

**Date: December 18, 2023**

**To**

<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (E), Mumbai - 400051. <b>Symbol- HIGHWAYS</b>	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001. <b>Security Code-974227, 974228</b>
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**Sub: Intimation of the outcome of the meeting of the Board of Directors of Highway Concessions One Private Limited (the “Investment Manager” of Highways Infrastructure Trust) held on Monday, December 18, 2023.**

Dear Sir/Madam,

With reference to the intimation of notice of Board Meeting dated December 11, 2023, and pursuant to the applicable provisions of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time, read with circulars and guidelines issued thereunder (“**InvIT Regulations**”), we hereby inform you that a meeting of the Board of Directors of Highway Concessions One Private Limited (“**Board**”) acting in its capacity as the Investment Manager to the Highways Infrastructure Trust (“**Highways trust**”) was held on December 18, 2023, where the Board considered and approved, *inter alia*, the following matters: -

- i. The issuance of up to 26,54,54,540 Units of Highways Trust at an issue price of ₹ 82.50 per Unit for an aggregate amount of up to ₹ 21,89,99,99,550 on a preferential basis on such terms and conditions as may be determined by the Board in accordance with the InvIT Regulations, read with the Master Circular and the circular issued by the Securities and Exchange Board of India (“**SEBI**”) bearing number SEBI/HO/DDHS/DDHS/CIR/P/2019/143 on “Guidelines for preferential issue of units and institutional placement of units by a listed Infrastructure Investment Trust (InvIT)” dated November 27, 2019, as amended from time to time (“**SEBI Circular**”), and other applicable laws. Approval of unitholders shall be taken in accordance with InvIT Regulations.
- ii. Amendment to the Investment Management Agreement and Trust Deed to permit eligible unitholders to nominate such number of Directors on the Board, in accordance with the circular issued by the SEBI bearing number SEBI/HO/DDHS-PoD-2/P/CIR/2023/153 on “Board nomination rights to unitholders of Infrastructure Investment Trusts (InvITs)” dated September 11, 2023, as amended from time to time. Approval of unitholders shall be taken in accordance with InvIT Regulations.

Further, Board also considered and approved the following matters: -

- a) The report dated December 15, 2023 on full valuation of the InvIT Assets (as set out below) as on November 21, 2023, undertaken for the purpose of computation of enterprise value of the InvIT Assets under InvIT Regulations.

Sl. No.	Invit Assets	Enterprise Value (INR in Mn)
1	Nirmal BOT Private Limited ("NBPL")	757
2	Shillong Expressway Private Limited ("SEPL")	110
3	Dewas Bhopal Corridor Private Limited ("DBCPL")	15,672
4	Godhra Expressways Private Limited ("GEPL")	21,725
5	Jodhpur Pali Expressway Private Limited ("JPEPL")	6,770
6	Ulundurpet Expressways Private Limited ("UEPL")	3,629
7	Navayuga Udupi Tollway Private Limited ("NUTPL")	8,449
8	Gurgaon Sohna Highway Private Limited ("GSHPL")	4,860
9	H. G. Rewari Ateli Highway Private Limited ("RAHPL")	3,200
10	H.G. Ateli Narnaul Highway Private Limit ("ANHPL")	2,964
<b>TOTAL</b>		<b>68,136</b>

- b) The report for computation of Net Asset Value ("NAV") of the InvIT Assets as on November 21, 2023 based on the valuation report of all assets presented to the Board and such NAV being INR 82.49 per unit.
- c) The Valuation Reports for the acquisition of Project Assets (i) M/s. Gujarat Road and Infrastructure Company Limited ("GRICL"); and (ii) M/s. Swarna Tollway Private Limited ("STPL").

*(The valuation reports collectively referred as "the Valuation reports of the Highways Trust" are attached herewith as **Annexure A**).*

- d) The postal ballot notice seeking unitholders' approval for the matters as indicated in the postal ballot notice (set out under (i) and (ii) above) enclosed as **Annexure B**.

The meeting of the Board of Director of the Investment Manager commenced at 2.30 p.m. and concluded at 4.00 p.m.

The same is also available on the website of the Trust at [www.highwaystrust.com](http://www.highwaystrust.com).

You are requested to kindly take the same on record.

Thanking you,

**For Highway Concessions One Private Limited**

*(acting in its capacity as the Investment Manager of Highways Infrastructure Trust)*

**Kunjal Shah**

**Company Secretary and Compliance Officer**

**CC:**

<b>Axis Trustee Services Limited</b> ("Trustee of the HIT") Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400025.	<b>Catalyst Trusteeship Limited</b> ("Debenture Trustee") Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400098.
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**Prepared for:**  
**Highways Infrastructure Trust ("the Trust")**

**Highway Concessions One Private Limited**  
**("the Investment Manager")**

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

**Fair Enterprise Valuation**

**Valuation Date: 21<sup>st</sup> November 2023**

**Report Date: 15<sup>th</sup> December 2023**

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



## S. SUNDARARAMAN

Registered Valuer

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

RV/SSR/R/2024/28

Date: 15<sup>th</sup> December, 2023

### Highways Infrastructure Trust

2<sup>nd</sup> Floor, Piramal Tower,  
Peninsula Corporate Park,  
Lower Parel, Mumbai – 400 013.

### Highway Concessions One Private Limited

(acting as the Investment Manager to Highways Infrastructure Trust)

601-602, 6<sup>th</sup> Floor, Windsor House,  
Off CST Road, Kalina,  
Santacruz (East), Mumbai – 400 098

### Sub: Financial Valuation of InvIT assets as per SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations")

Dear Sir(s)/ Madam(s),

I, Mr. S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 3<sup>rd</sup> November 2023 as an independent valuer, as defined as per Regulation 2(zzf) of the SEBI InvIT Regulations, by **Highway Concessions One Private Limited** ("**HC One**" or "**the Investment Manager**") acting as the investment manager for **Highways Infrastructure Trust** ("**the Trust**" or "**Highways InvIT**"), an infrastructure investment trust, registered with the **Securities Exchange Board of India** ("**SEBI**") with effect from 23<sup>rd</sup> December 2021, bearing registration number IN/InvIT/21-22/0019 and **Axis Trustee Services Limited** ("**the Trustee**") acting on behalf of the Trust. For the purpose of determination of the financial valuation of the special purpose vehicles (defined below and hereinafter together referred as "**the SPVs**") of InvIT Asset held by Highways Infrastructure Trust as per the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**SEBI InvIT Regulations**"). The SPVs are to be valued as per Regulation 21 of SEBI (Infrastructure Investment Trust) Regulations 2014 ("**SEBI InvIT Regulations**") as amended from time to time, where HC One is acting as the Investment Manager.

I am enclosing the independent valuation Report providing opinion on the fair enterprise value of the SPVs as defined hereinafter on a going concern basis as at 21<sup>st</sup> November 2023 ("**Valuation Date**").

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

I was further requested by the Investment Manager to provide the adjusted enterprise value of the SPVs as at 21<sup>st</sup> November 2023, where the adjusted enterprise value ("**Adjusted EV**") is derived as EV as defined above plus non cash and cash like items (which includes cash and cash equivalent and current investment) of the SPVs as at 21<sup>st</sup> November 2023.

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

The analysis must be considered as a whole. Selecting portions of any analysis or the factors that are considered in this Report, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Following Special Purpose Vehicles are held under the Trust:

Sr. No.	Name of the SPVs	Term	PCOD	Group
1	Nirmal BOT Private Limited	NBPL	22 <sup>nd</sup> July 2009	Annuity SPVs
2	Shillong Expressway Private Limited	SEPL	28 <sup>th</sup> February 2013	
3	Dewas Bhopal Corridor Private Limited	DBCPL	10 <sup>th</sup> February 2009	Toll SPVs
4	Godhra Expressways Private Limited	GEPL	31 <sup>st</sup> October 2013	
5	Jodhpur Pali Expressway Private Limited	JPEPL	31 <sup>st</sup> October 2014	
6	Ulundurpet Expressways Private Limited	UEPL	23 <sup>rd</sup> July 2009	
7	Navayuga Udupi Tollway Private Limited	NUTPL	1 <sup>st</sup> February, 2017	HAM SPVs
8	Gurgaon Sohna Highway Private Limited	GSHPL	25 <sup>th</sup> February, 2022	
9	H. G. Rewari Ateli Highway Private Limited	RAHPL	15 <sup>th</sup> November, 2021	
10	H.G. Ateli Narnaul Highway Private Limited	ANHPL	11 <sup>th</sup> March, 2022	

(Hereinafter referred to as “the SPVs”)

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

By nature, valuation is based on estimates and it includes the risks and uncertainties relating to the events occurring in the future. Accordingly, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPVs.

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

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

The valuation provided by RV and the valuation conclusion are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the Securities and Exchange Board of India (“SEBI”) thereunder as amended from time-to-time.

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 10 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust’s advisors and may be made available for the inspection to the public and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

RV draws your attention to the limitation of liability clauses in Section 10 of this Report.

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

Yours faithfully,



**S. Sundararaman**

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10238

Asset Class: Securities or Financial Assets

Place: Chennai

UDIN: 23028423BGYWJF2021

**Definition, abbreviation & glossary of terms**

Abbreviations	Meaning
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
CTM	Comparable Transactions Multiples
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ERP	Equity Risk Premium
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FY	Financial Year Ended 31 <sup>st</sup> March
GQ	Golden Quadrilateral
HAM	Hybrid Annuity Model
ICDS	Income Computation and Disclosure Standards
Ind AS	Indian Accounting Standards
INR	Indian Rupees
Investment Manager/HC One	Highway Concessions One Private Limited
IVS	ICAI Valuation Standards 2018
Kms	Kilometers
MPRDC	Madhya Pradesh Road Development Corporation Limited.
MoRTH	Ministry of Road Transport and Highways
MMR	Major Maintenance and Repairs
Mn	Million
NAV	Net Asset Value Method
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NS-EW	North- South and East-West Corridors
O&M	Operation & Maintenance
PM	HC One Project Manager Private Limited
PPP	Public Private Partnership
PWD(R)	Public Works Department, Government of Rajasthan
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SH	State Highway
Sponsor/ Galaxy	Galaxy Investments II Pte. Ltd.
SPV	Special Purpose Vehicle
Trustee	Axis Trustee Services Limited
Trust	Highways Infrastructure Trust

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# 1. Executive Summary

## 1.1. Background

### The Trust

- 1.1.1. Highways Infrastructure Trust ("the **Trust**" or "**InvIT**") was established on 3<sup>rd</sup> December 2021 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India ("SEBI") with effect from 23<sup>rd</sup> December 2021, bearing registration number IN/InvIT/21-22/0019, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("the SEBI InvIT Regulations").
- 1.1.2. The units of the Trust were listed on NSE in August 2022 by way of an initial offer of units consisting of a private placement. The object and purpose of the Trust, as described in the Trust Deed, is to carry on the activity of an infrastructure investment trust as permissible under the InvIT Regulations to raise funds through the Trust, to make investments in accordance with the InvIT Regulations and the investment strategy and to carry on the activities as may be required for operating the Trust, including incidental and ancillary matters thereto.
- 1.1.3. The InvIT currently involved in owning, operating and maintaining a portfolio of 10 road projects in the Indian states of Gujarat, Madhya Pradesh, Telangana, Meghalaya, Haryana, Karnataka, Tamil Nadu and Rajasthan pursuant to the concessions granted by the National Highways Authority of India ("NHAI"), Ministry of Road Transport and Highways and Madhya Pradesh Road Development Corporation Limited ("MPRDC").
- 1.1.4. The unitholding of the Trust as on the 21<sup>st</sup> November 2023 is as under :

Sr. No.	Particulars	No. of units	%
1	Galaxy Investments II Pte. Ltd.	37,39,00,000	77.66 %
2	2452991 Ontario Limited	9,37,96,248	19.48 %
3	Others	1,37,35,046	2.85%
<b>Total</b>		<b>48,14,31,294</b>	<b>100.00 %</b>

Source: Investment Manager

### The Sponsor

- 1.1.5. Galaxy Investments II Pte. Ltd., Singapore ("the Sponsor" or "Galaxy") has sponsored an infrastructure investment trust under the SEBI InvIT Regulations called "Highways Infrastructure Trust" ("Highways InvIT" or "the Trust"). Galaxy was incorporated on 11<sup>th</sup> June 2021 in Singapore. Galaxy is involved in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the "infrastructure" sector.
- 1.1.6. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd ("KKR"). Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.
- 1.1.7. Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US\$ 519 billion of assets under management as of 30<sup>th</sup> June 2023 that offers alternative asset management as well as capital markets and insurance solutions.
- 1.1.8. Axis Trustee Services Limited ("the Trustee") has been appointed as the Trustee of the Highways InvIT. Highway Concessions One Private Limited ("HC One" or "the Investment Manager") has been appointed as the Investment Manager of the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations

### The Investment Manager and the Project Manager

1.1.9. Highway Concessions One Private Limited is the current Investment Manager of the Trust. Simultaneously, the Trustee appointed as the project manager of the Trust.

1.1.10. Shareholding Pattern of the Investment Manager as at 21<sup>st</sup> November 2023 is as follows:

Sr. No.	Particulars	No. of shares	%
1	Galaxy Investments II Pte. Ltd.	3,76,47,288	100.0 %
2	Vidyadhar S. Dabholkar*	1	0.0 %
<b>Total</b>		<b>3,76,47,289</b>	<b>100.0 %</b>

\* as a nominee of Galaxy Investments II Pte. Ltd.

Source: Investment Manager

1.1.11. Shareholding Pattern of the Project Manager as at 21<sup>st</sup> November 2023 is as follows:

Sr. No.	Particulars	No. of shares	%
1	Highway Concessions One Private Limited	99,999	100.0 %
2	Vidyadhar S. Dabholkar*	1	0.0 %
<b>Total</b>		<b>1,00,000</b>	<b>100.0 %</b>

\* as a nominee of Highway Concessions One Private Limited

Source: Investment Manager

1.1.12. I understand that the management of the Trust is desirous of undertaking financial valuation of 10 SPVs. In this regards, I have been mandated to determine the fair enterprise value of 10 SPVs as defined in the Letter in accordance with the SEBI InvIT Regulations and in this context would like me to carry out valuation of SPVs as on 21<sup>st</sup> November 2023.

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## Scope and Purpose of Valuation

### 1.2. Financial Asset to be Valued

The financial asset under consideration are valued at Enterprise Value of the following:

Sr. No.	Name of the SPVs	Term
1	Nirmal BOT Private Limited	NBPL
2	Shillong Expressway Private Limited	SEPL
3	Dewas Bhopal Corridor Private Limited	DBCPL
4	Godhra Expressways Private Limited	GEPL
5	Jodhpur Pali Expressway Private Limited	JPEPL
6	Ulundurpet Expressways Private Limited	UEPL
7	Navayuga Udupi Tollway Private Limited	NUTPL
8	Gurgaon Sohna Highway Private Limited	GSHPL
9	H. G. Rewari Ateli Highway Private Limited	RAHPL
10	H.G. Ateli Narnaul Highway Private Limited	ANHPL

(Hereinafter referred to as “the SPVs”)

- 1.2.1. In this regard, the Investment Manager has appointed me, S. Sundararaman (“Registered Valuer” or “RV” or “I” or “My” or “Me”) bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake fair valuation of the SPVs at the enterprise level as per the extant provisions of the SEBI InvIT Regulations issued by SEBI. Enterprise Value (“EV”) is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.
- 1.2.2. Further, on the request of the Investment Manager, I have calculated Adjusted Enterprise Value of the SPVs which is derived as the EV as defined above plus cash or cash equivalents of the SPVs as at the Valuation Date.
- 1.2.3. I declare that:
- I am competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
  - I am not an associate of the sponsor(s) or investment manager or trustee and I have not less than five years of experience in valuation of infrastructure assets;
  - I am independent and have prepared the Report on a fair and unbiased basis;
  - I have valued the SPVs based on the valuation standards as specified / applicable as per SEBI InvIT Regulations.

This Report covers all the disclosures required as per the SEBI InvIT Regulations and the Valuation of the SPVs is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

### 1.3. Nature of the Asset to be Valued

The RV has been mandated by the Investment Manager to arrive at the Enterprise Value (“EV”) of the SPVs. Enterprise Value is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

### 1.4. Valuation Base

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

#### Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value or Market value is usually synonymous to each other except in certain circumstances where characteristics of an asset translate into a special asset value for the party(ies) involved.

### 1.5. Valuation Date

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

The Valuation Date considered for the fair enterprise valuation of the SPVs is 21<sup>st</sup> November 2023 ("**Valuation Date**"). The attached Report is drawn up by reference to accounting and financial information as on 21<sup>st</sup> November 2023. The RV is not aware of any other events having occurred since 21<sup>st</sup> November 2023 till date of this Report which he deems to be significant for his valuation analysis.

### 1.6. Premise of Value

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

#### Going Concern Value

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

### 1.7. Summary of Valuation

I have assessed the fair enterprise value of the SPVs on a stand-alone basis by using the Discounted Cash Flow ("**DCF**") method under the income approach. Following table summarizes my explanation on the usage or non usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business. Hence NAV method is considered only for background reference.
Income Approach	Discounted Cash Flow	Yes	<p><b>For Annuity SPVs:</b> The revenue of NHAI Annuity SPVs is mainly derived from the annuity fees that are typically pre-determined with NHAI (as specified in the respective concession agreement) and cannot be modified to reflect prevailing circumstances like inflation &amp; interest rates.</p> <p><b>For Toll SPVs:</b> The Toll SPVs derive almost all of their revenue from their toll-road operations. The Toll SPVs are substantially dependent on the accuracy of the traffic volume forecasts for their respective projects.</p> <p><b>For HAM SPVs:</b> The revenue of the SPV is mainly derived from the annuity fees and O&amp;M payments that is typically pre-determined with the relevant government authority and cannot be modified to reflect prevailing circumstances, other than annual adjustments to account for inflation and interest rate changes as applicable, as specified in the concession agreements.</p> <p>Accordingly, since all the SPVs are generating income based on pre-determined agreements / mechanism and since the Investment Manager has provided me the financial projections for the balance tenor of the concessions agreements, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.</p>
Market Approach	Market Price	No	The equity shares of the SPVs are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPVs, I am unable to consider this method for the current valuation.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.



Under the DCF Method, the Free Cash Flow to Firm ("FCFF") has been used for the purpose of valuation of the SPVs. In order to arrive at the fair EV of the SPVs under the DCF Method, I have relied on Provisional Financial Statements for the period ended 21<sup>st</sup> November 2023 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the SPVs provided to me by the Investment Manager as at the Valuation Date.

The discount rate considered for the SPVs for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("WACC") for the SPVs. As the SPVs under consideration have executed projects under the DBFOT/BOT model, the operating rights of the underlying assets shall be transferred back to the appointing authority after the expiry of the concession period. At the end of the agreed concession period, the operating rights in relation to the roads, the obligation to maintain the road reverts to the government entity that granted the concession by the SPVs. Accordingly, terminal period value i.e. value on account of cash flows to be generated after the expiry of concession period has not been considered.

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

INR Mn					
Sr. No.	SPVs	Last Date	Approximate Balance Period	Enterprise Value	Adjusted Enterprise Value
1	NBPL	29-Oct-27	~3 Years 11 Months	757	1,192
2	SEPL	06-Feb-26	~2 Years 3 Months	110	533
3	DBCPL	02-Dec-33	~10 Years 0 Months	15,672	15,935
4	GEPL	03-Sep-43	~19 Years 10 Months	21,725	21,885
5	JPEPL	13-Nov-43	~20 Years 0 Months	6,770	7,412
6	UEPL	25-Mar-27	~3 Years 4 Months	3,629	4,498
7	NUTPL	04-Sep-35	~11 Years 11 Months	8,449	8,779
8	ANHPL	11-Mar-37	~13 Years 4 Months	4,860	5,434
9	GSHPL	25-Feb-37	~13 Years 4 Months	3,200	3,545
10	RAHPL	14-Nov-36	~13 Years 0 Months	2,964	3,303
<b>Total</b>				<b>68,136</b>	<b>72,516</b>

(Refer Appendix 1 & 2 for the detailed workings)

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

*Further, on the request of the Investment Manager, I have calculated Adjusted Enterprise Value of the SPVs as the EV (derived as above) plus non-operating cash and cash like items (which includes cash and cash equivalent and current investment) of the SPVs as at the Valuation Date. (Refer Appendix 1 & 2 for the detailed workings)*

- 1.8. The fair EV of the SPVs is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.
- 1.9. 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.
- 1.10. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:
  1. WACC by increasing / decreasing it by 0.5%
  2. WACC by increasing / decreasing it by 1.0%
  3. Expenses by increasing / decreasing it by 20%
  4. Revenue of Toll SPVs by increasing / decreasing it by 10%

### Sensitivity Analysis of Enterprise Value

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

INR Mn

Sr. No.	SPVs	WACC +0.50%	EV	Base WACC	EV	WACC -0.50%	EV
1	NBL	8.82%	746	8.32%	757	7.82%	769
2	SEPL	8.82%	110	8.32%	110	7.82%	111
3	DBCPL	11.24%	15,325	10.74%	15,672	10.24%	16,031
4	GEPL	11.17%	20,813	10.67%	21,725	10.17%	22,695
5	JPEPL	11.22%	6,483	10.72%	6,770	10.22%	7,076
6	UEPL	10.82%	3,597	10.32%	3,629	9.82%	3,661
7	NUTPL	11.20%	8,220	10.70%	8,449	10.20%	8,687
8	ANHPL	8.08%	4,750	7.58%	4,860	7.08%	4,975
9	GSHPL	8.08%	3,127	7.58%	3,200	7.08%	3,277
10	RAHPL	8.08%	2,900	7.58%	2,964	7.08%	3,032
Total			66,070		68,136		70,312

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

INR Mn

Sr. No.	SPVs	WACC +1.00%	EV	Base WACC	EV	WACC -1.00%	EV
1	NBL	9.32%	734	8.32%	757	7.32%	780
2	SEPL	9.32%	109	8.32%	110	7.32%	111
3	DBCPL	11.74%	14,990	10.74%	15,672	9.74%	16,402
4	GEPL	11.67%	19,956	10.67%	21,725	9.67%	23,729
5	JPEPL	11.72%	6,213	10.72%	6,770	9.72%	7,402
6	UEPL	11.32%	3,565	10.32%	3,629	9.32%	3,694
7	NUTPL	11.70%	8,000	10.70%	8,449	9.70%	8,934
8	ANHPL	8.58%	4,645	7.58%	4,860	6.58%	5,094
9	GSHPL	8.58%	3,056	7.58%	3,200	6.58%	3,357
10	RAHPL	8.58%	2,838	7.58%	2,964	6.58%	3,102
Total			64,107		68,136		72,606

#### 3. Fair Enterprise Valuation Range based on Expenses parameter (20%)

INR Mn

Sr. No.	SPVs	EV at Expenses -20%	EV at Base Expenses	EV at Expenses +20%
1	NBL	816	757	697
2	SEPL	144	110	75
3	DBCPL	16,161	15,672	15,312
4	GEPL	22,185	21,725	21,338
5	JPEPL	7,123	6,770	6,411
6	UEPL	3,701	3,629	3,484
7	NUTPL	8,897	8,449	8,001
8	ANHPL	5,039	4,860	4,682
9	GSHPL	3,364	3,200	3,036
10	RAHPL	3,128	2,964	2,801
Total		70,558	68,136	65,836

4. Fair Enterprise Valuation Range based on Revenue parameter of Toll SPVs (10%)

INR Mn

Sr. No.	SPVs	EV at Revenue -10%	EV at Base Expenses	EV at Revenue +10%
1	NBL	NA	757	NA
2	SEPL	NA	110	NA
3	DBCPL	13,913	15,672	17,560
4	GEPL	19,202	21,725	24,247
5	JPEPL	5,804	6,770	7,728
6	UEPL	3,136	3,629	4,048
7	NUTPL	7,245	8,449	9,652
8	ANHPL	NA	4,860	NA
9	GSHPL	NA	3,200	NA
10	RAHPL	NA	2,964	NA
Total		49,300	68,136	63,236

The above represents reasonable range of Fair Enterprise Valuation of the SPVs.

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## 2. Procedures adopted for current valuation exercise

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- 2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 ("IVS") issued by the Institute of Chartered Accountants of India.
- 2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:
- 2.2.1. Requested and received financial and qualitative information relating to the SPVs;
  - 2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;
  - 2.2.3. Discussions with the Investment Manager on:
    - Understanding of the business of the SPVs – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;
  - 2.2.4. Undertook industry analysis:
    - Research publicly available market data including economic factors and industry trends that may impact the valuation;
    - Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by me;
  - 2.2.5. Analysis of other publicly available information;
  - 2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by me;
  - 2.2.7. Conducted physical site visit of the road stretch of the SPVs;
  - 2.2.8. Determination of fair EV and Fair Adjusted EV of the SPVs on a going concern basis at the Valuation Date.

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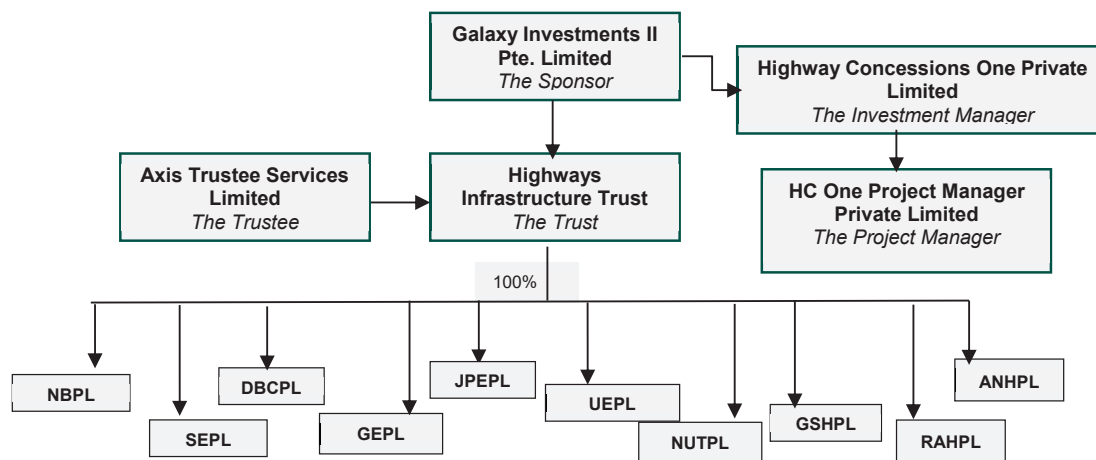
### 3. Overview of InvIT and SPVs

#### 3.1. The Trust

- 3.1.1. Galaxy Investments II Pte. Ltd. is the Sponsor of the Trust. The Sponsor was incorporated on 11<sup>th</sup> June 2021 in Singapore. Galaxy is involved in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the “infrastructure” sector.
- 3.1.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy (“KKR”) is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.
- 3.1.3. Founded in 1976, KKR is a leading global investment firm, with US\$519 billion in assets under management as of 30<sup>th</sup> June 2023 that offers alternative asset management as well as capital markets and insurance solutions.
- 3.1.4. Following is the summary of SPVs, held under the trust including the date and cost of acquisition :

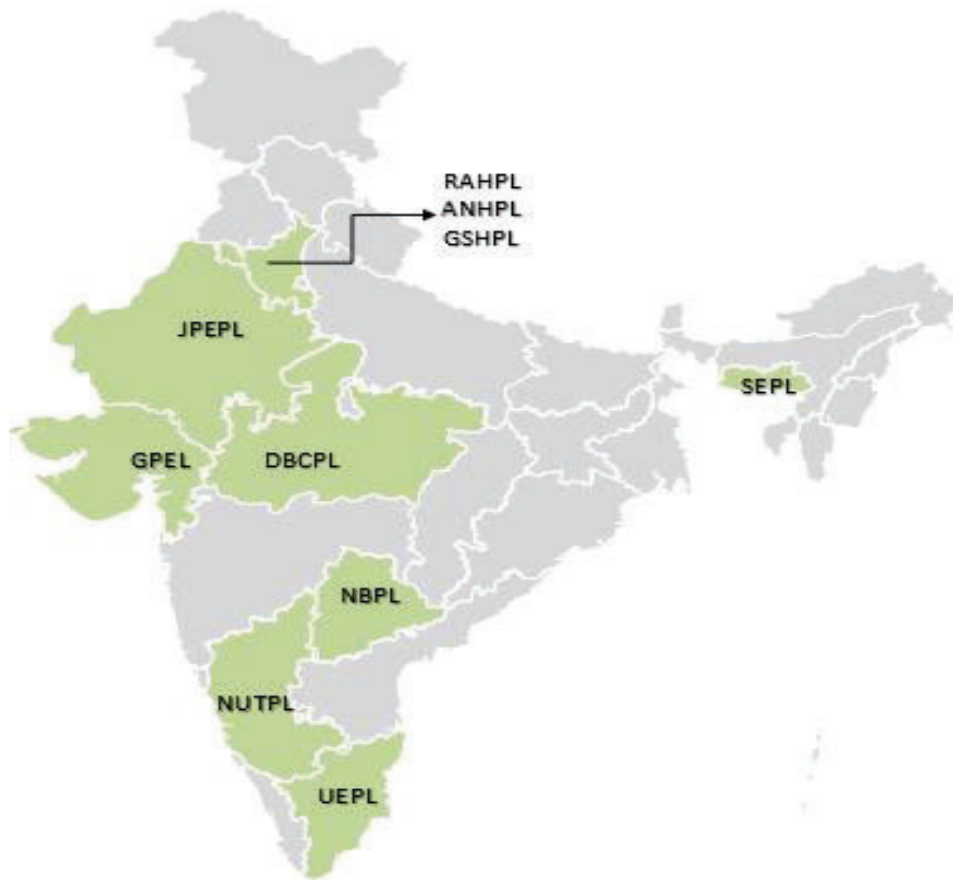
Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBPL	Nirmal BOT Private Limited	23 <sup>rd</sup> Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	23 <sup>rd</sup> Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	23 <sup>rd</sup> Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	23 <sup>rd</sup> Aug, 2022	11,167
5	JPEPL	Jodhpur Pali Expressway Private Limited	23 <sup>rd</sup> Aug, 2022	3,863
6	UEPL	Ulundurpet Expressways Private Limited	23 <sup>rd</sup> Aug, 2022	3,005
7	NUTPL	Navayuga Udupi Tollway Private Limited	02 <sup>nd</sup> Nov, 2023	196
8	GSHPL	Gurgaon Sohna Highway Private Limited	21 <sup>st</sup> Nov, 2023	844
9	RAHPL	H. G. Rewari Ateli Highway Private Limited	21 <sup>st</sup> Nov, 2023	758
10	ANHPL	H.G. Ateli Narnaul Highway Private Limited	21 <sup>st</sup> Nov, 2023	1,511

- 3.1.5. Following is the Structure of the Trust as at 21<sup>st</sup> November 2023:



Source: Investment Manager

3.1.6. A map depicting the respective location of the existing project SPVs of the Trust is provided below



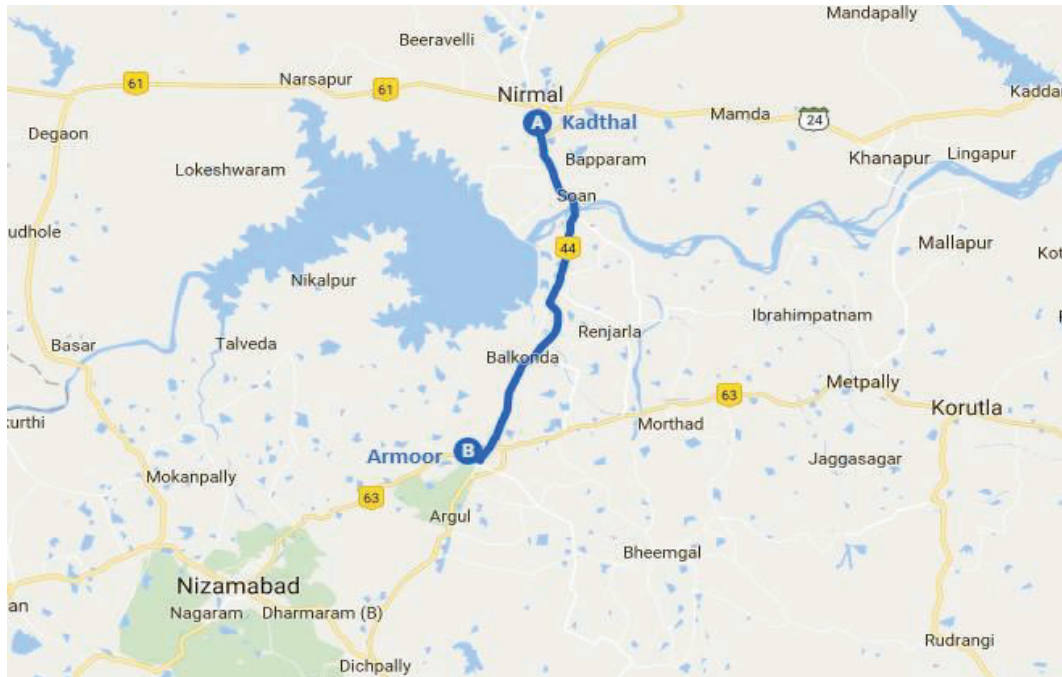
## Background of the SPVs

### 3.2. Nirmal BOT Private Limited ("NBPL")

- 3.2.1. The Project Road is a Section of NH-7 which starts from Kadthal in Adilabad District (New Ch. 282+617) and ends at Armur in Nizamabad District (New Ch. 313+507). The Project Road crosses the Godavari River at the major bridge Ch. 289 + 834 (36x20.9m) and has a length of 30.89 km.

This Project for up-gradation of the existing road to four lane carriageway with paved shoulders was awarded by the National Highways Authority of India to M/s. Nirmal BOT Private Limited for a Concession Period of 20 years on BOT (Annuity) basis.

The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

- 3.2.2. Summary of project details of NBPL are as follows:

Parameters	Details
Total Length	123.56 Lane Kms
Nos. of Lanes	4
NH / SH	NH-7 (Now NH-44)
State Covered	Telangana
Area (Start and End)	Kadthal – Armur
Bid Project Cost	INR 3,150 Mn
PPP Model	BOT
Project Type	Annuity
Concession Granted by	NHAI
COD Date	22 <sup>nd</sup> July 2009
Nos. of Annuities	36 (Semi-annual)
Annuity Amount	INR 8,568 Mn
Concession Period (CP)	20 years from commencement date

Source: Investment Manager

Note: The State/ National Highway numbers and chainages mentioned in this Report are old Highway numbers and chainages as per the concession agreements. The actual SH/ NH numbers and chainage at site may differ based on subsequent changes.

- 3.2.3. The corridor forms a part of existing road from Km 278 to 308 (Approx. 30.9 Kms) between Kadthal and Armur of NH-7.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	30.89 Kms
3	Total length of Service Roads	14.68 Kms
4	No of Toll Plazas	1
5	No of Bus Bays with Bus Shelters	26
6	Number of Truck Lay Bays	4
7	No of Rest Areas	0
8	No of Major Junctions	3
9	No of Minor Junctions	8
10	No of Vehicular underpasses	4
11	No of Pedestrian underpasses	12
12	No of Major Bridges	2
13	No of Minor Bridges	6
14	No of Hume Pipe Culverts	55
15	No of Box / Slab Culverts	28

Source: Investment Manager

- 3.2.4. The shareholding of NBPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	3,15,00,000	100%
	<b>Total</b>	<b>3,15,00,000</b>	<b>100%</b>

\*Includes Shares held by nominees of HIT

Source: Investment Manager

I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.

