cutting if required
xxii. Checking of foundation and ground clearance.

Incentive for increase in Availability over the target Annual Availability Value, limited to an overall Annual availability of 99.75 % and no incentive shall be paid over and above 99.75%. The Target Annual Availability shall not be less than 99.0%, during each Financial Year.

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For trouble free operation and proper maintenance, SPGVL is taking the following measures:

a) Routine, Periodic, Preventive & Predictive maintenance for the transmission lines is done by O&M contractor as per guide lines provided by SPGVL and under the supervision of SPGVL team.
b) Close monitoring of O&M contractor/ agency, maintaining data and analysis to reduce down time is done by SPGVL Team.
c) Mandatory spares are provided by SPGVL to the contractor.
d) Break down / Emergency is handled jointly by O&M contractor, SPGVL O&M & EHS (Environment, Health & Safety) Team.

The deployment of Contractor's personnel in different lines of BDTCL as provided by the Project Company is indicated below:

Sl no	Location	Contractor's personnel deployed	Approx. Length in KM	Transmission line
1	Sonkatch	9 (1E, 1S, 5F, 2H)	175	Bhopal-Indore Line
2	Bhopal	12 (1E, 1S, 8F, 2H)		Bhopal-Indore Line
3	Raisen	9 (1E,1S, 5F, 2H)	260	Bhopal-Jabalpur Line, Bhopal-Bhopal Line
4	Deori	14 (1E, 1S, 8F,4H)		Bhopal-Jabalpur Line, Bhopal-Bhopal Line
5	Bedaghat	9 (1E, 1S, 5F, 2H)		Bhopal-Jabalpur Line, Bhopal-Bhopal Line
6	Dhule	14 (1M, 1E, 1SO, 4F, 5H,1S,1 SK)	263	Dhule to Vadodara Transmission Line
7	Umalla	9 (1E,4F, 3H,1S)		Dhule to Vadodara Transmission Line
8	Selamba	9 (1E,4F, 3H,1S)		Dhule to Vadodara Transmission Line
9	Pulam bari	9 (1E,1S, 4F, 3H)		Dhule to Aurangabad Transmission Line
Total Of BDTCL		**94 persons**		

Legend

M	Manager
S	Supervisor
E	Engineer
F	Fitter
H	Helper
SK	Store
SO	Safety

IE is of the opinion that the O&M organization set-up and the arrangement envisaged for the O&M of the substations & transmission lines is adequate. The operation and maintenance of substations directly by SPGVL with manpower support from a designated contractor and warranty by OEMs & EPC contractor shall ensure effective operation of the substations. The division of responsibility of SPGVL O&M personnel for different line sections and the supervision of the O&M contractor by the SPGVL In-house team is effective in the smooth and trouble-free operation of the lines.

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Project Company has kept Transmission line spares at Bhopal Store like anchor shackles, double arcing horn, socket clevis, armour rod set, clevis eye straight, corona free suspension clamp, ball clevis, counter weight set, spares of OPGW single suspension assy & OPGW single/double tension assy, OPGW for vibration damper, insulators, anti clambing device, danger/number/phase sign plates, conductors, opgw conductor, nut, bolts & washer, vibration damper, earthing, midspan joint and repaire sleave, tower part, stub etc.

Project Company has kept Substation spares at Bhopal Store like Transformer Radiator Cooling Fan (Cage), Hardware Fittings for Corona Ring, Lighting Arester Corona Ring, Yoke Plate for substation, Mobile Moving contact, Inter Connector, TB of Isolator, Nuts, Bolts, washer, Copper Cable, Expansion type Terminal Connector, Terminal connector for Circuit Breaker, T connector, Ball Valve, Butterfly Valve, Gasket, Oil Temp. Indicator, Post Insulators, Contractor for Relay, Normal Actuator, Aluminium Conductor, GI Flat Strip, Aluminium Angle, Relays, spares for CB, Charger, fuse etc.

Project Company has kept MC & Tools at Bhopal Store like Conductor Die for Alluminium & Steel, pilot – wire Bobbin, Roller, Spanners, Safety equipment, Synthethic P.P. Rope Yellow , Discharge Rod 765 KV & 400 KV, Kitto Clamp , Swivel Joint, Wire Rope, Bobbin Rod, OPGW conductor and conductor rollers are kept in open yard.

IE is of the view that Project Company has kept adequate spares to facilitate in reducing the down-time of the Transmission lines and substation.

4.1. Operation & Maintenance (O&M) Procedures

The Operation and Maintenance Activities have been classified under the following heads:

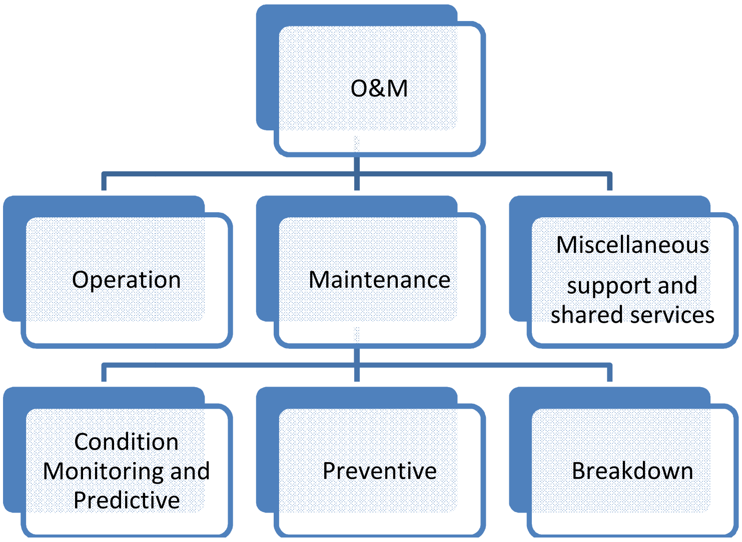

Figure 4.1: Operation & Maintenance Activities

The O&M philosophy for the Substations & Transmission lines is defined in the O&M manual for BDTCL.

The objective of the O&M strategy of BDTCL is:

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- To achieve the availability of more than 99.50% for the transmission lines/ substations.
- To set up a lean but efficient organisation and minimum O&M cost.
- To set superior operational and maintenance standards in power transmission network.
- Adopt new technologies for O&M
- Achieve Excellence in Quality, Health, Safety, Security and Environment

To achieve the above objectives, BDTCL shall adopt the following measures:

- Follow Standard Operating Procedures (SOP) for operation of line and substations for maintaining targeted availability.
- Training In house staff for developing O&M competency.
- Operational data management and analysis
- Focus of maintenance shall be majorly on proactive approach instead of reactive approach

The maintenance activities are classified as follows to maximize the availability of Transmission lines and Substations.

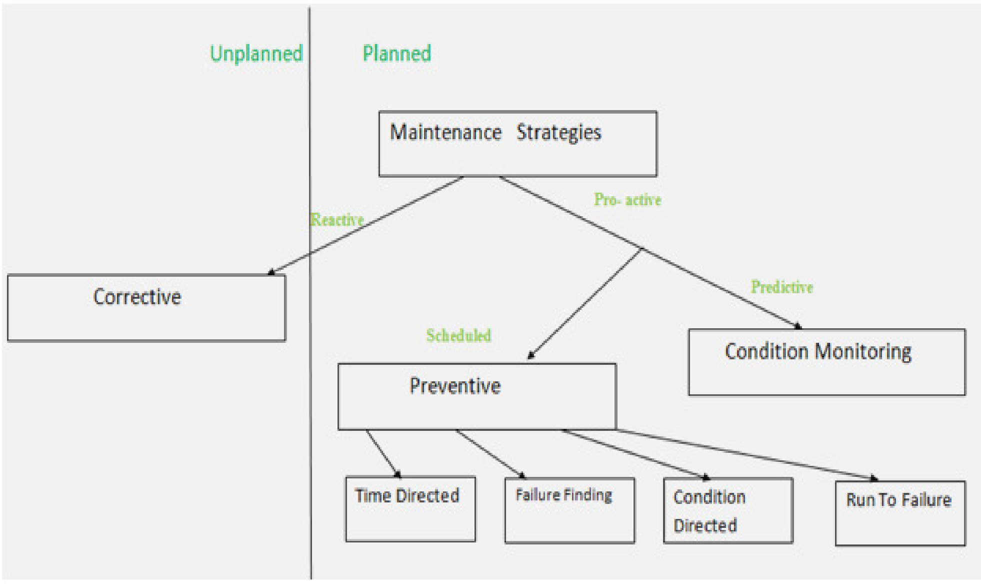

Figure 4.2: Maintenance Strategy

The maintenance activities carried out in Bhopal Hub Lines is indicated below:

Activity Description	Frequency
Ground patrolling from last year july-15 to August 2016	10 times (Bhopal – Indore line) 10 times (Bhopal- Jabalpur line)
Emergency patrolling	22 times (B-I line) for some critical/tripping/ auto reclose 20 times (JAB- BPL line) for some critical locations /tripping locations / auto reclose location
Shut down nature work	13 times (BI line) 3 times (JAB - BPL line)
Tree cutting work	30 times (BI line) More than 25 times (JAB - BPL line)

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Thermo-vision Scanning	Started from March - May End, 2016(BI Line) Under progress.(JAB – BPL Line)
Induction level Testing	In the month of May-16 BI Line (3/5/16)
Tack welding	Around 20 locations attend in BI Line (from Aug to Sep, Nov – Dec in 2015 & Feb -2016) 3 Locations JAB- BPL line(in the month of Feb, 2016)

The maintenance activities carried out in Dhule Hub Lines is indicated below:

Daily Maintenance Work:

- ✓ Routine patrolling of line
- o Ground patrolling - Daily - Minimum 23 towers in one day
- o Tower top patrolling - one time in 4 month - all towers
- o Night Patrolling - One time in a week 10 towers in one day
- ✓ Thermovision Scanning - one time in a year
- ✓ Tower Footing Resistance - one time in a year
- ✓ Corona Scanning - base on line requirement - one time in a year

Rectification Work:

- ✓ Tightening of tower N&B
- ✓ Tightening & fixing of CP earthing lug and N&B
- ✓ Coping
- ✓ Soil levelling work

Revetment Work

Revetment done at location 47/2 in the month of July'2015. It is near to karajan river bad & in monsoon season water flow near to tower leg.

Rectification work (land cutting & Sag) for maintain requisite ground clearance

Land cutting work carried out in section 43/5 – 43/6, 44/4 – 44/5 & 51/10 – 52/0 in the month of July – August'2015 for maintain requisite ground clearance.

Sag rectification work carried out in opportunity base shutdown on dated 19th & 20th Jan'2016 between section 59/0 – 60/0 for maintain requisite ground clearance. We got 14.70 mtr clearance.

Line Maintenance Work

Project Company informed that they had carried out line maintenance works in opportunity base shutdowns. Details of works are as follow

On dated 12/09/2015 Period: 4 hrs

- Spacer damper tightening work between tower 212 & 213
- Jumper tightening work on tower 210 & 213
- Fixing of spacer damper keeper pieces between tower 398-399

On dated 17/01/2016 to 21/01/2016 Period: 5 days

In this period Project Company informed that they have attended most of towers in entire line

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- Fixing of spacer damper keeper pieces
- Jumpers tightening and Nuts & Bolts inserted
- Spacer damper tightening
- Fixing of Corona Control rings
- Clamp fixing of Grading rings
- Fixing of arcing horns
- Fixing of Bird guards
- Fixing of Copper bonds, E/W vibration dampers, OPGW V.D. etc

On dated 11/02/2016 Period: 1 day

- As a part of opening of line spacer dampers, Project Company informed that they had carried out fully tightening of spacer dampers in 6-7 sections. Project Company informed that they have watching those sections periodically when it will open & how.
- Jumpers tightening

Live Line OPGW Rectification Work

Project Company informed that they have carried out live line OPGW replacement work in the month of Dec – Jan'2016. Total 16.15 KMs OPGW replaced in 8 sections and we got 20 fiber through end to end link.

Sr. no.	Section	Length in mtr.
1	D gantry - 2/3	2503
2	28/0 - 28/7	2912
3	28/7 - 28/12	2009
4	28/32 - 29/1	878
5	35/0 - 36/0	3858
6	42A/9 - 43/0	3236
7	51/10 - 52/0	407
8	68/0 - 69/0	341
	Total	**16144**

4.1.1. Operation & Maintenance of Substations

The Project Company has furnished the **Standard Operating Procedures (SOP) of the BDTCL Bhopal Substation**. The purpose of this procedure is to ensure safety of men, reliable operation for export and import of electrical power through 765kV and 400kV switchyard. The SOP defines the Power supply checks, Permissive checks, Charging procedure, Shutdown Procedure and Emergency Operation of the different equipment in the substation. The SOP also defines guidelines for handling emergencies.

The O&M Manual for BDTCL defines the Substation Maintenance Schedule which includes the maintenance schedule of the following equipment:

a) Power Transformers
b) Reactors
c) Circuit breakers
d) Isolators
e) Current Transformers
f) CVTs

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g) Lightning Arresters
h) LT Switchgear Panels & LT Breakers
i) Protection & Metering System
j) Battery & Battery charger
k) Cables
l) Lighting
m) Earth pits
n) Lightning protection
o) Busbar/ Conductors
p) AC & Ventilation
q) Fire Protection System
r) Automation Maintenance & Control, Relay Panels
s) Earthing System
t) Other equipment like DG, Aux transformer, 11&33 kV Transmission Line etc.

The details of the maintenance activities to be performed for the maintenance of the above equipment at different intervals (daily, weekly, monthly, quarterly, half-yearly, yearly) are defined in the O&M Manual. Each of the maintenance activities are clearly categorized into Shutdown & Non-Shutdown Activities.

The O&M manual also defines the time limit for repair/ rectification for different types of breakdown.

The following test equipment are available at the substations:

- Circuit breaker DCRM and Timing kit
- Multimeter and leakage tester
- 12 kV Insulation tester
- Three phase variac
- Multimeters
- OTDR
- Transmission line signature analyser
- Earth resistance measurement kit

As informed by the project Company, all regular tools and tackles required for maintenance are available at the substation.

As per IE, the Substation Maintenance Schedule in the O&M manual and the SOP of the substation cover all the aspects required for safe operation of the substation and to maximize the availability of the substation. The maintenance activities of Bhopal and Dhule substation are indicated below:

Bhopal Substation

- ✓ Installation of N2 system of 765 KV Bus Reactor, Y –phase (Sr. no. 5K11)
- ✓ Stability test of 765 KV Bus Reactor with normal phases and along with spare units.
- ✓ Rectification of SCADA system (OWS-1 and associated software's).
- ✓ Rectification of FOTE panel of Indore and Jabalpur Line.

Dhule Substation

- ✓ Preventing Maintenance of several yard equipments like Isolator, BMK, Circuit Breaker and CVT were performed / inspected.

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- ✓ Tightness of the cables and corrective operation were checked and corrected wherever required.
- ✓ All the individual MB's were inspected and maintained towards the safety of the electrical equipment.

4.1.2. Operation & Maintenance of Transmission Lines

To maximize the availability of the transmission lines, the routine/ preventive maintenance of the lines is carried out as per the schedule defined in the O&M Manual of BDTCL. However, there shall be an occasional need for emergency response in cases where safety and property are threatened, to prevent imminent damage to the transmission line and ancillary facilities, or to restore service in the event of an outage. Routine, corrective, and emergency response activities are conducted in accordance with the O&M typical schedules. The O & M department carries out planning of various maintenance activities including monitoring of maintenance activities that may include Electrical, Mechanical or Civil Maintenance.

4.1.3. Routine Maintenance (Preventive Maintenance)

BDTCL has adopted proven practices such as regular patrolling of the lines, periodically removal of vegetation over growth, thermo-vision scanning, live line washing, on-line insulator failure detection and hot line maintenance techniques etc. BDTCL plans to maintain a team of trained manpower along with adequate spares to swiftly attend to unforeseen eventualities/ natural calamities. The patrolling frequency as followed by the Project Company is indicated below:

S. No.	Type of Patrolling	Visit Plan
1	Ground Patrolling	Monthly
2	Night Patrolling	45 Days
3	Monkey Patrolling	2 Month
4	Ground Patrolling (critical location)	Weekly
5	Emergency Patrolling	Immidiate

The routine maintenance activities are conducted on a regular basis according to the nature of terrain, environment, surroundings, etc so as to achieve the desired level of performance. The maintenance activities are predefined and the schedules are laid in advance to identify and repair any deficiencies. The following activities which are the part of routine maintenance are described below:

- Routine ground patrols to inspect structural and conductor components. Such inspections generally require either an all-terrain vehicle (ATV) or pickup and possibly additional support vehicles traveling on access and service roads and may rely on either direct line-of-sight or binoculars. In some cases, the inspector may walk the ROW. Follow-up maintenance is scheduled depending on the severity of the problem either as soon as possible or as part of routine scheduled maintenance.
- Patrolling in normal terrain was completed on four monthly basis i.e., first patrolling cycle was completed in January to April , second patrolling cycle in May to August and third patrolling cycle in September to December. Patrolling sequence was such that each and every location was re patrolled in three to five months.