- 3.2.5. My team had conducted physical site visit of the road stretch of NBPL on 15<sup>th</sup> April 2023. Refer below for the pictures of the road stretch:



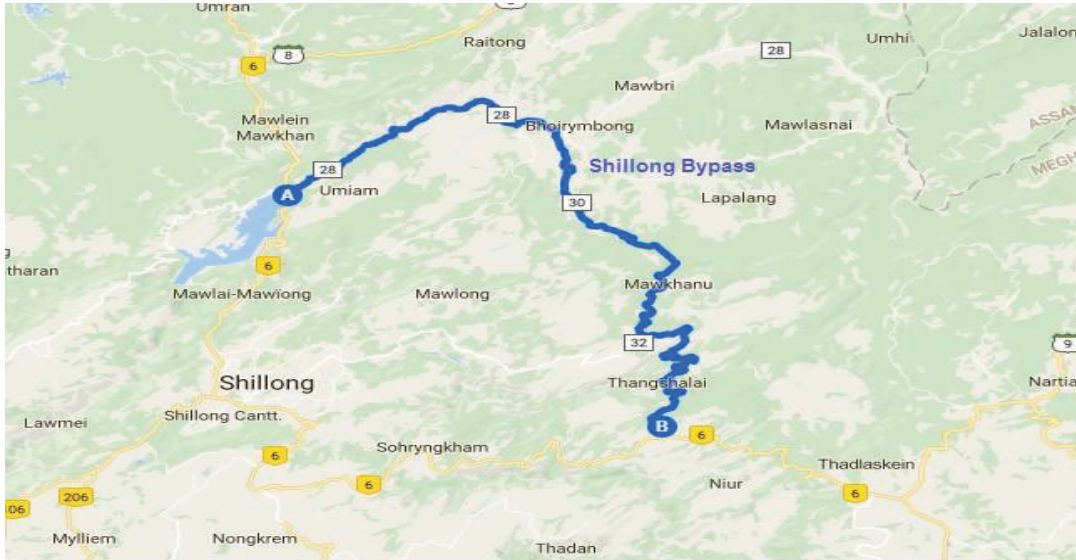


### 3.3. Shillong Expressway Private Limited (“SEPL”)

- 3.3.1. SEPL has constructed a 2 lane Shillong Bypass Connecting NH-40 and NH-44 from KM 61.80 on NH-40 near Barapani to KM 34.85 on NH-44 on the Shillong bypass section of NH-40 and NH-44 in the state of Meghalaya on Design, Build, Finance, Operate and Transfer (“DBFOT Annuity”) Basis. The entire project road passes through rural & Forest area with very thin inhabitations. Bhoirymbong, the only town in the area which is bypassed.

The project corridor generally runs in rolling/hilly terrain for most of length except in few locations where it is slightly plain. The land use along the project road is mostly forest. It passes through small village settlements like Umroi, Nongtrah, Diengpasoh, Thangshalai, Mawryngkneng etc.

The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

- 3.3.2. Summary of project details of SEPL are as follows:

Parameters	Details
Total Length	97.52 Lane Kms
Nos. of Lanes	2
NH / SH	NH-6
State Covered	Joining NH-40 and NH-44 (Now joining NH-06)
Area (Start and End)	Umiam to Mawryngkneng
Bid Project Cost	INR 2,261 Mn
PPP Model	BOT
Project Type	Annuity
Concession Granted by	NHAI
COD Date	28 <sup>th</sup> February 2013
Nos. of Annuities	24 (semi-annual)
Annuity Amount	INR 5,969 Mn
Concession Period (CP)	15 years from commencement date

Source: Investment Manager

3.3.3. The corridor forms a part of existing road from KM 61.80 of NH-40 and 34.85 of NH-44.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 2 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 2 Lane with Flexible Pavement	48.76 Kms
3	Total length of Service Roads	NA
4	No of Toll Plazas	1
5	No of Bus Bays with Bus Shelters	13
6	Number of Truck Lay Bays	0
7	No of Rest Areas	0
8	No of Major Junctions	2
9	No of Minor Junctions	64
10	No of Vehicular underpasses	1
11	No of Pedestrian underpasses	0
12	No of Major Bridges	3
13	No of Minor Bridges	8
14	No of Hume Pipe Culverts	218
15	No of Box / Slab Culverts	22

Source: Investment Manager

3.3.4. The shareholding of SEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	5,00,000	100%
	<b>Total</b>	<b>5,00,000</b>	<b>100%</b>

\*Includes Shares held by nominee of HIT

Source: Investment Manager

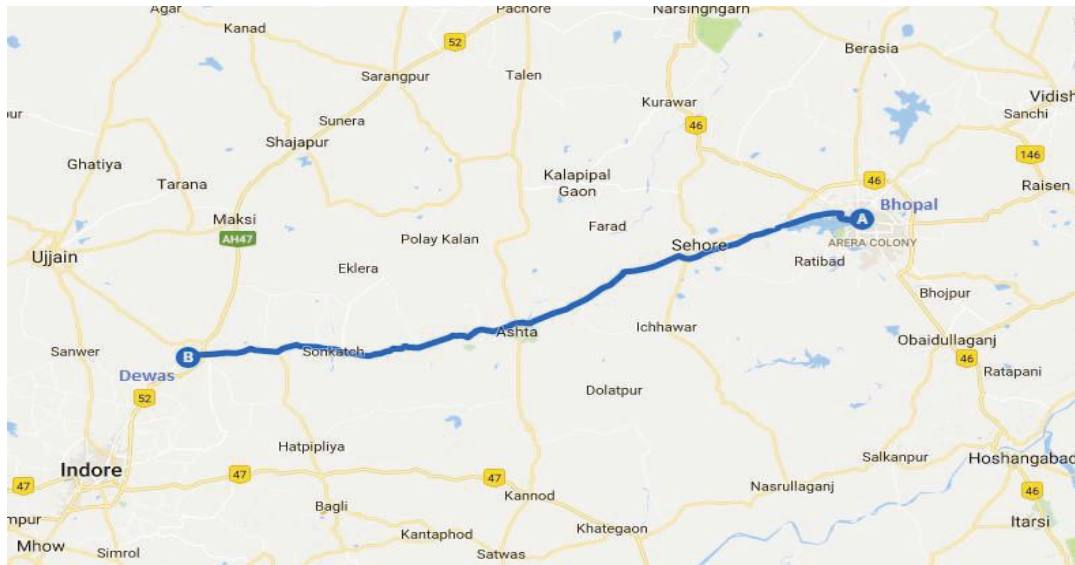
3.3.5. My team had conducted physical site visit of the road stretch of SEPL on 15<sup>th</sup> April 2023. Refer below for the pictures of the road stretch:



### 3.4. Dewas Bhopal Corridor Private Limited (“DBCPL”)

- 3.4.1. The MPRDC and DBCPL entered into the concession agreement dated June 30, 2007 (the “Concession Agreement”). DBCPL was awarded a project on BOT basis under the Concession Agreement for reconstruction, strengthening, widening and rehabilitation of the Bhopal-Dewas section including (including all bypasses) from KM 6.8 to KM 151.6 on SH-18 to 4-lane section in the State of Madhya Pradesh.

The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

- 3.4.2. Summary of project details of DBCPL are as follows:

Parameters	Details
Total Length	563.1 Lane Kms
Nos. of Lanes	4
NH / SH	SH-18
State Covered	Madhya Pradesh
Area (Start and End)	Bhopal to Dewas
Bid Project Cost	INR 6020 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	MPRDC
COD Date	10 <sup>th</sup> February 2009
Appointed Date	20 <sup>th</sup> March 2008
Original Concession Period (CP)	25 years
Extension (If any)	257.5 days
Likely End of CP	02 <sup>nd</sup> Dec 2033

Source: Investment Manager

- 3.4.3. The corridor forms a part of existing road from KM 6.8 to KM 151.6 (Approx. 140.8 Kms) from Bhopal to Dewas in SH-18

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	140.79 Kms
3	Total length of Service Roads	8.68 Kms
4	No of Toll Plazas	3
5	No of Bus Bays with Bus Shelters	18
6	Number of Truck Lay Bays	1
7	No of Rest Areas	0
8	No of Major Junctions	19
9	No of Minor Junctions	31
10	No of Vehicular underpasses	1
11	No of Pedestrian underpasses	0
12	No of Major Bridges	4
13	No of Minor Bridges	17
14	No of Hume Pipe Culverts	117
15	No of Box / Slab Culverts	44

Source: Investment Manager

- 3.4.4. The shareholding of DBCPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	95,263	100%
	<b>Total</b>	<b>95,263</b>	<b>100%</b>

\*Includes Shares held by nominee of HIT

Source: Investment Manager

- 3.4.5. Projections provided by the Investment Manager consider an extension of ~258 days from original concession end date, owing to:

- ~23 days were extended by MPRDC on account of demonetisation vide order no.02/MPRDC/BOT/D-B/2017/4947 dated 19<sup>th</sup> June 2017.
- 195 days were extended by MPRDC on account of change in scope vide order no. 11617/Maint/Bhopal-Dewas/MPRDC/2018 dated 25<sup>th</sup> October 2013.
- 40 days were extended on account of force majeure event due to COVID-19.

- 3.4.6. My team had conducted physical site visit of the road stretch of DBCPL on 15<sup>th</sup> April 2023. Refer below for the pictures of the road stretch:

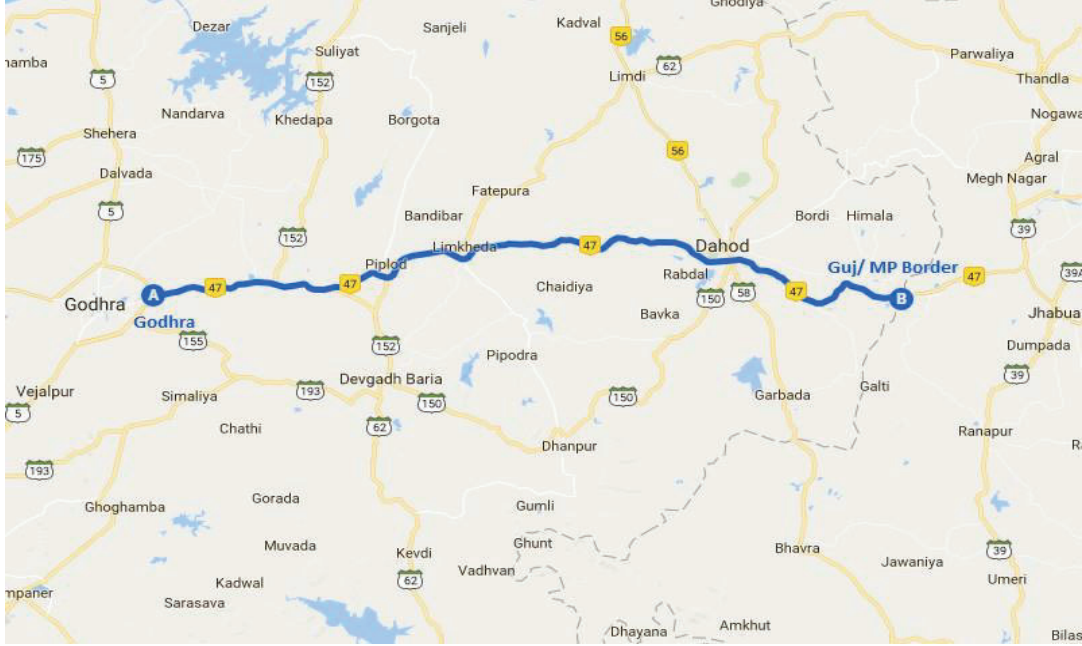




### 3.5. Godhra Expressways Private Limited (“GEPL”)

- 3.5.1. The NHA and GEPL entered into the concession agreement dated 25<sup>th</sup> February 2010 (the “GEPL Concession Agreement”). GEPL operates, on a four-lane highway from Godhra to Gujarat/ Madhya Pradesh Border Section of NH-59 (now NH-47) from KM 129.30 to KM 215.90, in the State of Gujarat, under NHDP Phase III on Design, Build, Finance, Operate and Transfer (“DBFOT”) basis.

The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

- 3.5.2. Summary of project details of GEPL are as follow

Parameters	Details
Total Length	348.40 Lane Kms
Nos. of Lanes	4
NH / SH	NH-59 (Now NH-47)
State Covered	Gujarat
Area (Start and End)	Godhra to Gujarat/ MP Border
Project Cost	INR 7956 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	NHA
COD Date	31 <sup>st</sup> October 2013
Appointed Date	01 <sup>st</sup> March 2011
Original Concession Period (CP)	27 years
Extension (If any)	1973 days
Likely End of CP	03 <sup>rd</sup> September 2043

Source: Investment Manager

- 3.5.3. The corridor forms a part of existing road from KM 129.3 to 215.9 (Approx. 87.10 Kms) from Godhra to Gujarat-Madhya Pradesh border in NH-59

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	83.1 Kms
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	4 kms
3	Total length of Service Roads	19.76 Kms
4	No of Toll Plazas	1
5	No of Bus Bays with Bus Shelters	24
6	Number of Truck Lay Bays	6
7	No of Rest Areas	0
8	No of Major Junctions	4
9	No of Minor Junctions	81
10	No of Vehicular underpasses	4
11	No of Pedestrian underpasses	13
12	No of Major Bridges	6
13	No of Minor Bridges	16
14	No of Hume Pipe Culverts	98
15	No of Box / Slab Culverts	32

Source: Investment Manager

- 3.5.4. The shareholding of GEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	2,01,55,033	100%
	<b>Total</b>	<b>2,01,55,033</b>	<b>100%</b>

\*Includes Shares held by nominee of HIT

Source: Investment Manager

- Projections provided by the Investment Manager consider an extension of 2,013 days from original concession end date, owing to the target traffic clause as per Concession Agreement, the same has been approved by IE and 40 days were extended on account of force majeure event due to COVID-19.

- 3.5.5. Modification in the Concession Period due to target traffic clause as per Concession Agreement

Particulars	Unit	Details
Target date as per CA	Date	1 <sup>st</sup> October 2019
Target traffic as per CA	PCUs	26,839
Actual Average Traffic on Target Date	PCUs	18,811
Comparison of average traffic at test date with target	%	-30%
Original concession period	years	27
Increase in concession period (Max. upto 20%)	%	20%
Change in concession period due to target traffic clause	days	1,973
Change in concession period due to COVID-19	days	40
Revised concession period	years	32.4
Appointed date	Date	1 <sup>st</sup> March 2011
Original concession end date	Date	28 <sup>th</sup> February 2038
Revised concession end date	Date	3 <sup>rd</sup> September 2043

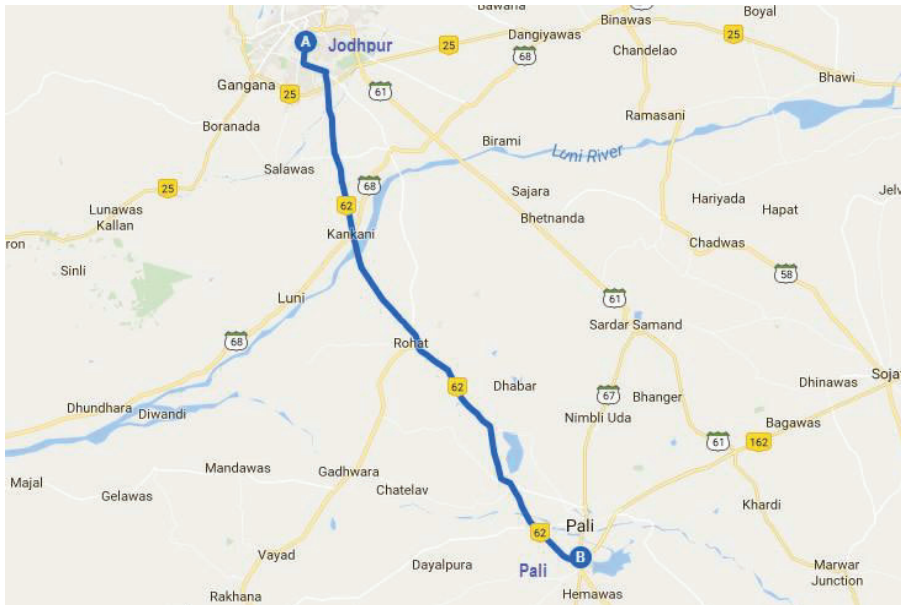
3.5.6. My team had conducted physical site visit of the road stretch of GEPL on 15<sup>th</sup> April 2023. Refer below for the pictures of the road stretch:



### 3.6. Jodhpur Pali Expressway Private Limited (“JPEPL”)

3.6.1. The PWD(R) and JPEPL entered into the concession agreement dated 28<sup>th</sup> February, 2013. JPEPL was engaged, on a design, build, finance, operate and transfer basis, under the Concession Agreement for the development and operation of Jodhpur-Pali section of NH 65 from KM 308.00 to KM 366.00 and including bypass to Pali starting from KM 366.00 of National Highway 65, connecting National Highway 14 at KM 114 in State of Rajasthan.

The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

3.6.2. Summary of project details of JPEPL are as follows:

Parameters	Details
Total Length	286.14 Lane Kms
Nos. of Lanes	4
NH / SH	NH-62
State Covered	Rajasthan
Area (Start and End)	Jodhpur to Pali
Bid Project Cost	INR 4,140 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	Government of Rajasthan, Public Works Department
COD Date	31 <sup>st</sup> October 2014
Appointed Date	16 <sup>th</sup> September 2013
Original Concession Period (CP)	25 years
Extension (If any)	1886 days
Likely End of CP	14 <sup>th</sup> November 2043

Source: Investment Manager

3.6.3. The corridor forms a part of existing road from KM 308 to 366 & includes bypass to Pali starting from KM 366 of NH-65, connecting NH-14 at KM 114 in the state of Rajasthan.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	71.55Kms
3	Total length of Service Roads	11.57 Kms
4	No of Toll Plazas	2
5	No of Bus Bays with Bus Shelters	12
6	Number of Truck Lay Bays	1
7	No of Rest Areas	0
8	No of Major Junctions	12
9	No of Minor Junctions	33
10	No of Vehicular underpasses	1
11	No of Pedestrian underpasses	2
12	No of Major Bridges	6
13	No of Minor Bridges	6
14	No of Hume Pipe Culverts	50
15	No of Box / Slab Culverts	14

Source: Investment Manager

3.6.4. The shareholding of JPEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	61,640	100%
	<b>Total</b>	<b>61,640</b>	<b>100%</b>

\*Includes Shares held by nominee of HIT

Source: Investment Manager

3.6.5. Projections provided by the Investment Manager consider an extension of ~1,884 days from original concession end date, owing to:

- ~1,825 days were extended due to the target traffic clause as per Concession Agreement; the traffic count is due in FY29, FY30 and FY31.
- ~59 days were extended on account of force majeure event due to COVID-19.



### 3.6.6. Modification in the Concession Period due to target traffic clause as per Concession Agreement

As per the Clause 29 of the concession agreement between PWD(R) and JPEPL provided to us by the Investment Manager, if the actual traffic falls short or exceeds target traffic on a defined date, the concession period shall be revised subject to calculation specified therein. The target date and target traffic as provided in the concession agreement along with the projected traffic as on the target date are given below:

Particulars	Unit	Details
Target date as per CA	Date	1 <sup>st</sup> January 2030
Target traffic as per CA	PCUs	35,938
Estimated Average Traffic on Target Date	PCUs	27,612
Comparison of average traffic at test date with target	%	-23%
Original concession period	years	25
Increase in concession period (Max. upto 20%)	%	20%
Change in concession period due to target traffic clause	days	1,825
Change in concession period due to COVID-19	days	59
Revised concession period	years	30
Appointed date	Date	16 <sup>th</sup> September 2013
Original concession end date	Date	15 <sup>th</sup> September 2038
Revised concession end date	Date	13 <sup>th</sup> November 2043

3.6.7. My team had conducted physical site visit of the road stretch of JPEPL on 15<sup>th</sup> April 2023. Refer below for the pictures of the road stretch:

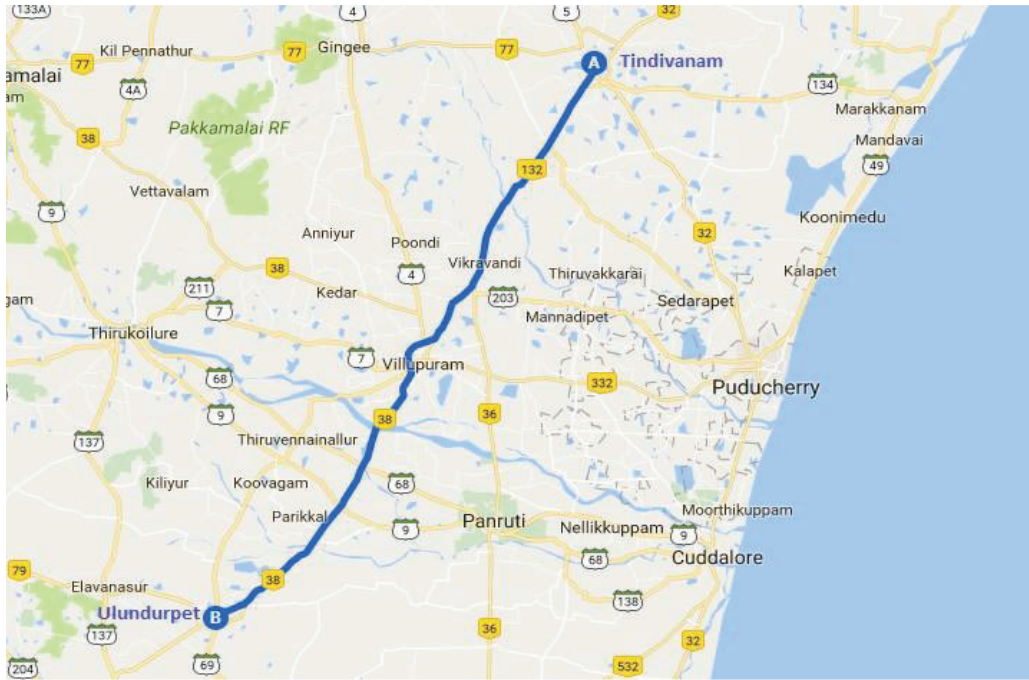


### 3.7. Ulunderpet Expressways Private Limited (“UEPL”)

- 3.7.1. The project road Tindivanam-Ulundurpet, is part of 472 km long National Highway No.45 (NH-45) or Great Southern Trunk Road (GST Road) which starts from Kathipara junction in Guindy area (Chennai City) and extends up to Theni (headquarters of Theni District).

It acts as one of the primary life-line corridor in the state of Tamil Nadu connecting the State Capital (Chennai city) with various industrial towns and tourist places in the southern, eastern and western parts of Tamil Nadu. The important towns which en-route the NH45 are Tambaram, Tindivanam, Viluppuram, Perambalur, Tiruchirapalli, Dindigul and Theni.

The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

- 3.7.2. Summary of project details of UEPL are as follows:

Parameters	Details
Total Length	291.6 Lane Kms
Nos. of Lanes	4
NH / SH	NH-45
State Covered	Tamil Nadu
Area (Start and End)	Tindivanam to Ulundurpet
Project Cost till COD	INR 10,151 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	NHAI
COD Date	23 <sup>rd</sup> July 2009
Appointed Date	16 <sup>th</sup> October 2006
Original Concession Period (CP)	20 years
Extension (If any)	160 days
Likely End of CP	25 <sup>th</sup> March 2027

Source: Investment Manager

- 3.7.3. The corridor forms a part of existing road from Tindivanam (km 121.00) and ends at just north of Sengurchi (km 193.90) in NH-45.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	72.9 Kms
3	Total length of Service Roads	36.4 Kms
4	No of Toll Plazas	1
5	No of Bus Bays with Bus Shelters	34
6	Number of Truck Lay Bays	3
7	No of Rest Areas	0
8	No of Major Junctions	5
9	No of Minor Junctions	99
10	No of Vehicular underpasses	3
11	No of Pedestrian underpasses	6
12	No of Major Bridges	6
13	No of Minor Bridges	14
14	No of Hume Pipe Culverts	54
15	No of Box / Slab Culverts	66

Source: Investment Manager

- 3.7.4. The shareholding of UEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	26,45,52,365	100%
	<b>Total</b>	<b>26,45,52,365</b>	<b>100%</b>

\*Includes Shares held by nominees of HIT

Source: Investment Manager

- 3.7.5. Projections provided by the Investment Manager consider an extension of 160 days from original concession end date, owing to:

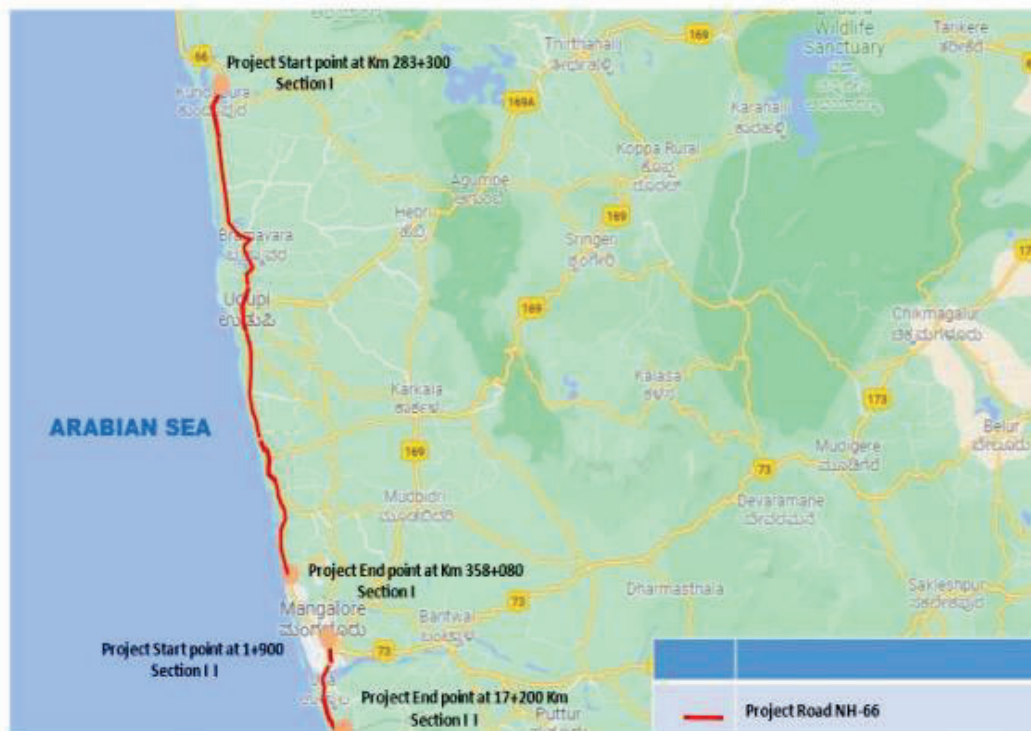
- 98 days were extended by NHAI on account of delay in toll notification vide order no. NHAI/11015//71/RO Chennai/2009/3811 dated 27<sup>th</sup> September 2013.
- 23 days were extended on account of demonetisation.
- 15 days on account of flood.
- 24 days extension on account of force majeure event due to COVID-19; approval of which is expected to be received from the authority.

- 3.7.6. My team had conducted physical site visit of the road stretch of UEPL on 15<sup>th</sup> April 2023. Refer below for the pictures of the road stretch:



### 3.8. Navayuga Udupi Tollway Private Limited (“NUTPL”)

- 3.8.1. Navayuga Udupi Tollway Private Limited (NUTPL) was incorporated as on 04<sup>th</sup> December 2009. The SPV entered into a concession agreement dated 9<sup>th</sup> March, 2010 with NHAI. The project was awarded to the consortium comprising of Navayuga Engineering Company Limited and Krishnapatnam Port Company Limited by NHAI for 25 years of operation & maintenance period from the Appointed Date i.e. 5<sup>th</sup> September, 2010. The Project has successfully achieved its PCOD on 30<sup>th</sup> January, 2017 for 81.955km and 29<sup>th</sup> March, 2023 for 8.33 Km.
- 3.8.2. The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

#### 3.8.3. Summary of project details of NUTPL are as follows:

Parameters	Details
Total Length	361.14 Lane Kms
Nos. of Lanes	4
NH / SH	NH 66
State Covered	Karnataka
Area (Start and End)	Kundapur to Surathkal & Nanthor to Talapady.
Project Cost	INR 11,341 Mn
PPP Model	DBFOT
Project Type	Toll
Concession Granted by	NHAI
PCOD Date	30 <sup>th</sup> January 2017 for 81.955 Km and 29 <sup>th</sup> March 2023 for 8.33 km
Original Concession Period	25 years from Appointed Date
Extension (If any)	NA
Likely End of Concession Period	4 <sup>th</sup> September 2035

Source: Investment Manager

- 3.8.4. The Project Road includes Kundapur – Surathkal section of NH-66 (Old NH-17) which starts from Ch. 283+300m and ends at Ch. 358+080 (Design Length 74.78 km) & Mangalore – Kerala Border which starts from Ch. 375+300m and ends at 376+700m (Design Length 1.4 km) & Mahavir circle to Kerala Border which starts from Ch. 3+700m and ends at Ch. 17+200m (Design Length 13.5 km) in the state of Karnatak. The Project Road has a length of 90.285 km.



Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	4.058 Km
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	86.227 Km
3	Total length of Service Roads	47.219 Km
4	Toll Plaza	3
6	Bus Bays with Shelters	46
7	Truck Lay Bays	3
8	No of Rest Areas	-
9	Major Junction	24
10	Minor Junctions	326
11	No of Vehicular underpasses	3
12	No of Vehicular overpasses	1
13	No of Flyovers	3
14	Pedestrian Underpasses	5
15	Cattle Underpasses	2
16	Railway Over Bridge	1
17	Major Bridges	9
18	Minor Bridges	11
19	Box/Slab Culverts	129
20	Pipe Culverts	105

Source: Investment Manager

- 3.8.5. As at the valuation date, the project has not yet received its final COD for the entire length. As represented by Investment Manager, any costs or losses that may arise in the pursuit of obtaining the completion certificate for the entire length will be borne by the seller of the SPV under the agreed indemnity clause between the buyer and seller.
- 3.8.6. However, in accordance with NHAI Toll Notification dated 29<sup>th</sup> March, 2023, the SPV has been granted permission to collect tolls along the entire length of 90.285 km starting from 1<sup>st</sup> March 2023.
- 3.8.7. The shareholding of NUTPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	37,01,334	100.00%
<b>Total</b>		<b>37,01,334</b>	<b>100.00%</b>

Source: Investment Manager

\*Includes Shares held by nominee of HIT

I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.

- 3.8.8. My team had conducted physical site visit for NUTPL on 26<sup>th</sup> July 2023. Following are the pictures of the plant site:



### 3.9. Gurgaon Sohna Highway Private Limited (“GSHPL”)

3.9.1. Gurgaon Sohna Highways Private Limited (GSHPL) was incorporated on 6th April, 2018. GSHPL entered into a concession agreement dated 19th April, 2018 with NHAI. The GSHPL project was awarded to HG Infra Engineering Limited by NHAI on 6th March, 2018 for 15 years of operation & maintenance period along with construction period of 910 days from the Appointed Date i.e. 30th January, 2019 of the GSHPL Project. However, the construction was completed with a period of 1122 days with an extension of 212 days which was duly approved by NHAI. The Project has successfully achieved its COD on 25th February, 2022.

3.9.2. The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

3.9.3. Summary of project details of GSHPL are as follows:

Parameters	Details
Total Length	12.854 Km
Nos. of Lanes	6 lanes
NH / SH	NH- 248A
State Covered	Haryana
Area (Start and End)	Bhondsi to Sohna, Gurugram
Bid Project Cost	6060 INR Mn
PPP Model	HAM
Project Type	HAM
Concession Granted by	NHAI
PCOD Date	25 <sup>th</sup> February, 2022
Nos. of Annuities	30
Balance Completion Cost	4110 INR MN
Construction Period	1122 days
Operational Period	15 years

Source: Investment Manager

- 3.9.4. The Project Road is a section of NH-248A which passes mostly from the built up areas of Bhondsi, Ghamroj, Alipur, University area and Sohna in the district Gurugram, Haryana. The project starts at Ch. 11+682 (Design Ch. 9+282) near Sohna and Ends at Ch. 24+400 (Design Ch. 22+000) near Bhondsi, Gurgaon. Length of the Project Road is 12.718 km.

Sr. No.	Salient Features	Units
1	Total Length of the Project Highway	12.854 Km
2	Total length of Service Roads	25.708 Km
3	Widening	Ex. Str. LHS 6.44, RHS 7.983
4	Flexible Pavement for Main carriageway	LHS– 51MSA & RH – 133MSA
5	Toll Plaza	01 no. (24 lanes)
6	Bus Bays / Bus Shelters	06 nos.
7	Truck Lay Bays	02 nos.
8	No of Rest Areas	02 nos.
9	Major Junction	01 no.
10	Minor Junctions	13 nos.
11	No of Vehicular underpasses	02 nos.
12	No of Flyovers	03 nos.
13	Minor Bridges	02 nos.
14	Box/Slab Culverts	12 nos.
15	Elevated Corridor	02 nos.
16	Pipe Culverts	1 no.

Source: Investment Manager

- 3.9.5. The shareholding of GSHPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	6,60,30,000	100.00%
	<b>Total</b>	<b>6,60,30,000</b>	<b>100.00%</b>

Source: Investment Manager

\*Includes shares held by nominee of Highways Infrastructure Trust.

I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.

- 3.9.6. My team had conducted physical site visit for GSHPL on 18<sup>th</sup> August 2023. Following are the pictures of the plant site:



### 3.10. H.G. Rewari Ateli Highway Private Limited (“RAHPL”)

3.10.1. H.G. Rewari Ateli Highway Private Ltd (RAHPL) was incorporated on 04<sup>th</sup> April, 2019. RAHPL entered into a concession agreement dated 27<sup>th</sup> May, 2019 with NHAI. The RAHPL project was awarded to H.G. Infra Engineering Ltd. by NHAI for 15 years of operation & maintenance period along with construction period of 730 Days from the Appointed Date i.e. 14<sup>th</sup> January, 2020 of the RAHPL Project. The Project has successfully achieved its PCOD on 15<sup>th</sup> November, 2021.

3.10.2. The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

3.10.3. Summary of project details of RAHPL are as follows:

Parameters	Details
Total Length	30.450 km
Nos. of Lanes	4 lane
NH / SH	NH- 11
State Covered	Haryana
Area (Start and End)	Maha Kharia, Rewari to Ateli Mandi, Ateli
Bid Project Cost	5800 INR Mn (Revised 5750 INR Mn)
PPP Model	HAM
Project Type	HAM
Concession Granted by	NHAI
PCOD Date	15 <sup>th</sup> November, 2021
Nos. of Annuities	30
Balance Completion Cost	3,787 INR Mn
Construction Period	730 days
Operational Period	15 years

Source: Investment Manager



- 3.10.4. The Project Road is a Section of NH-11 which starts from Ch. 13+000 and ends at Ch. 44+000 (Design Length 31.000 km) in the state of Haryana. The Project Road has a length of 30.450 km.

Sr. No.	Salient Features	Units
1	Total Length of the Project Highway	30.450 km
2	Total length of Service Roads	34.400 km
3	No of Bypass Roads	1 no.
4	Flexible Pavement for Main carriageway	60 MSA
5	Toll Plaza	01 no.
6	Bus Bays / Bus Shelters	12 nos.
7	Truck Lay Bays	02 nos.
8	No of Rest Areas	02 nos.
9	Major Junction	07 nos.
10	Minor Junctions	24 nos.
11	No of Vehicular underpasses	07 nos.
12	No of Subways	01 no.
13	Pedestrian/Cattle Underpass	08 nos.
14	Minor Bridges	01 no.(de-scoped)
15	Box/Slab Culverts	72 nos.
16	Pipe Culverts	01 no.