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- Patrolling in vulnerable terrain was completed on quarterly basis i.e., first patrolling cycle was completed from January to March, second from April to June, third July to September and fourth from October to December. Patrolling sequence was such that each and every vulnerable location was re patrolled in two and half months to three and half months.
- Patrolling in most vulnerable terrain was completed on monthly basis. Patrolling sequence was such that each and every most vulnerable location was re patrolled in three to five weeks. Photographs of such location were taken using Digital Camera and Hard/Soft copy of the same were preserved to have the history of location.
- 100% Transmission Line towers and Spare were checked by concerned Lineman/ technician/ Engineer once in patrolling cycle. 20% Transmission Line Towers, spans in normal and vulnerable sections and all most vulnerable towers were checked by concerned Transmission Line Maintenance in Charge in each patrolling cycle of Three/four months.
- Climbing surveys may be necessary to inspect hardware or make repairs. Personnel generally access these structures by pickup, ATV, or on foot.
- Structure or conductor maintenance typically occurs manually. The maintenance vehicle may be located on or off a road, and no-to-minimal grading is necessary to create a safe work area.
- Cathodic protection surveys to check the integrity and functionality of the anodes and ground beds. These surveys typically require personnel to use an ATV or pickup and make brief stops.
- Routine cyclical vegetation clearing to trim or remove tall shrubs and trees to ensure adequate ground-to-conductor clearances. Vegetation clearing cycles vary from 3 to 5 years or as needed (dependent upon the vegetation present). Personnel generally access the area by pickup, ATV, or on foot; use chainsaws to clear the vegetation; and typically spend less than half a day in any one specific area. In some cases vegetation may be cleared using mechanical means.
- Removal of individual trees or snags (hazard trees) that pose a risk of falling into conductors or structures and causing outages or fires. Personnel generally access hazard trees by truck, ATV, or by foot from an access or service road, and cut them with a chainsaw or similar tool. Any felled trees or snags are left in place as sources of large woody debris or as previously directed by the land management agency. Felled green trees are limbed to reduce fire hazard.
- **Rusting of tower parts**: At some places, it was observed that rusting of tower parts/stubs have occurred due to direct contact of wet soil with tower parts. Therefore, it was ensured that the mandatory clearance from top of the coping of each leg and present ground level was maintained.
- **Norms for tower top patrolling**:- Tower top patrolling of the lines was carried out in case of repeated tripping/ autoreclosure (twice or more in same section/area) to find the untraceable faults during ground patrolling and in stretches having component failure history/ to examine pollution level on Insulators.
- **Ground patrolling after line faults**:- Emergency ground patrolling of the line was carried out for +/-5% towers both sides of the faulty tower indicated by online fault locator to trace the fault. In case of permanent faults, off-line fault locator were utilized by Maintenance Engineer to correlate the finding of on-line fault locator.
- **Norms for Thermovision scanning**:- Thermovision scanning of the lines was carried out after three month of the charging and noticed defects were attended on priority. Subsequent Thermovision scanning of high capacity lines (quadruple conductor) and highly loaded lines (90% or above of SIL

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rating) were carried out at every five year interval. Hotspots identified through Thermovision scanning were attended by HLM/ Earliest Opportunity.

- **Norms for Punctured Insulator Detection**:- PID scanning of Transmission lines having Insulator decapping incidents irrespective of age were carried out immediately to ascertain the healthiness of Insulators. However PID of Lines which are 15 years old were carried out irrespective of decapping incidents. Defective Insulators were replaced on priority.
- **Condition Monitoring of Polymer insulators**:- Condition monitoring of Polymer Insulators were carried out using Corona camera.
- **Procedure for Transmission Line Patrolling**:- Transmission Line maintenance Engineer prepares a program of transmission line patrolling/ Maintenance for the lines under his/her jurisdiction to complete patrolling cycle as per operation system norms and maintenance activities planned during the month and send copies to concerned employee and Delhi (O & M). Patrolling/ Maintenance of Transmission Line was carried out as per the plan.
- **Checklist for Ground patrolling**:- Formats for the ground patrolling were filled up by the person who has patrolled the section immediately after patrolling and submitted to line In charge on daily basis.

4.1.4. Corrective Maintenance

Corrective maintenance activities are relatively large-scale efforts that occur infrequently, may result in more extensive vegetation clearing or earth movement and associated activities. The following are examples of corrective maintenance:

- Non-cyclical vegetation clearing to remove saplings or larger trees in the ROW.
- Structure or conductor maintenance in which earth must be moved, such as the creation of a landing pad for construction or maintenance equipment.
- Structure (e.g., cross-arm, insulator, structure) replacement.
- Follow-up restoration activities, such as seeding, noxious weed control, and erosion control.
- Conductor repair or replacement, which requires the use of several types of trucks and equipment and grading to create a safe work area to hang and pull the conductor into place.

As per the trip record submitted by the Project Company, IE observed that the Bhopal-Indore Transmission line was tripped for 1265 hours from 29th March 2015 to 21 May 2015. The Bhopal substation was tripped for 385 hours from March 2015 to January 2016.

The transmission lines under Dhule Hub were tripped for 221 Hours from April 2015 to December 2015. The Dhule Substation down for 498 hours from April 2015 to December 2015.

The transmission line under Bhopal Hub was tripped for 103.47 hours and under Dhule Hub was tripped for 0.36 hrs from April 2016 to June 2016. The Dhule substation was down for 57.13 hrs and Bhopal substation was tripped for 93.12 hours from April 2016 to June 2016.

IE observed that the tripping time has decreased from last year which is good sign of preventive maintenance.

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4.1.5. Emergency situations

Most of the activities, such as routine patrols, inspections, or scheduled maintenance, are planned in advance as per the O&M procedures. However, there shall be an occasional need for emergency response in cases where safety and property are threatened, to prevent imminent damage to the transmission line and ancillary facilities, or to restore service in the event of an outage. Emergency situations may include:

- Failure of conductor splices.
- Damage to structures or conductors from wildfire, high winds, ice, or other weather related conditions.
- Line or system outages or fire hazards caused by trees falling into conductors.
- Breaking or imminent failure of cross-arms or insulators, which could, or does, cause conductor failure.
- Damage to structures or conductors from vandalism In the case of an emergency where life or substantial property is at risk or there is a potential or actual interruption in service, the Companies will promptly respond to the emergency and conduct any and all activities, including emergency repair requiring heavy equipment access to the structures or other ancillary facilities, needed to remedy the emergency and will implement feasible and practicable Environmental Protection Measures (EPMs).

The **Standard Operating Procedures (SOP)** for Operation and Maintenance of the Transmission lines have been laid down by the Project Company. The Standard Operating Procedures elaborate the General Safety Precautions to be followed during the operation and maintenance of the transmission lines. It also includes the detailed procedure and working instructions for the following activities:

a) Steps to be taken in case of Tower collapse
b) Method employed to overcome failure of Jumpers
c) Preventive Maintenance of Tower Foundation
d) Maintenance Earthing of Transmission Lines
e) Patrolling of Transmission Lines

The Standard Operating Procedures include the Maintenance Schedule of the Transmission lines and Checklist for Ground Patrolling. It also includes the various standard formats to be filled in during the operation and maintenance of the lines.

a) Monthly Patrolling Programme
b) Ground Patrolling report
c) Tower Climbing Patrolling Report
d) Log Book of Line Defects
e) Emergency Patrolling Report on Tripping/ Auto reclosure of Transmission Lines
f) Summary of Line Defects for the Month
g) Shut Down Nature Defects
h) Non-Shut down Nature Defects
i) Details of Tree cutting

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j) Inspection Report for Major Maintenance/ Breakdown works
k) Live Line Puncture Insulator Detection
l) Thermovision scanning
m) Insulator Washing/ cleaning

As per IE, the practices followed for routine, corrective and preventive maintenance of the transmission line and the Standard Operating Procedures for O&M of transmission lines cover all the aspects required for timely maintenance of the transmission lines and ensuring the maximum availability.

4.2. Implementation of the O&M Procedures

For proper implementation of the O&M Procedures, the following initiatives are being taken by the Project Company:

a) Use of separate IT (Information Technology) based tool is being put in place for O&M, to computerize all the formats for the purpose of storage for easy access and for centralization of the information.

b) To promote knowledge sharing within the team, a Knowledge management portal is already in place.

c) Document management system in “WRENCH” software is already implemented for storage and retrieval of documents like engineering drawings, tower schedules, commissioning reports etc.

d) Regular training programs have been planned to train the personnel on the latest techniques for effective maintenance of the transmission lines and safety measures to be adopted during maintenance.

The O&M philosophy and methodology being adopted by the Project Company is in line with the widely accepted practices followed for similar projects. The Standard Operating Procedures for transmission lines and substations laid down by the Project Company are comprehensive and include all the aspects required for effective operation and maintenance of the transmission lines.

4.3. O&M Technology

Project Company informed that they are planning to supervise their transmission assets with the drone based asset management technology developed by Sharper Shape Inc. This technology will enable to monitor the critical asset conditions and ensure full economic optimization of resource deployment in maintenance operations. The drone based asset management technology will improve the reliability, resilience and safety of the transmission lines. Long distance inspection will be provided through drone based technology. The use of drones will increase the uptime of the grid, and also save the environment by conducting preventive maintenance and reducing deforestation along the line corridors.

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5. ENVIRONMENTAL AND SOCIAL ASPECT

5.1. Environmental Impacts and Mitigation Measures

The operation of the transmission line shall have no environment impact and hence, no clearance or mitigation measures are required.

5.2. Environment, Health & Safety Assessment

BDTCL has implemented the following procedures to ensure that the Environment, Health & Safety (EHS) aspects are duly taken care of.

5.2.1. Mandatory Safety Requirement and Score System

The purpose of the Mandatory Safety Requirement and Score (MSRS) System is to be used by DTCL Employees and channel partners who may be concerned in any way with operation of work at site, property or premises.

The Intention of the Mandatory Safety Requirement & Score is to provide a means of:

- Implementation of MSRS system
- Analysis of Site Safety situation in terms of Percentage (0-100%)
- In case of repeated gaps, the gap is bridged
- Further partial changes and amendments to individual parts shall be routed for suggestions & comments

The Mandatory Safety Requirement & Score (maximum score of 100%) is evaluated based on the assessment of implementation of the following tools:

1. Organization of Empowerment
2. Induction & Training
3. Site & Work Place Access
4. Risk Assessment and prevention plan
5. Daily Survey, Safety Talk & Permit to Walk System
6. Work instruction survey for Excavation & Foundation, Material handling, Electrical Shut down.
7. Machine/ equipments/ T&P are the major sources of construction site & at the same time it is very hazardous. So the inspection/ certification is one of major preventive tools.
8. Vehicle & Traffic management
9. Site has following records & documentations;
    a) Site organization
    b) Emergency Plan
    c) Training record
    d) Project Plan (Project quality plan, project EHS plan, EHS site manual)
    e) Contract with customer, contracts with subcontractors
    f) Risk assessments and preventive plans
    g) Safety tool box talk record
    h) EHS reports (Weekly, accidents, near-misses, etc.)

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i) EHS plan follow up
j) Weekly EHS report
k) Routine self assessment check list
l) Fire extinguisher
m) Non conformity report

10. Internal & External Control

For Mandatory Safety Requirement and Score (MSRS) System the responsibilities & Authorities flow chart is shown below:

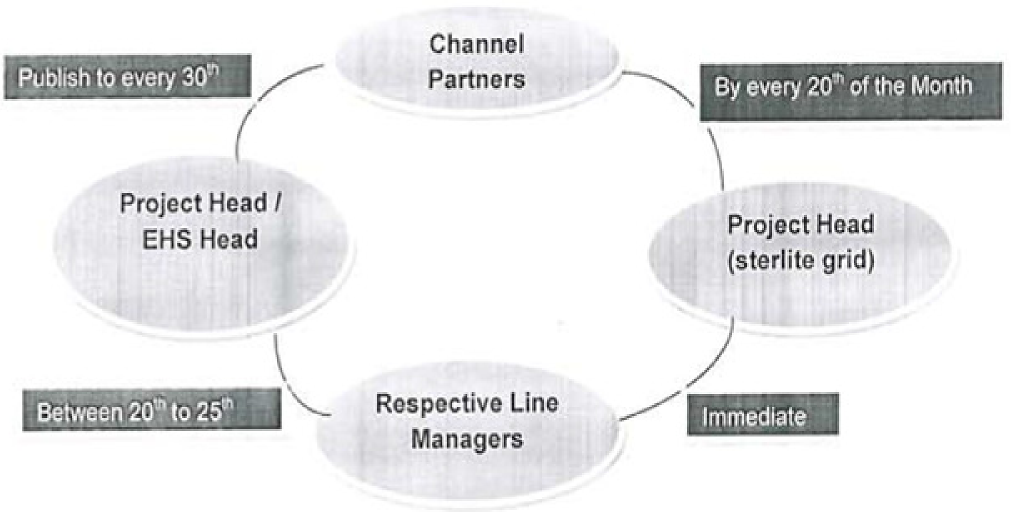

Figure 5.1: Flow Chart for MSRS System

The Channel Partners submit the MSRS checklist with evidence to project head every month. The Project Head forwards the same to respective line managers for further examination. The line managers visit the site with the same sheet & resend to Project Head/ EHS Head. The EHS Head/ EHS Manager publish the report every month.

5.2.2. EHS Inspection Procedure.

The EHS Inspection Procedure applies to the BDTCL construction sites. The objective of this instruction is as follows:

- Demonstrate the involvement and commitment of middle managers in safety management
- Deploy common EHS managerial practices within all sites
- Promote the culture and to eradicate deviations and reach 100% compliance level

The EHS Inspection is achieved through

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a) **Safety Observation Tour (SOT) Process**

This is a management process which is used to ensure the application of safety standards, instructions and practices/tools used in a given area. It is an inspection for the front line engineer & middle management. This is a safety observation visit. The SOT is conducted to check the application of the EHS rules and regulations in the area. The inspection format are filled by the Engineer & Manager involving channel partner & validated by EHS manager. During SOT, all points are checked in line with the ***Safety Tour Observation Check List*** which is provided as a part of the EHS Inspection Procedure. At the end of the SOT, a debrief between the SOT leader and the channel partner of the area visited takes place. All findings are reviewed and a commitment is taken by the channel partner to avoid new occurrences of the deviations found.

b) **Intermediary Safety Visit (ISV)**

It is a management process which should ensure the application of safety standards, instructions and practices/ tools used in a given area. It is an Intermediary Safety Visit Inspection for the Project Head, Commercial Head and Project Management & Business Head**.** The objective of the ISV is to make managements commitment visible. Also, the ISV is used to make sure that all the risks are managed, i.e under control. It is used to verify that local standards (workshop, customer site etc) are respected and applied. It helps to identify deviations and unsafe practices. The ISV format is filled and at the end of the ISV, a debrief between the ISV leader and the Line / Station Manager of the area visited take place. All findings are reviewed and a commitment is taken by Line/ Station Manager to implement actions to avoid new occurrences of the deviations found. Any open non compliance follows up & closeout is responsibility of EHS manager through Project Head.

The Project Company submitted sample reports of Safety Observation Tours and EHS Inspection reports for the project.

5.2.3. Work Stoppage or EHS Non conformance Report (NCR) Procedure.

This procedure describes the methods for raising EHS non-conformances at the construction sites with subsequent corrective action. Non-Conformity is any circumstances, material or method within the operation of the construction of Transmission Line/ Substation which does not comply with the specified requirements contained within the Safe Working Procedure (SOP) and SPGVL EHS manual. This procedure applies to across the SPGVL constriction site.

The responsibility to ensure that the procedure is followed, reported and appropriate records are maintained lies with the Project Head/ Line Manager/ EHS Lead. The responsibility to issue NCR / work stoppages to contractor Line Manager/ Project Manager, EHS Lead in case of any non-conformity, unsafe act/ unsafe condition and recommend corrective and preventive action. When the agreed remedial action is completed, the Engineer/ Line Manager/ Project Manager (BDTCL) shall sign off the respective non-conformance report.

The Project Company has submitted some of the Non Conformance Reports for Dhule hub and a summary of the work stoppages at Dhule during 2014. IE observed that by this process, the Project Company has been taking adequate measures for ensuring safety at the site.

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5.2.4. Review of the status of Environment, Health & Safety Aspects by IE

Upon review of the various EHS documents received from the Project Company, IE is of the opinion that the Project Company is following the EHS Procedures to ensure that the aspects related to Environment, Health and Safety of the project are duly taken care of.

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6. PROJECT PERMITS AND CLEARANCES

6.1. Permits and Clearances

Following table 6.1 shows the latest status of various Permits and Clearances obtained / to be obtained.

Table 6.1: Status of key Permits & Licenses

S. No.	Description	Authority	Present Status
i.	Company Registration	Registrar of Company	Completed.
ii	Transmission License	Central Electricity Regulatory Commission (CERC)	Completed.
iii	Forest Clearance	State Govt./ MOEF	Obtained. (Except for Stage 2 Forest Clearance which in under progress for Dhule-Dhule and Dhule –Aurangabad Line)
iv	Approval under Section 68 of Electricity Act, 2003	GOI, Ministry of Power	Completed.
v	Approval from GOI under section 164 of Electricity Act 2003	GOI, Ministry of Power	Completed.
vi	Approval from CERC under Section 17(3)	CERC	Completed.
vii	Environmental Clearance	-	No environmental clearance is required for Transmission Line Project.
viii	Power & Telecommunication Coordination Committee Clearance (PTCC)	CEA / Ministry of Power	Approval for all the PTCC clearances is available.
ix	Railway Crossing	Ministry of Railways / Concerned division of Indian Railway	Approvals for all the crossing have been received.
x	Road Crossing	National Highway/ State Road Department	Received
xi	River Crossing	Navigation Authority	Project Company informed that clearances from the Navigation Authority is not required as Rivers are Non Navigation Rivers.
xii	Power Line Crossings	Concerned State Power Utilities / PGCIL	Approval for all 77 power line crossings is available.
xiii	Aviation Clearance	Airport Authority of India	Proposals submitted for both Dhule and Bhopal Hub and NOC has been received.
xiv	Defense Clearance	GOI, Ministry of Defense	NoC obtained.
xv	Transmission Service Agreement (TSA)	BDTCL & LTTCs	Received

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6.2. Summary of Findings

IE found that all the major Permits/ Licenses like Transmission License, Approval under Section 68, Section 164 and Section 17 (3) of Electricity Act, 2003, forest clearance have already been obtained by the Project Company.