Source: Investment Manager

- 3.10.5. The shareholding of RAHPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	3,82,25,000	100.00%
	<b>Total</b>	<b>3,82,25,000</b>	<b>100.00%</b>

Source: Investment Manager

\*Includes shares held by nominee of Highways Infrastructure Trust.

I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.

- 3.10.6. My team had conducted physical site visit for RAHPL on 18<sup>th</sup> August, 2023. Following are the pictures of the plant site:



**3.11. H.G. Ateli Narnaul Highways Private Limited (“ANHPL”)**

3.11.1. The Project Road includes Ateli Mandi to Narnaul section of NH-11 which starts from Ch. 43+445m and ends at Ch. 56+900 ( Design Length 14 km) & Narnaul Bypass (Design Length 28.000 km) in the state of Haryana. The Project Road is a section which is heading towards the Industrial town of Narnaul. The Project Road has a length of 40.81 km.

3.11.2. The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

3.11.3. Summary of project details of ANHPL are as follows:

Parameters	Details
Total Length	191.24 Lane Kms
Nos. of Lanes	4/6
NH / SH	NH 11
State Covered	Haryana
Area (Start and End)	Narnaul Bypass and Ateli Mandi to Narnaul
Bid Project Cost	INR 9,521 Mn
PPP Model	HAM
Project Type	HAM
Concession Granted by	NHAI
PCOD Date	11 <sup>th</sup> March 2022
COD Date	11 <sup>th</sup> March 2022
Nos. of Annuities	30
Total Annuity Amount	~6,370 Mn
Construction Period	910 days from Appointed date
Operational Period	15 years from PCOD date

Source: Investment Manager

3.11.4.

Sr. No.	Salient Features	Units
1	Total Length of the Project Highway	40.81 Km (6 Lane – 14Km & 4Lane – 28.81 Km)
2	Total length of Service Roads	62.07 Km
3	Widening	0.00 Km
4	New Alignment including bypass	23.85 Km
5	Approaches to underpasses	16.96 Km
6	No of Bypass Roads	5 Nos.
7	Flexible Pavement for Main carriageway	40.06 Km
8	Toll Plaza	NIL
9	Bus Bays / Bus Shelters	13 Nos.
10	Truck Lay Bays	2 Nos.
11	No of Rest Areas	NIL
12	Major Junction	3 Nos.
13	Minor Junctions	31 Nos.
14	No of Vehicular underpasses	16 Nos.
15	Vehicle overpass	1 Nos.
16	No of Subways	1 Nos.
17	No of Flyovers	3 Nos.
18	Pedestrian/Cattle Underpass	19 Nos.
19	Railway Over Bridge	1 Nos.
20	Major Bridges	1 Nos.
21	Minor Bridges	5 Nos.
22	Box/Slab Culverts	61 Nos.
23	Pipe Culverts	2 Nos.

Source: Investment Manager

3.11.5. The shareholding of ANHPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust*	9,52,11,000	100.00%
	<b>Total</b>	<b>9,52,11,000</b>	<b>100.00%</b>

Source: Investment Manager

\*Includes Shares held by nominee of Highways Infrastructure Trust.

I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.

3.11.6. My team had conducted physical site visit for ANHPL on 22<sup>nd</sup> June 2023. Following are the pictures of the plant site:



## 4. Overview of the Industry

The road infrastructure is an important determinant of economic growth in India and it plays a significant role in the economy's overall development process.

India has the second-largest road network in the world, spanning over 6.3 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.

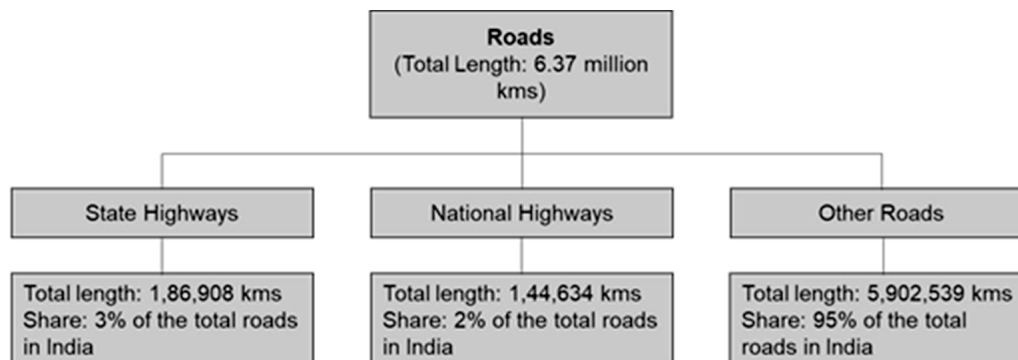
Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.

Bridging of existing infrastructure gaps and creating additional facilities to cater to the increasing population are equally important. Apart from providing connectivity in terms of enabling movement of passengers and freight, roads act as force multipliers in the economy.

Further, roads play a significant role in times of natural calamities, wars and other such events in terms of timely evacuation of the impacted population, carriage of relief material and other associated movements. Government takes cognisance of this requirement and road infrastructure remains to be a focus area.

### 4.1 Road Network in India

- 4.1.1 India has the second largest road network in the world, spanning over 6.37 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.



Source: IBEF Roads Report, February 2023

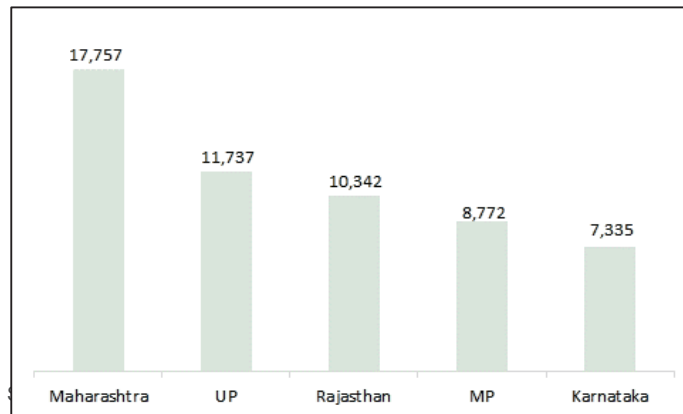
- 4.1.2 Out of this around 1.41 lakh km are National Highways ("NHs"). Significantly, NHs constitute around 2 per cent of the total road network in the country but carry about 40 per cent of the road traffic. The density of India's highway network at 1.89 km of roads per square kilometer of land – is similar to that of the France (1.98) and much greater than China's (0.49) or USA's (0.68).

### 4.2 Government Agencies for Road Development

- 4.2.1 The Ministry of Road Transport & Highway ("MoRTH") is responsible for development of Road Transport and Highways in general and construction & maintenance of National Highways.
- 4.2.2 The National Highways Authority of India ("NHAI") is an autonomous agency of the Government of India, set up in 1988 and is responsible for implementation of National Highways Development Project ("NHDP").
- 4.2.3 The NHDP in the context of NHs is nearing completion- in seven phases. Later, the other highway development programmes like Special Accelerated Road Development Programme for Development of Road Network in North Eastern States (SARDP- NE) and National Highways Interconnectivity Improvement Project (NHIIP) were also taken up by MoRTH. Further, Bharatmala Pariyojana is ongoing. For majority of the projects under NHDP and Bharatmala Pariyojana, NHAI is the implementation agency. Other NH related programmes/works are being implemented through agencies like National Highways Infrastructure Development Corporation Limited (NHIDCL), State Public Works Departments (PWDs), State Road Development Corporations and the Border Road Organization.
- 4.2.4 NHAI is planning to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetise its highway assets through Infrastructure Investment Trust (InvIT).

- 4.2.5 In December 2022, NHAI raised Rs. 10,200 crore (US\$ 1.23 billion) from foreign and Indian institutional investors to meet ever-growing budgetary support. Indian Government and Asian Development Bank signed US\$ 500 million loan agreement to build the longest bridge across river Ganga, in Bihar. The bridge is expected to be ready by December 2021.
- 4.2.6 NHAI is planning to award 1,000-1,500 km of projects under the BOT model in 2023-24. In FY21, there were 125 PPP projects worth US\$ 23.25 billion in India.
- 4.2.7 The government has successfully rolled out over 60 road projects in India worth over US\$ 10 billion based on the Hybrid Annuity Model (HAM). HAM has balanced risk appropriately between private and public partners and boosted PPP activity in the sector.
- 4.2.8 In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires. According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.
- 4.2.9 Roads in the jurisdiction of state governments are under different categories like State Highways ("SHs") and Major District Roads. They are being developed/ upgraded through State PWDs and State Road Development Corporations. Pradhan Mantri Gramm Sadak Yojana is being implemented for rural roads through the Ministry of Rural Affairs with active participation by state governments. Further, roads within urban areas are maintained/ developed mostly with PWDs and Urban Local Bodies.
- 4.2.10 State Governments have a significant role to play in developing the SHs, Major District Roads, Other District Roads to ensure the last mile connectivity. States have varying levels of maturity in terms of road infrastructure development due to issues such as inadequate identification and prioritization of projects, funding shortfall, limited institutional capacity to implement projects, etc.

**Top 5 states by length of NHs in India (in Km)**

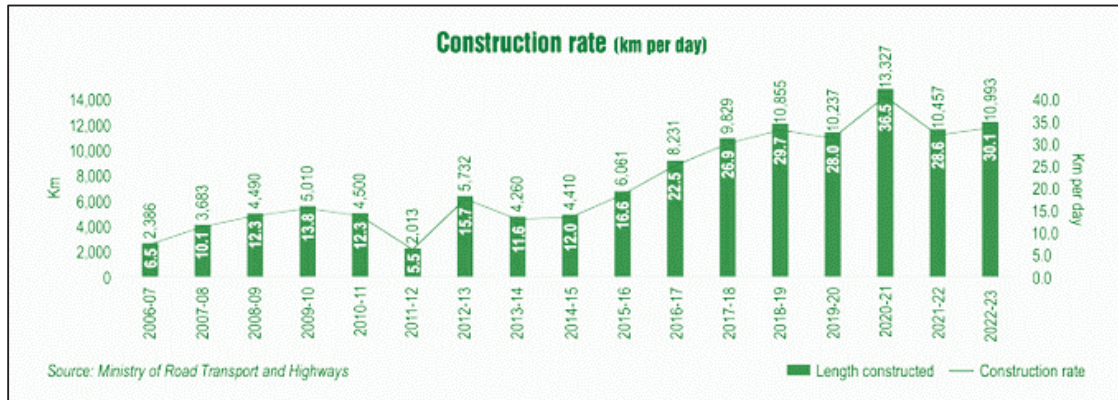


### 4.3 Trend of Road and Highways Construction

- 4.3.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.
- 4.3.2 The current rate of road construction is almost three times that in 2007-08.
- 4.3.3 The launch of the Bharatmala Pariyojana in 2017 provided a big fillip to construction activity, with the pace of construction doubling from 12 km per day in 2014-15 to 30 km per day in 2022-23, and peaking at 37 km per day in 2020-21.
- 4.3.4 The government aims to take this up to 100 km per day in the next few years.

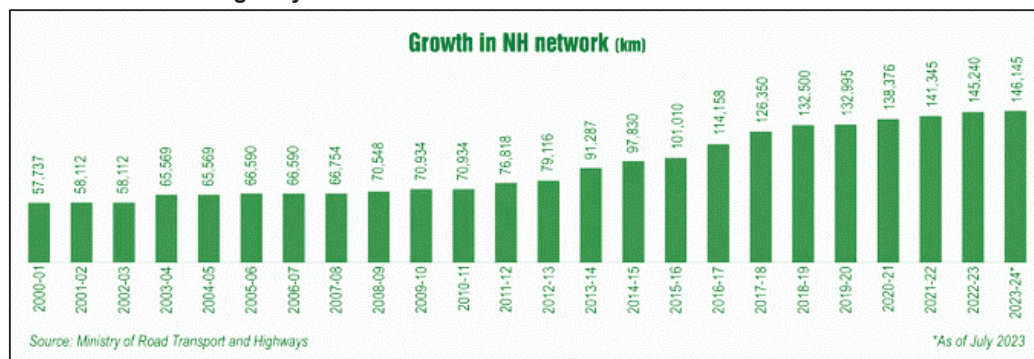


#### Details of National Highway network:



- 4.3.5 The road transport and highways ministry (MoRTH) has received a push with the Union Budget raising the allocation by 36 percent to around Rs 2.7 lakh crore for 2023-24. This is nearly 10 percent jump over the Budgetary allocation of Rs 1.99 lakh crore made in the Budget for 2022-23.
- 4.3.6 The GST on construction equipment has been reduced to 18% from 28%, which is expected to give a boost to infrastructure development in the country.
- 4.3.7 The NHDP is a program to upgrade, rehabilitate and widen major highways in India to a higher standard. The project was started in 1998 to be implemented in 7 phases.
- 4.3.8 With the launch of Bharatmala project, 10,000 km of highway construction left under NHDP was merged with Phase I of the Bharatmala project.
- 4.3.9 The Indian government launched Gati Shakti-National Master Plan, which has consolidated a list of 81 high impact projects, out of which road infrastructure projects were the top priority. The major highway projects include the Delhi-Mumbai expressway (1,350 kilometres), Amritsar-Jamnagar expressway (1,257 kilometres) and Saharanpur-Dehradun expressway (210 kilometres).
- 4.3.10 The main aim of this program is a faster approval process by digitizing the process through a dedicated Gati shakti portal.
- 4.3.11 In December 2021, the government set a highway monetization target of Rs. 2 trillion (US\$ 26.20 billion) for the next 3 years.
- 4.3.12 The Government of India has allocated Rs. 111 lakh crore (US\$ 13.14 billion) under the National Infrastructure Pipeline for FY 2019-25. The Roads sector is expected to account for 18% capital expenditure over FY 2019-25.
- 4.3.13 NHAI is planning to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetise its highway assets through Infrastructure Investment Trust (InvIT). The InvIT of NHAI, National Highways Infra Trust, has raised more than Rs 8,000 crore from foreign and Indian institutional investors till October 2022.
- 4.3.14 The development of market for roads and highways is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing government initiatives to improve transportation infrastructure in the country.

#### Details of National Highway network:





#### **4.4 Implementation of important projects and expressways:**

##### **4.4.1 Bharatmala Pariyojna**

Bharatmala Pariyojana is a new umbrella program for the highways sector that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions like development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Green-field expressway.

The Bharatmala Pariyojana envisages development of about 24,800 km length of Economic Corridors, which along with Golden Quadrilateral (GQ) and North-South and East-West (NS-EW) Corridors are expected to carry majority of the Freight Traffic on roads.

A total length of 34,800 km in road projects have been proposed to be constructed with an estimated outlay of Rs 5.35 trillion under Bharatmala Pariyojana Phase-I over a five year period (2017-18 to 2021-22).

##### **4.4.2 Char Dham Vikas Mahamarg Pariyojna:**

This project envisages development of easy access to the four dhams in India – Gangotri, Yamunotri, Kedarnath and Badrinath. Development of this route of 889 km route is expected at an estimated cost of INR 12,000 Crores.

##### **4.4.3 Eastern peripheral and western peripheral expressway**

These two projects will connect NH-1 and NH-2 from western and eastern side of Delhi.

##### **4.4.4 Setu Bharatam:**

This project aims to replace crossings on NHs with Road Over Bridges and Road Under Bridges. It is projected to construct 174 such structures.

##### **4.4.5 To further augment road infrastructure, more economic corridors are also being planned by Government of India as revealed in Budget 2021-22.**

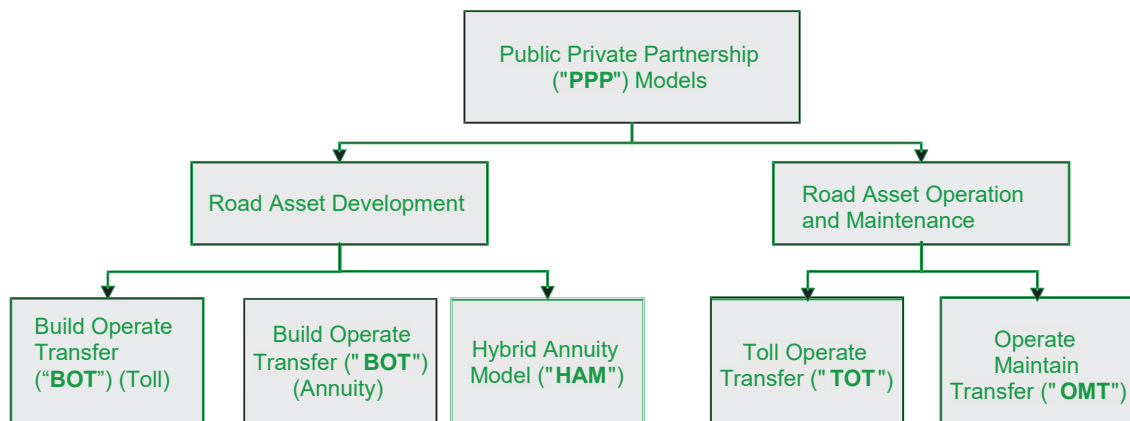
- a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.
- b. 1,100 km of National Highway works in the State of Kerala at an investment of INR 65,000 Crores including 600 km section of Mumbai Kanyakumari corridor in Kerala.
- c. 675 km of highway works in the state of West Bengal at a cost of INR 25,000 Crores including upgradation of existing road-Kolkata –Siliguri.
- d. National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.
- e. In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometres of National highways.

#### **4.5 Opportunities in road development & maintenance in India**

- a. India has joined the league of 15 of global alliance which will work towards the ethical use of smart city technologies
- b. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US\$ 741.51 billion).
- c. The government also aims to construct 23 new national highways by 2025.
- d. Road building in India is second least expensive in Asia.
- e. Andhra Pradesh will spend US\$ 296.05 million to build 8,970 Kms of roads.
- f. In February 2022, NHAI rolled out a plan to construct 5,795 kilometres of highways that will connect 117 districts. The plan was worth Rs. 1 trillion (US\$ 13.09 billion).

#### 4.6 Public Private Partnership ("PPP") Models of road development and maintenance in India

- 4.6.1 India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector. PPP has been a major contributor to the success story of the roads and highway sector in India. With the emergence of private players over the last decade, the road construction market has become fragmented and competitive. Players bidding for projects also vary in terms of size. PPP modes have been used in India for both development and operation & maintenance of road assets.
- 4.6.2 In FY21, there were 125 PPP projects worth US\$ 23.25 billion in India.
- 4.6.3 In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires. According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.



##### 4.6.4 Road Asset Development Models

- **BOT Toll**

In a BOT toll project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. The concession period is project specific but is usually for 20-25 years. In BOT Toll model, the concessionaire earns revenue primarily in the form of toll revenue which in turns depends on the traffic on the road stretch. Toll rates are regulated by the government through rules.

- **BOT Annuity**

Similar to a BOT Toll projects, in BOT Annuity project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government. The concessionaire earns revenue in the form of pre-determined semi-annual annuity payments.

- **HAM**

Similar to a BOT projects, in HAM project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government. The construction period for HAM projects is project specific and a fixed operation period of 15 years.

#### 4.7 Government Investment in the Sector

- 4.7.1 Under Union Budget 2023-24, the Government of India has allocated Rs. 270,435 Crore to the Ministry of Road Transport and Highways.

- 4.7.2 The Government aims to increase the toll revenue to INR 1.3 Trillion by 2030. In 2014, the waiting time at the toll plazas was 734 seconds, whereas in the 2023 this has reduced to 47 seconds. We are hopeful that we will bring it down to 30 second soon
- 4.7.3 NHAI is in the process to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetize its highway assets through Infrastructure Investment Trust (InvIT).
- 4.8 Recent Initiatives by Government
- 4.8.1 Bhoomi Rashi – Land Acquisition Portal
- The ministry has corroborated with the National Informatics Centre, to create Bhoomirashi, a web portal which digitises the cumbersome land acquisition process, and also helps in processing notifications relating to land acquisition online. Processing time, which was earlier two to three months has come down to one to two weeks now.
- 4.8.2 FASTag – Electronic Toll Collection
- National Electronic Toll Collection (NETC) system, has been implemented on pan India basis in order to remove bottlenecks and ensure seamless movement of traffic and collection of user fee as per the notified rates, using passive Radio Frequency Identification (RFID) technology.
- 4.8.3 Revival of languishing projects
- Projects which were languishing for a number of years have been attempted to be revived, with the help of a number of policy measures taken by the government. Some of the policy measures like Premium deferment in stressed projects, extension of concession period for languishing projects to the extent of delay not attributable to concessionaires, One Time Capital Support for physical completion of languishing projects that have achieved at least 50 per cent physical progress, through one time fund infusion by NHAI, subject to adequate due diligence on a case to case basis.
- 4.8.4 Rural development
- Under the Union Budget 2023-24, the Government of India allocated Rs. 19,000 (US\$ 2.37 billion) for Pradhan Mantri Gram Sadak Yojana (PMGSY).
- 4.8.5 Portfolios in roads & highways sector
- In October 2020, the National Investment and Infrastructure Fund (NIIF) is making progress towards integrating its road and highway portfolio. The NIIF has acquired Essel Devanahalli Tollway and Essel Dichpally Tollway through the NIIF master fund. These road infra-projects will be supported by Athaang Infrastructure, NIIF's proprietary road network, assisted by a team of established professionals with diverse domain expertise in the transport field.
- 4.8.6 International Tie-ups
- In December 2020, the Ministry of Road Transport and Highways signed an MoU with the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology of the Republic of Austria on technology cooperation in the road infrastructure sector.
- 4.8.7 Encourage private funding to reduce finance constraints
- Cumulative FDI inflows in construction development stood at US\$ 26.21 billion between April 2000-March 2022. Maif 2 Investments India Pvt. Ltd. became the first-largest foreign investment in Indian roads sector under toll-operate-transfer (TOT) mode worth Rs. 9,681.5 crore (US\$ 1.50 billion).
  - In October 2020, the Asian Development Bank (ADB) and the Government of India signed a US\$ 177 million loan to upgrade 450 kms of state highways and major district roads in Maharashtra.
  - In January 2021, the Government of India and New Development Bank (NDB) signed two loan agreements for US\$ 646 million for upgrading the state highway and district road networks in Andhra Pradesh.
  - In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires.
  - According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.

#### 4.9 Outlook

- 4.9.1. India's infrastructure sector is rapidly evolving and the key trends demonstrate positivity and optimism. The market for roads and highways in India is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing Government initiatives to improve transportation infrastructure in the country. For the period of 2016-17 to 2021-22, the CAGR stands at 20%.
- 4.9.2. Development and maintenance of road infrastructure is a key Government priority, the sector has received strong budgetary support over the years. During the past years, the standardized processes for Public Private Partnership & public funded projects and a clear policy framework relating to bidding and tolling have also been developed.
- 4.9.3. The major initiatives undertaken by the Government such as National Infrastructure Pipeline (NIP) and the PM Gati Shakti National Master Plan will raise productivity, and accelerate economic growth and sustainable development.
- 4.9.4. The highways sector in India has been at the forefront of performance and innovation. The government is committed towards expanding the National Highway network to 2 lakh kilometres by 2025 emphasizing the construction of the World Class Road infrastructure in time bound & target oriented way. India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector.
- 4.9.5. The Asian Development Bank ranked India at the first spot in PPP operational maturity and also designated India as a developed market for PPPs. The Hybrid Annuity Model (HAM) has balanced risk appropriated between private and public partners and boosted PPP activity in the sector.

*Sources: IBEF Roads Report, November 2022; KPMG Report - Roads and Highway Sector; ICRA reports, website of Ministry of Road Transport and Highways, Government of India.*

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## 5. Valuation Methodology and Approach

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

### Cost Approach

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

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

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

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

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

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

### Market Approach

- 5.6. 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

- 5.7. 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

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

### Market Price Method

- 5.9. 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.

### Income Approach

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

### 5.11. DCF Method

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

5.11.2. The perpetuity (terminal) value is calculated based on the business’ potential for further growth beyond the explicit forecast period. The “Constant Growth Model” is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period.

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

### 5.12. Conclusion on Cost Approach

5.12.1. The existing book value of EV of the SPVs comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the provisional unaudited financial statements as at 21<sup>st</sup> November 2023 prepared as per Indian Accounting Standards (Ind AS) are as under :

SPVs	21st November 2023	
	Book EV	Adjusted Book EV
NBPL	681	1,116
SEPL	38	460
DBCPL	3,447	3,710
GEPL	5,092	5,253
JPEPL	3,206	3,847
UEPL	2,521	3,390
NUTPL	5,730	6,060
ANHPL	4,238	4,811
GSHPL	3,046	3,391
RAHPL	2,636	2,975
<b>Total</b>	<b>30,634</b>	<b>35,014</b>

5.12.2. In the present case, the SPVs operate and maintain the project facilities in accordance with the terms and conditions under the relevant concession agreement(s). During the concession period, the SPVs operate and maintain the road asset and earn revenues either through:

- (a) Annuity payments that are predetermined; or
- (b) Charges, fees or tolls generated from the Toll SPVs or
- (c) Annuity payments and O&M payments that are predetermined.

5.12.3. The amount of annuity payments and O&M payments are pre-determined and the charges, fees or tolls that they may collect are notified by the relevant government authority, which are usually revised annually as specified in the relevant concessions and toll notifications. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, I have not considered the cost approach for the current valuation exercise.

5.12.4. In the present case, the SPVs operates and maintains the project facilities in accordance with the terms and conditions under the relevant concession agreement. During the concession period, the SPVs operates and maintains the road asset and earns revenue through annuity payments that are pre-determined as per the respective concession agreement. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, I have not considered the cost approach for the current valuation exercise.



### 5.13. Conclusion on Market Approach

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

### 5.14. Conclusion on Income Approach

- 5.14.1. Each of the SPVs operates under a BOT or DBFOT based concession agreement with the relevant regulatory authorities. Government authorities in India typically award highway infrastructure development projects under BOT concessions, which are characterized by three distinct phases:
- a. Build: upon successfully securing a project concession through a competitive bid, a concessionaire secures financing for, and completes construction, of a road;
  - b. Operate: during the agreed concession period, the concessionaire operates, manages and maintains the road at its own expense and earns revenues by collecting tolls from vehicles using the road or annuity payments from the Concessioneering Authority; and
  - c. Transfer: at the end of the agreed concession period, the ownership of the road (rights over the road under the concession), the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government entity that granted the concession.
- d. A DBFOT project involves, in addition to the activities required under a BOT project, the provision of engineering and design for such project.
- 5.14.2. Currently, each of the SPVs are completed and are revenue generating. The revenue of the Toll SPVs is based on tenure, tariff rates, traffic volumes, operations, macro-economic factors like GDP growth, WPI, and other factors that are unique to each of the Toll SPVs. The Toll SPVs derive almost all of their revenue from their toll-road operations (toll collections) over the operation period. Traffic plying through the toll roads is primarily dependent on sustained economic development in the regions that they operate in and government policies relating to infrastructure development. The Toll SPVs are substantially dependent on the accuracy of their respective traffic volume forecasts. The rights in relation to the underlying assets of all the SPVs shall be transferred after the expiry of the Concession Period.
- 5.14.3. The revenue of the Annuity SPVs is mainly derived from the annuity payments (annuity fees).
- 5.14.4. The annuity fees are typically pre-determined with the relevant government authority (NHAI in this case) and cannot be modified to reflect prevailing circumstances. Interest on balance annuity payments are linked to bank rate, which is changed by RBI based on prevailing market conditions. The rights in relation to the underlying assets of the SPVs shall be transferred after the expiry of the Concession Period. Accordingly, since the SPVs are generating income based on pre-determined agreements / mechanism and since the Investment Manager has provided me with the financial projections of the SPVs for the balance tenor of the concession agreements, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.

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## 6. Valuation of the SPVs

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- 6.1. In the present exercise, my objective is to determine the Fair Enterprise Value of the SPVs as per the DCF Method. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. Accordingly, in the present case, I have considered it appropriate to consider cash flows at FCFF (Free Cash Flow to Firm) level i.e., cash flows that are available to all the providers of capital (equity shareholders, preference shareholders and lenders). Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFF.
- 6.2. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the SPVs as provided by the Investment Manager. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.
- 6.3. Following are the major steps I have considered in order to arrive the EV of the SPVs as per the DCF Method:
- Determination of Free Cash Flows to Firm which included:
    - a. Obtaining the financial projections to determine the cash flows expected to be generated by the SPVs from the Investment Manager;
    - b. Analyzed the projections and its underlying assumptions to assess the reasonableness of the cash flows;
  - Determination of the discount rate for the explicit forecast period; and
- Applying the discount rate to arrive at the present value of the explicit period cash flows and for arriving at the terminal value.
- 6.4. The key assumptions of the projections provided to me by the Investment Manager are:

### Key Assumptions:

#### 6.4.1. Revenue cash flows for Annuity Model SPVs (Annuity SPVs)

Under this model, concessionaire is responsible for designing, building, financing, operating, maintaining and transferring the project to the authority at the end of the concession period. Under this model, post completion of the road project, the right and responsibility of tolling is with the government. Accordingly, only one mode of revenue is earned by these SPVs that is explained below:

**Annuity Payments:** The concessionaire earns revenue primarily in the form of pre - determined biannual annuity payments which are made by NHAI to the concessionaire based on the respective concession agreements.

#### 6.4.2. Revenue cash flows for the Toll SPVs:

Under this model, the Toll SPVs are responsible for designing, building, financing, operating, maintaining and transferring the project to the authority at the end of the concession period. The right and responsibility for tolling is with the Toll SPVs. The concessionaire earns revenue primarily in the form of toll revenue.

**Toll Revenue:** As per the concession agreements for the respective Toll SPVs, the Concessionaire is allowed to levy, demand, collect and appropriate the fees (called as toll fees) from vehicles and persons liable to payment of fees for using their road stretch or any part thereof and refuse entry of any vehicle to the road asset if the due fee is not paid. Toll revenues depend on toll receipts, which in turn depend on traffic volumes and toll fees on the toll roads.

#### Concession Period

The Concession Period refers to the period where the Concessionaire has the responsibility to construct the road asset and post-construction is granted with the exclusive rights, license and authority to demand, collect and appropriate fee, operate, manage and maintain the project highway subject to the terms and conditions mention in their respective concession agreement. The cash flow projections are prepared by the Investment Manager for the balance concession period remaining from the Valuation Date as summarized below:

SPV	Concession Period End Date		Extension Period	
	Original	Revised	For Traffic Variance	For Other Reasons
DBCPL	19-Mar-33	02-Dec-33	Nil	258
GEPL	28-Feb-38	03-Sep-43	1,973*	40**
JPEPL	16-Sep-38	13-Nov-43	1,825***	59**
UEPL	16-Oct-26	25-Mar-27	Nil	25**
NUTPL	04-Sep-35	04-Sep-35	Nil	Nil

\*Subject to NHAI approval

\*\* COVID-19 Extension

\*\*\*Subject to Public Works Department, Government of Rajasthan approval

I understand, as per the extant provisions of the Concession Agreements for the respective Toll SPVs in relation to the traffic variation, the concession period could be modified to take into the account shortfall or excess in actual average traffic vis-à-vis the target traffic ranging beyond 2.5% and such concession extension or truncation shall be subject to a cap of 20% extension for shortfall and 10% for truncation for excess.

Accordingly, the Investment Manager has considered an extension period based on its calculation which is subject to the approval from the respective Authorities in case of GEPL and JPEPL. I have relied on the information provided by the Investment Manager.

**Extension for Other Reasons:** Respective authorities vide their various orders have extended the concession period of the BOT Toll Projects for reasons including natural calamities, lockdowns on account of COVID-19, etc.

I have considered the projection period for the current valuation exercise based on the balance concession period as represented by the Investment Manager, wherein expected COVID-19 related extensions are considered for the Toll SPVs, as final approval from authorities has not been received.

#### Traffic Volumes

Traffic volumes are directly or indirectly affected by a number of factors, many of which are outside of the control of the Toll SPVs, including: toll fees; fuel prices in India; the frequency of traveler use; the quality, convenience and travel efficiency of alternative routes outside the Toll SPV's network of toll roads; the convenience and extent of a toll road's connections with other parts of the local, state and national highway networks; the availability and cost of alternative means of transportation, including rail networks and air transport; the level of commercial, industrial and residential development in areas served by the Toll SPVs' projects; adverse weather conditions; and seasonal holidays.

#### Toll Rates

During the concession period, the Toll SPVs operate and maintain the road asset and earn revenues through charges, fees or tolls generated from the asset. The amount of charges, fees or tolls that they may collect are notified by the relevant government authorities, which are usually revised annually as specified in the relevant concessions and toll notifications.

The toll rates for the projected period have been derived in the manner stipulated in the individual concession agreements of the Toll SPVs.

In the present case, the Investment Manager has appointed M/s Sri Infotech and M/s Ramboll India Private Limited for NUTPL and other Toll SPVs respectively; who are independent third-party research agencies to forecast the traffic volumes and toll revenues for the Toll SPVs. As confirmed by the Investment Manager, the traffic volumes and toll revenues for Toll SPVs have been estimated by the traffic consultant after considering overall structure and condition of the projects including analysis of demand and supply and strategic geographical locations of the individual road projects. This was one of the most important input in projecting the toll revenues.

#### 6.4.3. Revenue cash flows for the HAM SPVs:

The Cash flow for the SPVs can be divided into two segments:

##### Payment from NHAI during the Construction Period:

The SPVs are eligible to receive 40% of the Bid Project Cost (BPC), adjusted for the price index multiple, in 5 installments of 8% each during the construction period. I have been represented by the Investment Manager that SPVs have received the agreed portion of the inflation adjusted bid project cost (of 40%) as per the respective concession agreements.

**Payment by NHAI during the Operation Period:** Accordingly, the revenue of the SPVs would mainly consists of the following receipts:

- a. **Annuity payments:** The Bid Project Cost remaining, adjusted for the price index multiple, to be paid in pursuance of the respective concession agreements (i.e. the Balance Completion Cost) is eligible to be received by the respective SPVs by way of specified biannual installments as mentioned in their respective concession agreement for the balance period of operations.
- b. **Interest:** As per the concession agreements, the SPVs is entitled to receive interest on reducing Balance Completion Cost equal to applicable Bank Rate (as decided by the Monetary Policy Committee and published by the Reserve Bank of India) + 3.00% spread. Such interest is due and payable along with each of the biannual installments as mentioned above; and
- c. **Operation and Maintenance Revenue:** In lieu of O&M expenses to be incurred by SPVs, SPVs is eligible for certain O&M income (as defined in the respective concession agreement) at each biannual installment date, duly adjusted for an appropriate inflation rate.

#### 6.4.4. **Operating and Maintenance Expenses:**

Since all the SPVs are operational on the Valuation Date, following are the major costs incurred by the SPV:

##### **Operation and Maintenance Costs (Routine) (“O&M Costs”)**

These are routine costs incurred every year. These costs are related to the normal wear and tear of the road and hence involve repairing the patches damaged mainly due to heavy traffic movement. O&M Costs also includes staff salaries, consumables, security expenses, electricity, etc. The primary purpose of these expenses is to maintain the road as per the specifications mentioned in the respective concession agreement. SPV is generally responsible for carrying out operation and maintenance activities at its toll road during its concession period. Within the scope of such operation and maintenance obligations, the SPV may be required to undertake routine maintenance of project roads, maintain and comply with safety standards to ensure smooth and safe traffic movement, deploy adequate human resources for incident management, maintain proper medical and sanitary arrangements for personnel deployed at the site, prevent any unauthorized entry to and exit from the project as may be required.