The validity of all the permits and clearances as mentioned above for the transmission line are valid throughout the Project life.

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7. OVERALL STATUS

Bhopal Dhule Transmission Company Limited (hereinafter referred as "BDTCL or Project Company") a subsidiary SPGVL has set up four (4) nos. 765 kV Single Circuit (approximate 890.578 circuit km in length), Two (2) nos. 400 kV Double Circuit (approximate 53.502 circuit km in length) transmission lines and two nos. 765/400 kV Substations at Bhopal (Madhya Pradesh) and Dhule (Maharashtra) under "System Strengthening scheme for WR" on Build, Own, Operate and Maintain (BOOM) basis.

The Project consists of construction, operation and maintenance of following transmission lines and substations by the Project Company (BDTCL):

Transmission Lines

i. Jabalpur – Bhopal 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 259.693 circuit km.
ii. Bhopal – Indore 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 175.75 circuit km.
iii. Bhopal (IPTC) – Bhopal (MPPTCL) 400 kV D/C transmission line with quad ACSR 'Moose' conductor, 17.362 circuit km.
iv. Aurangabad – Dhule 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 192.235 circuit km.
v. Dhule – Vadodara 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor, 262.90 circuit km.
vi. Dhule (IPTC) – Dhule (MSETCL) 400 kV D/C transmission line with quad ACSR 'Moose' conductor, 36.14 circuit km.

Substations

i. Bhopal (IPTC) Substation (2x1500 MVA, 765/400 kV)
ii. Dhule (IPTC) Substation (2x1500 MVA, 765/400 kV)

As per the specification provided by the Project Company, the Transmission lines and Towers have been designed, installed and tested in accordance with International Standards and Indians Standards. The design has also met statutory requirements such as the Indian Electricity Rules, Indian Factory Act and Indian Electricity Grid Code etc. IE reviewed the the Technical Specifications and the same were found to be in order.

The Project Company completed all the design and engineering of towers and foundations of the Project in–house. IE found the design philosophy adopted for the transmission line and its interconnection with the PGCIL system to be in order. The design and prototype of all types of towers for 765 kV towers was completed and Type test of all the towers was done successfully. IE reviewed the type test certificates of various equipment/ components used in the project and the same were found to be in order.

The Project Company is adhering to the Quality Assurance Program which is in line with the industry standards and practices and is complying to the requirements of the Indian and International Standards. IE observed that, during execution of work, the Project Company had adopted appropriate measures to keep a strict vigil in implementing the Field Quality Plan & Material Quality Plans and in supervising the construction work. The Material Quality Plans (MQP) of different components were reviewed by the IE and include the requisite tests and inspections in line with Indian and International standards at various stages of the manufacturing process.

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The Project has been executed under the supervision of BDTCL by reputed suppliers and contractors.

The Project has been implemented on multiple contracts basis.

- The EPC contract for the two (2) nos. 765/400 kV substations (excluding supply of transformers & reactors) was placed upon M/s Areva T&D India Ltd.
- The contract for supply of Fourteen (14) nos. 765kV/√3 / 400kV/√3, 1-Phase, 500 MVA Power transformers was placed upon M/s Hyundai Heavy Industries Company Limited, Korea.
- The contract for supply of Twenty two (22) nos. 765 kV/√3 1-Phase, 80 MVAr Reactors and One (1) no. 400 kV, 3-Phase, 125 MVAr Reactor was placed upon M/s Baoding Tianwei Baobian Company Limited, China.
- The EPC contract for the Transmission lines in the Dhule hub (excluding supply of conductor, insulators, hardware & accessories provided as free issue items by Owner to EPC contractor) was awarded to M/s KEC International Limited.
- The EPC contract for the Transmission lines in the Bhopal hub (excluding supply of conductor, insulators, hardware & accessories provided as free issue items by Owner to EPC contractor) was awarded to M/s Simplex Infrastructure Limited.
- The contract for Supply of 210 KN, 160 KN & 120 KN Insulators was awarded to M/s Xian Electric Engineering Company Limited, China.
- The contract for supply of Hardware Fittings & Spacer Dampers for 765 kV & 400 kV lines was awarded to Mosdorfer India Private Limited.
- The contracts for supply of Bersimis & Moose Conductor were awarded to Apar Industries Limited, Hind Aluminium Industries Limited and Sterlite Technologies Limited.
- Design & Engineering of Towers and Foundations etc was done in–house by the Project Company.

The BDTCL transmission system consists of eight (8) nos. transmission elements with six (6) nos. transmission lines and two (2) nos. substations. All the eight (8) nos. elements are complete and are operational. The COD of the last element of the BDTCL transmission system, the 765 kV S/C Dhule – Vadodara line was declared on 13th June 2015.

Element wise COD dates are mentioned below:

1. Jabalpur – Bhopal 765 kV S/C – COD was achieved on 9th June, 2015 and is operational.
2. Bhopal – Indore 765 kV S/C – COD was achieved on 19th November, 2014 and is operational.
3. Bhopal – Bhopal 400 kV D/C – COD was achieved on 12th August, 2014 and is operational.
4. 765/400 kV Bhopal Substation at Agaria – COD was achieved on 30th September, 2014 and is operational.
5. Dhule – Vadodara 765 kV S/C – COD was achieved on 13th June, 2015 and is operational.
6. Dhule – Aurangabad 765 kV S/C – COD was achieved on 5th December, 2014 and is operational.
7. Dhule – Dhule 400 kV D/C – COD was achieved on 6th December, 2014 and is operational.
8. 765/400 kV Dhule Substation – COD was achieved on 6th December, 2014 and is operational.

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The review of the Technical documents pertaining to the project by IE including the Technical Specifications, Type Test Certificates and Quality Plan of the different equipment/ components of the Substations & Transmission Lines confirm the quality of components and technical suitability of the Substation & Transmission Lines. The transmission line towers have been designed as per IS:802 Part 1 & 2 with a reliability factor of 1.0 which ensures the reliability period of the transmission line for 50 years. Additionally, Project Company is taking necessary life extension measures through preventive maintenance and condition monitoring to increase the useful life of the equipment.

The target availability of the project as per Transmission Service Agreement is 98%. The Project Company submitted the monthly availability certificates for the BDTCL Transmission System from Oct 2015 to Sep 2016. IE observed that most of the time, that the Availability is maintained more than 99%. IE is of the view that with prudent maintenance practices and deployment skilled manpower, maintaining 98% availability is achievable.

IE reviewed the O&M Organization Set-up and the O&M methodology being used for the Operation and Maintenance of the substations and transmission lines.

For Project Operation and Maintenance activities the Project Company has out – sourced the works to different agencies. However, supervision of the O&M activities is being done in – house by the Project Company.

For maintenance works of all the 765 kV S/C and 400 D/C Transmission Line in Dhule Section is accorded to M/s. JBS Enterprise Pvt. Ltd and for 765 kV S/c and 400 kV D/C Transmission Lines in Bhopal section the maintenance works are out sourced to M/s. Telegence India. For the operation of sub – station in Dhule and Bhopal the works are outsourced to M/s. Encotech Energy (India) Pvt. Ltd. .

IE is of the opinion that the proposed O&M organization set-up and the arrangement envisaged for the O&M of the substations & transmission lines is adequate. The operation and maintenance of substations directly by SPGVL with manpower support from a designated contractor and warranty by OEMs & EPC contractor shall ensure effective operation of the substations. The division of responsibility of SPGVL O&M personnel for different line sections and the supervision of the O&M contractor by the SPGVL In-house team is effective in the smooth and trouble-free operation of the lines. Additionally, the providing mandatory spares by SPGVL shall facilitate in reducing the down-time of the lines.

As informed by the project Company, all regular tools and tackles required for maintenance are available at the substation. As per IE, the Substation Maintenance Schedule in the O&M manual and the Standard Operating Procedures of the substation cover all the aspects required for safe operation of the substation and to maximize the availability of the substation. Additionally, the practices followed for routine, corrective and preventive maintenance of the transmission line and the Standard Operating Procedures for O&M of transmission lines cover all the aspects required for timely maintenance of the transmission lines and ensuring the maximum availability.

The O&M philosophy and methodology being adopted by the Project Company is in line with the widely accepted practices followed for similar projects.

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The Effective date of TSA is 31st March, 2011 and TSA shall continue to be effective until the expiry date which shall be the date which is 35 years from the scheduled COD of the Project. The scheduled COD of the Project works out to 31st March, 2014.

IE reviewed the provisions of the Transmission Service Agreement (TSA) and found the same to be in order.

The operation of the transmission line shall have no environment impact and hence, no clearance or mitigation measures are required.

SPGVL has implemented adequate procedures to ensure that the Environment, Health & Safety aspects are duly taken care of. This includes the Mandatory Safety Requirement and Score (MSRS) System which is to be used by SPGVL Employees and channel partners who may be concerned in any way with operation of work at site, property or premises for the implementation of EHS practices. The Project Company submitted sample reports of Safety Observation Tours and EHS Inspection reports for the project. The Project Company also submitted some of the Non Conformance Reports for Dhule hub and a summary of the work stoppages at Dhule during 2014. IE observed that by these processes, the Project Company is following the EHS Procedures to ensure that the aspects related to Environment, Health and Safety of the project are duly taken care of.

IE found that all the major Permits/ Licenses like Transmission License, Approval under Section 68, Section 164 and Section 17 (3) of Electricity Act, 2003, Forest Clearance have already been obtained by the Project Company.

Based on the technical review of the project, IE has concluded that there are no risks associated with the project.

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LAHMEYER INDIA

Transmission Line (TL) Projects - JTCL, BDTCL

Due Diligence Report

Sterlite Power Grid Ventures Ltd., New Delhi
Delhi | INDIA

RESTRICTED

1 December 2016

REPORT
Rev-01

A company of TRACTEBEL ENGIE

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FINAL VENDOR DUE DILIGENCE REPORT

Our ref.: **Document No. P.009964-G-00108-001**

Imputation: Project No. P.009964

RESTRICTED

Client : «Sterlite Grid Limited»

Project : **2 Nos. Transmission Line Projects**

Subject : **Vendor Due Diligence for Submission**

Comments:

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ACRONYM

AAAC	:	All Aluminium Alloy Conductors
ABG	:	Advance Bank Guarantee
ACSR	:	Aluminium Conductor Steel Reinforced
ACFs	:	Assistant Conservator of Forests
AP	:	Angle Point
BOOM	:	Build, Own, Operate & Maintain
BOCW	:	Building and Other Construction Workers
BOQ	:	Bill of Quantities
BSNL	:	Bharat Sanchar Nigam Limited
CTU	:	Central Transmission Utility
CEA	:	Central Electricity Authority
CERC	:	Central Electricity Regulatory Commission
COD	:	Commercial Operation Date
CST	:	Central Sales Tax
CPBG	:	Contract Performance Bank Guarantee
D/C	:	Double Circuit
DFO	:	Divisional Forest Officer
EA	:	Electricity Act
EAR	:	Erection All Risk
EPC	:	Engineering, Procurement & Construction
ESH	:	Environment, Health & Safety
FTTH	:	Fibre To The Home
FRA	:	Forest Rights Act
GOI	:	Government of India
GS	:	Galvanized Steel
IPTCs	:	Independent Power Transmission Companies
JB	:	765 kV S/C Jabalpur to Bina Transmission Line
JD	:	765 kV D/C Jabalpur to Dharamjaygarh Transmission Line
JTCL	:	Jabalpur Transmission Company Limited
kA	:	Kilo Ampere
kM	:	Kilometer

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kV	:	Kilo Volt
IE	:	Independent Engineer
IMS	:	Integrated and Managed Services
ISV	:	Intermediary Safety Visit
LII	:	Lahmeyer International (India) Ltd.
LC	:	Letter of Credit
LD	:	Liquidated Damages
LOA	:	Letter of Award
LTTC	:	Long Term Transmission Customer
MOEF	:	Ministry of Environment & Forest
MDCC	:	Material Dispatch Clearance Certification
MSRS	:	Mandatory Safety Requirement and Score
MP	:	Madhya Pradesh
NHAI	:	National Highway Authority of India
NR	:	Northern Region
NTP	:	Notice to Proceed
NCR	:	Non Conformance Report
NLDC	:	National Load Dispatch centre
O& M	:	Operation & Maintenance
OPGW	:	Optical Power Ground Wire
OF	:	Optical Fiber
OFC	:	Optical Fiber Cable
OSM	:	Owner Supplied Material
PBG	:	Performance Bank Guarantee
PCCF	:	Principal Chief Conservator of Forests
PFC	:	Power Finance Corporation
PTC	:	Power Transmission Conductors
PGCIL	:	Power Grid Corporation of India Ltd.
PSEB	:	Punjab State Electricity Board
PTCC	:	Power & Telecommunication Coordination Committee
PO	:	Purchase Order
QAP	:	Quality Assurance Plan
RFP	:	Request For Proposal
ROW	:	Right of Way

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RLDC	:	Regional Load Dispatch Centre
S/C	:	Single Circuit
SEB	:	State Electricity Board
S/S	:	Substation
SGL	:	Sterlite Grid Ltd.
STL	:	Sterlite Technologies Ltd.
SOT	:	Safety Observation Tour
SPV	:	Special Purpose Vehicle
STU	:	State Transmission Utility
SLDC	:	State Load Dispatch Centre
TSA	:	Transmission Service Agreement
TSP	:	Transmission Service Provider
TL	:	Transmission Line
UTS	:	Ultimate Tensile Strength
UPTL	:	Unitech Power Transmission Limited
VAT	:	Value Added Tax
WR	:	Western Region
WCT	:	Works Contract Tax

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1. EXECUTIVE SUMMARY

For evacuation of power from a large number of IPP generation projects in Chhattisgarh, Madhya Pradesh, Orissa, West Bengal and Jharkhand, a comprehensive transmission system has been evolved. While most of the transmission lines are being constructed by the Central Transmission Utility (CTU), some of the transmission elements have been planned to be implemented by Independent Power Transmission Companies (IPTCs).

Government of India, Ministry of Power, invited bids for selection of Transmission Service Provider (TSP) based on 'Tariff Based Competitive Bidding Guidelines for Transmission Services'. Sterlite Grid was selected as TSP for executing the Scheme for 'System Strengthening Common to WR & NR' consisting of 765 kV Transmission Lines through its SPV – Jabalpur Transmission Company Limited (JTCL). The Transmission System being executed by the SPV consists of:

1. Dharamjaygarh – Jabalpur 765 kV D/C (Hexa Zebra ACSR Conductor) Transmission Line (756.6 circuit kms). Hereinafter referred as JD Transmission Line
2. Jabalpur – Bina 765 kV S/C (Quad Bersimis ACSR Conductor) Transmission Line (235.194 circuit kms). Hereinafter referred as JB transmission Line.

The 765 kV D/C Dharamjaygarh – Jabalpur Transmission Line terminates one end at 765/400 kV Dharamjaygarh Pooling Station of M/s. PGCIL at Dharamjaygarh (Chhattisgarh) and other end at 765/400 kV Jabalpur Pooling Station of M/s. PGCIL at Jabalpur (Madhya Pradesh).

The 765 kV S/C Jabalpur – Bina Transmission Line is from 765/400 kV Jabalpur Pooling Station to 765/400 kV Bina Substation of M/s. PGCIL (Madhya Pradesh).

Jabalpur Transmission Company Limited (JTCL) facilitates strengthening of the Western and Northern Regions by providing open access to transmit power from independent power projects in the East. This project has the capacity to evacuate upto 5000 MW from East to the West and North, and shall offer relief by alleviating the current bottlenecks for power plants in the regions of Jharkhand, West Bengal and Orissa.

Sterlite Power Grid Ventures Limited ("SPGVL" or "the Project Company") is a holding company for all the transmission projects with each asset housed under a separate Special Purpose Vehicle (SPV).

Sterlite Power Grid Ventures Limited (SPGVL) through its wholly owned subsidiary Sterlite Grid 1 Limited (SGL) owns Jabalpur Transmission Company Limited (JTCL).

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SPGVL owns ten (10) nos. projects consisting of 6767.702 circuit km power transmission lines and seven (7) nos. substations across 15 states in India. Sterlite have won these projects on Build Own Operate Maintain (BOOM) basis via tariff based competitive bidding process ran by Ministry of Power. Out of the total 10 nos. of project, four projects are operational and the construction is in progress for balance six nos. of project.

For all the 10 nos. of project, Sterlite has undertaken the designing, financing and construction & maintenance of the transmission systems for concession periods ranging from 25 to 35 years.

These transmission lines would help facilitate power evacuation and would be used for SEBs, Power GENCOs.

Lahmeyer International (India) Pvt. Ltd. has been appointed as Independent Engineer (IE) by SGL for Technical Due Diligence of the above Transmission Project being executed by the Project Company.

The Transmission Service Agreement (TSA) was signed between 5 nos. of Long Term Transmission Customers (LTTCs) and Jabalpur Transmission Company Limited (JTCL). The TSA covers the Allocated Project Capacity for each of the LTTCs for payment of the Transmission Charges. According to TSA, the scheduled COD of the Project was 36 months from the effective date of TSA which is 31st March 2011. Thus, the COD as per TSA was worked out to 31st March 2014.