##### **Major Maintenance and Repairs Costs (“MMR Costs”)**

###### **Estimating the MMR Costs**

Periodic maintenance expenses will be incurred on periodic basis say every 5 years or more. These are the costs incurred to bring the road assets back to its earlier condition or keep the road assets in its present condition. These expenses are primarily related to the construction or re-laying of the top layer of the road. Accordingly such costs include considerable amounts of materials and labour.

We have relied on projections as provided to us by the Investment Manager for estimating major maintenance expenses and O&M Costs for the projected period.

###### **Provisions for MMR Costs and Cash Flow Adjustments**

As per the financial requirements, provision is required for appropriate major maintenance expense over a period until the actual expenditure is incurred. These are non-cash expenses. Hence, for my DCF analysis, such provisions are added back in their respective years and the actual expenditure expected to be incurred during the particular interval (of 5 years or more) is deducted in those respective years in order to arrive at net cash flows.

The Investment Manager has provided me the estimated Major Maintenance Expenses.

- 6.4.5. **Depreciation and Amortization:** The toll collection rights or the financial rights (intangible assets) of the SPVs are being amortized over the period of concession using the revenue based amortization method prescribed under Schedule II to the Companies Act, 2013.
- 6.4.6. **Revenue Share/ Premium payment:** The revenues collected from the toll would be shared with NHAI (in case of GEPL) and Public Works Department, Government of Rajasthan (in case of JPEPL) in the form of a concession fee. The percentage of revenue that the SPV has to share with their respective appointing authority is defined in the Concession Agreement. This is applicable in case of GEPL and JPEPL only. Such Premium payment is reduced from the revenue of the respective SPV to arrive at FCFF for calculation of Enterprise Value.
- 6.4.7. **Capital Expenditure (“Capex”):** As represented by the Investment Manager, the maintenance Capex has already been factored in the Operations & Maintenance expenditure and Major maintenance expenditure for the projected period except for JPEPL. Capital Expenditure of **INR 24 Mn** for JPEPL is estimated to be incurred in FY 2024.

6.4.8. **Taxes and Tax Incentive:** There have been changes in tax regime pursuant to introduction of Taxation Laws (Amendment) Ordinance 2019 made on 20<sup>th</sup> September 2019 which was enacted to make certain amendments in the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019. As per the discussions with the Investment Manager, the old provisions of Income Tax Act have been considered for the projected period of all SPVs for the current valuation exercise, which inter alia provide benefits of additional depreciation, section 115JB and section 80-IA. New provision of Income Tax Act (with base corporate tax rate of 22%) have been considered for all SPVs (except for NBPL, SEPL & UEPL) after utilization/ lapse of such 80-IA/ MAT benefits for the current valuation exercise.

6.4.9. **Working Capital:**

The Investment Manager has provided projected Working Capital information for all the SPVs. We have relied on the same.

6.5. **Impact of Ongoing Material Litigation on Valuation**

As on 21<sup>st</sup> November 2023, there are ongoing litigations as shown in Appendix 4. Further, Investment Manager has informed us that majority of the cases are low to medium risk and accordingly no material outflow is expected against the litigations, hence no impact has been factored on the valuation of the SPVs.

6.6. **GST Claim:** The Investment Manager has informed us that due to the changes in extant provision of the Goods & Services Tax ("GST") laws, the SPVs are eligible to receive GST claim from NHAI which are as follows:

- i. On Annuity: As per the Annexure IV of the Policy circular of Ministry of Road Transport & Highways as on 23rd December 2022, SPVs are eligible to claim reimbursement of GST on annuity, considering change in law, after adjusting GST input credit lying with the SPVs.
- ii. On Interest on Annuity: As per the Ministry of Finance circular dated 17th June 2021, GST will be applicable on annuity (deferred payments) paid for construction of roads i.e. annuity plus interest, additionally Ministry of Road Transport & Highways issued clarification dated 17th June 2021 that the SPVs will be eligible to claim reimbursement of GST on interest.
- iii. Change in GST rates: Ministry of Finance vide notification no. 03/2022 dated 13th July 2022, increased the GST rates applicable on road construction services from 12% to 18%. As per the Policy circular of Ministry of Road Transport & Highways as on 23rd December 2022, the above increase in GST rates are eligible for reimbursement from NHAI as it is considered as change in law (i.e. change of rate).

6.7. **Calculation of Weighted Average Cost of Capital for the SPV**

6.7.1. **Cost of Equity:**

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

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

$$K(e) = R_f + [ERP \times \text{Beta}] + \text{CSRP}$$

Wherein:

K(e) = cost of equity

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

ERP = Equity Risk Premium

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

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

For valuation exercise, I have arrived at adjusted cost of equity of the SPVs based on the above calculation (Refer Appendix 2).

6.7.2. **Risk Free Rate:**

I have applied a risk free rate of return of 7.16% on the basis of the zero coupon yield curve as on 21<sup>st</sup> November 2023 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

6.7.3. **Equity Risk Premium ("ERP"):**

Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised

returns on equity investments over a risk-free rate as represented by 10 year government bonds. Based on the aforementioned, a 7% equity risk premium for India is considered appropriate.

#### 6.7.4. **Beta:**

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

**For the valuation of the Annuity SPVs,** I find it appropriate to consider the beta of MEP Infrastructure Developers Ltd., Bharat Road Network Ltd and IRB InvIT Fund for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPVs like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty, etc. to arrive at the adjusted unlevered beta appropriate to the SPV.

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

$$\text{Unlevered Beta} = \text{Levered Beta} / [1 + (\text{Debt} / \text{Equity}) * (1-T)]$$

Further I have re-levered it based on debt-equity at 70:30 based on the industry Debt: Equity ratio of annuity based road DBFOT/BOT projects using the following formula:

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

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

**For the valuation of the Toll SPVs,** I find it appropriate to consider the beta of Ashoka Buildcon Limited and IRB Infrastructure Developers Limited for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPVs like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty etc. to arrive at the adjusted unlevered beta appropriate to the SPV.

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

$$\text{Unlevered Beta} = \text{Levered Beta} / [1 + (\text{Debt} / \text{Equity}) * (1-T)]$$

Further I have re-levered it based on debt-equity at 50:50 based on the industry Debt: Equity ratio of a road toll based BOT/DBFOT projects using the following formula:

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

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

**For the valuation of the SPVs,** I find it appropriate to consider the beta of MEP Infrastructure Developers Limited, Bharat Road Network Limited and IRB InvIT fund for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPVs like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty, etc. to arrive at the adjusted unlevered beta appropriate to the SPVs.

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

$$\text{Unlevered Beta} = \text{Levered Beta} / [1 + (\text{Debt} / \text{Equity}) * (1-T)]$$

Further I have re-levered it based on debt-equity at 70:30 based on the industry Debt: Equity ratio of HAM based projects using the following formula:

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

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

#### 6.7.5. **Company Specific Risk Premium ("CSRP"):**

Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In the present case, considering the counter-party risk for the SPVs, considering the length of the explicit period for the SPVs, and basis my discussion with Investment Manager, I found it appropriate to consider following CSRP for the SPVs:



Sr. No.	SPVs	CSRP	Sr. No.	SPVs	CSRP
1	NBPL	0%	6	UEPL	1%
2	SEPL	0%	7	NUTPL	2%
3	DBCPL	2%	8	ANHPL	0%
4	GEPL	2%	9	GSHPL	0%
5	JPEPL	2%	10	RAHPL	0%

#### 6.7.6. Cost of Debt:

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

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

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

For valuation exercise, pre-tax cost of debt has been considered as 8.50% for all the SPVs.

#### Weighted Average Cost of Capital (WACC):

The discount rate, or the WACC, is the weighted average of the expected return on equity and the cost of debt.

The weight of each factor is determined based on the company's optimal capital structure.

Formula for calculation of WACC:

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

Accordingly, as per above, I have arrived the WACC for the explicit period of the SPVs.

(Refer Appendix 2 for detailed workings).

#### 6.7.7. Cash Accrual Factor (CAF):

Discounted cash flow require to forecast cash flows in future and discount them to the present in order to arrive at present value of the asset as on Valuation Date. To discount back the projections we use the Cash Accrual Factor ("CAF"). The Cash Accrual Factor refers to the duration between the Valuation date and the point at which each cash flow is expected to accrue.

#### 6.7.8. Discounting Factor

Discounted cash flow is equal to sum of the cash flow in each period divided by present value factor, where the present value factor is determined by raising one plus discount rate (WACC) raised to the power of the CAF.

$$DCF = [CF1 / (1+r)^{CAF1}] + [CF2 / (1+r)^{CAF2}] + \dots + [CFn / (1+r)^{CAFn}]$$

Where,

CF = Cash Flows,

CAF = Cash accrual factor for particular period

R = Discount Rate (i.e. WACC)

- 6.8. At the end of the agreed concession period, the rights in relation to the underlying assets, its operations, the obligation to maintain the road reverts to the government authority that granted the concession. Hence, the SPVs is not expected to generate cash flow after the expiry of their respective concession agreements. Accordingly, I found it appropriate not to consider terminal period value, which represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life, in this valuation exercise

## 7. Valuation Conclusion

- 7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 7.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at fair EV of the SPVs.
- 7.3. Based on the above analysis, the fair EV as on the Valuation Date of the SPVs are as mentioned below:

INR Mn

Sr. No.	SPVs	WACC	Enterprise Value	Adjusted Enterprise Value
1	NBPL	8.3%	757	1,192
2	SEPL	8.3%	110	533
3	DBCPL	10.7%	15,672	15,935
4	GEPL	10.7%	21,725	21,885
5	JPEPL	10.7%	6,770	7,412
6	UEPL	10.3%	3,629	4,498
7	NUTPL	10.7%	8,449	8,779
8	ANHPL	7.6%	4,860	5,434
9	GSHPL	7.6%	3,200	3,545
10	RAHPL	7.6%	2,964	3,303
<b>Total</b>			<b>68,136</b>	<b>72,516</b>

(Refer Appendix 1 for detailed workings)

- 7.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.
- 7.5. Adjusted Enterprise Value is described as the Enterprise Value plus any closing cash or cash equivalents as at the date of valuation.
- 7.6. Adjusted Enterprise Value ("Adj. EV") is described as the Enterprise Value plus any closing cash or cash equivalents as at the date of valuation.
- 7.7. The fair EV of the SPVs are estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.
- 7.8. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 7.9. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:
1. WACC by increasing / decreasing it by 0.5%
  2. WACC by increasing / decreasing it by 1.0%
  3. Expenses by increasing / decreasing it by 20%
  4. Revenue of Toll SPVs by increasing / decreasing it by 10%

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

INR Mn

Sr. No.	SPVs	WACC +0.50%	EV	Base WACC	EV	WACC -0.50%	EV
1	NBL	8.82%	746	8.32%	757	7.82%	769
2	SEPL	8.82%	110	8.32%	110	7.82%	111
3	DBCPL	11.24%	15,325	10.74%	15,672	10.24%	16,031
4	GEPL	11.17%	20,813	10.67%	21,725	10.17%	22,695
5	JPEPL	11.22%	6,483	10.72%	6,770	10.22%	7,076
6	UEPL	10.82%	3,597	10.32%	3,629	9.82%	3,661
7	NUTPL	11.20%	8,220	10.70%	8,449	10.20%	8,687
8	ANHPL	8.08%	4,750	7.58%	4,860	7.08%	4,975
9	GSHPL	8.08%	3,127	7.58%	3,200	7.08%	3,277
10	RAHPL	8.08%	2,900	7.58%	2,964	7.08%	3,032
Total			66,070		68,136		70,312

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

INR Mn

Sr. No.	SPVs	WACC +1.00%	EV	Base WACC	EV	WACC -1.00%	EV
1	NBL	9.32%	734	8.32%	757	7.32%	780
2	SEPL	9.32%	109	8.32%	110	7.32%	111
3	DBCPL	11.74%	14,990	10.74%	15,672	9.74%	16,402
4	GEPL	11.67%	19,956	10.67%	21,725	9.67%	23,729
5	JPEPL	11.72%	6,213	10.72%	6,770	9.72%	7,402
6	UEPL	11.32%	3,565	10.32%	3,629	9.32%	3,694
7	NUTPL	11.70%	8,000	10.70%	8,449	9.70%	8,934
8	ANHPL	8.58%	4,645	7.58%	4,860	6.58%	5,094
9	GSHPL	8.58%	3,056	7.58%	3,200	6.58%	3,357
10	RAHPL	8.58%	2,838	7.58%	2,964	6.58%	3,102
Total			64,107		68,136		72,606

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

INR Mn

Sr. No.	SPVs	EV at Expenses -20%	EV at Base Expenses	EV at Expenses +20%
1	NBL	816	757	697
2	SEPL	144	110	75
3	DBCPL	16,161	15,672	15,312
4	GEPL	22,185	21,725	21,338
5	JPEPL	7,123	6,770	6,411
6	UEPL	3,701	3,629	3,484
7	NUTPL	8,897	8,449	8,001
8	ANHPL	5,039	4,860	4,682
9	GSHPL	3,364	3,200	3,036
10	RAHPL	3,128	2,964	2,801
Total		70,558	68,136	65,836

4. Fair Enterprise Valuation Range based on Revenue parameter of Toll SPVs (10%)

INR Mn

Sr. No.	SPVs	EV at Revenue -10%	EV at Base Expenses	EV at Revenue +10%
1	NBL	NA	757	NA
2	SEPL	NA	110	NA
3	DBCPL	13,913	15,672	17,560
4	GEPL	19,202	21,725	24,247
5	JPEPL	5,804	6,770	7,728
6	UEPL	3,136	3,629	4,048
7	NUTPL	7,245	8,449	9,652
8	ANHPL	NA	4,860	NA
9	GSHPL	NA	3,200	NA
10	RAHPL	NA	2,964	NA
Total		49,300	68,136	63,236

The above represents reasonable range of Fair Enterprise Valuation of the SPVs.

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

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### 8.1. Scope of Work

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

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

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

### 8.2. Limitations

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

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

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

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

#### **Analysis of Additional Set of Disclosures for the SPVs**

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

The list of sanctions/ approvals obtained by the SPVs till the date of this Report is provided in Appendix 3.1. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPVs for which approval is pending as on 21<sup>st</sup> November 2023.

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

The Investment Manager has confirmed that the SPVs are not required to take any periodic clearances and hence there are no up to date/ overdue periodic clearances as on 21<sup>st</sup> November 2023.

C. **Statement of assets included:**

The details of assets in INR Mn of the SPVs as at 21<sup>st</sup> November 2023 are as mentioned below:

INR Mn					
Sr. No.	SPVs	Net Fixed Assets	Net Intangible Asset	Non-Current Assets	Current Assets
1	NBPL	7	-	235	931
2	SEPL	4	-	95	457
3	DBCPL	19	3,344	3,837	446
4	GEPL	21	8031	8054	185
5	JPEPL	52	3,832	3,887	671
6	UEPL	10	3,314	3,338	922
7	NUTPL	7	6,242	6,253	399
8	ANHPL	4	-	3,473	1,404
9	GSHPL	-	-	2,515	903
10	RAHPL	-	-	2,179	848
<b>Total</b>		<b>124</b>	<b>24,763</b>	<b>33,866</b>	<b>7,166</b>

Source: Investment Manager

\* Non-Current Assets for Annuity SPVs includes Non-Current Financial Assets in the form of Annuity Receivable from respective counterparties.

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

I have been informed that maintenance is regularly carried out by SPVs in order to maintain the working condition of the assets.

**Historical Major Repairs**

INR Mn						
SPVs	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
NBPL	-	6	284	-	-	-
SEPL	6	-	10	23	-	-
DBCPL	123	-	217	180	504	67
GEPL	-	-	-	7	233	-
JPEPL	-	-	-	-	185	292
UEPL	-	287	333	-	-	-

**Forecasted major repairs**

INR Mn											
SPVs	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34
NBPL	206	212	-	-	13	-	-	-	-	-	-
SEPL	348	-	13	-	-	-	-	-	-	-	-
DBCPL	-	-	-	-	1,113	-	-	-	-	-	1,306
GEPL	-	-	-	-	-	411	-	-	-	-	-
JPEPL	5	-	-	-	-	1,386	-	-	-	-	-
UEPL	665	306	-	13	-	-	-	-	-	-	-
NUTPL	317	980	132	-	-	-	-	473	974	-	-
ANHPL	18	-	-	16	-	992	-	-	-	15	-
GSHPL	25	-	-	8	-	-	396	-	-	8	-
RAHPL	28	-	-	12	-	640	-	-	-	9	-

INR Mn										
SPVs	FY 35	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44
NBPL	-	-	-	-	-	-	-	-	-	-
SEPL	-	-	-	-	-	-	-	-	-	-
DBCPL	-	-	-	-	-	-	-	-	-	-
GEPL	-	447	-	-	-	-	-	-	516	-
JPEPL	-	782	-	-	-	-	-	-	1,043	-
UEPL	-	-	-	-	-	-	-	-	-	-
NUTPL	266	274	-	-	-	-	-	-	-	-
ANHPL	-	542	-	-	-	-	-	-	-	-
GSHPL	-	226	-	-	-	-	-	-	-	-
RAHPL	-	338	-	-	-	-	-	-	-	-



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

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

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

As informed by the Investment Manager, the status of arbitration matters and status of tax assessments are updated in Appendix 4. Investment Manager has informed us that majority of the cases are having low to medium risk and accordingly no material outflow is expected against the litigations. Hence, I have relied on the Investment Manager with respect to the current status of the above mentioned cases

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

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

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## 9. Sources of Information

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- 9.1. For the Purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:
- i. Audited Financial Statements of the SPVs for Financial Year ("FY") ended 31<sup>st</sup> March 2021, 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023.
  - ii. Provisional Financial Statements for period ended 21<sup>st</sup> November 2023.
  - iii. Projected financial information for the remaining project life for the SPVs;
  - iv. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);
  - v. Technical Due Diligence Study Report prepared by M/s Sri Infotech and Resotech Consulting Private Limited for NUTPL and the other SPVs respectively;
  - vi. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 31<sup>st</sup> March 2023;
  - vii. Concession Agreement of the SPVs with the respective authority;
  - viii. List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPVs;
  - ix. Shareholding pattern as on 21<sup>st</sup> November 2023 of the SPVs and other entities mentioned in this Report;
  - x. Management Representation Letter by the Investment Manager dated 15<sup>th</sup> December 2023;
  - xi. Relevant data and information about the SPVs provided to us by the Investment Manager either in written or oral form or in the form of soft copy;
  - xii. Traffic Study Report prepared by Steer and M/s Ramboll India Private Limited for NUTPL and other Toll SPVs respectively.
- 9.2. Information provided by leading database sources, market research reports and other published data.
- 9.3. The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.
- 9.4. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.
- 9.5. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

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## 10. Exclusions and Limitations

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- 10.1. My Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 10.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 21<sup>st</sup> November 2023 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 10.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPVs till 21<sup>st</sup> November 2023. The Investment Manager has represented that the business activities of the SPVs have been carried out in normal and ordinary course between 21<sup>st</sup> November 2023 and the Report Date and that no material changes have occurred in the operations and financial position between 21<sup>st</sup> November 2023 and the Report date.
- 10.4. The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPVs or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPVs in their regulatory filings or in submissions, oral or written, made to me.
- 10.5. In addition, I do not take any responsibility for any changes in the information used by me to arrive at my conclusion as set out here in which may occur subsequent to the date of my Report or by virtue of fact that the details provided to me are incorrect or inaccurate.
- 10.6. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the SPVs or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.
- 10.7. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.
- 10.8. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 10.9. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.
- 10.10. This Report is based on the information received from the sources as mentioned in Section 9 of this Report and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of my Report.
- 10.11. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on this business.

- 10.12. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.
- 10.13. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 10.14. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to me in the course of this engagement.
- 10.15. My conclusion assumes that the assets and liabilities of the SPVs, reflected in their respective latest balance sheets remain intact as of the Report date.
- 10.16. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my associates, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.
- 10.17. The scope of my work has been limited both in terms of the areas of the business & operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- 10.18. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by me.
- 10.19. In the particular circumstances of this case, my liability (in contract or under any statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter for such valuation work.
- 10.20. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.
- 10.21. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 10.22. I am not an advisor with respect to legal, tax and regulatory matters for the proposed transaction. No investigation of the SPV's claim to title of assets has been made for the purpose of this Report and the SPV' claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 10.23. I have no present or planned future interest in the Trustee, Investment Manager or the SPVs and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or SPVs.
- 10.24. I have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of the factual data used in my analysis and to prevent any error or inaccuracy in this Report.

#### **Limitation of Liabilities**

- 10.25. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of RV personally.
- 10.26. In no circumstances RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on

breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise, even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables (including this Report) is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable(s).

- 10.27. It is clarified that the Investment Manager will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 10.28. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Investment Manager.
- 10.29. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Yours faithfully,



**S. Sundararaman**

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10238

Asset Class: Securities or Financial Assets

Place: Chennai

UDIN: 23028423BGYWJF2021

**Appendix 1 – Valuation of SPVs as on 21<sup>st</sup> November 2023**

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<b>Abbreviations</b>	<b>Meaning</b>
EBITDA	Operating Earnings Before Interest, Taxes, Depreciation and Amortization
MMR	Major Maintenance and Repair Expenses
Capex	Capital Expenditure
Wcap	Incremental Working Capital
FCFF	Free Cash Flow to the Firm
CAF	Cash Accrual Factor
DF	Discounting Factor
PVFCFF	Present value of Free Cash Flow to the Firm

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Appendix 1.1 – Valuation of NBPL as on 21<sup>st</sup> November 2023 under the DCF Method

INR Mn

Year	Cash Annuity	Cash EBITDA	MM Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	I = A-B-C-D-E				L	M=K*L
FY24	-	(45)	206	-	-	9	-260	0.18	8.32%	0.99	(256)
FY25	476	381	212	-	0	22	147	0.86	8.32%	0.93	137
FY26	476	375	-	-	-	16	359	1.86	8.32%	0.86	309
FY27	476	368	-	-	-	11	357	2.86	8.32%	0.80	284
FY28*	476	405	13	-	-	4	388	3.65	8.32%	0.75	290
<b>Total of PVFCFF</b>											<b>764</b>
(+ Present Value of Working Capital Release											(7)
<b>Enterprise Value</b>											<b>757</b>
(+ Closing cash or cash equivalents as at the Valuation Date											435
<b>Adjusted Enterprise Value</b>											<b>1192</b>

\*Upto 29 October 2027

Appendix 1.2 – Valuation of SEPL as on 21<sup>st</sup> November 2023 under the DCF Method

											INR Mn
Year	Cash Annuity	Cash EBITDA	MMR	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	K=F-G-H-I-J				L	M=K*L
FY24	249	206	348	-	-	13	(155)	0.18	8.32%	0.99	(153)
FY25	497	402	-	-	-	6	396	0.86	8.32%	0.93	370
FY26*	-	(86)	13	-	-	2	(100)	1.79	8.32%	0.87	(87)
<b>Total of PVFCFF</b>											<b>130</b>
<b>(+) Present Value of Working Capital Release</b>											<b>(20)</b>
<b>Enterprise Value</b>											<b>110</b>
<b>(+) Closing cash or cash equivalents as at the Valuation Date</b>											<b>423</b>
<b>Adjusted Enterprise Value</b>											<b>533</b>

\*Upto 6 February 2026

Appendix 1.3 – Valuation of UEPL as on 21<sup>st</sup> November 2023 under the DCF Method

INR Mn												
Year	Book Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF WACC	DF	PVFCFF	
		A	B	C	D	E	F	G=A-B-C-D-E-F	H	I	J	K=G*J
FY24	632	442	(99)	665	-	0	23	-147	0.18	10.32%	0.98	-145
FY25	1,866	1,347	(306)	306	-	-0	70	1,277	0.86	10.32%	0.92	1,173
FY26	1,966	1,732	(6)	-	-	-	128	1,610	1.86	10.32%	0.83	1,341
FY27*	2,027	1,812	(6)	13	-	-	134	1,672	2.85	10.32%	0.76	1,263
Total of PVFCFF												3633
(+) Present Value of Working Capital Release												(4)
Enterprise Value												3629
(+) Closing cash or cash equivalents as at the Valuation Date												869
Adjusted Enterprise Value												4498

\*Upto 25 March 2027

**Appendix 1.4 – Valuation of DBCPL as on 21<sup>st</sup> November 2023 under the DCF Method**

INR Mn												
Year	Book Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G=A-B-C-D-E-F	H	I	J	K=G*J	
FY24	702	528	(69)	-	-	-116	93	620	0.18	10.74%	0.98	608
FY25	2,366	1,899	(168)	-	-	8	297	1,762	0.86	10.74%	0.92	1,614
FY26	2,653	2,135	(185)	-	-	9	334	1,977	1.86	10.74%	0.83	1,636
FY27	2,965	2,387	(203)	-	-	10	373	2,207	2.86	10.74%	0.75	1,649
FY28	3,320	2,720	(223)	1,113	-	10	426	1,393	3.86	10.74%	0.67	940
FY29	3,693	3,149	(136)	-	-	11	496	2,778	4.86	10.74%	0.61	1,693
FY30	4,125	3,538	(150)	-	-	12	557	3,119	5.86	10.74%	0.55	1,716
FY31	4,599	3,965	(164)	-	-	13	625	3,491	6.86	10.74%	0.50	1,734
FY32	5,140	4,448	(181)	-	-	14	701	3,914	7.86	10.74%	0.45	1,756
FY33	5,704	4,952	(198)	-	-	15	1,295	3,840	8.86	10.74%	0.41	1,556
FY34*	4,271	3,636	(218)	1,306	-	11	634	1,903	9.69	10.74%	0.37	708
<b>Enterprise Value</b>												<b>15609</b>
(+ Present Value of Working Capital Release												63
<b>Enterprise Value</b>												<b>15672</b>
(+ Closing cash or cash equivalents as at the Valuation Date												263
<b>Adjusted Enterprise Value</b>												<b>15935</b>

\*Upto 2 December 2023

Appendix 1.5 – Valuation of GEPL as on 21<sup>st</sup> November 2023 under the DCF Method

INR Mn													
Year	Book Revenue	EBITDA	MMR Provision	MMR Expense	Premium Payment to NHAI	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G	H=A-B-C-D-E-F-G	I	J	K	L=H*K	
FY24	627	525	(22)	-	47	-	-	84	415	0.18	10.67%	0.98	408
FY25	1,783	1,571	(47)	-	134	-	-	249	1,235	0.86	10.67%	0.92	1,132
FY26	1,983	1,755	(52)	-	141	-	-	278	1,388	1.86	10.67%	0.83	1,149
FY27	2,206	1,961	(57)	-	148	-	-	311	1,559	2.86	10.67%	0.75	1,166
FY28	2,453	2,186	(62)	-	155	-	-	347	1,746	3.86	10.67%	0.68	1,181
FY29	2,709	2,419	(68)	411	163	-	-	384	1,530	4.86	10.67%	0.61	935
FY30	3,006	2,730	(36)	-	171	-	-	434	2,161	5.86	10.67%	0.55	1,193
FY31	3,310	3,010	(40)	-	179	-	-	479	2,392	6.86	10.67%	0.50	1,193
FY32	3,655	3,328	(44)	-	188	-	-	529	2,655	7.86	10.67%	0.45	1,196
FY33	4,013	3,659	(48)	-	198	-	-	582	2,927	8.86	10.67%	0.41	1,192
FY34	4,424	4,043	(53)	-	208	-	-	643	3,245	9.86	10.67%	0.37	1,194
FY35	4,857	4,447	(58)	-	218	-	-	708	3,579	10.86	10.67%	0.33	1,190
FY36	5,321	4,881	(64)	447	229	-	-	777	3,492	11.86	10.67%	0.30	1,049
FY37	5,802	5,357	(42)	-	241	-	-	853	4,306	12.86	10.67%	0.27	1,169
FY38	6,316	5,838	(46)	-	253	-	-	1,417	4,215	13.86	10.67%	0.25	1,034
FY39	6,897	6,386	(51)	-	265	-	-	1,553	4,619	14.86	10.67%	0.22	1,023
FY40	7,535	6,987	(56)	-	278	-	-	1,702	5,062	15.86	10.67%	0.20	1,014
FY41	8,191	7,604	(61)	-	292	-	-	1,855	5,517	16.86	10.67%	0.18	998
FY42	8,947	8,318	(67)	-	307	-	-	2,033	6,045	17.86	10.67%	0.16	988
FY43	9,702	9,028	(74)	516	322	-	-	2,080	6,184	18.86	10.67%	0.15	913
FY44*	4,520	4,160	-	-	141	-	-	1,011	3,007	19.57	10.67%	0.14	413
Total of PVFCFF													21731
(+ ) Present Value of Working Capital Release													(7)
Enterprise Value													21725
(+ ) Closing cash or cash equivalents as at the Valuation Date													161
Adjusted Enterprise Value													21885
*Upto 3 September 2043													

**Appendix 1.6 – Valuation of JPEPL as on 21<sup>st</sup> November 2023 under the DCF Method**

INR Mn													
Year	Book Revenue	EBITDA	MMR Provisio	MMR Exper	PWD Premiu	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G		H=A-B-C-D-E-F-G	I	J	K	L=H*K
FY24	259	134	(52)	5	8	8	68	16	81	0.18	10.7%	0.98	80
FY25	736	376	(193)	-	18	-	-	49	503	0.86	10.7%	0.92	460
FY26	805	416	(211)	-	18	-	-	55	554	1.86	10.7%	0.83	459
FY27	880	458	(231)	-	19	-	-	61	610	2.86	10.7%	0.75	456
FY28	967	510	(253)	-	20	-	-	68	675	3.86	10.7%	0.68	456
FY29	1,059	567	(277)	1,386	21	-	-	76	-639	4.86	10.7%	0.61	-389
FY30	1,163	872	(65)	-	22	-	-	127	787	5.86	10.7%	0.55	433
FY31	1,272	961	(71)	-	24	-	-	140	868	6.86	10.7%	0.50	432
FY32	1,388	1,057	(78)	-	25	-	-	155	955	7.86	10.7%	0.45	429
FY33	1,506	1,153	(85)	-	26	-	-	169	1,043	8.86	10.7%	0.41	423
FY34	1,644	1,268	(93)	-	27	-	-	187	1,147	9.86	10.7%	0.37	420
FY35	1,784	1,382	(102)	-	29	-	-	204	1,252	10.86	10.7%	0.33	414
FY36	1,937	1,507	(112)	782	30	-	-	222	584	11.86	10.7%	0.30	175
FY37	2,098	1,671	(87)	-	32	-	-	248	1,478	12.86	10.7%	0.27	399
FY38	2,262	1,803	(95)	-	33	-	-	268	1,597	13.86	10.7%	0.24	390
FY39	2,449	1,956	(104)	-	35	-	-	291	1,734	14.86	10.7%	0.22	382
FY40	2,661	2,131	(114)	-	37	-	-	508	1,700	15.86	10.7%	0.20	338
FY41	2,867	2,296	(124)	-	38	-	-	552	1,830	16.86	10.7%	0.18	329
FY42	3,111	2,499	(136)	-	40	-	-	605	1,989	17.86	10.7%	0.16	323
FY43	3,363	2,707	(149)	1,043	42	-	-	398	1,373	18.86	10.7%	0.15	201
FY44*	2,263	1,914	-	-	30	-	-	444	1,440	19.67	10.7%	0.13	194
<b>Total of PVFCFF</b>													<b>6804</b>
(+ Present Value of Working Capital Release													(34)
<b>Enterprise Value</b>													<b>6770</b>
(+ Closing cash or cash equivalents as at the Valuation Date													642
<b>Adjusted Enterprise Value</b>													<b>7412</b>
*Upto 13 November 2043													



Appendix 1.7 – Valuation of NUTPL as on 21<sup>st</sup> November 2023 under the DCF Method

INR Mn												
Year	Book Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G=A-B-C-D-E-F	H	I	J	K=G*J	
FY24	520	(167)	517	(317)	-	(4)	-	36	0.18	10.7%	0.98	36
FY25	1,454	706	375	(980)	-	-	31	70	0.86	10.7%	0.92	65
FY26	1,617	1,176	132	(132)	-	-	113	1,063	1.86	10.7%	0.83	880
FY27	1,757	1,304	125	-	-	-	135	1,294	2.86	10.7%	0.75	968
FY28	1,925	1,419	160	-	-	-	155	1,424	3.86	10.7%	0.68	962
FY29	2,075	1,507	203	-	-	-	171	1,539	4.86	10.7%	0.61	939
FY30	2,267	1,628	254	-	-	-	192	1,690	5.86	10.7%	0.55	931
FY31	2,466	1,743	315	(473)	-	-	247	1,339	6.86	10.7%	0.50	667
FY32	2,694	1,874	389	(974)	-	-	191	1,098	7.86	10.7%	0.45	494
FY33	2,921	2,373	91	-	-	-	487	1,977	8.86	10.7%	0.41	803
FY34	3,175	2,568	117	-	-	-	542	2,143	9.86	10.7%	0.37	787
FY35	3,457	2,784	148	(266)	-	-	537	2,128	10.86	10.7%	0.33	705
FY36*	1,528	1,085	185	(274)	-	-	193	802	11.57	10.7%	0.31	247
<b>Enterprise Value</b>												<b>8484</b>
<b>(+) Present Value of Working Capital Release</b>												<b>(35)</b>
<b>Enterprise Value</b>												<b>8449</b>
<b>(+) Closing cash or cash equivalents as at the Valuation Date</b>												<b>331</b>
<b>Adjusted Enterprise Value</b>												<b>8779</b>

\*Upto 4 September 2035

Appendix 1.8 – Valuation of GSHPL as on 21<sup>st</sup> November 2023 under the DCF Method

INR Mn													
Year	Finance Income	Changes in Financial Asset	O&M Income	O&M Expense	MM Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G	H	I=A+B+C-D-E-F-G-H	J	K	L	M=I*L
FY24	802	(565)	64	(35)	(25)	-	43	(49)	236	0.30	7.58%	0.98	231
FY25	128	134	35	(37)	-	-	47	(45)	261	0.80	7.58%	0.94	247
FY25	122	141	35	(37)	-	-	47	(45)	263	1.31	7.58%	0.91	239
FY26	117	138	38	(39)	-	-	42	(43)	253	1.80	7.58%	0.88	222
FY26	112	146	37	(39)	-	-	-	(42)	213	2.31	7.58%	0.84	180
FY27	107	144	40	(40)	-	-	-	(41)	210	2.80	7.58%	0.81	171
FY27	101	143	47	(40)	(8)	-	-	(40)	204	3.31	7.58%	0.79	160
FY28	96	149	42	(43)	-	-	-	(38)	207	3.80	7.58%	0.76	156
FY28	90	155	42	(43)	-	-	-	(37)	208	4.31	7.58%	0.73	152
FY29	85	155	45	(45)	-	-	-	(35)	204	4.81	7.58%	0.70	144
FY29	78	161	45	(45)	-	-	-	(34)	205	5.31	7.58%	0.68	139
FY30	73	(237)	444	(48)	(396)	-	(30)	(32)	(226)	5.81	7.58%	0.65	(148)
FY30	81	151	47	(48)	-	-	30	(31)	231	6.31	7.58%	0.63	146
FY31	76	150	50	(51)	-	-	-	(29)	196	6.81	7.58%	0.61	119
FY31	70	155	50	(50)	-	-	-	(27)	197	7.31	7.58%	0.59	116
FY32	64	154	53	(54)	-	-	-	(25)	193	7.81	7.58%	0.57	109
FY32	59	159	53	(54)	-	-	-	(24)	193	8.31	7.58%	0.54	105
FY33	53	158	57	(57)	-	-	-	(22)	189	8.81	7.58%	0.53	99
FY33	47	155	64	(57)	(8)	-	-	(20)	181	9.31	7.58%	0.51	92
FY34	41	161	60	(60)	-	-	-	(18)	184	9.81	7.58%	0.49	90
FY34	35	166	60	(60)	-	-	-	(16)	184	10.31	7.58%	0.47	87
FY35	29	162	64	(64)	-	-	-	(13)	177	10.81	7.58%	0.45	80
FY35	22	162	63	(64)	-	-	-	(12)	172	11.31	7.58%	0.44	75
FY36	17	163	67	(68)	-	-	-	(9)	169	11.81	7.58%	0.42	71
FY36	10	(55)	293	(68)	(226)	-	(8)	(7)	(60)	12.31	7.58%	0.41	(24)
FY37	12	158	71	(72)	-	-	8	(5)	173	12.81	7.58%	0.39	68
FY37*	7	175	52	(53)	-	-	21	(2)	200	13.32	7.58%	0.38	76
Enterprise Value													3200
(+ ) Closing cash or cash equivalents as at the Valuation Date													345
Adjusted Enterprise Value													3545
*Upto 12 March 2037													