Design and engineering of the Project was done in – house for all the four types of towers (A, B, C and D) to be used for 765 kV S/C line and 765 kV D/C line and prototype tested. The Project was implemented on multiple contract packages.

The transmission line towers have been designed as per IS: 802 Part 1 & 2 with a reliability factor of 1.0 which ensures the reliability period of the transmission line for 50 years. Additionally, Project Company is taking necessary life extension measures through preventive maintenance and condition monitoring to increase the useful life of the equipment.

Following contracts were awarded for JD Transmission Line (756.6 circuit kms):

1. Dharamjaygarh – Jabalpur 765 kV D/C transmission line (Package C1): from Dharamjaygarh Gantry of PGCIL Substation (Chhattisgarh) to Angle Point 73/0 (X: Co–ordinate 606779.336, Y: Co–ordinate 2458044.008 and elevation 294.097), awarded to M/s. Lanco Infratech Limited. The Owner has awarded three Split Contracts (Supply, Civil works and Erection) to the Contractor for the Works on a composite Engineering, Procurement and Construction responsibility basis.
2. Umbrella Contract for the above three (3) split contracts with M/s. Lanco Infratech Limited.
3. Package C2: to M/s. Unitech Power Transmission Limited, from Angle Point 73/0 (X: Co–ordinate 607596.076, Y: Co–ordinate 2457891.937 and elevation 294.079) (Chhattisgarh) to Angle Point 102/8 (X: Co–ordinate 531225.383, Y: Co–ordinate 2487375.335 and Elevation 878.916) (Chhattisgarh).

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The Owner has awarded three Split Contracts (Supply, Civil works and Erection) to the Contractor for the Works on a Composite Engineering, Procurement and Construction (EPC) responsibility basis.

4. Umbrella Contract for the above three (3) split contracts with M/s. Unitech Power Transmission Limited.
5. Package M1 & M2: to M/s. Simplex Infrastructure Limited, from Angle Point 102/8 (X: Co–ordinate 531225.383, Y: Co–ordinate 2487375.335 and elevation 878.916) to Angle Point 130/0 (X: Co–ordinate 461144.1, Y: Co–ordinate 2542596.766 and elevation 653.664) (Madhya Pradesh), and M2 was from Jabalpur Gantry of Substation of PGCIL to Angle Point 130/0 (X: Co–ordinate 461144.1, Y: Co–ordinate 2542596.766 and Elevation 653.664) (Madhya Pradesh).
6. Umbrella Contract for the above three (3) split contracts with M/s. Simplex Infrastructure Limited

Following contracts were awarded for JB transmission line (235.194 circuit kms):

1. 765 kV S/C Transmission Line between Jabalpur and Bina (Gantry of Jabalpur S/S to AP 62/0) (Package A): Three separate split contracts for Supply of Tower materials, Civil and Erection Contracts to M/s. C&C Constructions Limited.
2. Umbrella contract for single source responsibility for the above split contracts between JTCL and C&C Constructions Limited.
3. 765 kV S/C Transmission Line between Jabalpur and Bina (Gantry of Bina S/S to AP 62/0) (Package B): Three separate split contracts for Supply of Tower materials, Civil and Erection Contracts to M/s. Unitech Power Transmission Limited.
4. Umbrella contract for single source responsibility for the above split contracts between JTCL and Unitech Power Transmission Limited.

Further, Conductors, Insulators, Insulator Hardware, GS Earthwire and its Hardware and Spacer Dampers were provided by the Owner to the Contractors as Owner Supplied Material (OSM). The contracts for Conductors, Insulators, GS Earth wire and Hardware Fittings & Spacer Dampers were awarded separately. Additionally, the Supply of Tower material including Stubs, Nuts & Bolts to the Contractor for package M1 & M2 was in the scope of the Owner.

Both the lines (765 kV S/C Jabalpur – Bina and 765 kV D/C Jabalpur – Dharamjaygarh transmission Line) are operational. The 400 kV S/C Jabalpur – Bina Transmission Line is the first 765 kV Transmission Line developed by a Private Sector entity in the Country.

JB Transmission Line – the approval for energisation from CEA was granted on 16th June, 2015 vide letter no. CEI/3/EI/RIO(W)/Insp/2015/748. The successful completion of 24 hrs trial run was achieved on 1st July, 2015 at 18:32 hrs as accorded by Power System Operation Corporation Limited (POSOCO) vide Certificate dated 16th July, 2015. The COD for the element was declared as 1st July, 2015.

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JD Transmission Line – the approval for energisation from CEA was granted on 4th September, 2015 vide letter no. CEI/3/EI/RIO(W)/Insp./2015/1188. The successful completion of 24 hrs trial run was achieved on 14th September, 2015 at 00:04 hrs as accorded by POSOCO vide Certificate dated 30th September, 2015. The COD for the element was declared as 14th September, 2015, which also marks the Project COD.

For the project Operation and Maintenance activities the Project Company has outsourced the works to different agencies. However, supervision of the O&M activities is being done in – house by the Project Company. The Project Company has laid down Standard Operating Procedures (SOP) for effective O&M of the transmission lines. Additionally, regular trainings are being conducted to train the personnel on the latest techniques for effective maintenance of the transmission lines and safety measures are adopted during maintenance.

This Technical Due Diligence Report including the observations and recommendations of IE is based on the site visit undertaken by IE from 28.09.2016 to 29.09.2016, review of the Technical specifications, Material Quality Plan, Type Test Certificates, Field Quality Plan, Operation & Maintenance (O&M) Procedures, Environment, Health & Safety (EHS) Procedures. The Technical Due Diligence Report evaluates all aspects related to technical suitability, clearances, quality, maintenance, safety & environment and identifies risks, if any in operation of the project during its useful life. The report comprises of the following sections.

Section – 2: Introduction

This section presents a brief introduction of the project and its sponsors including the scope of the work of the IE towards technical due diligence, the definitions of risk categories and the basis of the Report.

Section –3: Technical Assessment

The salient technical features of the project have been reviewed based on the technical specifications and compliance to codes and standards. The Quality Assurance and Safety aspects being followed during execution of the project have also been reviewed.

The execution of the project by means of different contracts and packages is presented in this section. The Condition Assessment of the asset has been presented along with the current status of the project. Additionally, the useful life of the asset, technical guarantees and availability of transmission lines has been ascertained.

Section – 4: O&M Arrangement

This section presents the O&M arrangement for Operation and Maintenance of the transmission lines. In this section, evaluation has been done regarding the adequacy of the O&M organization set-up, and the suitability of the O&M procedures.

Section – 5: Environmental and Social Aspects

This section evaluates the impact of the project on the environment and social aspect. The practices adopted by the Project Company for maintaining Environment, Health & Safety (EHS) have also been evaluated in this section.

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Section – 6: Project Permits and Clearances

This section presents the status of the permits and clearances required for the execution and successful completion of the project.

Section – 7: Overall Status

This section of the report gives a comprehensive summary of the findings of the Technical Due Diligence report including the strengths and risks, if any of the project.

The project was executed under the direct supervision of JTCL. As per the specification provided by the Project Company, the Transmission lines and Towers have been designed, installed and tested in accordance with International Standards and Indian Standards. The design has also met statutory requirements such as the Indian Electricity Rules, Indian Factory Act and Indian Electricity Grid Code etc. IE is of the opinion that considering the comprehensive Quality Assurance Plan being followed by the Project Company, the final design and specifications of equipment/ systems installed in the Transmission Lines are in line with the technical specification, drawings and documents reviewed and approved by the Project Company

IE reviewed the status of key permits and clearances. All major Permits and Clearances have been obtained by the Project Company.

IE is of the opinion that the Project Company had taken adequate measures for management of the complete project by allocating separate teams for supervision of the various EPC packages during the Project execution phase.

IE is of the opinion that the proposed O&M organization set-up is adequate and the O&M philosophy is effective in achieving the target availability.

IE reviewed the provisions of the Transmission Service Agreement (TSA) and found the same to be in order. The scheduled COD mentioned in the TSA has been delayed due to Force Majeure events and change in law.

SGL has implemented adequate procedures to ensure that the Environment, Health & Safety aspects are duly taken care of. Upon review of the various EHS documents received from the Project Company, IE is of the opinion that the Project Company is following the EHS Procedures to ensure that the aspects related to Environment, Health and Safety of the project are duly taken care of.

Based on the technical review of the project, IE has concluded that there are no risks associated with the project.

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2. INTRODUCTION

2.1. Background

Jabalpur Transmission Company Limited (hereinafter referred as "JTCL or Project Company") a subsidiary of SGL has set up 765 kV Transmission Project – System Strengthening common for Western & Northern Region – consisting of 765 kV D/C transmission line (756.6 circuit km in length) from Dharamjaygarh to Jabalpur and 765 kV S/C line from Jabalpur to Bina (235.194 circuit km) on Build, Own, Operate and Maintain (BOOM) basis. The two transmission lines have been connected to the 765/400 kV CTU substations at Dharamjaygarh, Jabalpur and Bina.

Lahmeyer International (India) Pvt. Ltd. has been appointed as Independent Engineer (henceforth referred to as IE); on behalf of SGL pursuant to contract via email dated 14.09.2016, to carry – out Technical Due Diligence of the Project.

Sterlite Power Grid Ventures Limited

Sterlite Power Grid Ventures Limited ("SPGVL" or "the Project Company") is a holding company for all the transmission projects with each asset housed under a separate Special Purpose Vehicle (SPV).

Sterlite Power Grid Ventures Limited (SPGVL) through its wholly owned subsidiary Sterlite Grid 1 Limited (SGL) owns Jabalpur Transmission Company Limited (JTCL).

SPGVL owns ten (10) nos. projects consisting of 6767.702 circuit km power transmission lines and seven (7) nos. substations across 15 states in India. Sterlite have won these projects on Build Own Operate Maintain (BOOM) basis via tariff based competitive bidding process ran by Ministry of Power. Out of the total 10 nos. of project, four projects are operational and the construction is in progress for balance six nos. of project.

For all the 10 nos. of project, Sterlite has undertaken the designing, financing and construction & maintenance of the transmission systems for concession periods ranging from 25 to 35 years.

These transmission lines would help facilitate power evacuation and would be used for SEBs, Power GENCOs for which Sterlite would earn a fixed transmission tariff.

The Map in Fig 2.1 indicates the location of the JTCL transmission system

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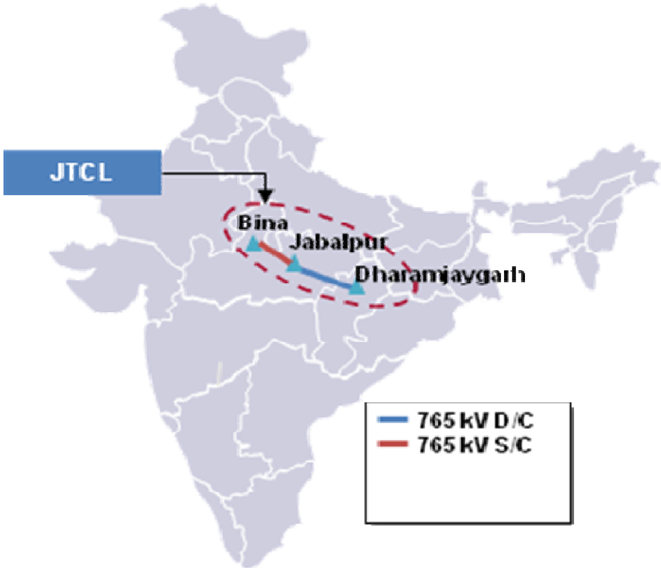

Figure 2.1: Map of JTCL Transmission System

2.2. Definition

Title	:	Definition
Project	:	System Strengthening common for Western & Northern Region – 765 kV Transmission System from Dharamjaygarh to Jabalpur and Jabalpur to Bina.
Project Company	:	Jabalpur Transmission Company Limited (JTCL)
Independent Engineer	:	Lahmeyer International (India) Pvt. Ltd. (LII).

2.3. Scope of Report

SGL has asked IE to carry out the Technical Due Diligence of the JTCL transmission line project. IE's review is based on documents furnished by the Project Company and the site visits undertaken by IE from 28th September to 29th September, 2016.

2.4. Risk Categories

Based on the detailed review of the technical documents/ information provided by JTCL, the IE proposes to identify in this Report, issues if any and the associated risks for the JTCL Transmission Line project. If such issues are highlighted by the IE, the same shall be addressed by JTCL for mitigation. The risks identified have been classified into three different categories as per the following table 2.1.

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Table 2.1 – Definition of Risk Categories

Risk Category A	**Development Risk**	Matters which are dependent on external factors/ agencies and can affect the development/ schedule of the project.
Risk Category B	**Technology Risk**	Matters that are related to technical aspects of the project which can affect performance/ availability significantly.
Risk Category C	**Operational Risk**	Matters related to O&M which can lead to poor performance/ lower availability

2.5. Basis of Report

This Report has been prepared based on the discussions with the Project Company's representative and review of documents provided by the Project Company. Following documents have been received from the Project Company:

1. Technical specification
2. Contracts for supply & erection
3. Material Quality Plan
4. Field Quality Plan
5. Type Test Report of Towers
6. Permits and Clearances
7. O&M Procedures
8. Environment, Health and Safety (EHS) Procedures

2.6. Disclaimer

IE has made no search of any public records nor independently validated the information provided by Project Company with any external source, nor does IE have any responsibilities whatsoever with respect to such validation. Apart from the reviewed documents listed above, IE has not examined any other documents relating to the matters of the Project Company for the purpose of this Report, nor does IE have any responsibility whatsoever with respect to the examination of other documents.

Furthermore, IE has no responsibilities whatsoever with respect to the sufficiency or adequacy of the documents for the preparation of the Report.

IE's findings are strictly limited to the matters stated herein and are not to be read as extending by implication to any other matter. They are given as on the date of writing this Report solely for the benefit of the Client and may not be disclosed to or relied upon by anyone else without IE's prior consent, provided that, this opinion may be disclosed to the Auditors or any Professional Advisors of any of the Addressees or to any Regulatory Authority (as may be required by such Regulatory Authority) or otherwise pursuant to a court order or legal process.

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IE disclaims all responsibility and liability (including, without limitation, for any direct or indirect, special, consequential or incidental damage, loss or costs or loss of profit, goodwill or business) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information contained in this Report. Any use which a person makes of the Report or any reliance on or decisions to be made based on it, are the sole responsibility of such person. Decisions made or actions taken as a result of this Report shall be the sole responsibility of the parties directly involved in the decisions or actions.

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3. TECHNICAL ASSESSMENT

3.1. General

Jabalpur Transmission Company Limited (JTCL) has set up one 765 kV Double Circuit line (Approximate 756.6 circuit km in length) from Dharamjaygarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV Single Circuit (Approximate 235.194 circuit km in length) transmission line from Jabalpur to Bina (Madhya Pradesh) under “System Strengthening Scheme common to WR & NR” on Build, Own, Operate and Maintain (BOOM) basis.

The Project consists of the following transmission lines:

1. Dharamjaygarh – Jabalpur (JD) 765 kV D/C transmission line with hexa ACSR ‘Zebra’ conductor (756.6 circuit km).
2. Jabalpur – Bina (JB) 765 kV S/C transmission line with quad ACSR ‘Bersimis’ conductor (235.194 circuit km).

3.2. Transmission System

Jabalpur Transmission Company Limited (JTCL) is facilitating the Western and Northern Regions by providing open access to transmit power from independent power projects in the East. This project has the capacity to evacuate upto 5000 MW from East to the West and North, and shall offer relief by alleviating the current bottlenecks for power plants in the regions of Jharkhand, West Bengal and Orissa. These corridors are crucial links, on the basis of which the Central Transmission Utility has entered long term open access agreements with several generation companies in the Eastern region.

The Transmission System covered in the Scheme facilitates evacuation of power from various IPP Generating Stations and pooled at pooling stations of Power Grid Corporation of India Ltd. (PGCIL) located at Jabalpur and Bina in Madhya Pradesh and at Dharamjaygarh in Chhattisgarh State to the beneficiaries in Western & Northern Region.

The 765 kV Dharamjaygarh – Jabalpur D/C line is used in transferring power from the Jharkhand and West Bengal IPP projects to NR/WR and is covered under the scheme “System Strengthening common for WR and NR” associated with IPP projects in Jharkhand and West Bengal Generation projects.

The 765 kV S/C Jabalpur – Bina line is under “System Strengthening common for WR and NR linked with Moser Baer IPP generation project.

JTCL has entered into a Transmission Service Agreement (TSA) with five (5) numbers Long Term Transmission Customers (LTTCs). The Transmission Service Agreement is valid for a period of thirty five (35) years.

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3.3. Salient Technical Features

3.3.1. General

IE has reviewed the Technical Specifications and system details made available by the Project Company for supply and construction of proposed Dharamjaygarh – Jabalpur 765 kV D/C (ACSR Zebra, Hexa Bundle) and Jabalpur – Bina, 765 kV S/C Line (ACSR Bersimis, Quad Bundle) transmission systems. The Insulators, Insulator Hardware, Conductor, Spacer Damper and OPGW have been supplied by the Project Company to the Contractor as 'Owner Supplied Material' (OSM). The Technical Specifications of the Insulators, conductor and Hardware Fittings have been reviewed. Project Company had completed all the design and engineering of towers and foundations of the Project in–house. IE found the design philosophy adopted for the transmission line system to be in order. The design and prototype of all types of towers for 765 kV S/C and 765 kV D/C towers was done successfully. IE is of the view that there are no principal design concerns.