Appendix 1.9 – Valuation of RAHPL as on 21<sup>st</sup> November 2023 under the DCF Method

INR Mn													
Year	Finance Income	Changes in Financial Asset	O&M Income	O&M Expense	MM Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G	H	I=A+B+C-D-E-F-G-H	J	K	L	M=I*L
FY24	365	(143)	67	(25)	(28)	-		43	(48)	231	0.02	7.58%	230
FY25	144	107	35	(37)	-	-		45	(42)	251	0.52	7.58%	242
FY25	138	114	35	(37)	-	-		45	(41)	253	1.02	7.58%	234
FY26	132	114	37	(40)	-	-		40	(40)	244	1.52	7.58%	218
FY26	125	122	37	(39)	-	-		-	(39)	206	2.02	7.58%	177
FY27	119	122	39	(41)	-	-		-	(38)	202	2.52	7.58%	168
FY27	112	119	51	(41)	(12)	-		-	(37)	192	3.02	7.58%	154
FY28	106	131	41	(43)	-	-		-	(35)	200	3.52	7.58%	155
FY28	99	139	41	(43)	-	-		-	(34)	202	4.02	7.58%	150
FY29	91	141	44	(46)	-	-		-	(32)	198	4.52	7.58%	142
FY29	83	(490)	684	(45)	(640)	-		(74)	(31)	(514)	5.03	7.58%	(356)
FY30	110	116	46	(48)	-	-		40	(29)	235	5.52	7.58%	157
FY30	103	123	46	(48)	-	-		33	(28)	230	6.03	7.58%	148
FY31	97	123	49	(51)	-	-		-	(26)	192	6.52	7.58%	119
FY31	90	131	49	(51)	-	-		-	(25)	194	7.03	7.58%	116
FY32	83	131	52	(54)	-	-		-	(23)	189	7.52	7.58%	109
FY32	76	138	52	(54)	-	-		-	(22)	190	8.03	7.58%	106
FY33	68	139	55	(57)	-	-		-	(20)	186	8.53	7.58%	100
FY33	60	137	64	(57)	(9)	-		-	(18)	178	9.03	7.58%	92
FY34	53	147	59	(60)	-	-		-	(16)	183	9.53	7.58%	91
FY34	45	154	59	(60)	-	-		-	(15)	183	10.03	7.58%	88
FY35	37	154	62	(64)	-	-		-	(12)	177	10.53	7.58%	82
FY35	28	157	62	(63)	-	-		-	(11)	173	11.03	7.58%	77
FY36	19	161	66	(67)	-	-		-	(8)	171	11.53	7.58%	74
FY36	11	(165)	404	(67)	(338)	-		(28)	(6)	(190)	12.03	7.58%	(79)
FY37	20	153	70	(71)	-	-		28	(4)	195	12.53	7.58%	78
FY37*	11	205	20	(21)	-	-		21	(2)	234	13.03	7.58%	90
Enterprise Value													2964
(+ ) Closing cash or cash equivalents as at the Valuation Date													339
Adjusted Enterprise Value													3303

\*Upto 29 November 2036

Appendix 1.10 – Valuation of ANHPL as on 21<sup>st</sup> November 2023 under the DCF Method

INR Mn													
Year	Finance Income	Changes in Financial Asset	O&M Income	O&M Expense	MM Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G	H	I=A+B+C-D-E-F-G-H	J	K	L	M=I*L
FY24	780	(386)	63	(17)	(18)	-	76	(74)	425	0.33	7.58%	0.98	414
FY25	237	180	41	(40)	-	-	75	(72)	421	0.84	7.58%	0.94	396
FY25	226	184	41	(40)	-	-	74	(69)	416	1.33	7.58%	0.91	377
FY26	218	192	43	(43)	-	-	28	(69)	370	1.84	7.58%	0.87	323
FY26	206	197	43	(42)	-	-	-	(66)	338	2.33	7.58%	0.84	285
FY27	197	205	46	(45)	-	-	-	(65)	338	2.84	7.58%	0.81	275
FY27	185	194	63	(45)	(16)	-	-	(62)	318	3.33	7.58%	0.78	249
FY28	175	218	49	(48)	-	-	-	(60)	334	3.84	7.58%	0.76	253
FY28	163	225	49	(48)	-	-	-	(57)	332	4.34	7.58%	0.73	242
FY29	151	234	52	(51)	-	-	-	(56)	330	4.84	7.58%	0.70	232
FY29	138	241	51	(50)	-	-	-	(52)	327	5.34	7.58%	0.68	222
FY30	126	(771)	1,075	(54)	(992)	-	(111)	(58)	(784)	5.84	7.58%	0.65	(512)
FY30	166	204	54	(53)	-	-	67	(48)	390	6.34	7.58%	0.63	245
FY31	156	210	58	(57)	-	-	44	(46)	366	6.84	7.58%	0.61	222
FY31	144	216	58	(57)	-	-	-	(42)	319	7.34	7.58%	0.58	187
FY32	133	223	61	(60)	-	-	-	(40)	317	7.84	7.58%	0.56	179
FY32	121	230	61	(60)	-	-	-	(37)	315	8.34	7.58%	0.54	171
FY33	109	236	65	(64)	-	-	-	(34)	312	8.84	7.58%	0.52	163
FY33	96	228	80	(64)	(15)	-	-	(31)	294	9.34	7.58%	0.51	149
FY34	84	249	69	(68)	-	-	-	(28)	306	9.84	7.58%	0.49	149
FY34	70	257	69	(67)	-	-	-	(25)	304	10.34	7.58%	0.47	143
FY35	57	260	73	(72)	-	-	-	(22)	296	10.84	7.58%	0.45	134
FY35	43	261	73	(71)	-	-	-	(18)	287	11.34	7.58%	0.44	125
FY36	29	271	77	(76)	-	-	-	(15)	286	11.84	7.58%	0.42	120
FY36	14	(269)	635	(76)	(542)	-	(43)	(15)	(296)	12.34	7.58%	0.41	(120)
FY37	29	259	82	(80)	-	-	43	(8)	324	12.85	7.58%	0.39	127
FY37*	15	273	68	(66)	-	-	8	(4)	293	13.34	7.58%	0.38	110
Enterprise Value													4860
(+ ) Closing cash or cash equivalents as at the Valuation Date													555
Adjusted Enterprise Value													5415
*Upto 22 March 2037													

**Appendix 2.1 – Weighted Average Cost of Capital of the SPV as on 21<sup>st</sup> November 2023- for Annuity SPVs.**

Particulars	NBPL	SEPL	Remarks
Risk free return (Rf)	7.22%	7.22%	Risk Free Rate has been considered based on zero coupon yield curve as at 21st November 2023 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.00%	7.00%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.58	0.58	Beta has been considered based on the beta of companies operating in the similar kind of business in India
<b>Cost of Equity (Ke)</b>	<b>11.26%</b>	<b>11.26%</b>	<b>Base Ke = Rf + (β x ERP)</b>
Company Specific Risk Premium (CSRP)	0.00%	0.00%	Based on SPV specific risk(s)
<b>Revised Cost of Equity (Ke)</b>	<b>11.26%</b>	<b>11.26%</b>	<b>Adjusted Ke = Rf + (β x ERP) + CSRP</b>
Pre-tax Cost of Debt (Kd)	8.50%	8.50%	As per the Existing Cost of Debt of the SPVs, as represented by the Investment Manager
Tax rate of SPV	17.00%	17.00%	Tax Rate Applicable to SPVs is considered
<b>Post-tax Cost of Debt (Kd)</b>	<b>7.05%</b>	<b>7.05%</b>	<b>Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)</b>
Debt/(Debt+Equity)	70.00%	70.00%	Debt : Equity ratio computed as [D/(D+E)]
<b>WACC</b>	<b>8.32%</b>	<b>8.32%</b>	<b>WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]</b>

**Appendix 2.2 – Weighted Average Cost of Capital of the SPV as on 21<sup>st</sup> November 2023- for Toll SPVs.**

Particulars	DBCPL	GEPL	JPEPL	UEPL	NUTPL	Remarks
Risk free return (Rf)	7.22%	7.22%	7.22%	7.22%	7.22%	Risk Free Rate has been considered based on zero coupon yield curve as at 21st November 2023 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.00%	7.00%	7.00%	7.00%	7.00%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.77	0.76	0.76	0.77	0.76	Beta has been considered based on the beta of companies operating in the similar kind of business in India
<b>Cost of Equity (Ke)</b>	<b>12.59%</b>	<b>12.55%</b>	<b>12.57%</b>	<b>12.63%</b>	<b>12.57%</b>	<b>Base Ke = Rf + (β x ERP)</b>
Company Specific Risk Premium (CSRP)	2.00%	2.00%	2.00%	1.00%	2.00%	Based on SPV specific risk(s)
<b>Revised Cost of Equity (Ke)</b>	<b>14.59%</b>	<b>14.55%</b>	<b>14.57%</b>	<b>13.63%</b>	<b>14.57%</b>	<b>Adjusted Ke = Rf + (β x ERP) + CSRP</b>
Pre-tax Cost of Debt (Kd)	8.50%	8.50%	8.50%	8.50%	8.50%	As represented by the Investment Manager
Tax rate of SPV	18.89%	20.04%	19.30%	17.47%	19.55%	Tax Rate Applicable to SPVs is considered
<b>Post-tax Cost of Debt (Kd)</b>	<b>6.89%</b>	<b>6.80%</b>	<b>6.86%</b>	<b>7.01%</b>	<b>6.84%</b>	<b>Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)</b>
Debt/(Debt+Equity)	50.00%	50.00%	50.00%	50.00%	50.00%	Debt : Equity ratio computed as [D/(D+E)]
<b>WACC</b>	<b>10.74%</b>	<b>10.67%</b>	<b>10.72%</b>	<b>10.32%</b>	<b>10.70%</b>	<b>WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]</b>

**Appendix 2.3 – Weighted Average Cost of Capital of the SPV as on 21<sup>st</sup> November 2023- for HAM SPVs.**

Particulars	ANHPL	GSHP	RAHPL	Remarks
Risk free return (Rf)	7.22%	7.22%	7.22%	Risk Free Rate has been considered based on zero coupon yield curve as at 21st November 2023 of Government Securities having maturity period of 10 years, as quoted on CCL's website
Market Risk Premium (ERP)	7.00%	7.00%	7.00%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.46	0.46	0.46	Beta has been considered based on the beta of companies operating in the similar kind of business in India
<b>Cost of Equity (Ke)</b>	<b>10.43%</b>	<b>10.43%</b>	<b>10.43%</b>	<b>Base Ke = Rf + (β x ERP)</b>
Company Specific Risk Premium (CSRP)	0.00%	0.00%	0.00%	Based on SPV specific risk(s)
<b>Revised Cost of Equity (Ke)</b>	<b>10.43%</b>	<b>10.43%</b>	<b>10.43%</b>	<b>Adjusted Ke = Rf + (β x ERP) + CSRP</b>
Pre-tax Cost of Debt (Kd)	8.50%	8.50%	8.50%	As per the Existing Cost of Debt of the SPVs, as represented by the Investment Manager
Tax rate of SPV	25.17%	25.17%	25.17%	Tax Rate Applicable to SPVs is considered
<b>Post-tax Cost of Debt (Kd)</b>	<b>6.36%</b>	<b>6.36%</b>	<b>6.36%</b>	<b>Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)</b>
Debt/(Debt+Equity)	70.00%	70.00%	70.00%	Debt : Equity ratio computed as [D/(D+E)]
<b>WACC</b>	<b>7.58%</b>	<b>7.58%</b>	<b>7.58%</b>	<b>WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]</b>



**Appendix 3.1 NBPL – : Summary of approval and licences**

Sr. No.	Description of the permits	Issuing Authority	Validity/ Current status
1	Environmental Clearance No. 5-22/2007-IA-III (MH/AP to Armur, Andhra Pradesh) dated June 11,2007	Ministry of Environment & Forest (IA-III Division), NHA I	
	Registration under Shops and Establishments Act	Government of Telangana Labour department	
2	Approval of Installation of DG set dated 08.09.2009	Government of Andhra Pradesh, Electrical Inspectorate	Lifetime
<b>3</b>	<b>Bore well permit</b>		
i	Lr No:107/T/2019	Govt of Telengana Ground Water Dept.	Lifetime
ii	Lr No:107/T/2019	Govt of Telengana Ground Water Dept.	Lifetime
iii	316/T4/Drinking/2019-20	Govt of Telengana Ground Water Dept.	Lifetime
4	Provisional completion certificate dated July 22, 2009	Aarvee Associates	
5	Completion certificate dated October 8, 2018	MSV International Inc.	

Source: Investment Manager

**Appendix 3.2 – SEPL: Summary of approval and licences**

Sr. No.	Description of the permits	Issuing Authority	Date of Issue	Validity/ Current status
1	Labour License No. GH.46 (120)/2010-L dated 10.08.2010	GOI Office of the Deputy Chief Labour Commissioner(Central)	18-08-2023	09-08-2024
2	Approval to operate and running a D.G. Set	Government of Meghalaya, Inspectorate of Electricity, Shillong	04-07-2023	03-07-2024
3	Provisional completion certificate dated July 12, 2013	URS Scott Wilson India Pvt. Ltd		
4	Completion certificate dated March 30, 2017	Feedback Infra Private Limited		
5	Certificate of license for trading license to non tribals	Khasi Hills Autonomous District Concil	03-12-2021	31-03-2024

Source: Investment Manager

### Appendix 3.3 – DBCPL: Summary of approval and licences

Sr.no.	Description of the permits	Issuing Authority	Date of issue	Validity/ Current status
1	Environment Clearance No. 5-43/2006-IA-III (Sehore bypass to Dew as bypass, Madhya Pradesh)	Ministry of Environment & Forest (IA-III Division), NHAI		
2	Labour License No. SEHO230116CC000719 dated 19.01.2023 (For Amlhala Toll Plaza)	District Labour Officer Sehore, Government of Madhya Pradesh Labour Department	19-01-2023	31-12-2023
3	Labour License No. BHOP230116CC000722 dated 17.01.2023 (For Fanda Toll Plaza)	District Labour Officer Bhopal, Government of Madhya Pradesh Labour Department	17-01-2023	31-12-2023
4	Labour License No. DEWA230120CC000857 dated 20.01.2023 (For Bhourasa Toll Plaza)	District Labour Officer Dew as, Government of Madhya Pradesh Labour Department	20-01-2023	31-12-2023
5	<b>Air (Prevention &amp; Control of Pollution) Act, 1981</b>			
i	Fanda Toll Plaza AW-113091	Government of Madhya Pradesh		31-03-2028
ii	Amlaha Toll Plaza AW-113223	Government of Madhya Pradesh		31-03-2028
6	<b>Applications for Issue of NOC to Abstract Ground Water (NOCAP)</b>			
i	CGWA/NOC/INF/ORIG/2022/15672	Government of India (Ministry of Jal Shakti)		06-06-2027
ii	CGWA/NOC/INF/ORIG/2022/15671	Government of India (Ministry of Jal Shakti)		06-06-2024
iii	CGWA/NOC/INF/ORIG/2022/15922	Government of India (Ministry of Jal Shakti)		03-07-2027
7	Provisional completion certificate dated February 10, 2009	MPRDC		
8	Completion certificate dated August 7, 2009	MPRDC		
9	Provisional completion certificate dated September 17, 2009	MPRDC		
10	Completion certificate dated February 3, 2010	MPRDC		
11	Provisional completion certificate dated April 30, 2009	MPRDC		

Source: Investment Manager

#### Appendix 3.4 – GEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Date of Issue	Validity
1	Environmental Clearance No. 5-27/2008-IA.III (Ahmedabad, Gujarat to Madhya Pradesh/Gujarat border.	Ministry of Environment & Forest (IA Division), NHAI		Lifetime
2	Labour License No. ALC/ADI/46(56)/2017 dated 28.02.2017	Office Asst Labour Commissioner(C) Ahmedabad		27-02-2024
3	DG installation certificate No/EI/Nad/Certi/2716/2018	Office of the Electrical Inspector		Lifetime
4	WIM and SWB Stamping certificate 1840241/DAH/2021/01	Govt. of Gujarat Legal Metrology Dept.		
4	<b>Groundwater extraction NOC</b>			
i	GWA/NOC/INF/ORIG/2020/9605	Central Ground Water Board West Central Region	25-12-2020	24-12-2025
ii	CGWA/NOC/INF/ORIG/2020/9551	Central Ground Water Board West Central Region	22-12-2020	21-12-2025
iii	CGWA/NOC/INF/ORIG/2021/10553	Central Ground Water Board West Central Region	29-01-2021	28-01-2026
iv	CGWA/NOC/INF/ORIG/2021/9755	Central Ground Water Board West Central Region	03-01-2021	02-01-2026
5	Provisional certificates dated (i) October 31, 2013 and (ii) September 25, 2015	Intercontinental Consultants and Technocrats Pvt. Ltd.		Lifetime
6	Completion certificate dated June 29, 2016	MSV International Inc.		Lifetime

Source: Investment Manager

### Appendix 3.5 – JPEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Date of Issue	Validity/ Current status
1	Sanction of CRS for Launching Scheme of composite girder in Railway Portion in Rly, Jhodpur	Dy Chief Engineer/Const. North-Western		
2	Labour License No. AJ(L)412/2014/-ALC dated 25.11.2014	Licensing officer and Asst Labour Commissioner(C) Ajmer	18-11-2022	24-11-2023
3	Permission for Energisation of electrical installation No. EI/JDR/PP/2021-22/340	Electrical Inspectorate ,Rajasthan		
4	BOCW BOCW/ ALC Ajmer/ 2019/R-24	Assistant Labour commissioner	Lifetime	
5	WIM & SWB stamping 018632, 018633, 018634 & 018690, 018691, 018692	Weights and Measures Department	Regarding WIM calibration, SPV has informed to the weights and measure dept. that calibration is not required for the non-operational WIM as per the circular no. WM/19/134/2018 dated 14.01.2019	Regarding WIM calibration, SPV has informed to the weights and measure dept. that calibration is not required for the non-operational WIM as per the circular no. WM/19/134/2018 dated 14.01.2019
7	Registration certificate No. AJ/R/2013 dated 13-11-2013 of principal employer			
8	Certification of incorporation	Ministry of Corporate Affairs	Lifetime	

Source: Investment Manager

### Appendix 3.6 – UEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Date of issue	Validity/ Current status
1	Environmental Clearance No. 18-18/2004-IA-III (Tindivandam to Trichy bypass, Tamilnadu)	Ministry of Environment & Forest (IA Division), NHAI		
2	Certificate for registration of captive generating unit ( Reg ID: CUD 59/2016-17/HT dated 22.09.2020	Government of Tamil Nadu, Electrical Inspector, Cuddalore		22-06-2025
3	Fire Service License ( K.Dis.No : 6655/A2/2021 dated 27.09.2021)	Tamil Nadu Fire and Rescue Service Department		26-09-2023
4	Certificate of registration dated December 10, 2019	Ministry of Labour and Employment		31-12-2027
5	Certificate for registration of employer dated 1/11/2081 BOCW/ALCPUDUCHERRY/2018/R-24	Office of the registering officer		
6	Consent to establish for Air dated October 30, 2018	Tamil Nadu Pollution Control Board		Payment done till the end of Concession period i.e.2027, It's in process.
7	Consent to establish for Water dated October 30, 2018	Tamil Nadu Pollution Control Board		
8	Certificate of verification (WIM Stamping)	Legal Metrology Officer		31-12-2023
<b><u>NOC for Ground water</u></b>				
i	202/2020	Government of Tamil Nadu Public Works Department Water resource department	23-07-2023	23-07-2026
ii	203/2020	Government of Tamil Nadu Public Works Department Water resource department	23-07-2023	23-07-2026
iii	204/2020	Government of Tamil Nadu Public Works Department Water resource department	23-07-2023	23-07-2026
iv	205/2020	Government of Tamil Nadu Public Works Department Water resource department	23-07-2023	23-07-2026

Source: Investment Manager

**Appendix 3.7 – NUTPL: Summary of approval and licences**

Sr. No.	Description of the permits	Date of Issue	Validity	Issuing Authority
1	Consent for Establishment and Operation of Plants from Pollution Control Boards	19-07-2018		Karnataka State Pollution Control Board
2	Inspection Certificate for WIM installed at various Toll Plazas - Thalapady	06-09-2023	05-09-2024	Government of Karnataka department of legal metrology
3	Inspection Certificate for WIM installed at various Toll Plazas - Hejmadi	15-09-2023	14-09-2024	Government of Karnataka department of legal metrology
4	Labour licenses (issued by local Labour Commissioner)	18-08-2023	17-08-2024	Local labour Commissioner
5	Permission for operation of wet mix plant		31-12-2027	Karnataka State Pollution Control Board
6	Permission for operation of ready mix concrete plant		31-12-2026	Karnataka State Pollution Control Board
7	Permission for operation of asphalt mixing plant		30-09-2023	Karnataka State Pollution Control Board

Source: Investment Manager



**Appendix 3.8 – GSHPL: Summary of approval and licences**

Sr. No.	Approvals	Date of Issue	Validity	Issuing Authority
1	Permission of Environment Ministry for cutting of trees	09-Aug-18		Ministry of Environment, Forest and Climate Change
2	Grant of consent to establish to M/s HG Infra Engineering Ltd.	11-Jun-19	10-Jun-22	Haryana State Pollution Control Board
3	Grant of consent to operate to M/s HG Infra Engineering Ltd.	22-Apr-20	31-Dec-22	Haryana State Pollution Control Board
4	Inspection Certificate for Static Weight Bridge at various Toll Plazas (Legal Metrology)		02-Aug-23	
5	Inspection Certificate for WIM installed at various Toll Plazas		02-Aug-23	
6	Employees Provident fund Code Number			
7	Labour licenses (issued by local Labour Commissioner)	15-May-23	05-May-24	

Source: Investment Manager

### Appendix 3.9 – RAHPL: Summary of approval and licences

Sr. No.	Approvals	Date of Issue	Validity	Issuing Authority
1	Grant of consent to operate to M/s HG Infra Engineering Ltd.	22-Nov-19	31-Dec-22	Haryana State Pollution Control Board
2	Construction of proposed Narnaul Bypass as an Economic Corridor & Ateli Mandi to Narnaul section of NH-11 from 43.445 to 56.900 (designed length 14km) as a Feeder Route in the state of Haryana.	07-Aug-19		National Highways Authority of India
3	Upgradation of four lane of Rewari-Ateli Mandi section of NH-11 from 11+780 to km 43+445 Package-III as feeder route in the State of Haryana	20-Jan-20		National Highways Authority of India
4	Application for consent to operate under section 21 of Air (Prevention and Control of Pollution) Act, 1981.	31-Jan-20		Rajasthan State Pollution Control Board
5	Application for the grant of permit under Rule 31 of the Haryana Minor Mineral Concession for excavation of Ordinary clay or Earth.	28-Jan-21	08-Mar-21	Mining Officer, Mining & Geology Department
6	Regarding lifting of ordinary soil	01-Sep-22		Mining Officer, Mining & Geology Department
7	Permission of Environment Ministry for cutting of trees			
8	Inspection Certificate for Static Weight Bridge at various Toll Plazas (Legal Metrology)		29-May-24	
9	Inspection Certificate for WIM installed at various Toll Plazas		29-May-24	
10	Permission for setting up of Plant, installation of crushers, camp, stockyard, etc.			
11	Commissioning approval of the electrical installation for availing temporary power supply for Construction purpose			
12	Employees Provident fund Code Number			
13	Labour licenses (issued by local Labour Commissioner)	18-Aug-21	24-Aug-23	

Source: Investment Manager

#### Appendix 3.10 – ANHPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity
1	NOC for town Planning from Gram Panchayat/ Distance Certificate	Senior Town Planner, Department of Town & Country Planning, Haryana	19-05-2022
2	Permission of State government for drawing water from river/reservoir	Executive Engineer, Public Health Engg. Divn., Panchkula	31-12-2020
3	Permission for setting up of Plant, installation of crushers, camp, stockyard, etc.	Gram Panchayat, Ateli, Mahendragarh District ( Haryana)	NA
4	Permission for power supply	Dakshin Haryana Bijli Vitran Nigam Limited	Lifetime
5	Consent for Establishment and Operation of Plants from Pollution Control Boards	Regional Officer, Haryana State Pollution Control Board	31-12-2022
6	Permission of Village Panchayat and state government to borrow earth	Mining Officer, Mining & Geology Department	18-04-2021
7	Permission of state government for cutting of trees	Ministry of Environment, Forest and Climate Change	NA
8	Registration under the Legal Metrology Act, 2009 and respective state government rules	Inspector Legal Metrology, Narnaul	NA
9	Inspection Certificate for Static Weight Bridge at various Toll Plazas (Legal Metrology)	Officer, Legal Metrology	NA
10	Inspection Certificate for WIM installed at various Toll Plazas	Officer, Legal Metrology	NA
11	License for Generator (from Electrical Inspector), if any	Chartered Electrical Safety Engineer	NA
12	Labour licenses (issued by local Labour Commissioner)	Office of Licensing Officer, Contract Labour (Regulation and Abolition) Central Rules, 1971	24-08-2023
13	License for Building & Other Construction activities (Office of the Regional Labour)	Office of Senior Town Planning, Gurugram	NA

#### Appendix 4.1 – NBPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	1	High Court of Judicature, Andhra Pradesh	<b>Background of the case:</b> NBL has filed writ petition (WP 15464/2011) in AP High Court against District Registrar, Adilabad's notice in regards to applicability of 5% stamp duty (on TPC) on execution of Concession Agreement. <b>Current Status:</b> AP High Court on 9 June 2011 has granted stay order in favor of NBL and restrained the Registrar from taking any action against NBL pending the decision. At present, case is pending before High Court.	136

Source: Investment Manager

## Appendix 4.2 – SEPL: Summary of Ongoing Litigations

SEPL					
Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Direct Tax		CIT (Appeal)	<p><b>Background of the case</b> in the computation sheet attached with the assessment order, the learned AO has not allowed deduction of Rs. 15,60,61,283 under section 80IA of the Act. &amp; The learned AO erred in levying interest amounting to Rs. 11,02,560 under section 234A of the Act. Rectification application has also been made on 09th November 2022.</p> <p><b>Current status</b> An appeal has been filed with CIT(A) and hearing is awaited</p>	157
2	Direct Tax		CIT (Appeal)	<p><b>Background of the case</b> Refund as per ITR filed was Rs. 122,90,600 against which Company received refund of Rs.20,58,450/- on July 5, 2020 Demand for Financial Year 2016-17 of Rs. 158,779/- adjusted against refund for Financial Year 2017-18. Scrutiny assessment proceeding have been completed by the AO after disallowance as per the 143(1)(a) adjustment proposed by CPC - for finance charges on preference shares - cash payment u/s 40A(3) - double addition of transition amount in MAT computation - tax calculated @ 30% instead of 25% under normal provisions of the Act. The Company has filed as appeal with CIT (Appeal) for all above disallowances on March 16, 2021 vide acknowledgement number 292147381160321</p> <p><b>Current status</b> An appeal has been filed with CIT(A) and hearing is awaited</p>	10
3	Indirect Tax		Commissioner of Central Goods and service Tax ( notice issuing authority)	<p><b>Background of the Case:</b> A show cause cum demand notice raised for following demands :- 1. Service tax demand of Rs.74,61,000/- including cesses on taxable services 2. Interest applicable on the amount demanded 3. Penalty @ 100% of service tax liability for non-payment of service tax liability 4. Penalty for non-obtaining registration under service tax 5. Penalty for non filing of ST-3 returns for the period</p> <p><b>Current Status:</b> Demand of Rs.7.461 million plus interest and penalty dropped by additional commissioner of CGST on 16th Sep 2022</p>	0
4	Civil Suit	1	Delhi High Court	<p><b>Background of the case:</b> SEPL raised certain claims before the Arbitral Tribunal ("Tribunal"), against NHAI in relation to certain delays and defaults on part of NHAI, which resulted in breach of various provisions of the SEPL Concession Agreement. Such defaults by NHAI included, amongst others, (i) change in scope, (ii) faulty and factually incorrect drawings, and (iii) additional requirement of land ("Defaults"). Due to such Defaults, SEPL was not able to complete the relevant project highway as per the proposed timeline and in relation to which SEL also put forth eight claims before the Tribunal. The Tribunal by way of its award dated June 27, 2018, awarded a claim of ₹ 274.20 million in favour of SEL along with advancing the annuity dates as prayed by SEPL ("Award"). Subsequently, SEPL filed an execution petition dated October 26, 2018 ("Execution Petition") before the High Court of Delhi ("Court") for seeking the execution of the decree and direction to NHAI to pay the amount as sought by the Award. Thereafter, NHAI filed an application before the Court for setting aside the Award, which was dismissed by the Court by its order dated November 2, 2018 ("Court Order").</p> <p>Thereafter, NHAI filed an appeal dated January 7, 2019 ("NHA Appeal") challenging the Court Order before the Commercial Appellate Divisional bench of the Court ("Appellate Bench"). <b>The Appellate Bench by way of an interim order dated January 22, 2019 directed NHAI to deposit the amount towards additional bonus annuity i.e. ₹ 106.30 million with an additional interest amount of ₹ 37.20 million with the Court within a period of four weeks. Further the Court upheld the rest of the Award. The direction was complied with by NHAI.</b></p> <p><b>Current Status:</b> The matter is currently pending before the Delhi High Court in respect to the Execution Petition and the NHA Appeal.</p>	144

Source: Investment Manager

### Appendix 4.3 – DBCPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Direct Tax		Office of the Assistant Commissioner of Income Tax, Circle 5(1)(2), Mumbai	<p>Background of the Case:</p> <p>1. Major Maintenance Expenses of INR 359.4 mn claimed as deduction was treated as capital expenditure and disallowed; it was all owed to be amortized over a period of 25 years, i.e. INR 14.38 mn was allowed for FY17. Hence, net disallowance of INR 345 mn.</p> <p>2. Disallowance under section 14A of the ITA (Expenses incurred to earned exempt income) of INR 0.82 mn.</p> <p>3. Refund of Rs. 14,16,338 is received</p> <p>Current Status:</p> <p>An appeal has been filed with CIT(A) and Other supporting documents submitted to CIT(A). A hearing is awaited</p>	103
2	Civil		Bhopal Labour Court	<p><b>Background of the Case:</b></p> <p>Mr. Mukesh Chandravanshi provoked employees to stop toll plaza and allowed vehicles without paying user fees on 30.12.2015. Further he has misbehaved with seniors. He also stopped Amlaha toll Plaza Operation for some hours.</p> <p><b>Current Status:</b></p> <p>Waiting for the next hearing</p>	Not quantifiable
3	Civil		Bhopal Labour Court	<p><b>Background of the Case:</b></p> <p>Mr. Manohar Rajput along with Mr. Mukesh Chandravanshi stopped toll plaza and allowed vehicles without paying user fees on 30.12.2015. Further he has misbehaved with seniors. He blocked the operating system of the company with password.</p> <p><b>Current Status:</b></p> <p>Received Final Order from Bhopal Court related to Mr. Manohar Rajput to pay compensation of Rs. 1,75,000/- within 30 days and the Demand draft of same is submitted to court.</p>	Not quantifiable
4	Civil	1	MP High Court	<p><b>Background of the case:</b> DBCPL has filed writ petition (no. 10812 of 2011) in MP High Court against imposition of labor cess amounting INR 4.68 Cr. under Building and other construction workers Welfare Cess Act, 1996.</p> <p><b>Current Status:</b> MP High Court on 09 Sept. 2015 (corrected vide order dated 30 Sept. 2015) ordered that, pending disposal of writ petition, no coercive steps for recovery of cess shall be taken against DBCPL. At present, case is pending for final hearing.</p>	47
5	Civil	1	Supreme Court	<p><b>Background of the case:</b> DBCPL has filed special leave petition (civil) (no. 14693 of 2010 - converted into Civil Appeal No. 8987 of 2013) in Supreme Court against final order passed by MP High Court on 11 Feb. 2010 in regards to applicability of 2% stamp duty (on TPC) on execution of Concession Agreement.</p> <p><b>Current Status:</b> Supreme Court on 13 September 2013 ordered that, interim stay granted earlier is extended until further orders. The matter was listed on 23 November 2023 and the next date of hearing is yet to be fixed.</p>	89

Source: Investment Manager

#### Appendix 4.4 – GEPL: Summary of Ongoing Litigations (1)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Direct Tax		CIT (Appeal)	<p><b>Background of the case</b>            A show cause notice for penalty under section 270A of the Income Tax Act was issued on 17.05.2021. GEPL has filed a response with Tax Authorities to keep the same in abeyance considering the ongoing appeal with CIT (Appeal).</p> <p><b>Current status</b>            An appeal has been filed with CIT(A) and hearing is awaited</p>	Not quantifiable
2	Direct Tax		CIT (Appeal)	<p><b>Background of the case</b>            The case of the assessee was reopened as information was received that the assessee had entered into a concessionaire agreement dt 25.02.2010 with NHAI with concession period being 27 years. Construction of the highway and operation and maintenance started with effect from 31.10.13 i.e. Operation date. However, it is seen that assessee had been given amortization in earlier assessment of highway of Rs 32,57,29,386/- for 22 years as per assessment order for 2017-18. Since the agreement stands valid for 24 years from year of commencement, the same should have been granted for 24 years. This has resulted in excess allowance of amortization of Rs 2,63,52,930/-.</p> <p><b>Current status</b>            An appeal has been filed with CIT(A) and hearing is awaited</p>	26
3	Direct Tax		CIT (Appeal)	<p><b>Background of the case</b>            Adjustment notice received u/s 143(1)(a) on profit on sale of fixed assets which was not accepted by the Company. Notice u/s 143(2) was received on 22 September 2019 and the Company submitted its reply on 11.10.2019</p> <p>Assessment order was passed on 01 February 2021. As per assessment order, the AO added INR 417.56 million being excess depreciation claim @ rate 25% on intangible asset over amortisation of the same over the life of the project. Subsequently, an appeal has been filed with CIT(Appeal) and hearing is awaited.</p> <p>A show cause notice for penalty under section 270A of the Income Tax Act was issued on 17 May 2021. GEPL has filed a response with Tax Authorities to keep the same in abeyance considering the ongoing appeal with CIT (Appeal).</p> <p><b>Current status</b>            An appeal has been filed with CIT(A) and hearing is awaited</p>	418