The salient features of technical requirements/ parameters for various 765 kV D/C and S/C transmission line materials/ components have been described in the following paragraphs.

3.3.2. Service Conditions & System Parameters

The Service Conditions of the Transmission Lines are given in Table 3.1 and System Parameters are given in Table 3.2 below.

Table 3.1 – Service Conditions

Parameters	Value
Maximum Ambient Temperature	50 °C
Minimum Ambient Temperature	0 °C
Relative humidity – Range	10% -100%
Wind zone	2
Maximum wind velocity	39 m/sec
Maximum altitude above MSL	Up to 1000 m
Air Pollution	Moderately Polluted as per IEC 60815

Table 3.2 – System parameters

Parameters	Value
Nominal voltage	765 kV
Maximum system voltage	800 kV
Lightning Impulse withstand Voltage	2100 kVpeak (BIL)
Power Frequency withstand Voltage	830 kVrms (dry)
Switching impulse withstand voltage (dry & wet)	1550 kVpeak (BSL)
Minimum corona extinction Voltage	508 kVrms phase to earth (dry)

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Parameters	Value
Radio Interference Voltage between 0.5 and 2 MHz at 508 kV rms	2500 micro volts max.
Maximum Conductor Temperature	85ºC
Maximum Earthwire Temperature	53ºC

IE observed that the above service conditions and system parameters were incorporated in the Bid Documents/ Technical Specifications. The above parameters are generally accepted for 765 kV transmission lines.

3.3.3. Insulators

Insulators are used to support the conductors and maintain clearances between circuits, tower and other conductors. It is designed to withstand both the normal operating voltage and surges due to switching and lightning. Insulators are broadly classified as either pin-type, which support the conductor above the structure, or suspension type, where the conductor hangs below the structure.

Insulators are usually made of wet-process porcelain or toughened glass, with increasing use of glass-reinforced polymer insulators.

As per the Technical Specifications for Insulator Package, Insulators used are composite Long Rod Insulators with the specified (as per RFP) electro – mechanical strength and total creepage. The insulators confirm to applicable IS & IEC Codes & Standards.

The size of long rod insulators, minimum creepage distance, the number to be used in different type of strings, their electro – mechanical strength and mechanical strength of insulator string along with Hardware fittings are given in table 3.3 below:

Table 3.3 – Design Parameters – 765 kV line

Type of String	Min. Creepage Distance (mm) Per Unit	Electro – Mechanical strength of Insulator Unit (kN)	Mechanical Strength of Insulator String along with Hardware Fittings (kN)
Single 'I' suspension Pilot, Towers B, C, D	16000	120	120
Double 'I' suspension Towers A	16000	120	240
Single 'V' suspension tower 'A'	16000	210	210

The long rod insulators are suitable for employment of hot line maintenance technique to allow usual hot line operation with ease, speed and safety and are designed to facilitate cleaning. The design and supply of Grading Rings are in the scope of Insulator supplier.

IE observed that the technical parameters stipulated in the specifications for insulators are suitable for use on 765 kV transmission systems.

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3.3.4. Conductor

Conductors are current carrying element of the transmission lines which transmits electricity. The most common conductor in use for transmission today is aluminum conductor steel reinforced (ACSR). Aluminum is used because it has about half the weight of a comparable resistance copper cable. In order to increase efficiency of the transmission lines, typically EHV lines have bundled conductor arrangements. Bundle conductors consist of several parallel cables connected at intervals by spacers, often in a cylindrical configuration.

As per the technical specification, the Conductor used are Hexa ACSR Zebra and Quad ACSR Bersimis for JD and JB respectively type of Transmission line. The sub conductor spacing is 457 mm for 765 kV Transmission lines. The salient parameters of the conductors are given below in table 3.4 below:

Table 3.4 – Design Parameters – Conductor

Description	ACSR 'Zebra'	ACSR 'Bersimis'
Size of the conductor	54/3.18 mm Al +7/3.18 mm Steel	42/4.57 mm Al +7/2.54 mm Steel
Overall Diameter (mm)	28.62	35.04
Minimum UTS (kN)	130.32	154
Unit Mass (Kg/km)	1621	2181
Configuration	Vertical for D/C Line	Horizontal for S/C
Total sectional Area	428.9 sq. mm	689.5 sq. mm
Maximum Operating Temperature	$85^{o}C$	$85^{o}C$

The conductor offered has been subjected to Type Tests, Acceptance Tests and Routine Tests as per National/ International Standards as per the specifications.

3.3.5. Transmission Line Towers & Accessories

Transmission towers are the most visible component of the bulk power transmission system. Their function is to keep the high-voltage conductors separated from their surroundings and from each other. This requirement and the KV (voltage) define the basic physical dimensions of a tower, including its height, conductor spacing, and length of insulator required to mount the conductor.

The crucial design criteria for towers is to provide the structural strength necessary to maintain these distances under loading from the weight of the conductors, wind loads, ice loading, seismic loads, and possible impacts.

As specified in the technical specification, the JB line with quad conductor has Horizontal configuration of conductors and JD line with Hexa Conductor has vertical configuration. Various type of towers used are based on the final detailed survey carried out by JTCL and the soil investigation carried out by the erection contractor.

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a) Transmission Towers

Self – supporting hot dip galvanized lattice type bolted steel towers, designed to carry the line conductors with insulators, earth wires and fittings under all loading conditions have been used for the Project. The towers are fully galvanized using mild steel / high tensile steel sections. Bolts and nuts are provided with spring washers.

Following type of towers have been used on JB and JD lines.

Table 3.5: Design Parameters – 765 kV/ 400kV Transmission Tower

Type of Tower	Deviation Limit	Typical Use
DA	0° – 2°	To be used as tangent tower
DB	0° – 15°	To be used for line Angle deviation from 0 to 15 deg./ Section tower
DC	15° – 30°	To be used for line Angle deviation from 15 to 30 Deg./Section Tower/Transposition Tower
DD	30° – 60°	To be used for line Angle deviation from 30 to 60 Deg.
		Dead End with 0 degree to 15 degrees deviation both on line side and substation side 0 deg.
		Complete Dead End
		For river crossing anchoring with longer wind span with 0 deg. deviation on crossing span side and 0 to 30 deg. deviation on other side.
		Section tower for anti-cascading condition.

b) Galvanised Earthwire

As per the Technical specification, the earth wire used is 7/3.66 mm galvanised steel wire, the parameters of which are given in the below table 3.6:

Table 3.6: Major Parameters of GS Earthwire

Parameters	Value
Number and Nominal Diameter of Strands (mm)	7/3.66 mm steel
Overall diameter	10.98 mm
Minimum UTS	68.4 KN
Unit Mass	583 kg/km
Resistance	2.5 ohms/km
Total sectional Area	73.6 sq. mm

c) Hardware Fittings & Accessories

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The Hardware Fittings are suitable for use with Disc/ Long Rod Composite insulators having ball and socket fittings. They are suitable for employment of hot line maintenance techniques so that usual hot line operations can be carried out with ease, speed and safety.

The accessories used are suitable for use with Quad ACSR 'Bersimis' and Hexa ACSR 'Zebra' Conductor as well as in GS Earthwire.

Provision exists for carrying out type test on complete insulator strings with hardware fittings, on suspension hardware fittings, on tension hardware fittings, spacer dampers as per National/ International standards.

d) Dimensions of Insulator strings along with Hardware fittings

The various limiting dimensions of the insulator strings along with Hardware fittings are as under:

Table 3.7 – Dimensions of Insulator Strings along with Hardware Fittings

Transmission Line	Type	Insulator length (mm)	String length (mm)
765 kV S/C	Double Suspension Insulator	5800	7150
	Quad Tension Insulator	5950	9800
765 kV D/C	Double Suspension Insulator	5800	7600
	Quad Tension Insulator	5950	10300

Other Technical specifications for conductor and Earthwire accessories, spacer dampers for Quad Bersimis and hexa Zebra have been reviewed and found to be in order.

3.4. Codes and Standards

The technical specifications for the project are in line with the Indian and international Codes and Standards. The Towers are designed based on the IS codes and Standards 802 (Part 1 Section 1 & Section 2 and Part 3) and CBIP Manual. The supply, erection and construction of the transmission line meets the requirements of the technical specifications and the relevant codes and standards thus ensuring the technical capability and quality of the transmission lines.

3.5. Type Testing of Towers and Major Equipment

The Technical specifications specify the requirement for Type testing of Towers and all Major Equipment in line with the relevant codes and standards. IE reviewed the type test certificates of the conductor ACSR Bersimis, hardware & fittings for ACSR Zebra, insulators and towers provided by the Project Company and the same were found to be in order.

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3.6. Quality Assurance and Safety Aspects

3.6.1. Quality Control

The Project Company is adhering to the Quality Assurance Program which is in line with the industry standards and practices and is complying with the requirements of the Indian and International Standards. IE observed that, during execution of work, the Project Company has adopted appropriate measures to keep a strict vigil in implementing the Field Quality Plan & Material Quality Plans and in supervising the construction work.

The Material Quality Plans (MQP) of different components were reviewed by the IE and opines that the requisite tests and inspections were in line with Indian and International standards at various stages of the manufacturing process. This includes stringent quality control via Raw Material Inspection, in – process Inspection, Final Inspection and Testing and Checks conducted during Packing & Despatch. IE is satisfied with the QAP followed for implementation of the Project.

3.6.2. Safety Aspects

Safety practices have been followed by the Project Company as per their Safety Standards which is in line with the industry standards and practices. IE is of the opinion that the safety rules and norms are, by and large, being followed in the Project. All stores are being properly fenced and provided / being provided with adequate lights. Safety equipment / accessories are being used by site worker.

3.7. Contract Packages & Schedules

Sterlite Grid Limited on behalf of Jabalpur Transmission Company Limited had invited bids through International Competitive Bidding procedure.

The Project is being implemented on multiple contracts basis under the supervision of the JTCL.

For execution of Jabalpur – Bina 765 kV S/C Transmission Line, the entire line was divided into sections with respective two separate Contractors as mentioned below:

i. From Jabalpur substation Gantry of PGCIL (Start Point) to Angle Point (AP) 62/0 (End Point): termed as Package A. Three split contracts for Supply of Tower materials, Civil works and Erection Contract with umbrella contract for a single source responsibility for the three split contracts was awarded to M/s. C&C Construction Limited.

ii. From Bina substation Gantry of PGCIL (Start Point) to Angle Point (AP) 62/0 (End Point): termed as Package B. Three split contracts for Supply of Tower materials, Civil works and Erection Contract with umbrella contract for a single source responsibility for the three split contracts was awarded to M/s. Unitech Power Transmission Limited

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For execution of Dharamjaygarh – Jabalpur 765 kV D/C Transmission Line, the entire stretch was divided into four packages (C1, C2 & M1 and M2) and awarded to three EPC contractors as mentioned below:

i. Package C1: from Gantry of PGCIL substation at Dharamjaygarh to AP 73/0 – Contract awarded to M/s. Lanco Infratech Limited (3 split contracts for supply, civil works & erection works with umbrella contract for a single source responsibility for the three split contracts)
ii. Package C2: from AP 73/0 to AP 102/8 – Unitech Power Transmission Limited (3 split contracts for supply, civil works & erection works with umbrella contract for a single source responsibility for the three split contracts)
iii. Package M1 & M2: from AP 102/8 to 130/0 (Package M1) and AP 130/0 to Jabalpur PGCIL substation gantry (Package M2) – Simplex Infrastructure Limited (3 split contracts for supply, civil works & erection works with umbrella contract for a single source responsibility for each of the three split contracts)

Owner Supplied Materials (OSM) includes Insulators, Insulator Hardware, Conductor, Spacer Damper and Earthwire and is its hardware fittings. Additionally, the supply of Tower material including stubs, Nuts & Bolts to the Contractor for Package M1 & M2 is in the scope of the Owner.

The brief Structure of the Contracts for Package A & B of 765 kV Jabalpur – Bina S/C Transmission Line and Package C1, C2, M1 & M2 of 765 kV Jabalpur – Dharamjaygarh Transmission Line is discussed in the table 3.8 below:

Table 3.8 – Brief Structure of the contracts

S. No.	Contract	Broad Scope of Work	Contractor
765 kV S/C Transmission line, Package A – Jabalpur S/S Gantry (PGCIL) to Angle Point 62/0			
1.	Supply Contract	Manufacturing, Inspection, Testing at manufacturer's works, loading and supply including transit insurance of all equipments except Conductor, Insulator, Insulator Hardware, Spacer Damper and Earthwire and its Hardware fittings ("Owner's Supplied Material") on FOR Project site basis.	M/s C&C Constructions Limited
2.	Erection Contract	Erection, Testing, Commissioning and Handing Over of the Facilities which shall be complete in all respect, arranging complete Right of Way and Statutory Approvals including Electrical Inspectorate, Railways, PTCC approvals for the same and Management for the Facility. The works also include loading/ unloading, safe storage, Inter – site/ stores transportation and erection of the Owner Supplied materials at site, Erection of Towers and terminating the line on the gantries of the 765 kV sub – station of PGCIL at Jabalpur.	
3.	Civil Work Contract	Civil work for construction as per requirement, site preparation including mobilization of manpower,	

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S. No.	Contract	Broad Scope of Work	Contractor
		machineries, Labour, materials, consumables, tools and plants, as required for the construction of transmission lines of the size and scope of the Facility and handing over of the Facility which shall be complete in all respects, arranging complete ROW and Statutory Approvals, also other construction services and management for the Facility.	
4.	Umbrella Contract	Manufacturing, Procuring, Testing at manufacturer's works, loading and supply of all equipments/ material, loading/ unloading at site, safe storage (including that of Owner's Supplied Material which includes Insulator, Insulator Hardware, Conductor, Spacer Damper and Earthwire and its hardware fittings), Engineering, civil works and foundations, construction as per requirement, necessary site preparation including mobilization, ROW and Statutory Approvals if any, provision of labour, materials, consumables, tools and plants as required for the construction of transmission lines.	
765 kV S/C Transmission line, Package B – Bina S/S Gantry (PGCIL) to Angle Point 62/0			
1.	Supply Contract	Manufacturing, Inspection, Testing at manufacturer's works, loading and supply including transit insurance of all equipments except Conductor, Insulator, Insulator Hardware, Spacer Damper and Eathwire and its Hardware fittings ("Owner's Supplied Material") on FOR Project site basis.	M/s Unitech Power Transmission Limited.
2.	Erection Contract	Erection, Testing, Commissioning and Handing Over of the Facilities which shall be complete in all respect, arranging complete Right of Way and Statutory Approvals including Electrical Inspectorate, Railways, PTCC approvals for the same and Management for the Facility. The works also include loading/ unloading, safe storage, Inter – site/ stores transportation and erection of the Owner Supplied materials at site, Erection of Towers and terminating the line on the gantries of the 765 kV sub – station of PGCIL at Bina.	
3.	Civil work Contract	Civil work for construction as per requirement, necessary site preparation including mobilization of manpower, machineries, Labour, materials, consumables, tools and plants, as required for the construction of transmission lines of the size and scope of the Facility and handing over of the Facility which shall be complete in all respects arranging complete ROW and Statutory Approvals, if any, also other construction services and management for the Facility.	

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S. No.	Contract	Broad Scope of Work	Contractor
4.	Umbrella Contract	Manufacturing, Procuring, Testing at manufacturer's works, loading and supply of all equipments/ material, loading/ unloading at site, safe storage (including that of Owner's Supplied Material which includes Insulator, Insulator Hardware, Conductor, Spacer Damper and Earthwire and its hardware fittings), Engineering, civil works and foundations, construction as per requirement, necessary site preparation including mobilization, ROW and Statutory Approvals if any, provision of labour, materials, consumables, tools and plants as required for the construction of transmission lines.	
765 kV D/C Transmission line, Package C1 – Dharamjaygarh S/S Gantry (PGCIL) to Angle Point 73/0 (Chhattisgarh)			
1.	Supply Contract	Manufacturing, Inspection, Testing at manufacturer's works, loading and supply including transit insurance of all equipments except Conductor, Insulator, Insulator Hardware, Spacer Damper and Earthwire and its Hardware fittings ("Owner's Supplied Material") on FOR Project site basis	M/s. Lanco Infratech Limited.
2.	Erection Contract	Erection, Testing, Commissioning and Handing Over of the Facilities which shall be complete in all respect, arranging complete Right of Way and Statutory Approvals including Electrical Inspectorate, Railways, PTCC approvals for the same and Management for the Facility. The works also include loading/ unloading, safe storage, Inter – site/ stores transportation and erection of the Owner Supplied materials at site, Erection of Towers and terminating the line on the gantries of the 765 kV sub – station of PGCIL at Dharamjaygarh.	
3.	Civil Contract	Civil work for construction as per requirement, necessary site preparation including mobilization of manpower, machineries, Labour, materials, consumables, tools and plants, as required for the construction of transmission lines of the size and scope of the Facility and handing over of the Facility which shall be complete in all respects, arranging complete ROW and Statutory Approvals, if any, also other construction services and management for the Facility.	
4.	Umbrella Contract	Manufacturing, Procuring, Testing at manufacturer's works, loading and supply of all equipments/ material, loading/ unloading at site, safe storage (including that of Owner's Supplied Material which includes Insulator, Insulator Hardware, Conductor, Spacer Damper and	

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S. No.	Contract	Broad Scope of Work	Contractor
		Earthwire and its hardware fittings), Engineering, civil works and foundations, construction as per requirement, necessary site preparation including mobilization, ROW and Statutory Approvals if any, provision of labour, materials, consumables, tools and plants as required for the construction of transmission lines.	
765 kV D/C Transmission line, Package C2 – Angle Point 73/0 to Angle Point 102/8 (Chhattisgarh).			
1.	Supply Contract	Manufacturing, Inspection, Testing at manufacturer's works, loading and supply including transit insurance of all equipments except Conductor, Insulator, Insulator Hardware, Spacer Damper and Earthwire and its Hardware fittings ("Owner's Supplied Material") on FOR Project site basis.	M/s. Unitech Power Transmission Limited.
2.	Erection Contract	Erection, Testing, Commissioning and Handing Over of the Facilities which shall be complete in all respect, arranging complete Right of Way and Statutory Approvals including Electrical Inspectorate, Railways, PTCC approvals for the same and Management for the Facility. The works also include loading/ unloading, safe storage, Inter – site/ stores transportation and erection of the Owner Supplied materials at site, and Erection of Towers.	
3.	Civil Contract	Civil work for construction as per requirement, necessary site preparation including mobilization of manpower, machineries, Labour, materials, consumables, tools and plants, as required for the construction of transmission lines of the size and scope of the Facility and handing over of the Facility which shall be complete in all respects arranging complete ROW and Statutory Approvals, if any, also other construction services and management for the Facility.	
4.	Umbrella Contract	Manufacturing, Procuring, Testing at manufacturer's works, loading and supply of all equipments/ material, loading/ unloading at site, safe storage (including that of Owner's Supplied Material which includes Insulator, Insulator Hardware, Conductor, Spacer Damper and Earthwire and its hardware fittings), Engineering, civil works and foundations, construction as per requirement, necessary site preparation including mobilization, ROW and Statutory Approvals if any, provision of labour, materials, consumables, tools and plants as required for the construction of transmission lines.	