#### Appendix 4.4 – GEPL: Summary of Ongoing Litigations (2)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
4	Direct Tax	1	The erstwhile shareholder is in process of filing appeal before High Court by making request for condonation of delay	<p><b>Background of the case:</b> As per assessment order addition of Rs. 1,04,77,610/- has been made on account of on account to interest income received from deposited surplus fund not added to gross total income of relevant financial year &amp; Rs. 17,03,927/- on account of non-allowable expenditure u/s 37 of the Act.</p> <p><b>Current Status:</b> The erstwhile shareholder is in process of filing appeal before High Court by making request for condonation of delay. Demand u/s 156 has already been adjusted against refund of subsequent financial years. The application of rectification of demand has already filed on income tax portal.</p>	4
5	Direct Tax		CIT (Appeal)	<p><b>Background of the case</b> Completed Assessment under section 147 r.w.s 144B of income tax act the Assessing Officer ('learned AO') erred in making addition of Rs. 1,87,45,900 under section 56(2)(viib) of the Income-tax Act, 1961 ('the Act') as there was no amount received by the Appellant for issue of equity shares in excess of the fair market value of shares and valuation supportings provided. Also AO erred in making addition of Rs. 1,58,380 as 'Income from other sources' when the said amount has already been offered to tax by the Company under 'Income from other sources'. an appeal has been filled with CIT(A) and hearing is awaited.</p> <p><b>Current status</b> An appeal has been filed with CIT(A) and hearing is awaited</p>	19

Source: Investment Manager

#### Appendix 4.5 – UEPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil		Madras High Court	<p><b>Background of the Case:</b> UEPL in April 2017 has filed writ petition in Madras High Court against pending toll fee dues from Tamil Nadu State Transport Corporation.</p> <p><b>Current Status:</b> Last hearing in this matter was scheduled on 23 November 2022, wherein Court has appointed mediator as per agreement between both the parties. Both the petitioner and the respondents are required to produce their accounts and arrive at a settlement and the Mediator is requested to conclude mediation proceedings within a period of four months. Accordingly, this Writ Petition is disposed off.</p> <p>The Company has already shared all the relevant documents in support of its claim with Transport Companies and they are to revert before the Mediator. The Mediator is yet to fix next date of sitting.</p>	128
2	Direct Tax		CIT (Appeal)	<p><b>Background of the case</b> The following items have been disallowed:</p> <p>(a) Rs. 17,869,492 under Section 14A of the IT Act (b) Mark to market gain on mutual fund of Rs. 709,554 (c) Interest expense of Rs. 172,20,000 under Section 36(1)(iii) of the IT Act</p> <p>The Company has filed an appeal with CIT (Appeal) on January 15, 2020 (Form 35 e-Filing Acknowledgement Number 291845331150120) and hearing in the matter is awaited</p> <p>The Assessing Officer had initiated penalty proceedings on the above disallowances. The Company has submitted a letter to the Assessing Officer with a request to keep the same in abeyance considering the ongoing appeal with CIT (Appeal)</p> <p><b>Current status</b> An appeal has been filed with CIT(A) and hearing is awaited</p>	35
Source: Investment Manager					

#### Appendix 4.6 –NUTPL: Summary of Ongoing Litigations

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
1	Customs	CESTAT	<p><b>Background of the case:</b> The SPV had imported 2 road paver and exemption under serial no. 230 of the Customs Notification No. 21/2002-Cus dated 01st March 2002 was claimed. However, the Dy. Commissioner of Customs (Import), passed the Order dated 3rd February 2011 and held that the imported goods were not entitled to the exemption. The SPV cleared the imported goods on payment duty at the merit without the benefit of exemption. And preferred an appeal against the said Order and claimed refund of custom duty paid on import of Pavers.</p> <p>The Commissioner of Customs (Appeals) who has allowed the appeal vide Order dated 21 November 2012 holding that the imported goods were entitled to the exemption benefit.</p> <p>The Commissioner of Customs (Import) Mumbai, opined that order passed by the Commissioner of Customs (Appeal) is neither legal nor proper and preferred an appeal along with a stay application before CESTAT, west Zonal Bench, Mumbai.</p> <p><b>Current Status:</b> Stay application filed by the department against the order of the Commissioner (Appeals) has been rejected by the Division Bench of the Tribunal and the matter has been referred to the larger Bench of the Tribunal and the same is pending for disposal.</p>	-
2	Civil	High Court of Karnataka	<p><b>Background of the case:</b> writ petition before the High Court of Karnataka in Sri Jaikishan &amp; Ors. v. Navayuga Udupi Tollway Private Limited and Ors. (WP 7762/2021)</p> <p><b>Current Status:</b> Pending before High Court, next date not given.</p>	-
3	Civil	Conciliation Committee	<p><b>Background of the case:</b> The SPV has filed claims on NHAI for various matter including construction period delays, O&amp;M claims, change in law claims, negative change in scope, independent engineer fees and extension of concession period etc. NHAI has filed counter claims on the SPV for recovery of damages and penalties.</p> <p><b>Current Status:</b> Pending before conciliation Committee</p>	1592
4	Tax Proceedings	Office of the Deputy Commissioner of Income Tax, Circle 5(1), Hyderabad	<p><b>Background of the Case:</b></p> <ol style="list-style-type: none"> <li>1. The assessing officer has disallowed the following items - <ul style="list-style-type: none"> <li>a. Major Maintenance Expenses of INR. 51.15 mn was disallowed</li> <li>b. Excess amortisation claimed of INR 1.28 mn</li> </ul> </li> <li>2. The company has accepted the disallowance of excess amortisation claim</li> <li>3. The company has filed an appeal against the disallowance of MM provision</li> <li>4. The AO has initiated penalty proceedings. However, the company has filed a submission against same since the matter is under appeal</li> </ol> <p><b>Current Status:</b></p> <p>An appeal has been filed with CIT(A) and hearing is awaited</p>	

**Strictly Private and Confidential**

**Prepared For:  
Highways Infrastructure Trust**

**Fair NAV of units of the Trust.**

**Valuation Date: 21<sup>st</sup> November 2023**

**Report Date: 15<sup>th</sup> December 2023**

Ref: Val-Mum/DHC-232442

15<sup>th</sup> December 2023

**Highways Infrastructure Trust**

2<sup>nd</sup> Floor,  
Piramal Tower,  
Peninsula Corporate Park,  
Lower Parel, Mumbai – 400 013

**Highway Concessions One Private Limited**

*(acting as the Investment Manager to Highways Infrastructure Trust)*

601-602, 6<sup>th</sup> Floor,  
Windsor House,  
Off CST Road, Kalina,  
Santacruz (East), Mumbai 400 098

**Sub: Providing assistance for determining Fair NAV of the Trust**

Dear Sir(s)/Madam(s),

We, Desai Haribhakti & Co., Chartered Accountants (“DHC” or “Firm”) have been appointed by Highway Concessions One Private Limited (“HC One” or “the Investment Manager”), for the purpose as detailed out in this report (the “Report”).

**1. Scope and Purpose of this Report**

- 1.1. HC One has been appointed as the Investment Manager to Highways Infrastructure Trust (“the Trust” or “InvIT”) established on 3<sup>rd</sup> December 2021 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882.
- 1.2. The Trust is registered as an Indian Infrastructure Investment Trust with the Securities and Exchange Board of India (“SEBI”) with effect from 23<sup>rd</sup> December 2021, bearing registration number IN/InvIT/21- 22/0019, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time (“the SEBI InvIT Regulations”).
- 1.3. Mr. S. Sundararaman (“Registered Valuer” or “RV”) bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed as an Independent Valuer, as defined as per Regulation 2(zzf) of the SEBI InvIT Regulations, by the Investment Manager and Axis Trustee Services Limited (“the Trustee”) acting on behalf of the Trust for the purpose of the financial valuation of the special purpose vehicles and the associates as per the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (“SEBI InvIT Regulations”). In this regard, the RV has submitted his Full Valuation Report dated 15<sup>th</sup> December 2023 (“RV Valuation Report”).
- 1.4. The Investment Manager and the InvIT are contemplating a fresh issue of units of the Trust in lieu of payment of consideration in connection with acquisition of two road projects to certain identified parties (“Proposed Transaction”).
- 1.5. We understand that as per the extant provisions of the SEBI InvIT Regulations, if the units of an InvIT are not frequently traded, the price determined by the InvIT shall take into account the NAV of the InvIT based on a full valuation of all existing InvIT assets conducted in terms of SEBI InvIT Regulations and the SEBI Circular dated 6<sup>th</sup> July, 2023.
- 1.6. As per Regulation 10(21) of the SEBI InvIT Regulations – “*The investment manager shall ensure that computation and declaration of NAV of the InvIT based on the valuation done by the valuer [shall be disclosed to the stock exchange(s)] not later than fifteen days from the date of valuation*”
- 1.7. In this regards, the Investment Manager has requested us, DHC, to assist them to determine the NAV of the units of the Trust, placing reliance on the RV Valuation Report (“the Engagement”).
- 1.8. We understand that this Report is required for the internal purpose of the Investment Manager only and you did not require us to perform this valuation as a registered valuer under the Companies Act 2013 (“Act”), the Companies (Registered Valuers And Valuation) Rules, 2017 or as per any other rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to such Act or Rules or under any applicable SEBI regulations. Accordingly, our valuation analysis and this Report does not constitute nor can be construed as a valuation carried out by a registered valuer in

accordance with such Act or Rules or such regulations and any such use of our valuation analysis and this Report is not permitted.

- 1.9. We have considered financial and accounting information of the InvIT as provided to us by the Investment Manager. We have taken in to consideration the market parameters preceding the date of the current exercise in our analysis and made adjustments for additional information made available known to us by the Investment Manager, till the date of this Report, which will have a bearing on the valuation analysis to the extent considered appropriate. The Investment Manager has informed us since the Valuation Date results made available to us till the Report date there are no unusual / abnormal events / events not in the normal course of business in case of the InvIT and its assets materially impacting its operating / financial information or financial performance. Further, the Investment Manager has informed us that all material information impacting the InvIT and its assets has been disclosed to us.
- 1.10. This Report and the information contained herein are absolutely confidential and are intended for the sole use and information for the purpose of internal compliance of the Investment Manager as stated in this Report. Provided however that the Investment Manager shall be entitled to furnish this Report to judicial authorities, government authorities, stock exchanges, courts, and other relevant regulatory authorities only if it is required by the respective regulatory authority and only if it is required in connection with the Proposed Transaction.
- 1.11. We owe responsibility only to the Investment Manager and no other person; and that to the fullest extent permitted by law, we accept no responsibility or liability to the unitholders of the InvIT or any other person, in connection with this Report. Our Report can be used by the Investment Manager only for the purpose, as indicated in this Report, for which we have been appointed. The result of our valuation and our Report will not be permitted to be used or relied upon by any other party for any other purpose whatsoever.
- 1.12. Our opinion is based on prevailing market, economic and other conditions as at the Valuation Date. These conditions can change over relatively short periods of time. Any subsequent changes in these conditions could have an impact upon my opinion. We do not undertake to update this Report for events or circumstances arising after the date of this Report.
- 1.13. This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 1.14. This Report is our deliverable in respect of our assistance to the Investment Manager in the calculation of the NAV of the unit of the Trust for the purpose of the Proposed Transaction.

## **2. Sources of Information**

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- 2.1. In connection with this exercise, we have used the following information about the InvIT as received in either oral or in written form:
  - a) Full Valuation Report dated 15<sup>th</sup> December 2023 submitted by Mr. S. Sundararaman ("Registered Valuer" or "RV") bearing IBBI registration number IBBI/RV/06/2018/10238;
  - b) Provisional standalone balance sheet of the Trust as at 21<sup>st</sup> November 2023;
  - c) Representation Letter furnished by the Investment Manager as at 15<sup>th</sup> December 2023.
  - d) Other relevant information and documents for the purpose of this engagement.
- 2.2. We have also used information provided by leading database sources, market research reports and other published data.
- 2.3. We have also obtained the explanations, information and representations, which we believed were necessary and relevant for we exercise from the Investment Manager.
- 2.4. We have prepared this Report from information provided by the sources mentioned above and from discussions with the Management.
- 2.5. We have not verified the accuracy, reliability and competence of the information provided and the procedures that we have used to perform the work did not constitute an audit or review made under any generally accepted auditing standard.
- 2.6. The Investment Manager has been provided with the opportunity to review the draft Report (excluding the fair value of units) for this engagement to make sure that there are no factual inaccuracies and omissions in the final Report.

**3. Procedures Adopted For The Purpose Of The Valuation**

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- 3.1. We have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India ("IVS"). In connection with this analysis, we have adopted the following procedures to carry out the valuation analysis:
- i. Requested and received financial and qualitative information of the InvIT from the Investment Manager;
  - ii. Obtained the RV Valuation Report;
  - iii. Obtained and analyzed data available in public domain, as considered relevant by us;
  - iv. Discussed with the Investment Manager on understanding of the business and fundamental factors affecting the Trust.
  - v. Undertook industry analysis:
    - a) Researched publicly available market data including economic factors and industry trends that may impact the valuation; and
    - b) Analysis of key trends and valuation multiples of comparable companies/ comparable transactions, if any, using proprietary databases subscribed by us.
  - vi. Analysis of other publicly available information
  - vii. Selection of valuation approach/(es) and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by us.
  - viii. Determination of fair value of the units of the Trust.

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#### **4. Scope Limitations, Assumptions, Qualifications, Exclusions and Disclaimers**

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- 4.1. Valuation analysis and results are specific to the purpose of valuation and are not intended to represent value at any time other than the Valuation Date mentioned in the Report and as per agreed terms of this engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity. We have no obligation to update this Report.
- 4.2. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of engagement; (ii) the Valuation Date and (iii) are based on relevant financial information of the Trust till the Valuation Date. The Investment Manager has represented that the business activities of the Trust have been carried out in normal and ordinary course between the Valuation Date and the date of the Report and that no material changes have occurred in their operations and financial position between Valuation Date and the date of the Report. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to Valuation Report.
- 4.3. This Report and the information contained herein are absolutely confidential and are intended for the sole use and for the purpose of compliance with regulatory requirements as stated in this Report. Provided however that the Investment Manager shall be entitled to furnish this Report to Judicial Authorities, Government Authorities, Stock Exchanges, Courts and other relevant regulatory authorities only if it required by the respective authority in connection with the Proposed Transaction.
- 4.4. We owe responsibility only to the Investment Manager and no other person; and that to the fullest extent permitted by law, we accept no responsibility or liability to the unitholders of the Trust or any other person, in connection with this Report. Our Report can be used by the Investment Manager only for the purpose, as indicated in this Report, for which we have been appointed. The result of our valuation and our Report will not be permitted to be used or relied upon by any other party for any other purpose whatsoever.
- 4.5. This Report 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 without our written consent.
- 4.6. The scope of assignment did not involve the performance of audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of work. The assignment did not involve conducting any financial or technical feasibility study. My valuation does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services, and does not include verification or validation work. We have not performed any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Trust / Investment Manager, and have considered them at the value as disclosed by the Trust / Investment Manager in its regulatory filings or in submissions, oral or written, provided to us by its Investment Manager. In this Report we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 4.7. This Report is based on the financial and other information provided to us by the Investment Manager and the information that was publicly available, sourced from subscribed databases and formed substantial basis for this Report which we believe to be reliable and conclusions are dependent on such information being complete and accurate in all material aspects. While information obtained from public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Scope of work refrain us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Investment Manager. Our conclusion on value assumes that the assets and liabilities of the Trust, reflected in the balance sheet considered for the current valuation exercise remain intact as of the Report date. We have assumed that no information has been withheld that could have influenced the purpose of Report.
- 4.8. We have assumed and relied upon the truth, accuracy and completeness of the financial and other information provided to us. We have assumed that the same is not misleading. We 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 Trust or its SPVs or its Associate companies. 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 my Report.

- 4.9. During the course of our work, we may have relied upon business projections or business outlook based on the assumptions made by the Investment Manager. As these assumptions require exercise of judgment and are subject to uncertainties, there can be no assurance that these assumptions are accurate. In addition, we do not take any responsibility for any changes in the information used by us to arrive at my 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.
- 4.10. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us or used by us up to, the date of Valuation. 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 the information provided to us changes.
- 4.11. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations taking into consideration the economic, social and market patterns existing at that point in 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. We express no opinion on the achievability of the forecasts, if any, relating to the Trust given to us by the Investment Manager.
- 4.12. 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.
- 4.13. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.
- 4.14. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of my officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, 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 party in relation to the issue of this Report.
- 4.15. 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.
- 4.16. The Report assumes that the Trust, its SPVs and its Associate companies complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Trust will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheets of the Trust / its SPVs / other subsidiary / associates / joint ventures / investee companies, if any.
- 4.17. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever 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.
- 4.18. Our Report is not and nor should it be considered as my opinion certifying the compliance with the provisions of any law or standard including but not limited to company law, securities market, foreign exchange regulations, accounting, taxation (including transfer pricing) laws or as regards any legal, accounting or taxation implications.
- 4.19. Our Report is not and nor should it be construed as our recommendation on anything consequential thereto / resulting therefrom. This Report does not address the relative merits of the Proposed Transaction as compared with any other

alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Trust / its Promoters / Board/ unitholders / creditors regarding whether or not to proceed with the floor price stated in this Report shall rest solely with them. We express no opinion or recommendation as to how the unitholders / creditors of the Trust should vote at any unitholders' / creditors' meeting(s) to be held in connection with the Proposed Transaction. Our Report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion. If any person / party (other than the Investment Manager) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

- 4.20. 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. We have arrived at an indicative fair value of units based on my analysis. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of engagement, others may place a different value on this business.
- 4.21. It should be understood that the values at which investments are made or price paid in a transaction may differ from the values computed in this Report due to factors such as the motivation of parties, negotiation skills of the parties, the structure of the transaction, (i.e. financing structure, transition of control, etc.) or other factors unique to the transaction. The final responsibility for the determination of the price for the Proposed Transaction will be with the Trust / Investment Manager / their respective Boards who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.
- 4.22. 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.
- 4.23. We are not advisor with respect to legal tax and regulatory matters for the any transaction. No investigation of the Trust's claim to title of assets has been made for the purpose of this Report and the Trust's claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 4.24. We have no present or planned future interest in the Trust 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 Trust.
- 4.25. We have submitted the draft valuation report to the Trust / Investment Manager for confirmation of accuracy of factual data used in my analysis and to prevent any error or inaccuracy in the final valuation report.
- 4.26. We have not conducted or provided an analysis or prepared a model for any individual assets / liabilities and have wholly relied on information provided to us by the Investment Manager in that regard.
- 4.27. This Report is subject to the laws of India.
- 4.28. Neither the Report nor its contents may be referred to or quoted in any registration statement, letter of offer, prospectus, offering memorandum or loan agreement other than in connection with the current exercise, without our prior written consent.

#### **Limitation of Liabilities**

- 4.29. It is agreed that, having regard to the DHC's interest in limiting the personal liability and exposure to litigation of its personnel, the Trust will not bring any claim in respect of any damage against any of the our personnel personally.
- 4.30. In no circumstance, DHC 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 Trust had contemplated and communicated to DHC the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Trust / Investment Manager and no communication by DHC should be treated as an invitation or inducement to engage the Trust to act upon the deliverable.

- 4.31. It is clarified that the Trust / Investment Manager will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 4.32. DHC will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Trust.
- 4.33. 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.

### Unitholding Details of the Trust

- 4.34. Highways Infrastructure Trust ("the Trust" or "InvIT"), was established as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India ("SEBI") with effect from 23<sup>rd</sup> December 2021, bearing registration number IN/InvIT/21-22/0019, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("the SEBI InvIT Regulations").
- 4.35. The Highways Infrastructure Trust's portfolio comprises of ten road assets with a total length of ~ 626 kilometers across 8 states in India. The assets which include a diversified mix of toll and annuity roads are located in Gujarat, Madhya Pradesh, Meghalaya, Rajasthan, Tamil Nadu, Telangana, Karnataka and Haryana.
- 4.36. The unitholding of the Trust as on the 21<sup>st</sup> November, 2023 is as follows:

Particulars	No. of Units	% unitholding
Galaxy Investments II Pte. Ltd.	37,39,00,000	77.66%
2452991 Ontario Limited	9,37,96,248	19.48%
Other Unitholders	1,37,35,046	2.85%
<b>Total</b>	<b>48,14,31,294</b>	<b>100.00%</b>

## 5. Valuation Approach

- 6.1. The Trust is planning for a preferential allotment of fresh units of the Trust to one of the identified parties in accordance with the SEBI InvIT Regulations in lieu of payment of consideration in connection with acquisition of two road projects.
- 6.2. In case of preferential issue of units, the pricing norms are prescribed based on whether the units of the InvIT are frequently traded or not. If the traded turnover of the units of the InvIT on any recognised stock exchange during 240 days preceding the relevant date is at least ten percent of the total number of issued and outstanding units of the relevant class of units of InvIT, the units of the InvIT are considered frequently traded units. Further, where the number of issued and outstanding units of the InvIT is not identical throughout such period, the weighted average number of total units of the InvIT represent the total number of units.
- 6.3. The pricing norms for preferential issue of units is based on whether the units of the InvIT are frequently traded or not.

### Pricing of frequently traded units

- 6.4. Where the units of the InvIT are frequently traded, the price of units to be allotted pursuant to the preferential issue shall not be less than higher of the following:
- the 90 trading days' volume weighted average price of the related units quoted on the recognised stock exchange preceding the relevant date; or
  - the 10 trading days' volume weighted average prices of the related units quoted on a recognised stock exchange preceding the relevant date.
- The relevant stock exchange means the stock exchange with highest trading volume in respect of the units of the InvIT during the preceding 90 trading days prior to the relevant date.

The relevant date means the date thirty days prior to the date on which the meeting of unitholders is held to consider the preferential issue. Where the relevant date falls on a weekend or a holiday, the day preceding the weekend or the holiday will be reckoned to be the relevant date

#### **Pricing of infrequently traded units**

- 6.5. If the units of an InvIT are not frequently traded, the price determined by the InvIT shall take into account the NAV of the InvIT based on a full valuation of all existing InvIT assets conducted in terms of InvIT Regulations and the SEBI Circular dated 6<sup>th</sup> July, 2023.
- 6.6. The Frequently traded units means units of the InvIT, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten percent of the total number of issued and outstanding units of such class of units of the issuer. Provided that where the number of issued and outstanding units of a particular class of units of the issuer is not identical throughout such period, the weighted average number of total units of such class of the issuer shall represent the total number of units.
- 6.7. In the present case, we have been informed by the management that the units of the trust are not frequently traded on the date of this report.
- 6.8. Hence, the price determined by the InvIT shall take into account the NAV of the InvIT based on the Full Valuation Report provided by us.

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

- 6.9. The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach may be used in cases where the assets base dominates the earnings capability.
- 6.10. In the present case we have relied on S. Sundararaman ("Registered Valuer") InvIT Valuation report for Enterprise Value.
- 6.11. **Enterprise Value ("EV")** is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.
- 6.12. Accordingly, we have calculated the fair equity value by adjusting the enterprise value as derived by the RV with Cash & Bank and debt & Debt like items of the respective SPVs in order derive the fair equity value of the SPVs. We have further adjusted the present value of future IM Fees from the total equity value of the SPVs to arrive at the fair equity value.
- 6.13. Based on above we have calculated the NAV of the InvIT considering the Standalone financial statements of InvIT as depicted in below table-

INR Mn

Particulars	21-Nov-23	
	Book Value	Fair Value
<b>Assets</b>	65,092	68,892
Less: Present value of Trust Expenses and Prepayment Penalty	-	(3,142)
<b>Total Assets (A)</b>	<b>65,092</b>	<b>65,750</b>
Liabilities (B)	26,039	26,039
<b>Net Assets (A-B)</b>	<b>39,053</b>	<b>39,711</b>
<b>Number of Units (Mn)</b>	<b>481.43</b>	<b>481.43</b>
<b>NAV per unit (INR)</b>	<b>81.12</b>	<b>82.49</b>

**7. Conclusion on NAV Calculation**

- 7.1. In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by us and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share.
- 7.2. Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. 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 engagement, others may place a different value on this business.
- 7.3. The Computation of NAV of the Trust as at 21<sup>st</sup> November 2023 is tabulated below:

Particulars	21-Nov-23	
	Book Value	Fair Value
Assets (A)	65,092	65,750
Liabilities (B)	26,039	26,039
Net Assets (A-B)	39,053	39,711
Number of Units (Mn)	481.43	481.43
<b>NAV (INR Per Unit)</b>	<b>81.12</b>	<b>82.49</b>

*Refer Annexure I for further calculation*

**On consideration of all relevant factors as outlined hereinabove, the NAV per unit on fair value basis of the Trust is arrived at INR 82.49/- (Rupees Eighty Two and Forty Nine Paise Only) each for 48,14,31,294 Units as on the Valuation Date on a going concern basis.**

It should be understood that the values at which investments are made or price paid in a transaction may differ from the values computed in this Report due to factors such as the motivation of parties, negotiation skills of the parties, the structure of the transaction, (i.e. financing structure, transition of control, etc.) or other factors unique to the transaction. The final responsibility for the determination of the price for the current exercise will be with the Trust / Investment Manager / its respective Boards who should take into account other factors such as their own assessment of the current exercise and input of other advisors.

Neither the Report nor its contents may be referred to or quoted in any registration statement, letter of offer, prospectus, offering memorandum or loan agreement without our prior written consent.

**Yours sincerely,**

For and on behalf of  
**Desai Haribhakti & Co.,**  
**Chartered Accountants**  
Firm Registration No.: 323806E



Darpit Kanadia  
Senior Partner  
Membership No.: 143204  
UDIN: 23143204BGQXYB3091

**Annexure I – Detailed Break-up of Book Value & Fair Value of Assets & Liabilities Calculation as at 21<sup>st</sup> November 2023**

Particulars	Nov-23	
	Book Value	Fair Value
<b>Assets</b>		
<b>Non -Current Assets</b>		
Investment in equity instruments	29,407.1	33,207.1
Investment in Optionally Convertible Debentures unquoted	5,365.1	5,365.1
Non -Current Loans	23,934.7	23,934.7
Non-current tax assets (net)	1.8	1.8
<b>Total Non Current Assets</b>	<b>58,708.7</b>	<b>62,508.7</b>
<b>Current Assets</b>		
Investment in preference shares - SEPL	174.9	174.9
Cash and cash equivalents	5,000.7	5,000.7
Current Loans	1,022.1	1,022.1
Other current assets	185.4	185.4
<b>Total Current Assets</b>	<b>6,383.1</b>	<b>6,383.1</b>
<b>Total Assets</b>	<b>65,091.8</b>	<b>68,891.9</b>
<b>Less : Present Value of IM Fees</b>	<b>-</b>	<b>(3,141.8)</b>
<b>Total Assets Net of IM Fees</b>	<b>65,091.8</b>	<b>65,750.1</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Non convertible debentures	6,393.2	6,393.2
Rupee term loans from banks	16,057.6	16,057.6
Commercial Paper	2,750.0	2,750.0
<b>Total Non Current Liabilities</b>	<b>25,200.8</b>	<b>25,200.8</b>
<b>Current Liabilities</b>		
Interest on Borrowings- RTL	90.4	90.4
Interest on Borrowings- NCD	35.8	35.8
Trades Payable	102.1	102.1
Other current liabilities	609.6	609.6
<b>Total Current Liabilities</b>	<b>837.9</b>	<b>837.9</b>
<b>Total Liabilities</b>	<b>26,038.8</b>	<b>26,038.8</b>

\* Refer Annexure II for Detailed Workings

**Annexure II – Detailed Fair Equity Value calculation of the SPVs**

SPV	Fair Values	Adjustments to arrive at Fair Equity Value			Fair Equity Value
	Enterprise Value*	Cash and Cash like Items		Debt and Debt like Items	
		Cash and Bank	Other Liquid Assets	Borrowings	
A	B	C	D	E=A+B+C+D	
NBPL	757.0	101.2	333.7	(1,042.5)	149.4
SEPL	110.1	0.3	422.4	(434.7)	98.1
DBCPL	15,672.1	7.3	256.0	(3,334.7)	12,600.7
GEPL	21,724.7	22.6	138.1	(10,316.6)	11,568.8
JPEPL	6,769.8	531.6	110.1	(6,150.4)	1,261.1
UEPL	3,628.6	46.1	823.3	(1,293.0)	3,205.1
NUTPL	8,448.7	330.6	0.0	(8,477.9)	301.4
GASHPL	3,200.3	344.6	0.0	(2,573.6)	971.3
RAHPL	2,964.2	336.6	2.1	(2,287.3)	1,015.7
ANHPL	4,860.3	554.6	19.0	(3,398.5)	2,035.4
Total	68,136.1	2,275.5	2,104.7	(39,309.2)	33,207.1

\* We have relied on Registered Valuer's InvIT Valuation report for Fair Enterprise Value.

<< End of Report >>



**Prepared for:**  
**Highways Infrastructure Trust ("The Trust")**

**Highway Concessions One Private Limited**  
**("The Investment Manager")**

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

**Fair Enterprise Valuation**

**Valuation Date: 30<sup>th</sup> September 2023**

**Report Date : 15<sup>th</sup> December 2023**

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

## S. SUNDARARAMAN

Registered Valuer

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

RV/SSR/R/2024/27

Date: 15<sup>th</sup> December 2023

### Highways Infrastructure Trust

2<sup>nd</sup> Floor, Piramal Tower,  
Peninsula Corporate Park,  
Lower Parel, Mumbai – 400 013.

### Highway Concessions One Private Limited

(acting as the Investment Manager to Highways Infrastructure Trust)

601-602, 6<sup>th</sup> Floor, Windsor House,  
Off CST Road, Kalina,  
Santacruz (East), Mumbai – 400 098

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

Dear Sir(s)/ Madam(s),

I, Mr. S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 9<sup>th</sup> November 2023 as an independent valuer, as defined as per Regulation 2 of the SEBI InvIT Regulations, by **Highway Concessions One Private Limited** ("**HC One**" or "**the Investment Manager**") acting as the investment manager for **Highways Infrastructure Trust** ("**the Trust**" or "**Highways InvIT**"), for the purpose of the financial valuation of the special purpose vehicle (defined below and hereinafter referred to as "**the SPV**") proposed to be acquired by the InvIT. The SPV is to be valued in accordance with the Master Circular for Infrastructure Investment Trusts vide circular no. SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 6<sup>th</sup> July 2023 read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended and circulars issued by SEBI from time to time.

I am enclosing the Report providing opinion on the fair enterprise value of the SPV as defined hereinafter on a going concern basis as at 30<sup>th</sup> September 2023. ("**Valuation Date**").

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

I was further requested by the Investment Manager to provide the adjusted enterprise value of the SPV as at 30<sup>th</sup> September 2023, where the adjusted enterprise value ("**Adjusted EV**") is derived as EV as defined above plus cash or cash equivalents of the SPV as at 30<sup>th</sup> September 2023.

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

The analysis must be considered as a whole. Selecting portions of any analysis or the factors that are considered in this Report, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Following Special Purpose Vehicle is proposed to be acquired by the Trust:

Sr. No.	Name of the SPV	Abbreviation	Asset Type	COD
1	Swarna Tollway Private Limited – Nandigama Ibrahimpatnam Section	STPL	Toll	12-07-2005
2	Swarna Tollway Private Limited – Tada Nellore Section	STPL	Toll	31-10-2005
3	Gujarat Road & Infrastructure Company Limited – Vadodara Halol Section	GRICL	Toll	24-10-2000
4	Gujarat Road & Infrastructure Company Limited – Ahmedabad Mehsana Section	GRICL	Toll	20-02-2003

(Hereinafter referred to as "**the SPVs**")

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

By nature, valuation is based on estimates and it includes the risks and uncertainties relating to the events occurring in the future. Accordingly, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPV.

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

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

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

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 10 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

RV draws your attention to the limitation of liability clauses in Section 10 of this Report.

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

Yours faithfully,



**S. Sundararaman**

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10238

Asset Class: Securities or Financial Assets

Place: Chennai

UDIN: 23028423BGYWJE8744

**Definition, abbreviation & glossary of terms**

Abbreviations	Meaning
AMRP	Ahmedabad - Mehsana Road Project
BOT	Build, Operate and Transfer
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
CTM	Comparable Transactions Multiples
DBFOT	Design, Build, Finance, Operate and Transfer
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ERP	Equity Risk Premium
ETC	Electronic Toll Collection
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FY	Financial Year Ended 31 <sup>st</sup> March
GRICL	Gujarat Road and Infrastructure Company Limited
GOG	Government of Gujarat
HAM	Hybrid Annuity Model
INR	Indian Rupees
Investment Manager/HC One	Highway Concessions One Private Limited
IVS	ICAI Valuation Standards 2018
Kms	Kilometers
MoRTH	Ministry of Road Transport and Highways
MMR	Major Maintenance and Repairs
Mn	Million
NAV	Net Asset Value Method
NCA	Net Current Assets Excluding Cash and Bank Balances
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NIV	Nandigama – Ibrahimpatnam Section of NH 65
STPL	Swarna Tollway Private Limited
O&M	Operation & Maintenance
PM	HC One Project Manager Private Limited
PPP	Public Private Partnership
RFID	Radio Frequency Identification
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
Sponsor/Galaxy	Galaxy Investments II Pte. Limited
SPV	Special Purpose Vehicle
Trustee	Axis Trustee Services Limited

Trust	Highways Infrastructure Trust
TN	Tada – Nellore Section of NH 16
VHRP	Vadodara - Halol Road Project
WACC	Weighted Average Cost of capital

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# 1. Executive Summary

## 1.1. Background

### The Trust

- 1.1.1. Highways Infrastructure Trust ("the Trust" or "InvIT") was established on 3rd December 2021 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India ("SEBI") with effect from 23rd December 2021, bearing registration number IN/InvIT/21-22/0019, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("the SEBI InvIT Regulations").
- 1.1.2. The units of the Trust were listed on NSE in August 2022 by way of an initial offer of units consisting of a private placement. The object and purpose of the Trust, as described in the Trust Deed, is to carry on the activity of an infrastructure investment trust as permissible under the InvIT Regulations to raise funds through the Trust, to make investments in accordance with the InvIT Regulations and the investment strategy and to carry on the activities as may be required for operating the Trust, including incidental and ancillary matters thereto.
- 1.1.3. The InvIT currently involved in owning, operating and maintaining a portfolio of 10 road projects in the Indian states of Gujarat, Madhya Pradesh, Telangana, Meghalaya, Haryana, Karnataka, Tamil Nadu and Rajasthan pursuant to the concessions granted by the National Highways Authority of India ("NHAI"), Ministry of Road Transport and Highways and Madhya Pradesh Road Development Corporation Limited ("MPRDC").
- 1.1.4. The unit holding of the Trust as on the report date is as follows:

Sr. No.	Particulars	No. of units	%
1	Galaxy Investments II Pte. Ltd.	37,39,00,000	77.66 %
2	2452991 Ontario Limited	9,37,96,248	19.48 %
3	Others	1,04,00,000	2.85 %
<b>Total</b>		<b>48,14,31,294</b>	<b>100.0 %</b>

### The Sponsor

- 1.1.5. Galaxy Investments II Pte. Ltd., Singapore ("the Sponsor" or "Galaxy") has sponsored an infrastructure investment trust under the SEBI InvIT Regulations called "Highways Infrastructure Trust" ("Highways InvIT" or "the Trust"). Galaxy was incorporated on 11<sup>th</sup> June 2021 in Singapore. Galaxy is involved in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the infrastructure sector.
- 1.1.6. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majorly owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. ("KKR") Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.
- 1.1.7. Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US\$ 510 billion of assets under management as of 30th June 2023 that offers alternative asset management as well as capital markets and insurance solutions.
- 1.1.8. Axis Trustee Services Limited ("the Trustee") has been appointed as the Trustee of the Highways InvIT. Highway Concessions One Private Limited ("HC One" or "the Investment Manager") has been appointed as the Investment Manager of the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations

### The Investment Manager and the Project Manager

- 1.1.9. Highway Concessions One Private Limited is the current Investment Manager of the Trust. Simultaneously, the Trustee appointed HC One Project Manager Private Limited as the project manager of the Trust.

1.1.10. Shareholding Pattern of the Investment Manager as at the report date is as follows:

Sr. No.	Particulars	No. of shares	%
1	Galaxy Investments II Pte. Ltd.	3,76,47,288	100.0 %
2	Vidyadhar S. Dabholkar*	1	0.0 %
<b>Total</b>		<b>3,76,47,289</b>	<b>100.0 %</b>

\* as a nominee of Galaxy Investments II Pte. Ltd.

Source: Investment Manager

1.1.11. Shareholding Pattern of the Project Manager as at the report date is as follows:

Sr. No.	Particulars	No. of shares	%
1	Highway Concessions One Private Limited	99,999	100.0 %
2	Vidyadhar S. Dabholkar*	1	0.0 %
<b>Total</b>		<b>1,00,000</b>	<b>100.0 %</b>

\* as a nominee of Highway Concessions One Private Limited

Source: Investment Manager

1.1.12. I understand that the Investment Manager and the Trustee of the Trust is desirous of undertaking financial valuation of the SPVs proposed to be acquired. In this regards, I have been mandated to determine the fair enterprise value of the SPVs as defined in the Letter in accordance with the SEBI InvIT Regulations and in this context would like me to carry out valuation of SPVs as on 30<sup>th</sup> September 2023.

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## Scope and Purpose of Valuation

### 1.2. Financial Asset to be Valued

The financial asset under consideration are valued at Enterprise Value of the following:

Sr. No.	Name of the SPV	Abbreviation
1	Swarna Tollway Private Limited	STPL
2	Gujarat Road Infrastructure Company Limited	GRICL

(Hereinafter referred to as “the SPV’s”)

I understand that the Trust, which is not a publicly offered InvIT is contemplating to acquire 100% equity stake/economic interest in STPL from the existing respective shareholders and 56.8% equity stake/economic interest in GRICL from Macquarie. (“Proposed Transaction”)

### 1.3. Purpose of Valuation

As per Regulation 21(8)(a) of the SEBI InvIT Regulations, for any transaction of purchase or sale of infrastructure projects whether directly or through SPV, for publicly offered InvITs, a full valuation of the specific project shall be undertaken.

I understand that the Investment Manager is proposing to undertake a fair enterprise valuation of the SPV’s as on 30<sup>th</sup> September 2023 for the purpose of their internal evaluation only.

In this regard, the Investment Manager and the Trustee have appointed Mr. S. Sundararaman (“Registered Valuer” or “RV” or “I” or “My” or “Me”) bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at the enterprise level of the SPV’s as per the SEBI InvIT Regulations as at 30<sup>th</sup> September 2023.

Registered Valuer declares that:

- The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- The RV is independent and has prepared the Valuation Report (“the Report”) on a fair and unbiased basis;
- RV has valued the SPV’s in accordance with Valuation Standards issued by the Institute of Chartered Accountants of India;

- 1.4. This Report covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

### 1.5. Nature of the Asset to be Valued

The RV has been mandated by the Investment Manager to arrive at the Enterprise Value (“EV”) of the SPV’s. Enterprise Value is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

### 1.6. Valuation Base

Valuation Base means the indication of the type of value being used in an engagement. In the present case, I have determined the fair value of the SPV’s at the enterprise level. Fair Value Bases defined as under:

#### Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value or Market value is usually synonymous to each other except in certain circumstances where characteristics of an asset translate into a special asset value for the party(ies) involved.

### 1.7. Valuation Date

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

The Valuation Date considered for the fair enterprise valuation of the SPVs is 30<sup>th</sup> September 2023 (“Valuation Date”). The attached Report is drawn up by reference to accounting and financial information as on 30<sup>th</sup> September 2023. The RV is not aware of any other events having occurred since 30<sup>th</sup> September 2023 till date of this Report which he deems to be significant for his valuation analysis.

### 1.8. Premise of Value

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

#### Going Concern Value

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

### 1.9. Summary of Valuation

I have assessed the fair enterprise value of the SPV's on a standalone basis by using the Discounted Cash Flow ("DCF") method under the income approach. Following table summarizes my explanation on the usage or non usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business. Hence NAV method is considered only for background reference.
Income Approach	Discounted Cash Flow	Yes	The revenue of the projects are defined for a certain period of years on the basis of traffic volumes as provided by Investment Manager corroborated with traffic volumes as provided by M/s Steer in its Traffic Study Report and O&M expense and Major Maintenance expense as provided by M/s Sri Infotech and M/S Resotech Consultancy in its Technical Due Diligence Report. As the SPV's under consideration has executed project under the BOT model, the ownership of the underlying assets shall be transferred after the expiry of the concession period. In case of STPL, the Concession period is from 27 <sup>th</sup> September 2001 to 26 <sup>th</sup> September 2031, while in case of GRICL - AMRP the Concession period is from 20 <sup>th</sup> February 2003 to 19 <sup>th</sup> February 2033 and for GIRCL - VHRP the concession period is from 24 <sup>th</sup> October 2000 to 23 <sup>rd</sup> October 2030. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore, DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.
Market Approach	Market Price	No	The equity shares of the SPV are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I am unable to consider this method for the current valuation.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF Method, the Free Cash Flow to Firm ("FCFF") has been used for the purpose of valuation of the SPVs. In order to arrive at the fair EV of the SPVs under the DCF Method, I have relied on Provisional Financial Statements as at 30<sup>th</sup> September 2023 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the SPVs prepared by the Investment Manager as at the Valuation Date based on their best judgement.

The discount rate considered for the SPVs for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("WACC") for the SPVs. As the SPV under consideration has executed projects under the

BOT model, the operating rights of the underlying assets shall be transferred back to the appointing authority after the expiry of the concession period. At the end of the agreed concession period, the operating rights in relation to the roads, the obligation to maintain the road reverts to the government entity that granted the concession by the SPVs. Accordingly, terminal period value i.e. value on account of cash flows to be generated after the expiry of concession period has not been considered.

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

				INR Mn
Sr. No.	SPV	WACC	Enterprise Value	Adjusted Enterprise Value
1	STPL	9.97%	14,635	19,027
2	GRICL	10.46%	11,106	14,797
<b>Total</b>			<b>25,741</b>	<b>33,824</b>

(Refer Appendix 1 & 2 for the detailed workings)

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

*I was further requested by the Investment Manager to provide the adjusted enterprise value of the SPVs as at 30<sup>th</sup> September 2023, where the adjusted enterprise value ("Adjusted EV") is derived as EV as defined above plus cash and current investments of the SPVs as at 30<sup>th</sup> September 2023.*

- 1.10. The fair EV of the SPVs is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.
- 1.11. 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.
- 1.12. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:
  1. WACC by increasing / decreasing it by 0.5%
  2. WACC by increasing / decreasing it by 1.0%
  3. Revenue by increasing / decreasing it by 10%
  4. Expenses by increasing / decreasing it by 20%

### Sensitivity Analysis of Enterprise Value

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

INR Mn

Sr. No.	SPV	WACC - 0.5%	EV	Base WACC	Base EV	WACC + 0.5%	EV
1	STPL	9.47%	14,901	9.97%	14,635	10.47%	14,377
2	GRICL	9.96%	11,325	10.46%	11,106	10.96%	10,893

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

INR Mn

Sr. No.	SPV	WACC - 1.0%	EV	Base WACC	Base EV	WACC + 1.0%	EV
1	STPL	8.97%	15,174	9.97%	14,625	10.97%	14,126
2	GRICL	9.46%	11,550	10.46%	11,106	11.46%	10,687

#### 3. Fair Enterprise Valuation Range based on Revenue parameter (10%)

INR Mn

Sr. No.	SPV	EV at Revenue - 10%	EV at Base Revenue	EV at Revenue + 10%
1	STPL	12,544	14,635	16,632
2	GRICL	9,369	11,106	12,842

#### 4. Fair Enterprise Valuation Range based on Expenses parameter (20%)

INR Mn

Sr. No.	SPV	EV at Expenses - 20%	EV at Base Expenses	EV at Expenses + 20%
1	STPL	15,169	14,635	14,102
2	GRICL	11,552	11,106	10,659

The above represents reasonable range of Fair Enterprise Valuation.

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## 2. Procedures adopted for current valuation exercise

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- 2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 ("IVS") issued by the Institute of Chartered Accountants of India.
- 2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:
- 2.2.1. Requested and received financial and qualitative information relating to the SPVs;
  - 2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;
  - 2.2.3. Discussions with the Investment Manager on:
    - Understanding of the business of the SPVs – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;
  - 2.2.4. Undertook industry analysis:
    - Research publicly available market data including economic factors and industry trends that may impact the valuation;
    - Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by me;
  - 2.2.5. Analysis of other publicly available information;
  - 2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by me;
  - 2.2.7. Conducted physical site visit of the road stretch of the SPVs;
  - 2.2.8. Determination of fair EV and Fair Adjusted EV of the SPVs on a going concern basis at the Valuation Date.

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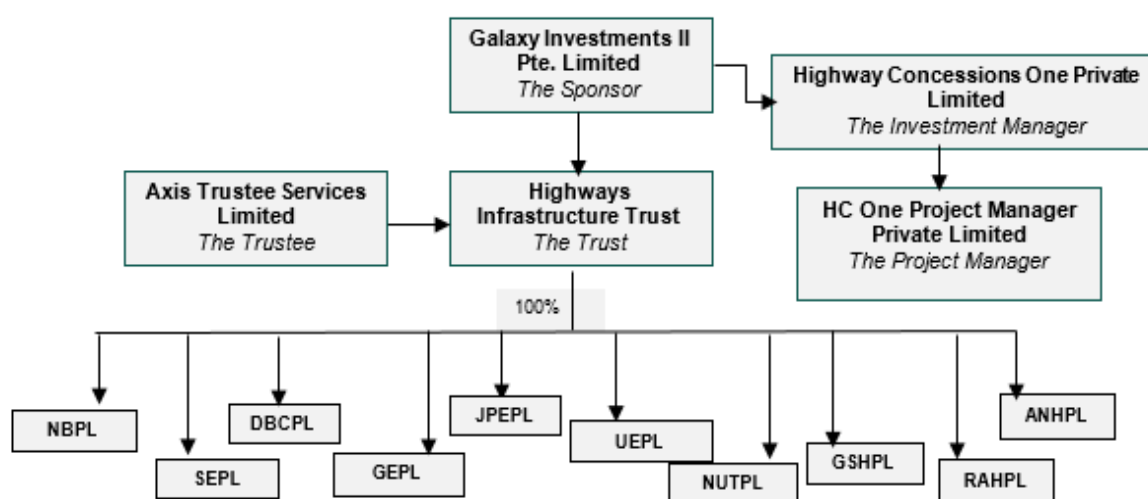
### 3. Overview of InvIT and SPV

#### The Trust

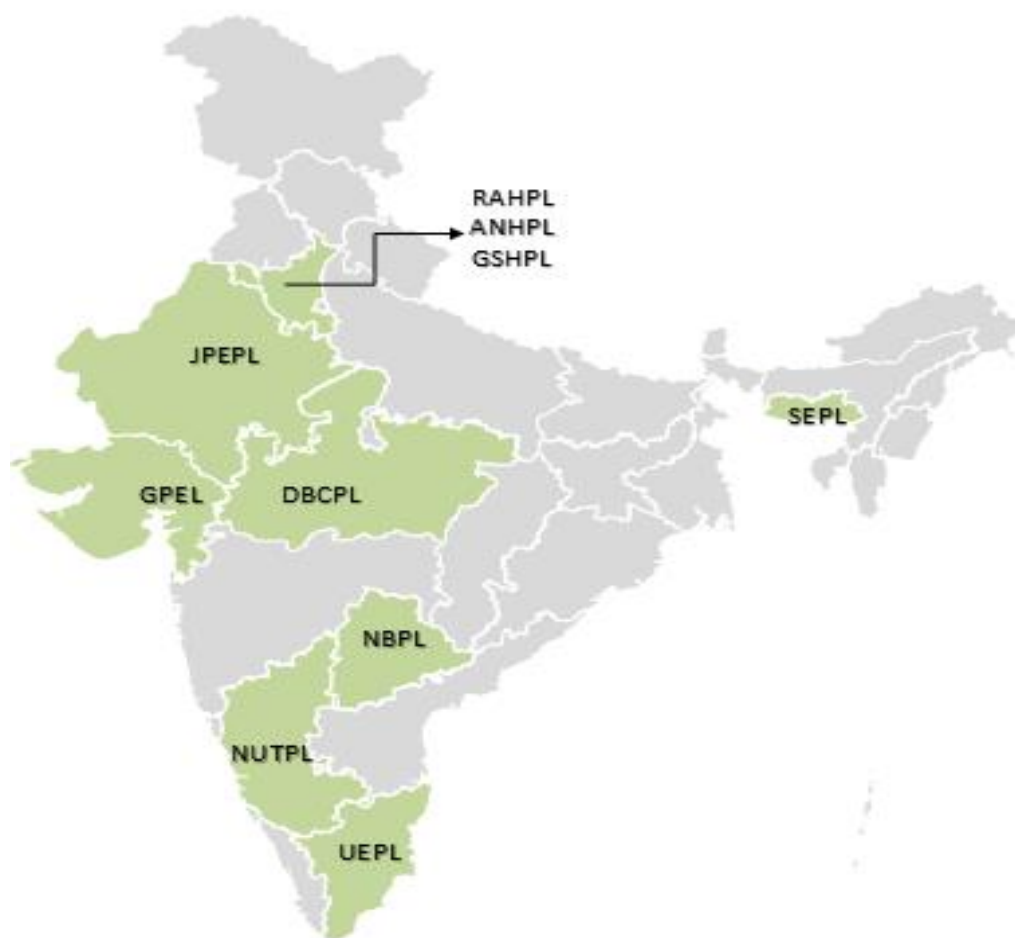
- 3.1. Galaxy Investments II Pte. Ltd. is the Sponsor of the Trust. The Sponsor was incorporated on 11<sup>th</sup> June 2021 in Singapore. Galaxy is involved in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the “infrastructure” sector.
- 3.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.
- 3.3. Founded in 1976, KKR is a leading global investment firm, with US\$510 billion in assets under management as of 30<sup>th</sup> June 2023 that offers alternative asset management as well as capital markets and insurance solutions.
- 3.4. Following is the summary of the SPVs, held under the trust including the date and cost of acquisition :

Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBL	Nirmal BOT Limited	22 <sup>nd</sup> Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	22 <sup>nd</sup> Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	22 <sup>nd</sup> Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	22 <sup>nd</sup> Aug, 2022	11,167
5	JPEPL	Jodhpur Pali Expressway Private Limited	22 <sup>nd</sup> Aug, 2022	3,863
6	UEPL	Ulundurpet Expressways Private Limited	22 <sup>nd</sup> Aug, 2022	3,005
7	NUTPL	Navayuga Udupi Tollway Private Limited	02 <sup>nd</sup> Nov 2023	196
8	GSHPL	Gurgaon Sohna Highway Private Limited	21 <sup>st</sup> Nov 2023	844
9	RAHPL	H.G. Rewari Ateli Highway Private Limited	21 <sup>st</sup> Nov 2023	758
10	ANHPL	H.G. Ateli Narnaul Highway Private Limited	21 <sup>st</sup> Nov 2023	1,511

- 3.5. Following is the Structure of the Trust as on the report date.



3.6. A map depicting the respective location of the existing project SPVs of the Trust is provided below:

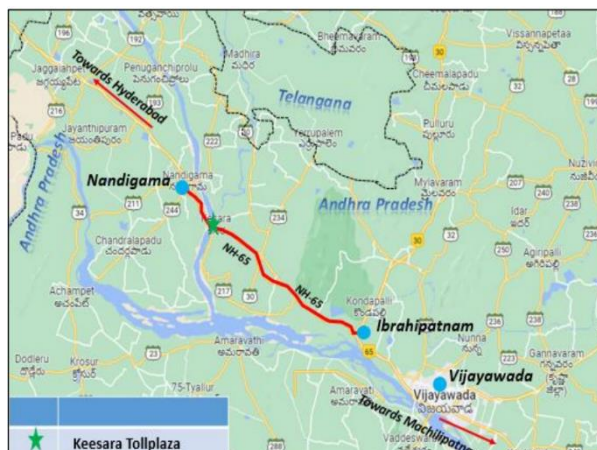




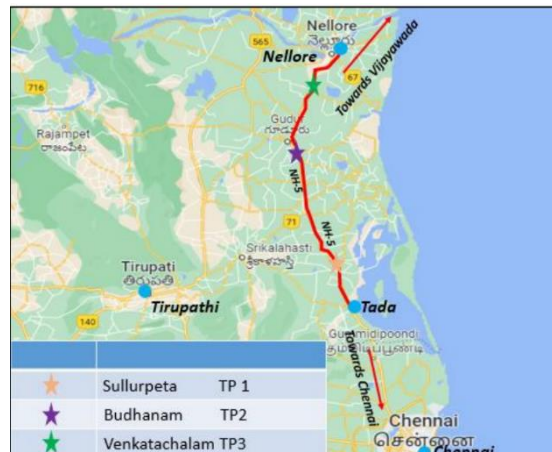
## Background of the SPVs

### Swarna Tollway Private Limited (“STPL”)

- 3.7. Swarna Tollway Private Limited (STPL) was incorporated as on 11<sup>th</sup> May 2001. The NHA entered into a concession agreement dated 27<sup>th</sup> March 2001 with CIDB Inventures SON. BHD. Malaysia (CIDB). CIDB formed a SPV, Swarna Tollway Private Limited for the purpose of performing all the obligation of CIDB under the project. The project was awarded to the CIDB Inventures SON. BHD. Malaysia (CIDB) by NHA for 30 years of Design, Engineering, financing, procurement, construction, operation, maintenance & toll collection period starting from the Appointed Date i.e. 27<sup>th</sup> September, 2001. The Project has successfully achieved its Final COD for the Nandigama Ibrahimpatnam section on 12<sup>th</sup> July 2005 and for the Tada Nellore section on 31<sup>st</sup> October 2005.
- 3.8. The map below illustrates the location of the Project and the corridor it covers:



NH- 65 Nandigama Ibrahimpatnam Section (NIV)



NH- 16 Tada Nellore Section (TN)

- 3.9. Summary of Project details of STPL are as follows:

Parameters	NIV details	TN details
Total Length	49.2 Kms	110.8 Lane Kms
Nos. of Lanes	4	4
NH / SH	NH 65	NH 16
State Covered	Andhra Pradesh	Andhra Pradesh
Area (Start and End)	Nandigama to Vijayawada	Tada to Nellore
Project Cost	Rs 759.87 Crs (includes both NIV and TN)	Rs 759.87 Crs (includes both NIV and TN)
PPP Model	DBFOT	DBFOT
Project Type	Toll	Toll
Concession Granted by	NHAI	NHAI
COD Date	09-09-2004	20-02-2004
Original Concession Period (CP)	30 years from Appointed Date	30 years from Appointed Date
Extension (If any)	NA	NA
Likely End of CP	26-09-2031	26-09-2031

- 3.10. The Project Road includes Tada – Nellore section of NH-16 which starts from Ch. 54.383 (Tada) and ends at Ch. 165.183 (Nellore) & Nandigama - Ibrahimpatnam section of NH-65 (Old NH-9) which starts from Ch. 221.140 (Nandigama) and ends at Ch. 270.340 (Ibrahimpatnam).

Sr.No	Salient Features	Units	NIV	TN
1	Flexible Pavement	Km	49.1	110.5
2	Rigid Pavement	Km	0.1	0.3
3	Service road	Km	0.23	15.293
4	Slip road	Km	-	0
5	No of flyovers	No's	-	0



6	No of bypass	No's	2	0
7	Length of bypass	Km	11.968	17.147
8	No of major bridges	No's	4	14
9	No of minor bridges	No's	7	24
10	No of Major intersection/junctions	No's	3	12
11	No of Minor intersection/ Junctions	No's	21	100
12	No of Toll Plaza	No's	1	3
13	No of truck lay byes	No's	1	2
14	No. of bus shelters	No's	24	10
15	No of bus bay with shelter	No's	10	68
16	Rest areas	No's	1	2
17	Solar Blinkers	No's	40	66
18	Stone Pitching	Sqm	5.446	17.123
19	Road Signages	No's	813	1440
20	Guard Posts	No's	5	24
21	Location of Toll Plaza( chainage)		Km.232+000	km 86+00, km124+50, km.155+300

Source: Investment Manager

3.11. The shareholding of STPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	MAIF Investment India 3 Pte Limited	26,99,99,999	99.99%
2	MAIF Investment India 4 Pte Limited	1	0.01%
<b>Total</b>		<b>27,00,00,000</b>	

Source: Investment Manager

I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.

3.12. My team had conducted physical site visit for STPL on 24<sup>th</sup> November 2023. Following are the pictures of the plant site :

A. Nandigama Ibrahimpatnam Section (NIV)



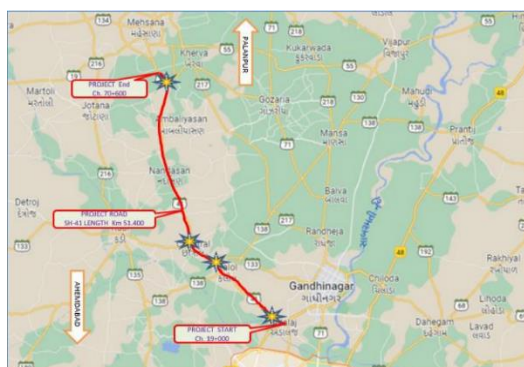
B. Tada Nellore Section (TN)



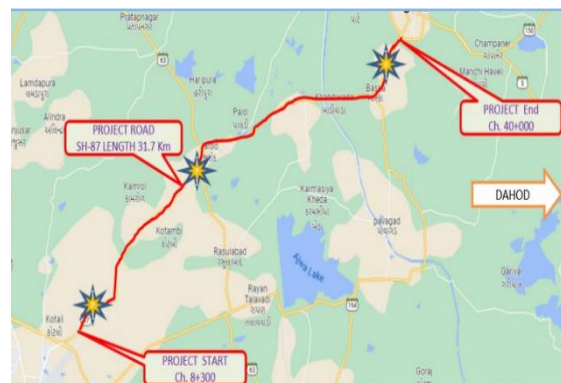
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### Gujarat Road and Infrastructure Company Limited (“GRICL”)

- 3.13. Gujarat Road and Infrastructure Company Limited (GRICL) was incorporated on 2<sup>nd</sup> June 1998. GOG and IL&FS entered into Memorandum of Agreement on 31<sup>st</sup> October 1995. Under the agreed terms GOG and IL&FS incorporated two entities Vadodara – Halol Toll Road Company Limited (“VHTCL”) and Ahmedabad Mehsana Toll Road Company Limited (“AMTRCL”). Further GOG entered into a concession agreement dated 12<sup>th</sup> May 1999 and 17<sup>th</sup> October 1998 with AMTRCL and VHTCL respectively. Later these entities were amalgamated into Gujarat Road & Infrastructure Company Limited on 11<sup>th</sup> May 2005. The project was awarded to AMTRCL and VHTCL for 30 years of Build, Own, Operate, and Transfer starting from the Operation Commencement date i.e. 20<sup>th</sup> February, 2003 and 24<sup>th</sup> October 2000 respectively.
- 3.14. The map below illustrates the location of the Project and the corridor it covers:



Ahmedabad Mehsana Section of SH-41 (AMRP)



Vadodara Halol Section of SH-87 (VHRP)

- 3.15. Summary of Project details of GRICL are as follows:

Parameters	AMRP	VHRP
Total Length	51.6 Kms	31.7 Kms
Nos. of Lanes	4	4
NH / SH	SH 41	SH 87
State Covered	Gujarat	Gujarat
Area (Start and End)	Ahmedabad- Mehsana	Vadodara-Halol
Project Cost	1063.35 Crs	904.73 Crs
PPP Model	DBOT	DBOT
Project Type	Toll	Toll
Concession Granted by	NHAI	NHAI
COD Date	20-02-2003	24-10-2000
Original Concession Period (CP)	30 years from operation date	30 years from operation date
Extension (If any)	NA	NA
Likely End of CP	19-02-2033	23-10-2030

- 3.16. The Project Road includes Ahmedabad Mehsana Section of SH-41 (AMRP) from 19 Km to 70.6 Km and Vadodara Halol Section of SH-87 (VHRP) from 8.3 Km to 40 Km in the state of Gujarat.

S.No	Particulars	Units	AMRP	VHRP
1	Service road	Km	90.746 Km	57.694 Km
2	No of flyovers	No's	1	
3	RUB	No's	3	
4	ROB	No's	3	
5	No of major bridges	No's		1
6	No of minor bridges	No's	5	8
7	No of underpasses	No's		7
8	No of Subways	No's		1
9	Box culvert		6	14
10	Hume pipe culvert		63	27
11	Foot over bridges		3	
12	Slab Culvert	No's		13
	No of VUP/CUP			
13		No's	5/6	
14	No of Major intersection/junctions	No's	5	2
15	No of Minor intersection/ Junctions	No's	82	31
16	No of truck lay byes	No's		
17	No. of bus shelters/bus bay	No's	17	15
18	Lined drain	Km		6.274
19	Median drain	Km	16	
20	Median Transverse drain	Km		5.4
21	Median Opening	No's	33	29
22	Median Plantation	Km		30.403
23	avenue plantation	Km		18.532
24	Metal Beam crash barrier	Km		1.135
25	Pedestrian Guard rails	Km		8.602
26	Solar Blinkers	No's	26	26
27	Pipe Delineators	No's		288
28	3 arm lighting		1	3
29	High Mast Lighting	No's		18
30	Single Arm Lighting's	No's	274	73
31	Double Arm Lighting's	No's	377	166

Source: Investment Manager

- 3.17. The shareholding of GRICL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	MAIF Investments India Pte. Ltd.	3,15,00,955	56.8%
2	Government of Gujarat	90,87,986	16.39%
3	IL&FS Financial Services Limited	91,88,846	16.57%
4	IL&FS Transportation Networks Limited	56,84,520	10.24%
	<b>Total</b>	<b>5,54,62,307</b>	

Source: Investment Manager

- 3.18. I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.
- 3.19. My team had conducted physical site visit for GRICL on 24<sup>th</sup> November 2023. Following are the pictures of the plant site :

**Ahmedabad – Mehsana Section :**



**Vadodara – Halol Section :**





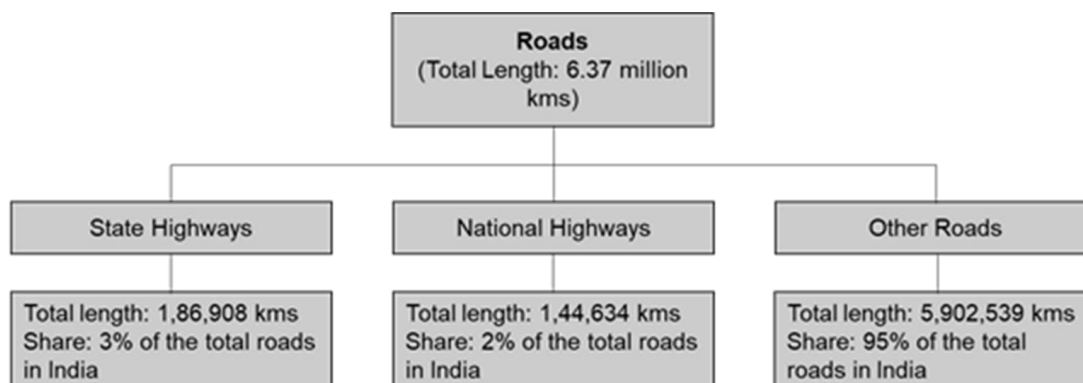
## 4. Overview of the Industry

### 4.1 Introduction

- 4.1.1 The road infrastructure is an important determinant of economic growth in India and it plays a significant role in the economy's overall development process.
- 4.1.2 India has the second-largest road network in the world, spanning over 6.3 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.
- 4.1.3 Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.
- 4.1.4 Bridging of existing infrastructure gaps and creating additional facilities to cater to the increasing population are equally important. Apart from providing connectivity in terms of enabling movement of passengers and freight, roads act as force multipliers in the economy.
- 4.1.5 Further, roads play a significant role in times of natural calamities, wars and other such events in terms of timely evacuation of the impacted population, carriage of relief material and other associated movements. Government takes cognisance of this requirement and road infrastructure remains to be a focus area.

### 4.2 Road Network in India

- 4.2.1 India has the second largest road network in the world, spanning over 6.37 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.



Source: IBEF Roads Report, February 2023

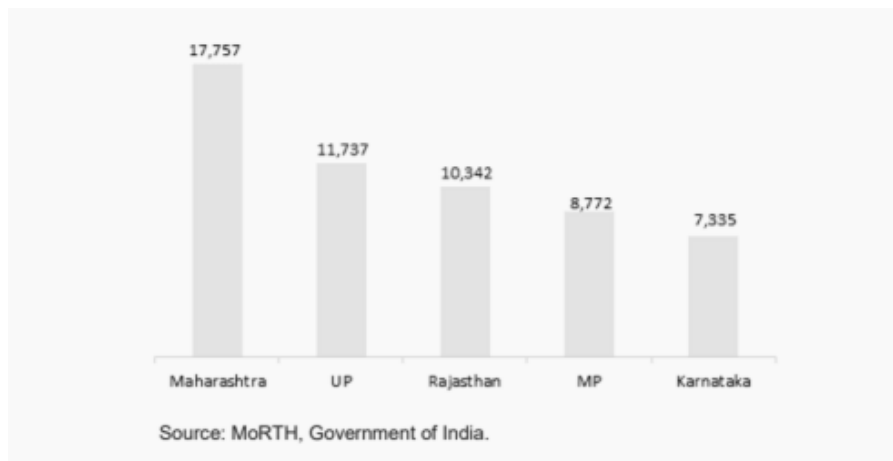
- 4.2.2 Out of this around 1.41 lakh km are National Highways ("NHs"). Significantly, NHs constitute around 2 per cent of the total road network in the country but carry about 40% of the road traffic. The density of India's highway network at 1.89 km of roads per square kilometre of land – is similar to that of the France (1.98) and much greater than China's (0.49) or USA's (0.68).

### 4.3 Government Agencies for Road Development

- 4.3.1 The Ministry of Road Transport & Highway ("MoRTH") is responsible for development of Road Transport and Highways in general and construction & maintenance of National Highways.
- 4.3.2 The National Highways Authority of India ("NHAI") is an autonomous agency of the Government of India, set up in 1988 and is responsible for implementation of National Highways Development Project ("NHDP").
- 4.3.3 The NHDP in the context of NHs is nearing completion- in seven phases. Later, the other highway development programmes like Special Accelerated Road Development Programme for Development of Road Network in North Eastern States (SARDP- NE) and National Highways Interconnectivity Improvement Project (NHIIP) were also taken up by MoRTH. Further, Bharatmala Pariyojana is ongoing. For majority of the projects under NHDP and Bharatmala Pariyojana, NHAI is the implementation agency. Other NH related programmes/works are being implemented through agencies like National Highways Infrastructure Development Corporation Limited (NHIDCL), State Public Works Departments (PWDs), State Road Development Corporations and the Border Road Organization.

- 4.3.4 NHAI is planning to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetize its highway assets through Infrastructure Investment Trust (InvIT).
- 4.3.5 In December 2022, NHAI raised Rs. 10,200 crore (US\$ 1.23 billion) from foreign and Indian institutional investors to meet ever-growing budgetary support. Indian Government and Asian Development Bank signed US\$ 500 million loan agreement to build the longest bridge across river Ganga, in Bihar. The bridge is expected to be ready by December 2021.
- 4.3.6 NHAI is planning to award 1,000-1,500 km of projects under the BOT model in 2023-24. In FY21, there were 125 PPP projects worth US\$ 23.25 billion in India.
- 4.3.7 The government has successfully rolled out over 60 road projects in India worth over US\$ 10 billion based on the Hybrid Annuity Model (HAM). HAM has balanced risk appropriately between private and public partners and boosted PPP activity in the sector.
- 4.3.8 In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivizing timely work by concessionaires. According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.
- 4.3.9 Roads in the jurisdiction of state governments are under different categories like State Highways ("SHs") and Major District Roads. They are being developed/ upgraded through State PWDs and State Road Development Corporations. Pradhan Mantri Gram Sadak Yojana is being implemented for rural roads through the Ministry of Rural Affairs with active participation by state governments. Further, roads within urban areas are maintained/ developed mostly with PWDs and Urban Local Bodies. .
- 4.3.10 State Governments have a significant role to play in developing the SHs, Major District Roads, Other District Roads to ensure the last mile connectivity. States have varying levels of maturity in terms of road infrastructure development due to issues such as inadequate identification and prioritization of projects, funding shortfall, limited institutional capacity to implement projects, etc.

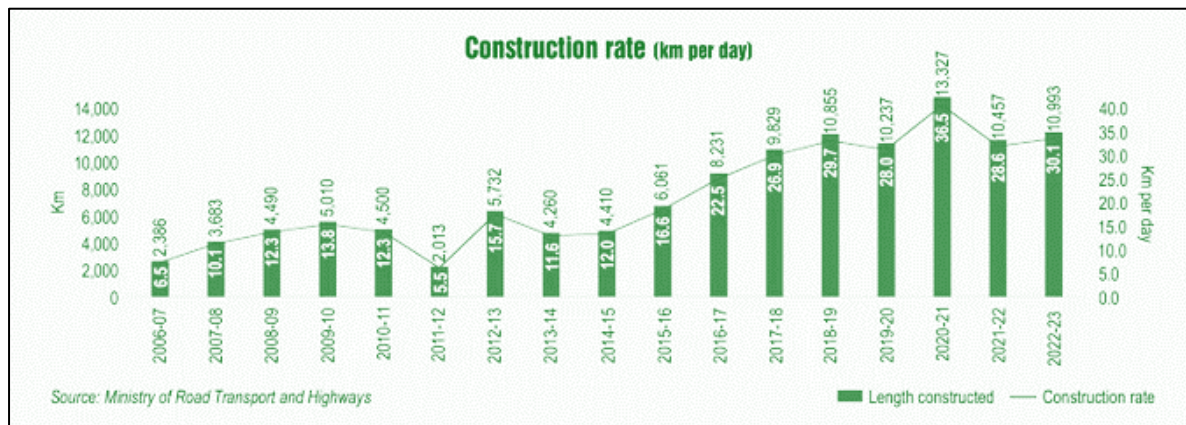
**Top 5 states by length of NHs in India (in Km)**



#### **4.4 Trend of Road and Highways Construction**

- 4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.
- 4.4.2 The current rate of road construction is almost three times that in 2007-08.
- 4.4.3 The launch of the Bharatmala Pariyojana in 2017 provided a big fillip to construction activity, with the pace of construction doubling from 12 km per day in 2014-15 to 30 km per day in 2022-23, and peaking at 37 km per day in 2020-21.
- 4.4.4 The government aims to take this up to 100 km per day in the next few years.