765 kV D/C Transmission line, Package M1 & M2 – Angle Point 102/8 to Angle Point 130/0 and Jabalpur Gantry to Angle Point 130/0 (Madhya Pradesh).

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S. No.	Contract	Broad Scope of Work	Contractor
1.	Supply Contract	Manufacturing, Inspection, Testing at manufacturer's works, loading and supply including transit insurance of all equipments except Tower material including Stubs, Nuts & Bolts, Conductor, Insulator, Insulator Hardware, Spacer Damper and OPGW and its Hardware fittings ("Owner's Supplied Material") on FOR Project site basis.	M/s. Simplex Infrastructure Limited
2.	Erection Contract	Erection, Testing, Commissioning and Handing Over of the Facilities which shall be complete in all respect, arranging complete Right of Way and Statutory Approvals including Electrical Inspectorate, Railways, PTCC approvals for the same and Management for the Facility. The works also include loading/ unloading, safe storage, Inter – site/ stores transportation and erection of the Owner Supplied materials at site, and Erection of Towers.	
3.	Civil Contract	Civil work for construction as per requirement, necessary site preparation including mobilization of manpower, machineries, Labour, materials, consumables, tools and plants, as required for the construction of transmission lines of the size and scope of the Facility and handing over of the Facility which shall be complete in all respects arranging complete ROW and Statutory Approvals, if any, also other construction services and management for the Facility.	
4.	Umbrella Contract for M1 & M2	Manufacturing, Procuring, Testing at manufacturer's works, loading and supply of all equipments/ material, loading/ unloading at site, safe storage (including that of Owner's Supplied Material which includes Insulator, Insulator Hardware, Conductor, Spacer Damper and OPGW and its hardware fittings), Engineering, civil works and foundations, construction as per requirement, necessary site preparation including mobilization, ROW and Statutory Approvals if any, provision of labour, materials, consumables, tools and plants as required for the construction of transmission lines.	
Contract for Supply of Insulators.			
1.	Supply Contract	Design, manufacture, shop inspection, testing (routine, acceptance & type tests), seaworthy/ roadworthy packing and forwarding of Composite Long Rod Insulators (210 KN, 160 KN & 120 KN) with complete set of Corona Control Rings and delivery at CIF, Nava Sheva, Mumbai for 765 kV D/C and 765 kV S/C transmission lines.	Xian Electric Engineering Company Limited, China
Contract for Supply of Conductor			

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S. No.	Contract	Broad Scope of Work	Contractor
1.	Supply Contract	Design, engineering, manufacture, shop inspection, routine and acceptance tests including type testing, seaworthy/ roadworthy packing, forwarding and delivery of ACSR Conductor (Bersimis & Zebra) for 765 kV D/C & 765 kV S/C Transmission lines of Jabalpur Transmission Company Limited on FOR Destination (Project Sites – Champa, Mungeli, Dindori, Barela, Damoh, Sager) basis.	M/s Sterlite Power Transmission Ltd.
Contract for Supply of Hardware Fittings and Spacer Dampers			
1.	Supply Contract	Design, Engineering, manufacturing, inspection, testing, type testing, packing & forwarding and delivery of Hardware Fittings & Spacer Dampers for 765 kV S/C and 765 kV D/C transmission lines on FOR project sites basis.	Mosdorfer India Pvt. Limited, Mumbai.

Note: For Transmission Line contracts:
Design & Engineering of Towers and Foundations etc is in–house by the Project Company.
Conductor, Insulators & other Hardware Fittings etc. are free issue items provided by the Project Company.
Supply of Tower material including Stubs, Nuts & Bolts to the Contractor for package M1 & M2 was in the scope of the Owner

3.8. Availability

As per the TSA the Target Availability of the Project shall be 98%. Calculation of the Availability for the Element or the Project shall be as per the CERC (Terms & Conditions of Tariff) Regulations.

3.9. Condition Assessment of Asset

The JTCL Project is complete and both the elements (765 kV D/C and 765 kV S/C Transmission Lines) are commissioned and are operational. The COD for JB Transmission Line was declared on 1st July, 2015 and for JD Transmission Line was declared on 14th September, 2015.

3.9.1. Review of Plant Design / Technical Details

As per the specification provided by the Project Company, the Transmission lines and Towers have been designed, installed and tested in accordance with International Standards and Indian Standards. The design has also met statutory requirements such as the Indian Electricity Rules, Indian Factory Act and Indian Electricity Grid Code etc. JTCL had carried out in – house Tower design and engineering of both 765 kV S/C and 765 kV D/C Transmission Lines. Type test of all the four (4) types of Towers (A, B, C and D) for S/C as well as D/C lines was also done.

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3.9.2. Current Status of Asset

The COD for the project was envisaged as 31st March, 2014 as per the Transmission Service Agreement (TSA). However, the completion of both the lines got delayed due to Force Majeure events and Change in Law. Element wise the last element to successfully complete the Trial run test was Dharamjaygarh – Jabalpur (Ckt 4) on 14th September, 2015, which eventually marks the COD for the Project.

a) 765 kV S/C Jabalpur – Bina Line

765 kV S/C Jabalpur – Bina line comprising of 610 nos. towers and a line length of 235.194 circuit km is complete and is operational. The Approval for Energization of Jabalpur – Bina line from CEA has been received vide letter dated 16th June, 2015. The successful completion of 24 hrs trial run was achieved on 1st July, 2015 as accorded by the POSOCO Certificate vide letter dated 16th July, 2015.

b) 765 kV D/C Dharamjaygarh – Jabalpur Line

The 765 kV D/C Dharamjaygarh – Jabalpur line comprising of 991 nos. towers and a line length of 756.6 circuit kms is complete and is operational. The Approval for Energization from CEA was received on 4th September, 2015. The successful completion of 24 hrs trial run was achieved on 14th September, 2015 as accorded by the POSOCO Certificate vide letter dated 30th September, 2015.

3.9.3. Material availability at stores

The store material details for availability of different types of towers as furnished by the Project Company are mentioned under table below:-

Sl. No.	Material	Total weight in Kg
1.	DA Type BB Tower	87427.980
2.	A Type 0 Mtr. Extn. Tower	9475.200
3.	A Type +3 Mtr. Extn. Tower	6215.940
4.	A Type +6 Mtr. Extn. Tower	7412.93
5.	A Type +9 Mtr. Extn. Tower	20451.400
6.	DB Type BB Tower	70013.840
7.	B Type 0 Mtr. Extn. Tower	28238.010
8.	B Type +3 Mtr. Extn. Tower	8781.199
9.	B Type +6 Mtr. Extn. Tower	5615.639

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10.	B Type +9 Mtr. Extn. Tower	10512.053
11.	B Type +18 Mtr. Extn. Tower	7159.938
12.	B Type +30 Mtr. Extn. Tower	8463.381
13.	DC Type BB Tower	51734.510
14.	C Type 0 Mtr. Extn. Tower	6101.860
15.	C Type +3 Mtr. Extn. Tower	794.020
16.	C Type +6 Mtr. Extn. Tower	22071.130
17.	C Type +9 Mtr. Extn. Tower	1695.380
18.	DD Type BB Tower	62499.29
19.	D Type 0 Mtr. Extn. Tower	8942.870
20.	D Type +3 Mtr. Extn. Tower	14810.060
21.	D Type +6 Mtr. Extn. Tower	783.660
22.	D Type +9 Mtr. Extn. Tower	6085.11
23.	D Type +18 Mtr. Extn. Tower	25184.912

3.10. Useful Life of Asset

The review of the Technical documents pertaining to the project by IE including the Technical Specifications, Type Test Certificates, MQPs and FQP confirm the quality of components and technical suitability of the transmission line.

The transmission line towers have been designed as per IS:802 Part 1 & 2 with a reliability factor of 1.0 which ensures the reliability period of the transmission line for 50 years. Additionally, Project Company is taking necessary life extension measures through preventive maintenance and condition monitoring to increase the useful life of the equipment.

Project Company is advised to continue with the prudent maintenance practice and follow the OEM recommendation to achieve the useful life.

3.11. Technical Guarantee

Typically contract for Transmission Project does not envisage any performance guarantee parameters. However, the project was implemented in line with the technical specifications with proper quality checks.

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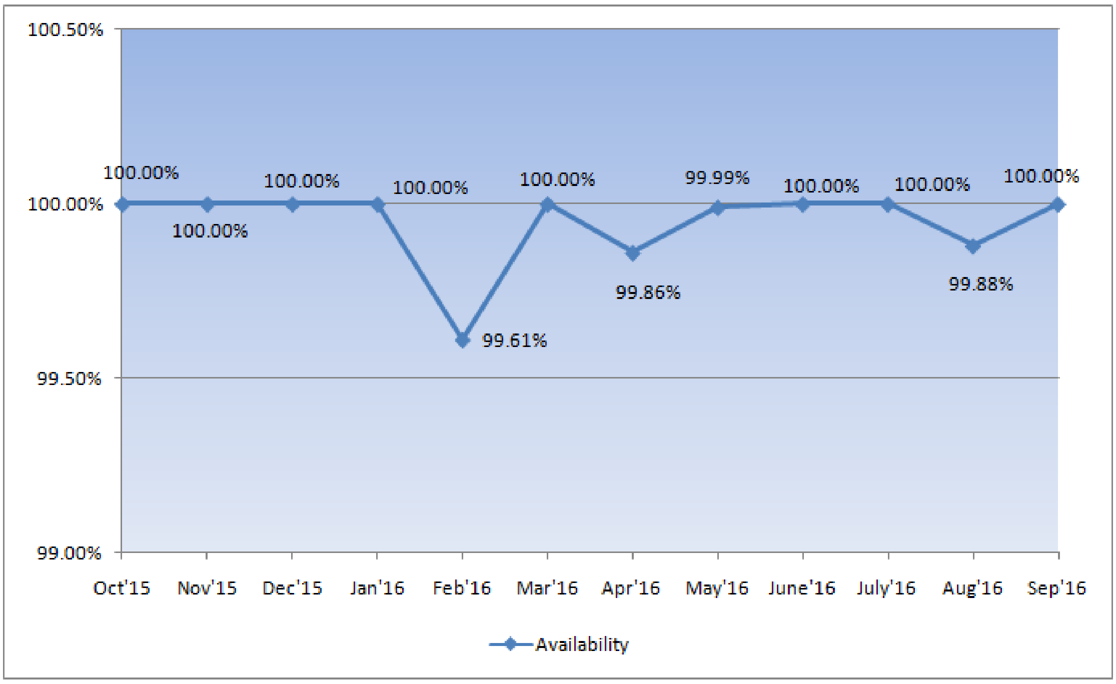
The certificate for Approval for Energisation of Jabalpur – Bina and Dharamjaygarh – Jabalpur Transmission lines has been issued by CEA vide letter dated 16th June, 2015 and 4th September, 2015 respectively. This certificate issued by CEA for both the lines ensures the completeness and technical acceptability of the transmission line.

3.12. Availability of Transmission Lines

Normative availability of each element has been considered as 98%. This is in line with CERC Notification. Also, the target availability of the project as per TSA is 98%.

IE observed that as per the O&M manual the target annual availability is 99%. The Project Company has submitted the monthly availability of transmission lines from Oct, 2015 till Sep, 2016 as indicated in the graph below:



IE observed that the Project Company has planned proper O&M procedures and an effective O&M organization set-up to maintain the availability of the lines. IE observed that the Availability is maintained more than 99%. IE is of the view that with prudent maintenance practices and deployment of skilled manpower, maintaining 98% availability is achievable.

3.13. Assessment of Technology Risk

Based on the technical assessment of the project, IE does not foresee any Technology risk.

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4. PROJECT MANAGEMENT ARRANGEMENT

4.1. Project Organization

This section presents the Project Organization arrangement adapted during the execution of the project..

The Hub office of JTCL is located in Jabalpur with Project Head stationed there. The common services functions such as Accounts, Commercial, Safety, and Quality are catered from the Hub office.

1. Dharamjaygarh – Jabalpur 765 kV D/C Transmission Line

The line is operational and was executed through three site offices along the line.

a) **Bilaspur (Chhattisgarh):** This office had one Line Manager for package C1 & C2, one Section Manager and four Engineers and one forest Consultant. In addition, the out–sourced staff employed for package C1 & C2 were two supervisors, three technicians, two final checking staff and one safety supervisor. This team had been catering to approx. 181 kms of Chhattisgarh portion of the line.
b) **Dindori (MP):** This office had been established for package M1. This office had one section Manager and one Engineer apart from out–sourced staff of two supervisors, three technicians, two final checking staff and one safety supervisor. The team had been catering to approx 100 kms section of the line.
c) **Jabalpur (MP):** For execution of package M2, one Line Manager and two Engineers were posted. This was also the Hub office. One Line Manager and one Engineer were posted for the section of approx 100 kms long line.

2. Jabalpur – Bina 765 kV S/C Transmission Line

The Jabalpur –Bina line is operational and was executed through two offices – located at Jabalpur & Sagar (MP).

The Line Manager is stationed at Jabalpur supported by two engineers in the Package – A (C&C). The Package – B (Unitech) was looked after from Sagar office wherein one Associate Manager and an Engineer are stationed.

IE is of the opinion that the Project Company has taken adequate measures for management of the complete project by allocating separate teams for supervision of the various EPC packages.

4.2. O&M Organization Set-up & its adequacy

The Head (O&M) of Sterlite Power Grid Ventures Ltd. shall be responsible for the Operation & Maintenance for JTCL and other projects of SPGVL.

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The operation and maintenance of the transmission lines is done by the O&M contractor. Supervision of operation and maintenance work being carried out by the contractor is done by the SPGVL in-house team.

For trouble free operation and proper maintenance, SPGVL is taking up the following measures:

a) Routine, Periodic, Preventive & Predictive maintenance shall be done by O&M contractor as per guide lines provided by SPGVL and under the supervision of SPGVL team.
b) Close monitoring of agency, maintaining data and analysis to reduce down time shall be done by SPGVL Team.
c) Mandatory spares shall be provided by SPGVL to the contractor. However, the contractor at his own cost, shall make provision of all other spares and consumables as may be required for O & M during the contract duration.
d) Break down / Emergency shall be handled jointly by O&M contractor, SPGVL O&M & EHS (Environment, Health & Safety) Team.

JTCL has outsourced the maintenance works of 765 kV S/C Jabalpur – Bina Line to M/s. Telegence India vide letter dated 1st September, 2015, 765 kV D/C Jabalpur – Dharamjaygarh Line for 403.6 circuit kms to M/s. Telegence India vide letter dated 21st December, 2015 and the balance 354.4 circuit kms of Jabalpur – Dharamjaygarh line to M/s. JBS Enterprise Pvt. Ltd. vide letter dated 7th January, 2016.

The total work order Period is valid for 36 months i.e. 3 years from the date of successful commissioning of the respective lines.

The brief scope of the contractor includes:

i. Routine patrolling and maintenance
ii. T&P
iii. Stores
iv. Vehicles
v. Transportation of material
vi. Security of stores
vii. Insulator cleaning
viii. Corridor cleaning (vegetation), cutting of trees
ix. Replacement of mission members
x. Tightening of nuts and bolts
xi. Visual inspection for hot spots
xii. Breakdowns
xiii. Inspection of foundations
xiv. Strengthening of tower foundation and civil works
xv. Night Patrolling
xvi. Thermo vision once in six months
xvii. Signature analysis as and when required
xviii. Measurement of tower footing resistance
xix. Mock drill
xx. Thorough inspection of the corridor during pre monsoon and post monsoon
xxi. Tree cutting if required
xxii. Checking of foundation and ground clearance.

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Incentive for increase in Availability over the target Annual Availability Value, limited to an overall Annual availability of 99.75 % and no incentive shall be paid over and above 99.75%. The Target Annual Availability shall not be less than 99.0%, during each Financial Year.

The 765kV Double circuit line from Dharamjaygarh to Jabalpur & 765kV Single circuit line from Jabalpur to Bina shall be managed by JTCL as follows:

To optimize costs, the contractor has deployed manpower and stores at four sections of Jabalpur. The gangs at this hub shall look after the maintenance of transmission lines in a circle of radius 100 kms. The contractor shall maintain manpower and stores at Sub – hubs wherever required to have optimum maintenance. Each section shall be taken care of by Section In- charge from the SPGVL In-house O&M team. The O&M contractor shall take care of all the O&M activities under the guide lines of the Section In- charge. To facilitate proper maintenance of the lines, the O&M personnel of the O&M contractor shall be assigned to four sections of the JTCL lines – Sagar, Bilaspur, Jabalpur, Dindori.

IE is of the opinion that the proposed O&M organization set-up is adequate. The division of responsibility of SPGVL O&M personnel for different line sections and the supervision of the O&M contractor by the SPGVL In-house team shall be effective in the smooth and trouble-free operation of the lines. Additionally, the proposal for providing mandatory spares by SPGVL to the contractor shall facilitate in reducing the down-time of the lines.

4.3. Operation & Maintenance (O&M) Activities

The Operation and Maintenance Activities have been classified under the following heads:

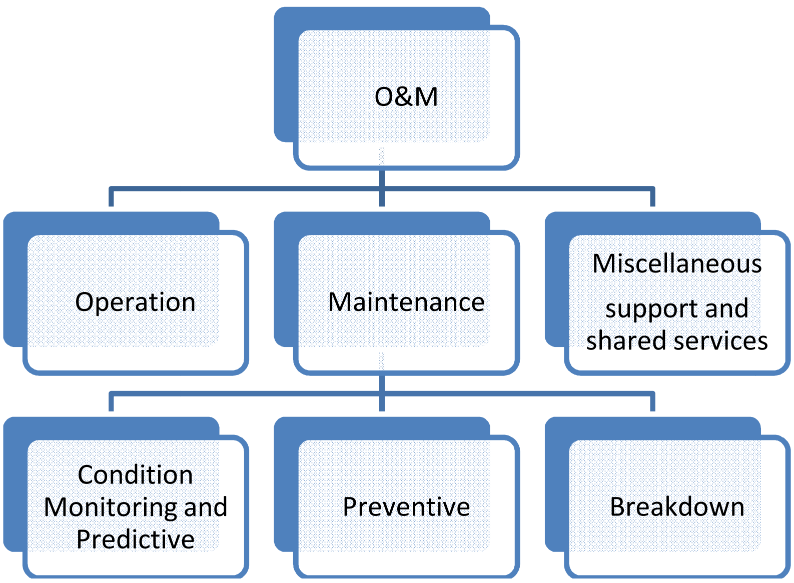

Figure4.1: Operation & Maintenance Activities

The day to day operation of the transmission systems is the primary responsibility of the Regional Load Dispatch Centre (RLDC). Consequently, the O&M strategy of JTCL will focus primarily on the maintenance aspect.

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The objective of the O&M strategy of JTCL is:

- To achieve the system availability as specified in the TSA at the most economic cost,
- To carry out periodic 'preventive maintenance' so as to maximize the life of transmission lines
- To minimize the down time of the Transmission Lines/sub-stations for maintenance purpose

The maintenance activities are classified as follows to maximize the availability of the Transmission lines.

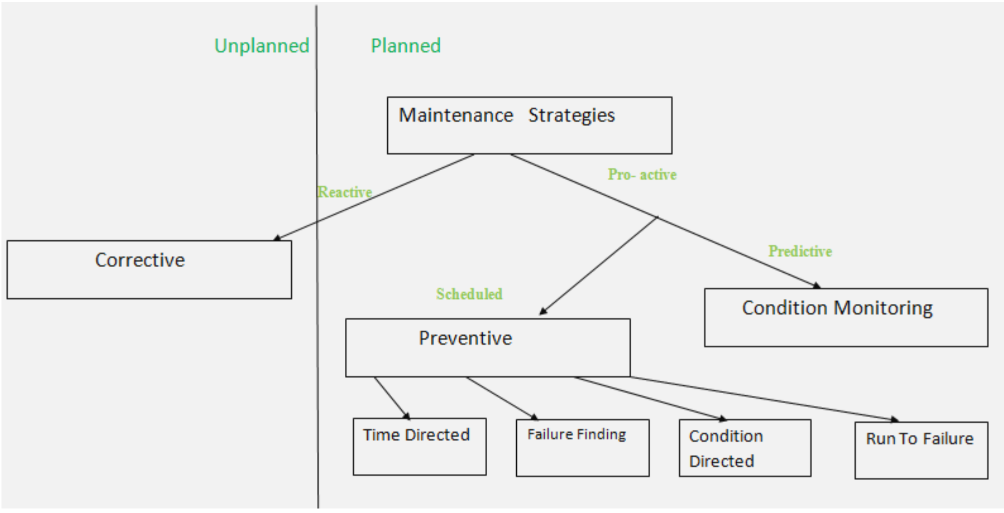

Figure 4.2 – Maintenance Strategy

4.3.1. Routine Maintenance (Preventive Maintenance)

JTCL shall adopt proven practices such as regular patrolling of the lines, periodically removal of vegetation over growth, thermo-vision scanning, live line washing, on-line insulator failure detection and hot line maintenance techniques etc. JTCL plans to maintain a team of trained manpower along with adequate spares to swiftly attend to unforeseen eventualities/ natural calamities.

The patrolling frequency as followed by the Project Company is indicated below:

S. No.	Type of Patrolling	Visit Plan
1	Ground Patrolling	Monthly
2	Night Patrolling	45 Days
3	Monkey Patrolling	2 Month
4	Ground Patrolling (critical location)	Weekly
5	Emergency Patrolling	Immediate

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JTCL shall carry out regular maintenance of each of the Transmission Lines suiting to the nature of terrain, environment, surroundings, etc so as to achieve the desired level of performance. The following are examples of routine maintenance activities:

- Routine ground patrols to inspect structural and conductor components. Such inspections generally require either an all-terrain vehicle (ATV) or pickup and possibly additional support vehicles travelling on access and service roads and may rely on either direct line-of-sight or binoculars. In some cases, the inspector may walk the ROW. Follow-up maintenance is scheduled depending on the severity of the problem either as soon as possible or as part of routine scheduled maintenance.
- Patrolling in normal terrain was completed on four monthly basis i.e., first patrolling cycle was completed in January to April , second patrolling cycle in May to August and third patrolling cycle in September to December. Patrolling sequence was such that each and every location was re patrolled in three to five months.
- Patrolling in vulnerable terrain was completed on quarterly basis i.e., first patrolling cycle was completed from January to March, second from April to June, third July to September and fourth from October to December. Patrolling sequence was such that each and every vulnerable location was re patrolled in two and half months to three and half months.
- Patrolling in most vulnerable terrain was completed on monthly basis. Patrolling sequence was such that each and every most vulnerable location was re patrolled in three to five weeks. Photographs of such location were taken using Digital Camera and Hard/Soft copies of the same were preserved to have the history of location.
- 100% Transmission Line towers and Spare were checked by concerned Lineman/ technician/ Engineer once in patrolling cycle. 20% Transmission Line Towers, spans in normal and vulnerable sections and all most vulnerable towers were checked by concerned Transmission Line Maintenance in Charge in each patrolling cycle of Three/four months.
- Climbing surveys may be necessary to inspect hardware or make repairs. Personnel generally access these structures by pickup, ATV, or on foot.
- Structure or conductor maintenance typically occurs manually. The maintenance vehicle may be located on or off a road, and no-to-minimal grading is necessary to create a safe work area.
- Cathodic protection surveys to check the integrity and functionality of the anodes and ground beds. These surveys typically require personnel to use an ATV or pickup and make brief stops.
- Routine cyclical vegetation clearing to trim or remove tall shrubs and trees to ensure adequate ground-to-conductor clearances. Vegetation clearing cycles vary from 3 to 5 years or as needed (dependent upon the vegetation present). Personnel generally access the area by pickup, ATV, or on foot; use chainsaws to clear the vegetation; and typically spend less than half a day in any one specific area. In some cases vegetation may be cleared using mechanical means.

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- Removal of individual trees or snags (hazard trees) that pose a risk of falling into conductors or structures and causing outages or fires. Personnel generally access hazard trees by truck, ATV, or by foot from an access or service road, and cut them with a chainsaw or similar tool. Any felled trees or snags are left in place as sources of large woody debris or as previously directed by the land management agency. Felled green trees are limbed to reduce fire hazard.
- Rusting of tower parts: At some places, it was observed that rusting of tower parts/stubs have occurred due to direct contact of wet soil with tower parts. Therefore, it was ensured that the mandatory clearance from top of the coping of each leg and present ground level was maintained.
- Norms for tower top patrolling:- Tower top patrolling of the lines was carried out in case of repeated tripping/ autoreclosure (twice or more in same section/area) to find the untraceable faults during ground patrolling and in stretches having component failure history/ to examine pollution level on Insulators.
- Ground patrolling after line faults:- Emergency ground patrolling of the line was carried out for +/-5% towers both sides of the faulty tower indicated by online fault locator to trace the fault. In case of permanent faults, off-line fault locator were utilized by Maintenance Engineer to correlate the finding of on-line fault locator.
- Norms for Thermovision scanning:- Thermovision scanning of the lines was carried out after three month of the charging and noticed defects were attended on priority. Subsequent Thermovision scanning of high capacity lines (quadruple conductor) and highly loaded lines (90% or above of SIL rating) were carried out at every five year interval. Hotspots identified through Thermovision scanning were attended by HLM/ Earliest Opportunity.
- Norms for Punctured Insulator Detection:- PID scanning of Transmission lines having Insulator decapping incidents irrespective of age were carried out immediately to ascertain the healthiness of Insulators. However PID of Lines which are 15 years old were carried out irrespective of decapping incidents. Defective Insulators were replaced on priority.
- Condition Monitoring of Polymer insulators:- Condition monitoring of Polymer Insulators were carried out using Corona camera.
- Procedure for Transmission Line Patrolling:- Transmission Line maintenance Engineer prepares a program of transmission line patrolling/ Maintenance for the lines under his/her jurisdiction to complete patrolling cycle as per operation system norms and maintenance activities planned during the month and send copies to concerned employee and Delhi (O & M). Patrolling/ Maintenance of Transmission Line was carried out as per the plan.

a) Checklist for Ground patrolling: Formats for the ground patrolling were filled up by the person who has patrolled the section immediately after patrolling and submitted to line In charge on daily basis. .

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4.3.2. Corrective Maintenance

Corrective maintenance activities are relatively large-scale efforts that occur infrequently, may result in more extensive vegetation clearing or earth movement and associated activities. Such activities shall be scheduled in the Maintenance Schedule for Transmission Lines. The following are examples of corrective maintenance:

a) Non-cyclical vegetation clearing to remove saplings or larger trees in the ROW.
b) Structure or conductor maintenance in which earth must be moved, such as the creation of a landing pad for construction or maintenance equipment.
c) Structure (e.g., cross-arm, insulator, structure) replacement.

4.3.3. Emergency situations

Most of the activities, such as routine patrols, inspections, or scheduled maintenance, are planned in advance as per the O&M procedures. However, there will be an occasional need for emergency response in cases where safety and property are threatened, to prevent imminent damage to the transmission line and ancillary facilities, or to restore service in the event of an outage. Such activities which need to be addressed immediately shall be identified in the Maintenance Schedule for Transmission Lines. The following are examples of Emergency situations:

a) Failure of conductor splices.
b) Damage to structures or conductors from wildfire, high winds, ice, or other weather related conditions.
c) Line or system outages or fire hazards caused by trees falling into conductors.
d) Breaking or imminent failure of cross-arms or insulators, which could, or does, cause conductor failure.
e) Damage to structures or conductors from vandalism In the case of an emergency where life or substantial property is at risk or there is a potential or actual interruption in service, the Companies will promptly respond to the emergency and conduct any and all activities, including emergency repair requiring heavy equipment access to the structures or other ancillary facilities, needed to remedy the emergency and will implement feasible and practicable Environmental Protection Measures (EPMs).

Maintenance Activities carried out on 765 kV Dharamjaygarh – Jabalpur Line is as follows –

i. Regular patrolling – all 478 tower attend in a month.
ii. Revetment Work – no fresh revetment work done, only pending revetment from construction end completed.
iii. Thermo vision scanning – incomplete due to low standard camera.
iv. Aerial survey done for some tripped or auto re closer section.
v. Tower Footing Resistance (TFR) checking under progress

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4.4. Standard Operating Procedures

The Standard Operating Procedures (SOP) for Operation and Maintenance of the Transmission lines have been laid down by the Project Company. The Standard Operating Procedures elaborate the General Safety Precautions to be followed during the operation and maintenance of the transmission lines. It also includes the detailed procedure and working instructions for the following activities:

a) Steps to be taken in case of Tower collapse
b) Method employed to overcome failure of Jumpers
c) Preventive Maintenance of Tower Foundation
d) Maintenance Earthing of Transmission Lines
e) Patrolling of Transmission Lines

The Standard Operating Procedures include the Maintenance Schedule of the Transmission lines and Checklist for Ground Patrolling. It also includes the various standard formats to be filled in during the operation and maintenance of the lines.

a) Monthly Patrolling Programme
b) Ground Patrolling report
c) Tower Climbing Patrolling Report
d) Log Book of Line Defects
e) Emergency Patrolling Report on Tripping/ Auto re – closure of Transmission Lines
f) Summary of Line Defects for the Month
g) Shut Down Nature Defects
h) Non-Shut down Nature Defects
i) Details of Tree cutting
j) Inspection Report for Major Maintenance/ Breakdown works
k) Live Line Puncture Insulator Detection
l) Thermovision scanning
m) Insulator Washing/ cleaning

4.5. Implementation of the O&M Procedures

For proper implementation of the O&M Procedures, the following initiatives are being taken by the Project Company:

a) Use of separate IT (Information Technology) based tool is being put in place for O&M, to computerize all the formats for the purpose of storage for easy access and for centralization of the information.
b) To promote knowledge sharing within the team, a Knowledge management portal is already in place.
c) Document management system in "WRENCH" software is already implemented for storage and retrieval of documents like engineering drawings, tower schedules, commissioning reports etc.
d) Regular training programs are being held to train the personnel on the latest techniques for effective maintenance of the transmission lines and safety measures to be adopted during maintenance.

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The O&M philosophy and methodology being adopted by the Project Company is in line with the widely accepted practices followed for similar projects. The Standard Operating Procedures laid down by the Project Company are comprehensive and include all major aspects required for effective operation and maintenance of the transmission lines.

4.6. O&M Technology

Project Company informed that they are planning to supervise their transmission assets with the drone based asset management technology developed by Sharper Shape Inc. This technology will enable to monitor the critical asset conditions and ensure full economic optimization of resource deployment in maintenance operations. The drone based asset management technology will improve the reliability, resilience and safety of the transmission lines. Long distance inspection will be provided through drone based technology. The use of drones will increase the uptime of the grid, and also save the environment by conducting preventive maintenance and reducing deforestation along the line corridors.

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5. ENVIRONMENTAL AND SOCIAL ASPECT

5.1. Environmental Impacts and Mitigation Measures

The operation of the transmission line shall have no environment impact and hence, no clearance or mitigation measures are required.

5.2. Environment, Health & Safety Assessment

JTCL has implemented following procedures to ensure that the Environment, Health & Safety (EHS) aspects are duly taken care of.

5.2.1. Mandatory Safety Requirement and Score System

The purpose of the Mandatory Safety Requirement and Score (MSRS) System is to be used by JTCL Employees and channel partners who may be concerned in any way with operation of work at site, property or premises.

The Intention of the Mandatory Safety Requirement & Score is to provide a means of:

- Implementation of MSRS system
- Analysis of Site Safety situation in terms of Percentage (0-100%)
- In case of repeated gaps, the gap is bridged
- Further partial changes and amendments to individual parts shall be routed for suggestions & comments

The Mandatory Safety Requirement & Score (maximum score of 100%) is evaluated based on the assessment of implementation of the following tools :

1. Organization of Empowerment
2. Induction & Training
3. Site & Work Place Access
4. Risk Assessment and prevention plan
5. Daily Survey, Safety Talk & Permit to Walk System
6. Work instruction survey for Excavation & Foundation, Material handling, Electrical Shut down.
7. Machine/ equipments/ T&P are the major sources of construction site & at the same time it is very hazardous. So the inspection/ certification is one of major preventive tools.
8. Vehicle & Traffic management
9. Site has following records & documentations;
    - Site organization
    - Emergency Plan
    - Training record
    - Project Plan (Project quality plan, project EHS plan, EHS site manual)
    - Contract with customer, contracts with subcontractors
    - Risk assessments and preventive plans
    - Safety tool box talk record

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- EHS reports (Weekly, accidents, near-misses, etc.)
- EHS plan follow up
- Weekly EHS report
- Routine self assessment check list
- Fire extinguisher
- Non conformity report

10. Internal & External Control

5.2.2. EHS Inspection Procedure

The EHS Inspection Procedure applies to the JTCL construction sites. The objective of this instruction is as follows:

- Demonstrate the involvement and commitment of middle managers in safety management
- Deploy common EHS managerial practices within all sites
- Promote the culture and to eradicate deviations and reach 100% compliance level

The EHS Inspection is achieved through

a) Safety Observation Tour (SOT) Process

This is a management process which is used to ensure the application of safety standards, instructions and practices/tools used in a given area. It is an inspection for the front line engineer & middle management. This is a safety observation visit. The SOT is conducted to check the application of the EHS rules and regulations in the area. The inspection format are filled by the Engineer & Manager involving channel partner & validated by EHS manager. During SOT, all points are checked in line with the Safety Tour Observation Check List which is provided as a part of the EHS Inspection Procedure. At the end of the SOT, a debrief between the SOT leader and the channel partner of the area visited takes place. All findings are reviewed and a commitment is taken by the channel partner to avoid new occurrences of the deviations found.

b) Intermediary Safety Visit (ISV)

It is a management process which should ensure the application of safety standards, instructions and practices/ tools used in a given area. It is an Intermediary Safety Visit Inspection for the Project Head, Commercial Head and Project Management & Business Head.

The objective of the ISV is to make management's commitment visible. Also, the ISV is used to make sure that all the risks are managed, i.e under control. It is used to verify that local standards (workshop, customer site) are respected and applied. It helps to identify deviations and unsafe practices. The ISV format is filled and at the end of the ISV, a debrief between the ISV leader and the Line / Station Manager of the area visited take place. All findings are reviewed and a commitment is taken by Line/ Station Manager to implement actions to avoid new occurrences of the deviations found. Any open non compliance follows up & closeout is responsibility of EHS manager through Project Head.

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The Project Company submitted a summary of the Safety Observation Tours conducted during the execution of the project. Also, the Project Company submitted sample formats of the SOT reports. IE observed that Safety Observation Tours are being conducted regularly.

5.2.3. Work Stoppage or EHS Non conformance Report (NCR) Procedure

This procedure describes the methods for raising EHS non-conformances at the construction sites with subsequent corrective action. Non-Conformity is any circumstances, material or method within the operation of the construction of Transmission Line/ Substation which does not comply with the specified requirements contained within the Safe Working Procedure (SOP) and JTCL EHS manual. This procedure applies to across the Sterlite Grid limited construction site.

The responsibility to ensure that the procedure is followed, reported and appropriate records are maintained lies with the Project Head/ Line Manager/ EHS Lead. The responsibility to issue NCR / work stoppages to contractor Line Manager/ Project Manager, EHS Lead in case of any non-conformity, unsafe act/ unsafe condition and recommend corrective and preventive action. When the agreed remedial action is completed, the Engineer/ Line Manager/ Project Manager (JTCL) shall sign off the respective non-conformance report.

The Project Company has submitted the summary of the Non Conformance Reports reported during the execution of the project and the remedial actions implemented. IE observed that by this process, the Project Company has been taking adequate measures for ensuring safety at the site.

5.2.4. Review of the status of Environment, Health & Safety Aspects by IE

Upon review of the various EHS documents received from the Project Company, IE is of the opinion that the Project Company is following the EHS Procedures to ensure that the aspects related to Environment, Health and Safety of the project are duly taken care of.

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6. PROJECT PERMITS AND CLEARANCES

6.1. Permits and Clearances

Following table 6.1 shows the latest status of various Permits and Clearances.

Table 6.1: Status of key Permits & Licenses

S. No.	Description	Authority	Present Status
1.	Transmission License	CERC	Obtained on 12.10.2011
2.	Company Registration	Registrar of Companies	Completed on 08.09.2009
3.	Forest Clearance	State Govt./ MoEF	Obtained
4.	Approval under Section 68 of Electricity Act, 2003	GOI, Ministry of Power	Obtained on 25.11.2010
5.	Approval under Section 164 of Electricity Act, 2003	GOI, Ministry of Power	Obtained on 10.06.2013
6.	Approval under Section 17(3)	CERC	Obtained on 12.09.2012
7.	Power & Telecommunication Coordination Committee Clearance (PTCC)	CEA / Ministry of Power	Approved
8.	Railway Crossing	Ministry of Railways	Approved
9.	River Crossing	Navigation Authority	No major river crossing is involved in any of the packages.
10.	Road Crossing	NHAI / State Road Department	Approved
11.	Power Line Crossings	Concerned State Power Utilities / PGCIL	Approved
12.	Aviation Clearance	Airport Authority of India	Approved.
13.	Defence Clearance	GOI, Ministry of Defense	Approved
14.	Transmission Service Agreement (TSA)	JTCL & LTTCs	Signed on 01.12.2010
15.	Approval for adoption of Tariff	CERC	CERC Order received on 28.10.2011

6.2. Summary of Findings

IE found that major permits and clearances including Transmission License, Approval under Section 68, Section 164 of Electricity Act 2003 and forest clearance have been received for the Project. The validity of all the permits and clearances as mentioned above for the transmission line are valid throughout the Project life.

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7. OVERALL STATUS

Jabalpur Transmission Company Limited has set up 765 kV Transmission Project – System Strengthening common for Western & Northern Region – consisting of a 765 kV D/C transmission line (756.6 circuit km in length) from Dharamjaygarh to Jabalpur and 765 kV S/C line from Jabalpur to Bina (235.194 circuit km) on Build, Own, Operate and Maintain (BOOM) basis. The two transmission lines are connected to existing/ proposed 765/400 kV CTU substations at Dharamjaygarh, Jabalpur and Bina.

The Project consists of the following transmission lines:

- Dharamjaygarh – Jabalpur 765 kV D/C transmission line with hexa ACSR 'Zebra' conductor (756.6 circuit km).
- Jabalpur – Bina 765 kV S/C transmission line with quad ACSR 'Bersimis' conductor (235.194 circuit km).

As per the specification provided by the Project Company, the Transmission lines and Towers are being designed, installed and tested in accordance with International Standards and Indian Standards. The design has also met statutory requirements such as the Indian Electricity Rules, Indian Factory Act and Indian Electricity Grid Code etc. IE reviewed the Technical Specifications and the same were found to be in order. The Project Company had carried out all the design and engineering of towers and foundations of the Project in–house. IE found the design philosophy adopted for the transmission line to be in order. The design and prototype of all types of towers for 765 kV S/C and 765 kV D/C towers was done successfully. IE reviewed the type test certificates of the conductor ACSR Bersimis, hardware & fittings for ACSR Zebra, insulators and towers provided by the Project Company and the same were found to be in order.

The Project Company is adhering to the Quality Assurance Program which is in line with the industry standards and practices and is complying with the requirements of the Indian and International Standards. IE observed that, during execution of work, the Project Company had adopted appropriate measures to keep a strict vigil in implementing the Field Quality Plan & Material Quality Plans and in supervising the construction work. The Material Quality Plans (MQP) of different components were reviewed by the IE and opines that the pre – requisite tests and inspections are in line with Indian and International standards at various stages of the manufacturing process.

The Project was executed under the supervision of JTCL. The Project was implemented on multiple contracts basis. Dharamjaygarh – Jabalpur 765 kV D/C Transmission Line had been divided into four packages (C1, C2 & M1 and M2) and awarded to three EPC contractors.

Package C1 was awarded to Lanco infra, Package C2 to Unitech Power Transmission Limited and Packages M1 & M2 were awarded to Simplex Infrastructure. OSM (Owner Supplied Materials) includes Tower Materials including stubs, nuts & bolts, Insulators, Insulator Hardware, Conductor, Spacer Damper and Earthwire and its hardware fittings. Additionally, the Supply of Tower material including Stubs, Nuts & Bolts to the Contractor for package M1 & M2 is in the scope of the Owner.

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Jabalpur – Bina 765 kV S/C Transmission Line had been divided into two packages – Package A and Package B, awarded to two EPC Contractors. Package A was awarded to M/s. C&C Constructions Limited. Package B was awarded to Unitech Power Transmission Limited. OSM (Owner Supplied Materials) includes Insulators, Insulator Hardware, Conductor, Spacer Damper and Earthwire and its hardware fittings.

The Purchase Order for supply of ACSR Conductor (Bersimis & Zebra) for 765 kV D/C & 765 kV S/C Transmission lines was placed on M/s Sterlite Power Transmission Limited.

The Supply of Composite Long Rod Insulators (210 KN, 160 KN & 120 KN) with complete set of Corona Control Rings for 765 kV D/C and 765 kV S/C transmission lines was awarded to Xian Electric Engineering Co. Limited, China.

The Project Company had signed contract for supply of Hardware Fittings and Spacer Dampers for 765 kV S/C and 765 kV D/C transmission lines with Mosdorfer India Pvt. Limited, Mumbai.

JB Transmission Line – the approval for energisation from CEA was granted on 16th June, 2015 vide letter no. CEI/3/EI/RIO(W)/Insp/2015/748. The successful completion of 24 hrs trial run was achieved on 1st July, 2015 at 18:32 hrs as accorded by Power System Operation Corporation Limited (POSOCO) vide Certificate dated 16th July, 2015. The COD for the element was declared as 1st July, 2015.

JD Transmission Line – the approval for energisation from CEA was granted on 4th September, 2015 vide letter no. CEI/3/EI/RIO(W)/Insp./2015/1188. The successful completion of 24 hrs trial run was achieved on 14th September, 2015 at 00:04 hrs as accorded by POSOCO vide Certificate dated 30th September, 2015. The COD for the element was declared as 14th September, 2015, which also marks the Project COD.

The review of the Technical documents pertaining to the project by IE including the Technical Specifications, Type Test Certificates, MQPs and FQP confirm the quality of components and technical suitability of the transmission line. The transmission line towers have been designed as per IS: 802 Part 1 & 2 with a reliability factor of 1.0 which ensures the reliability period of transmission line for 50 years. Additionally, Project Company is taking necessary life extension measures through preventive maintenance and condition monitoring to increase the useful life of the equipment.

IE reviewed the Project Organization arrangement used for the execution of the project. IE is of the opinion that the Project Company had taken adequate measures for management of the complete project by allocating separate teams for supervision of the various EPC packages during the execution phase. Additionally, there was a Centralized PMO (Project Management Office) at corporate office of SPGVL, which is responsible for tracking the progress, reviewing the monthly and daily progress report received from the Contractors for all the transmission line packages, co-coordinating between the various agencies and facilitating the execution of the project

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The O&M methodology and organization set-up was furnished by the Project Company. IE is of the opinion that the O&M organization set-up is adequate. The division of responsibility of O&M personnel for different line sections and the supervision of the O&M contractor by the SPGVL In-house team shall be effective in the smooth and trouble-free operation of the lines. Additionally, the procedure of providing mandatory spares by SPGVL to the contractor shall facilitate in reducing the down-time of the lines.

The O&M philosophy and methodology being adopted by the Project Company is in line with the widely accepted practices followed for similar projects. The Standard Operating Procedures laid down by the Project Company are comprehensive and include all the aspects required for effective operation and maintenance of the transmission lines. For proper implementation of O&M procedures, the Project Company has taken initiatives to computerize the various formats to be filled in during O&M of the transmission lines and has implemented the document management system in "WRENCH" software. Additionally, regular trainings have been planned to train the personnel on the latest techniques for effective maintenance of the transmission lines and safety measures to be adopted during maintenance.

The Project Company has taken appropriate measures to ensure the healthiness of the 765 kV long rod polymer insulators by including the appropriate conditions in the contract.

The operation of the transmission line shall have no environment impact and hence, no clearance or mitigation measures are required.

SPGVL has implemented adequate procedures to ensure that the Environment, Health & Safety aspects are duly taken care of. Upon review of the various EHS documents received from the Project Company, IE is of the opinion that the Project Company is following the EHS Procedures to ensure that the aspects related to Environment, Health and Safety of the project are duly taken care of.

The Project Company has submitted the summary of the Non Conformance Reports reported during the execution of the project and the remedial actions implemented. IE observed that by this process, the Project Company has been taking adequate measures for ensuring safety at the site.

IE found that all major permits and consents including Transmission License, Approval under Section 68, Section 164 of Electricity Act 2003, PTCC clearance and forest clearances are well in place for the Project.

Based on the technical review of the project, IE has concluded that there are no risks associated with the project.

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ANNEXURE C

AIFMD DISCLOSURES

This document contains either the information required by Article 23(1) if the AIFMD to be made available to Bidders before they invest in IndiGrid or cross-refers to the relevant document that is available and which contains such information. This document refers to, and such be read in conjunction with the Draft Offer Document. Terms used but not defined herein shall have the same meanings given to them in the Draft Offer Document.

AIFM Directive article	Information to be disclosed	Document and section where disclosed
23(1)(a)	Investment strategy and objectives of the AIF	See "*Our Business- Strengths and Strategies*"".
23(1)(a)	Information on where master AIF is established and where the underlying funds are established	N/A; IndiGrid is neither a "feeder fund" nor a "fund of funds".
23(1)(a)	Types of assets in which AIF may invest and any applicable investment restrictions	See "*Overview of IndiGrid – Investment Objectives*".
23(1)(a)	The techniques the AIF, or the AIFM on its behalf, may employ and all associated risks	See "*Risk Factors*". See "*Parties to IndiGrid – the Investment Manager*" ".
23(1)(a)	Circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, restrictions on using leverage and any collateral and asset reuse arrangements	See "*Financial Indebtedness and Deferred Payments*". See "*Risk Factors*"
23(1)(a)	Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	See "*Financial Indebtedness and Deferred Payments*". The AIFM is entitled to employ a maximum leverage of 49% under the InvIT Regulations
23(1)(b)	Procedures by which the AIF may change its investment strategy or policy, or both	See "*Parties to IndiGrid – the Investment Manager*" and "*Corporate Governance*" "
23(1)(c)	Description of the main legal implications of the contractual relationship entered into for the purpose of investment including information on: jurisdiction; applicable law; and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established.	An investor becomes a Unitholder by subscribing for or acquiring Units in IndiGrid and consequently becomes bound by the Trust Deed in such investor's capacity as a Unitholder. The Trust Deed is governed by the laws of India.
23(1)(d)	Identity of the AIFM and description of its duties	The Investment Manager is the AIFM of IndiGrid. See "*Parties to IndiGrid – the Investment Manager*"
23(1)(d)	Identity of the AIF's depositary and description of its duties and the investors' rights	As a non-EEA AIF, IndiGrid is not required to have a depositary unless Bidders from certain EEA Member States acquire Units in IndiGrid pursuant to the national private placement regimes in such EEA Member States. The Investment Manager reserves the right to appoint a depositary if necessary. The duties of the depositary will be owed contractually to IndiGrid, the Investment Manager and accordingly the Unitholders in IndiGrid will have no direct rights against the depositary.

AIFM Directive article	Information to be disclosed	Document and section where disclosed
23(1)(d)	Identity of the AIF's auditor and description of its duties and the Bidders' rights	As at the date of Draft Offer Document, S R B C & Co LLP will serve as the auditor to IndiGrid. The role of the auditor will be to undertake an annual audit of IndiGrid in accordance with Indian GAAS. The duties of the auditor will be owed contractually to IndiGrid and/or the Investment Manager and accordingly the Bidders in IndiGrid will have no direct rights against the auditor. See "*General Information*".
23(1)(d)	Identity of AIF's other service providers and description of their duties and investors' rights	See "*Parties to IndiGrid* "
23(1)(e)	Description of how the AIFM is protected against potential professional liability risks	See "*Parties to IndiGrid – the Investment Manager*"
23(1)(f)	Description of any delegated management functions by the AIFM, identity of the delegate and description of related conflicts of interest	See "*Parties to IndiGrid – the Investment Manager*"
23(1)(g)	Description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Article 19	IndiGrid has appointed Desai Haribhakti as independent valuer - see "*Annexure A – Valuation Report*".
23(1)(h)	Description of the AIF's liquidity risk management, including redemption rights of investors	Unitholders may only deal in their Units through trading on BSE or BSE. Unitholders will not have the right to redeem Units or require the redemption of Units by the Investment Manager.
23(1)(i)	Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors	See "*Parties to IndiGrid – the Investment Manager*"
23(1)(j)	Description of how the AIFM ensures a fair treatment of investors and a description of any preferential treatment or the right to obtain preferential treatment obtained by any investors	The principles of treating Unitholders fairly include, but are not limited to acting in the best interest of IndiGrid and the Unitholders; managing IndiGrid with regard to it's objectives, investment policy and its risk profile; ensuring that fair, correct and transparent valuation models are used; preventing undue costs being charged to IndiGrid and Unitholders; taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Unitholders; and recognizing and dealing with complaints fairly.
23(1)(k)	Latest annual report	Not applicable (at this date, no annual report has been issued in respect of IndiGrid).
23(1)(l)	Procedure and conditions for this issue and sale of Interests	See "*Distribution*".
23(1)(m)	Latest net asset value of the AIF	See "*Annexure A – Valuation Report*"
23(1)(n)	Historical performance of the AIF, where available	See "*Combined Financial Statements*"
23(1)(o)	Identity of the prime broker and a description of any material arrangements of the AIF with its prime brokers	IndiGrid does not have a prime broker.

AIFM Directive article	Information to be disclosed	Document and section where disclosed
	and the way the conflicts of interest in relation thereto are managed and information about any transfer of liability to the prime broker that may exist	
23(1)(p)	Description of how any changes to liquidity or leverage provisions of the AIF will be disclosed to Bidders	The information required pursuant to Articles 23(4) and 23(5) will be set out in annual reports and notices issued by IndiGrid and notifications issued by the stock exchanges in India and SEBI.
23(2)	Any arrangement made by the depositary to contractually discharge itself of liability and any changes with respect to depositary liability	As a non-EEA AIF, IndiGrid is not required to have a depositary unless Bidders from certain EEA member states acquire interests in IndiGrid pursuant to the national private placement regimes in such Member States. The Investment Manager reserves the right to appoint a depositary if necessary. The duties of the depositary will be owed contractually to the IndiGrid and/or the Investment Manager and accordingly the Bidders in IndiGrid will have no direct rights against the depositary.