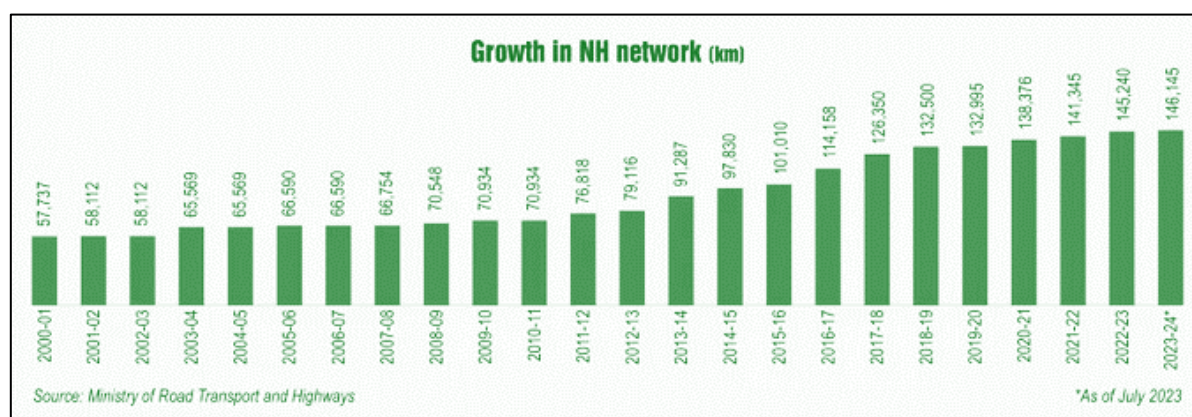
### Details of National Highway network:



- 4.4.5 The road transport and highways ministry (MoRTH) has received a push with the Union Budget raising the allocation by 36 percent to around Rs 2.7 lakh crore for 2023-24. This is nearly 10 percent jump over the Budgetary allocation of Rs 1.99 lakh crore made in the Budget for 2022-23.
- 4.4.6 The GST on construction equipment has been reduced to 18% from 28%, which is expected to give a boost to infrastructure development in the country.
- 4.4.7 The NHDP is a program to upgrade, rehabilitate and widen major highways in India to a higher standard. The project was started in 1998 to be implemented in 7 phases.
- 4.4.8 With the launch of Bharatmala project, 10,000 km of highway construction left under NHDP was merged with Phase I of the Bharatmala project.
- 4.4.9 The Indian government launched Gati Shakti-National Master Plan, which has consolidated a list of 81 high impact projects, out of which road infrastructure projects were the top priority. The major highway projects include the Delhi-Mumbai expressway (1,350 kilometres), Amritsar-Jamnagar expressway (1,257 kilometres) and Saharanpur-Dehradun expressway (210 kilometres).
- 4.4.10 The main aim of this program is a faster approval process by digitizing the process through a dedicated Gati shakti portal.
- 4.4.11 In December 2021, the government set a highway monetization target of Rs. 2 trillion (US\$ 26.20 billion) for the next 3 years.
- 4.4.12 The Government of India has allocated Rs. 111 lakh crore (US\$ 13.14 billion) under the National Infrastructure Pipeline for FY 2019-25. The Roads sector is expected to account for 18% capital expenditure over FY 2019-25.
- 4.4.13 NHAI is planning to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetise its highway assets through Infrastructure Investment Trust (InvIT). The InvIT of NHAI, National Highways Infra Trust, has raised more than Rs 8,000 crore from foreign and Indian institutional investors till October 2022.
- 4.4.14 The development of market for roads and highways is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing government initiatives to improve transportation infrastructure in the country.



#### Details of national highways awarded (by NHAI) and constructed in India (KMs):



#### 4.5 **Implementation of important projects and expressways:**

##### 4.5.1 **Bharatmala Pariyojna**

Bharatmala Pariyojana is a new umbrella program for the highways sector that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions like development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Green-field expressway.

The Bharatmala Pariyojana envisages development of about 24,800 km length of Economic Corridors, which along with Golden Quadrilateral (GQ) and North-South and East-West (NS-EW) Corridors are expected to carry majority of the Freight Traffic on roads.

A total length of 34,800 km in road projects have been proposed to be constructed with an estimated outlay of Rs 5.35 trillion under Bharatmala Pariyojana Phase-I over a five year period (2017-18 to 2021-22).

Components under Bharatmala Pariyojana Phase-I are as given below:

Component	Length (Km)	Cost (INR Cr)
Economic corridors development	9,000	1,20,000
Inter-corridor & feeder roads	6,000	80,000
National Corridors Efficiency	5,000	1,00,000
Border & International connectivity	2,000	25,000
Coastal & port connectivity roads	2,000	20,000
Expressways	800	40,000
<b>Sub Total</b>	<b>24,800</b>	<b>3,85,000</b>
Other works - under NHDP	10,000	1,50,000
<b>Total</b>	<b>34,800</b>	<b>5,35,000</b>

Source: Ministry of Road Transport and Highways, Government of India

The completion cost of Phase-I is now estimated 10.63 trillion (US\$ 130 billion) after factoring in cost escalations up to December 2021 and is 99% higher than the initial estimates owing to substantial rise in land acquisition cost, and steep increase in input costs. It is expected to be completed in FY2028, a delay of six years from the initial envisaged completion date of FY2022. During the last seven years, around 60% (20,632 km vs 34,800 km) of highway length has been awarded as of December 2021, and ~23% of the total length completed till March 2022

#### 4.5.2 Char Dham Vikas Mahamarg Pariyojna:

This project envisages development of easy access to the four dhams in India – Gangotri, Yamunotri, Kedarnath and Badrinath. Development of this route of 889 km route is expected at an estimated cost of INR 12,000 Crores.

#### 4.5.3 Eastern peripheral and western peripheral expressway

These two projects will connect NH-1 and NH-2 from western and eastern side of Delhi.

#### 4.5.4 Setu Bharatam:

This project aims to replace crossings on NHs with Road Over Bridges and Road Under Bridges. It is projected to construct 174 such structures.

#### 4.5.5 To further augment road infrastructure, more economic corridors are also being planned by Government of India as revealed in Budget 2021-22.

- a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.
- b. 1,100 km of National Highway works in the State of Kerala at an investment of INR 65,000 Crores including 600 km section of Mumbai Kanyakumari corridor in Kerala.
- c. 675 km of highway works in the state of West Bengal at a cost of INR 25,000 Crores including upgradation of existing road-Kolkata –Siliguri.
- d. National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.
- e. In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometers of National highways.

#### 4.6 Opportunities in road development & maintenance in India

- a. India has joined the league of 15 of global alliance which will work towards the ethical use of smart city technologies
- b. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US\$ 741.51 billion).
- c. The government also aims to construct 23 new national highways by 2025.
- d. Road building in India is second least expensive in Asia.
- e. Andhra Pradesh will spend US\$ 296.05 million to build 8,970 Kms of roads.
- f. In February 2022, NHAI rolled out a plan to construct 5,795 kilometres of highways that will connect 117 districts. The plan was worth Rs. 1 trillion (US\$ 13.09 billion).

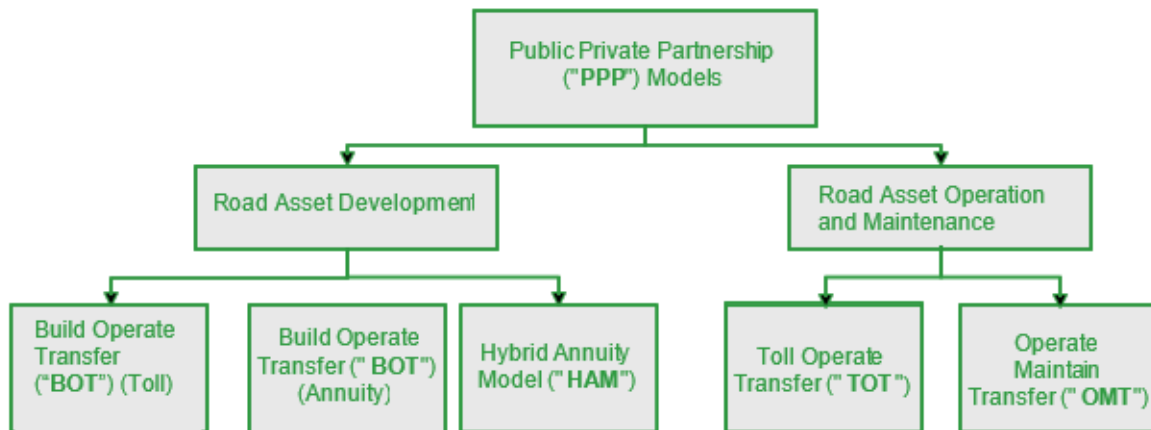
#### 4.7 Public Private Partnership (“PPP”) Models of road development and maintenance in India

##### 4.7.1. India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector. PPP has been a major contributor to the success story of the roads and highway sector in India. With the emergence of private players over the last decade, the road construction market has become fragmented and competitive. Players bidding for projects also vary in terms of size. PPP modes have been used in India for both development and operation & maintenance of road assets.

NHAI is planning to award 500 km of the 6,500 km target for FY23 through BOT mode. It may give minimum toll revenue guarantee to make it easier for contractors to bid for BOT projects.

##### 4.7.2. In FY21, there were 125 PPP projects worth US\$ 23.25 billion in India.

##### 4.7.3. In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires. According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players



#### 4.7.4. **Road Asset Development Models**

- **BOT Toll**
  - In a BOT toll project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. The concession period is project specific but is usually for 20-25 years. In BOT Toll model, the concessionaire earns revenue primarily in the form of toll revenue which in turns depends on the traffic on the road stretch. Toll rates are regulated by the government through rules.
- **BOT Annuity**
  - Similar to a BOT Toll projects, in BOT Annuity project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government. The concessionaire earns revenue in the form of pre-determined semi-annual annuity payments.
- **HAM**
  - Similar to a BOT projects, in HAM project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government. The construction period for HAM projects is project specific and a fixed operation period of 15 years.

#### 4.8 **Government Investment in the Sector**

- 4.8.1 Under Union Budget 2023-24, the Government of India has allocated Rs. 270,435 crore to the Ministry of Road Transport and Highways.
- 4.8.2 The Government aims to increase the toll revenue to INR 1.3 Trillion by 2030. In 2014, the waiting time at the toll plazas was 734 seconds, whereas in the 2023 this has reduced to 47 seconds. We are hopeful that we will bring it down to 30 second soon
- 4.8.3 NHAI is in the process to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetize its highway assets through Infrastructure Investment Trust (InvIT).

#### 4.9 **Recent Initiatives by Government**

##### 4.9.1 **Bhoomi Rashi – Land Acquisition Portal**

The ministry has corroborated with the National Informatics Centre, to create Bhoomirashi, a web portal which digitises the cumbersome land acquisition process, and also helps in processing notifications relating to land

acquisition online. Processing time, which was earlier two to three months has come down to one to two weeks now.

#### 4.9.2 FASTag – Electronic Toll Collection

National Electronic Toll Collection (NETC) system, has been implemented on pan India basis in order to remove bottlenecks and ensure seamless movement of traffic and collection of user fee as per the notified rates, using passive Radio Frequency Identification (RFID) technology.

#### 4.9.3 Revival of languishing projects

Projects which were languishing for a number of years have been attempted to be revived, with the help of a number of policy measures taken by the government. Some of the policy measures like Premium deferment in stressed projects, extension of concession period for languishing projects to the extent of delay not attributable to concessionaires, One Time Capital Support for physical completion of languishing projects that have achieved at least 50 per cent physical progress, through one time fund infusion by NHAI, subject to adequate due diligence on a case to case basis.

#### 4.9.4 Rural development

Under the Union Budget 2023-24, the Government of India allocated Rs. 19,000 (US\$ 2.37 billion) for Pradhan Mantri Gram Sadak Yojana (PMGSY).

#### 4.9.5 Portfolios in roads & highways sector

In October 2020, the National Investment and Infrastructure Fund (NIIF) is making progress towards integrating its road and highway portfolio. The NIIF has acquired Essel Devanahalli Tollway and Essel Dichpally Tollway through the NIIF master fund. These road infra-projects will be supported by Athaang Infrastructure, NIIF's proprietary road network, assisted by a team of established professionals with diverse domain expertise in the transport field.

#### 4.9.6 International Tie-ups

In December 2020, the Ministry of Road Transport and Highways signed an MoU with the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology of the Republic of Austria on technology cooperation in the road infrastructure sector.

#### 4.9.7 Encourage private funding to reduce finance constraints

- Cumulative FDI inflows in construction development stood at US\$ 26.21 billion between April 2000-March 2022. Maif 2 Investments India Pvt. Ltd. became the first-largest foreign investment in Indian roads sector under toll-operate-transfer (TOT) mode worth Rs. 9,681.5 crore (US\$ 1.50 billion).
- In October 2020, the Asian Development Bank (ADB) and the Government of India signed a US\$ 177 million loan to upgrade 450 kms of state highways and major district roads in Maharashtra.
- In January 2021, the Government of India and New Development Bank (NDB) signed two loan agreements for US\$ 646 million for upgrading the state highway and district road networks in Andhra Pradesh.
- In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires.
- According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.

### 4.10 **Outlook**

4.10.1 India's infrastructure sector is rapidly evolving and the key trends demonstrate positivity and optimism. The market for roads and highways in India is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing Government initiatives to improve transportation infrastructure in the country. For the period of 2016-17 to 2021-22, the CAGR stands at 20%.

4.10.2 Development and maintenance of road infrastructure is a key Government priority, the sector has received strong budgetary support over the years. During the past years, the standardized processes for Public Private Partnership & public funded projects and a clear policy framework relating to bidding and tolling have also been developed.

- 4.10.3 The major initiatives undertaken by the Government such as National Infrastructure Pipeline (NIP) and the PM Gati Shakti National Master Plan will raise productivity, and accelerate economic growth and sustainable development.
- 4.10.4 The highways sector in India has been at the forefront of performance and innovation. The government is committed towards expanding the National Highway network to 2 lakh kilometres by 2025 emphasizing the construction of the World Class Road infrastructure in time bound & target oriented way. India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector.
- 4.10.5 The Asian Development Bank ranked India at the first spot in PPP operational maturity and also designated India as a developed market for PPPs. The Hybrid Annuity Model (HAM) has balanced risk appropriated between private and public partners and boosted PPP activity in the sector.

*Sources: IBEF Roads Report, November 2022; KPMG Report - Roads and Highway Sector; ICRA reports, website of Ministry of Road Transport and Highways, Government of India.*

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## 5. Valuation Methodology and Approach

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

### Cost Approach

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

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

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

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

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

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

### Market Approach

- 5.6. 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

- 5.7. 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

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

### Market Price Method

- 5.9. 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.

### Income Approach

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



### DCF Method

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

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

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

### Conclusion on Cost Approach

- 5.12. The existing book value of EV of the SPVs comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the Provisional Financial Statements as at 30<sup>th</sup> September 2023 prepared as per Indian Accounting Standards (Ind AS) are as under :

SPV	Book EV (INR Mn)
STPL	3,899
GRICL	3,550

- 5.13. In the present case, the SPVs operate and maintain the project facilities in accordance with the terms and conditions under the relevant concession agreement. During the concession period, the SPVs operate and maintain the road asset and earns revenue through Charges and collection of user fee in the form of Toll revenue. The charges, fees or tolls that may be collected are notified by relevant government authority, which are usually revised annually as specified in the relevant concessions and toll notifications. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, I have not considered the cost approach for the current valuation exercise.

### Conclusion on Market Approach

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

### Conclusion on Income Approach

- 5.15. The SPV operates under a BOT or DBFOT based concession agreement with the relevant regulatory authorities. Government authorities in India typically award highway infrastructure development projects under BOT concessions, which are characterized by three distinct phases:

1. Build: upon successfully securing a project concession through a competitive bid, a concessionaire secures financing for, and completes construction, of a road;
2. Operate: during the agreed concession period, the concessionaire operates, manages and maintains the road at its own expense and earns revenues by collecting tolls from vehicles using the road; and
3. Transfer: at the end of the agreed concession period, the ownership of the road (rights over the road under the concession), the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government entity that granted the concession.

- 5.16. A DBFOT project involves, in addition to the activities required under a BOT project, the provision of engineering and design for such project.

5.17. Currently, the SPVs are completed and revenue generating. The revenue of the Toll SPV is based on tenure, traffic volumes, operations, macro-economic factors like GDP growth, WPI, and other factors that are unique to the SPV. The SPV derive almost all of the revenue from its toll-road operations (toll collections) over the operation period. Traffic plying through the toll road is primarily dependent on sustained economic development in the regions that they operate in and government policies relating to infrastructure development. The Toll SPV are substantially dependent on the accuracy of their respective traffic volume forecasts. The rights in relation to the underlying assets of the SPV shall be transferred after the expiry of the Concession Period. Accordingly, since the SPV is generating income based on pre-determined agreement mechanism and since the Investment Manager has provided me with the financial projections of the SPVs for the balance tenor of the concession agreements, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.

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## 6. Valuation of the SPVs

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- 6.1. In the present exercise, my objective is to determine the Fair Enterprise Value of the SPVs as per the DCF Method. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. Accordingly, in the present case, I have considered it appropriate to consider cash flows at FCFF (Free Cash Flow to Firm) level i.e., cash flows that are available to all the providers of capital (equity shareholders, preference shareholders and lenders). Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFF.
- 6.2. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the SPVs as provided by the Investment Manager. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information. However, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.
- 6.3. Following are the major steps I have considered in order to arrive at the EV of the SPVs as per the DCF Method:
1. Determination of Free Cash Flows to Firm which included:
    - a) Obtaining the financial projections to determine the cash flows expected to be generated by the SPV from the Investment Manager;
    - b) Analyzed the projections and its underlying assumptions to assess the reasonableness of the cash flows;
  2. Determination of the discount rate for the explicit forecast period; and
  3. Applying the discount rate to arrive at the present value of the explicit period cash flows and for arriving at the terminal value.
- 6.4. The key assumptions of the projections provided to me by the Investment Manager are:

### Key Assumptions:

#### 6.5. Revenue cash flows for the SPVs:

The SPVs are responsible for designing, building, financing, operating, maintaining and transferring the project to the authority at the end of the concession period. The right and responsibility for tolling is with the SPVs. The SPVs earn revenue primarily in the form of toll revenue.

#### 6.6. Toll Revenue:

As per the concession agreement of the SPVs, the Concessionaire is allowed to levy, demand, collect and appropriate the fees (called as toll fees) from vehicles and persons liable to payment of fees for using their road stretch or any part thereof and refuse entry of any vehicle to the road asset if the due fee is not paid. Toll revenues depend on toll receipts, which in turn depend on traffic volumes and toll fees on the toll roads.

The Investment Manager has provided with the cash flow projections relating to the toll revenue in case of STPL from 1<sup>st</sup> October 2023 to 26<sup>th</sup> September 2031.

However, the Government of Gujarat vide circular dated 15<sup>th</sup> Aug 2016 implemented its decision of exempting small local vehicles from paying toll on 27 plazas on the 12 state highways. It also includes both the Ahmedabad – Mehsana and the Vadodara – Halol state highways. The government then compensates this loss of revenue to the concessionaire in the form of “compensation revenue”.

The Concessionaire keeps a track of the traffic volumes relating to this exemption and claims the amount of compensation from the government who later reimburses it to the Concessionaire.

The Investment Manager has provided with the cash flow projections relating to the toll revenue and the compensation revenue in case of GRICL from 1<sup>st</sup> October 2023 to 19<sup>th</sup> February 2033.

#### 6.7. Concession Period

##### STPL :

The Concession Period refers to the period where the Concessionaire has the responsibility to construct the road asset and post-construction is granted with the exclusive rights, license and authority to demand, collect and appropriate fee, operate, manage and maintain the project highway subject to the terms and conditions mentioned in their respective concession agreement.

The cash flow projections are prepared by the Investment Manager for the balance concession period remaining from the Valuation Date. The Concession Period for STPL will end on 26<sup>th</sup> September 2031.

**GRICL :**

Based on the extant provisions of the concession agreement and my discussions with the Investment Manager ,I have considered the original concession period i.e. 30 years for the current valuation exercise. The cash flow projections are prepared by the Investment Manager for the balance concession period remaining from the Valuation Date. The Concession Period for GRICL will end on 19<sup>th</sup> February 2033.

**6.8. Traffic Volumes**

Traffic volumes are directly or indirectly affected by a number of factors, many of which are outside of the control of the SPVs, including: fuel prices in India; the frequency of traveler use; the quality, convenience and travel efficiency of alternative routes outside the SPV's network of toll roads; the convenience and extent of a toll road's connections with other parts of the local, state and national highway networks; the availability and cost of alternative means of transportation, including rail networks and air transport; the level of commercial, industrial and residential development in areas served by the SPV's projects; adverse weather conditions; and seasonal holidays.

**6.9. Toll Rates**

During the concession period, the SPVs operate and maintain the road assets and earn revenues through charges, fees or tolls generated from the assets. The amount of charges, fees or tolls that they may collect are notified by the relevant government authorities, which are usually revised annually as specified in the relevant concession agreement considering Tariff Rate Determination Rules, 2008, published by NHAI in toll notification for the SPVs on annual basis.

The toll rates for the projected period have been derived in the manner stipulated in the concession agreement of the SPVs.

In the present case, the Investment Manager has appointed M/s Steer Davies Gleave India Private Limited an independent third-party research agency to forecast the traffic volumes and toll revenues for the SPVs. As confirmed by the Investment Manager, the traffic volumes and toll revenues for the SPVs have been estimated by the traffic consultant after considering overall structure and condition of the projects including analysis of demand and supply and strategic geographical locations of the individual road projects. This was one of the most important input in projecting the toll revenues.

**6.10. Operating and Maintenance Expenses:**

Since the SPVs are operational on the Valuation Date, following are the major costs incurred by the SPVs:

**6.11. Operation and Maintenance Costs (Routine) ("O&M Costs")**

These are routine costs incurred every year. These costs are related to the normal wear and tear of the road and hence involve repairing the patches damaged mainly due to heavy traffic movement. O&M Costs also includes staff salaries, project management fees, professional fees, insurance, security expenses, electricity, etc. The primary purpose of these expenses is to maintain the road as per the specifications mentioned in the respective concession agreement. SPVs are responsible for carrying out operation and maintenance activities at the road during their concession period. Within the scope of such operation and maintenance obligations, the SPVs may be required to undertake routine maintenance of project roads, maintain and comply with safety standards to ensure safe traffic movement, deploy adequate human resources for incident management, maintain proper medical and sanitary arrangements for personnel deployed at the site, prevent any unauthorized entry to and exit from the projects as may be required.

The Investment Manager has provided the estimated O&M costs for the projected period and I have corroborated the said expenses with the Technical Due Diligence report of the SPVs prepared by the external professional agencies (M/S Resotech Consultancy Services Pvt. Ltd. for GRICL and M/s Sri Infotech for STPL) for estimating major maintenance expenses and O&M Costs for the projected period.

I understand from the Investment Manager that after acquisition of the SPVs, the Project Manager of the Trust will be supervising and managing the operations & maintenance of the Project Road, which will be undertaken through the O&M contractors at the SPV level.

## 6.12. Major Maintenance and Repairs Costs (“MMR Costs”)

### Estimating the MMR Costs

Major maintenance expenses will be incurred on periodic basis. These are the costs incurred to bring the road assets back to its earlier condition or keep the road assets in its normal condition as per the concession agreement terms. These expenses are primarily related to the construction or re-laying of the top layer of the road. Accordingly, such costs include considerable amounts of materials and labour.

The Investment Manager has provided the estimated MMR cost for the projected period and I have corroborated the said expenses with the Technical Due Diligence report of the SPVs prepared by the external professional agencies (M/S Resotech Consultancy Services Pvt. Ltd. for GRICL and M/s Sri Infotech for STPL) for estimating major maintenance expenses and O&M Costs for the projected period.

6.13. **Depreciation and Amortization:** The toll collection rights or the financial rights (intangible assets) of the SPV are being amortized over the period of concession using the revenue based amortization method prescribed under Schedule II of the Companies Act, 2013.

6.14. **Capital Expenditure (“Capex”):** As represented by the Investment Manager, regarding the maintenance Capex, the same has already been considered in the Operation & Maintenance expenditure and Major Maintenance and Repairs expenditure for the projected period.

6.15. **Direct Taxes:** As per the discussions with the Investment Manager, the old provisions of Income Tax Act have been considered for the SPVs till the same is beneficial in the form of reduced tax out flow on account of benefits of MAT under section 115JB. After the MAT credit is exhausted, these SPV would shift to the new tax regime under section 115BAA (with a base rate of tax of 22%, surcharge of 10%).

### 6.16. Working Capital:

The Investment Manager has provided projected Working Capital information for the SPVs. I have relied on the same. However, in case of GRICL, there is a delay for the receipt of compensation revenue from the Government of Gujarat. Hence, I have considered 120 days as the receivable days for compensation revenue in case of GRICL as represented to me by the Investment Manager.

### 6.17. Impact of Ongoing Litigation on Valuation

As on 30<sup>th</sup> September 2023, there are ongoing litigations as shown in Appendix 4. Further, Investment Manager has informed us that majority of the cases are low to medium risk and accordingly no material outflow is expected against the litigations, hence no impact has been factored on the valuation of the SPVs.

## Calculation of Weighted Average Cost of Capital for the SPVs

### 6.18. Cost of Equity:

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

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

$$K(e) = R_f + [ERP \times \text{Beta}] + \text{CSRP}$$

Wherein:

$K(e)$  = cost of equity

$R_f$  = risk free rate

ERP = Equity Risk Premium

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

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

For valuation exercise, I have arrived at adjusted cost of equity of the SPVs based on the above calculation (Refer Appendix 2).

### 6.19. Risk Free Rate:

I have applied a risk free rate of return of 7.16% on the basis of the zero coupon yield curve as on 30<sup>th</sup> September 2023 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

#### 6.20. Equity Risk Premium (“ERP”):

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

#### 6.21. Beta:

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

For the valuation of the SPVs, I find it appropriate to consider the beta of Ashoka Buildcon Limited and IRB Infrastructure Developers Limited for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPVs like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty, etc. to arrive at the adjusted unlevered beta appropriate to the SPVs.

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

$$\text{Unlevered Beta} = \text{Levered Beta} / [1 + (\text{Debt} / \text{Equity}) * (1-T)]$$

Further I have re-levered it based on debt-equity at 50:50 based on the industry Debt: Equity ratio of DBFOT/BOT based projects using the following formula:

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

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

#### 6.22. Company Specific Risk Premium (“CSRP”):

Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In the present case, considering the counter-party risk for the SPVs, considering the length of the explicit period for the SPVs, and basis my discussion with Investment Manager, I found it appropriate to consider 1% CSRP for STPL and 2% CSRP for GRICL.

#### 6.23. Cost of Debt:

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

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

Wherein:

$$K(d) = \text{Cost of debt}$$

$$T = \text{tax rate as applicable}$$

For valuation exercise, pre-tax cost of debt has been considered as 8.5% for STPL and 9% for GRICL, as represented by the Investment Manager.

#### 6.24. Weighted Average Cost of Capital (WACC):

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

Formula for calculation of WACC:

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

Accordingly, as per above, I have arrived the WACC for the explicit period of the SPVs.

(Refer Appendix 2 for detailed workings).

#### 6.25. Cash Accrual Factor (CAF) and Discounting Factor:

Discounted cash flow require to forecast cash flows in future and discount them to the present in order to arrive at present value of the assets as on Valuation Date. To discount back the projections we use the Cash Accrual Factor (“CAF”). The Cash Accrual Factor refers to the duration between the Valuation date and the point at which each cash flow is expected to accrue.

In case of Toll Projects, since the cash inflows and outflows occur continuously year-round, it is assumed that the Cash Flows are received in the middle of the annual period, i.e., Mid-point factor. Accordingly, the cash flows during each year of the projected period are discounted back from the mid-year to Valuation Date.

Discounted cash flow is equal to sum of the cash flow in each period divided by present value factor, where the present value factor is determined by raising one plus discount rate (WACC) raised to the power of the CAF.

$$DCF = [CF1 / (1+r)^{CAF1}] + [CF2 / (1+r)^{CAF2}] + \dots + [CFn / (1+r)^{CAFn}]$$

Where,

CF = Cash Flows,

CAF = Cash accrual factor for particular period

R = Discount Rate (i.e. WACC)

- 6.26. At the end of the agreed concession period, the rights in relation to the underlying assets, its operations, the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government authority that granted the concession. Hence, SPVs are not expected to generate cash flow after the expiry of their respective concession agreements. Accordingly, I found it appropriate not to consider terminal period value, which represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the assets or into perpetuity if the assets have an indefinite life, in this valuation exercise.

## 7. Valuation Conclusion

- 7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 7.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at fair EV of the SPVs.
- 7.3. Based on the above analysis, the fair EV as on the Valuation Date of the SPVs is as mentioned below:

				INR Mn
SPV	End of Projected Period	Projection Period (Balance Concession Period)	Enterprise Value	Adjusted Enterprise Value
STPL	26 September 2031	~8 Years	14,635	19,027
GRICL – AMRP	19 February 2033	~9 Years 5 Months	11,106	14,797
GRICL - VHRP	23 October 2030	~7 Years 1 Months		

*(Refer Appendix 1 for detailed workings)*

- 7.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.
- 7.5. Adjusted Enterprise Value ("Adj. EV") is described as the Enterprise Value plus any closing cash or cash equivalents as at the date of valuation.
- 7.6. The fair EV of the SPVs are estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.
- 7.7. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

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

### 8.1. Scope of Work

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

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

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

### 8.2. Limitations

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

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

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

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

### 8.3. Analysis of Additional Set of Disclosures for the SPVs

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

The list of sanctions/ approvals obtained by the SPVs till the date of this Report is provided in Appendix 3.1. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPVs for which approval is pending as on 30<sup>th</sup> September 2023. Further, I have been informed by the Investment Manager that any applicable approvals required for any works to be undertaken during the operation phase are obtained as and when necessary based on the nature or extent of such works.

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

The Investment Manager has confirmed that the SPVs are not required to take any periodic clearances and hence there are no up to date/ overdue periodic clearances as on 30<sup>th</sup> September 2023.

#### C. Statement of assets included:

The details of assets in INR Mn of the SPVs as at 30<sup>th</sup> September 2023 are as mentioned below:

					INR Mn
Sr. No.	SPV	Net Fixed Assets	Net Intangible Asset	Non-Current Assets	Current Assets
1	STPL	143	3,292	1,935	4,450
2	GRICL	85	3,577	359	3,971
<b>Total</b>		<b>228</b>	<b>6,870</b>	<b>2,294</b>	<b>8,420</b>

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

I have been informed that maintenance is regularly carried out by SPVs in order to maintain the working condition of the assets.

**Historical major repairs**

**STPL**

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Amt. (in Mn)	339	626	193	-	-	1,601	130

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Amt. (in Mn)	-	-	-	-	-	1,386	-

**GRICL**

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Amt. (in Mn)	71	78	76	216	201	-

**Forecasted major repairs**

SPV	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33
STPL	900	1,162	-	-	-	1,699	290	-	263	-
GRICL	800	683	775	-	-	-	94	-	805	916

Source: Investment Manager

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

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

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

As informed by the Investment Manager, the status of arbitration matters and status of tax assessments are updated in Appendix 4.

Investment Manager has informed us that majority of the cases are having low to medium risk and accordingly no material outflow is expected against the litigations.

Hence, I have relied on the Investment Manager with respect to the current status of the above mentioned cases.

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

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



## 9. Sources of Information

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- 9.1. For the Purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:
- i. Audited Financial Statements of the SPVs for Financial Year ("FY") ended 31<sup>st</sup> March 2021, 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023;
  - ii. Provisional Financial Statements of the SPV for the period ended 30<sup>th</sup> September 2023;
  - iii. Projected financial information for the remaining project life for the SPV;
  - iv. Compensation Claim Summary from the period Aug'16 to Sep'23;
  - v. Letter confirming the compensation method by Government of Gujarat in case of GRICL;
  - vi. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);
  - vii. Technical Due Diligence Study Report dated September 2023 prepared by M/S Resotech Consultancy Services Pvt. Ltd. for GRICL and M/S Sri Infotech for STPL;
  - viii. Traffic Study Report dated October 2023 prepared by M/s Steer for the SPVs;
  - ix. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 31<sup>st</sup> March 2023;
  - x. Concession Agreement of the SPVs with the respective authority including the supplementary agreement;
  - xi. List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPVs;
  - xii. Shareholding pattern as on the report date of the SPVs and other entities mentioned in this Report;
  - xiii. Management Representation Letter by the Investment Manager dated 15<sup>th</sup> December 2023;
  - xiv. Relevant data and information about the SPVs provided to us by the Investment Manager either in written or oral form or in the form of soft copy;
- 9.2. Information provided by leading database sources, market research reports and other published data.
- 9.3. The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.
- 9.4. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.
- 9.5. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

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## 10. Exclusions and Limitations

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- 10.1. My Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 10.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 30<sup>th</sup> September 2023 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 10.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPVs till 30<sup>th</sup> September 2023. The Investment Manager has represented that the business activities of the SPVs have been carried out in normal and ordinary course between 30<sup>th</sup> September 2023 and the Report Date and that no material changes have occurred in the operations and financial position between 30<sup>th</sup> September 2023 and the Report date.
- 10.4. The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPVs or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPVs in their regulatory filings or in submissions, oral or written, made to me.
- 10.5. In addition, I do not take any responsibility for any changes in the information used by me to arrive at my conclusion as set out here in which may occur subsequent to the date of my Report or by virtue of fact that the details provided to me are incorrect or inaccurate.
- 10.6. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the SPVs or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.
- 10.7. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.
- 10.8. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 10.9. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.
- 10.10. This Report is based on the information received from the sources as mentioned in Section 9 of this Report and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of my Report.
- 10.11. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on this business.
- 10.12. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.
- 10.13. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

- 10.14. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to me in the course of this engagement.
- 10.15. My conclusion assumes that the assets and liabilities of the SPVs, reflected in their respective latest balance sheets remain intact as of the Report date.
- 10.16. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my associates, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.
- 10.17. The scope of my work has been limited both in terms of the areas of the business & operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- 10.18. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by me.
- 10.19. In the particular circumstances of this case, my liability (in contract or under any statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter for such valuation work.
- 10.20. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.
- 10.21. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 10.22. I am not an advisor with respect to legal, tax and regulatory matters for the proposed transaction. No investigation of the SPV's claim to title of assets has been made for the purpose of this Report and the SPVs claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 10.23. I have no present or planned future interest in the Trustee, Investment Manager or the SPVs and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or SPVs.
- 10.24. I have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of the factual data used in my analysis and to prevent any error or inaccuracy in this Report.

#### **Limitation of Liabilities**

- 10.25. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of RV personally.
- 10.26. In no circumstances RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise, even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables (including this Report) is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable(s).
- 10.27. It is clarified that the Investment Manager will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 10.28. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Investment Manager.

10.29. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Yours faithfully,



**S. Sundararaman**

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10238

Asset Class: Securities or Financial Assets

Place: Chennai

UDIN: 23028423BGYWJE8744

## Appendix 1 – Valuation of SPVs as on 30<sup>th</sup> September 2023

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Abbreviations	Meaning
EBITDA	Operating Earnings Before Interest, Taxes, Depreciation and Amortization
MMR	Major Maintenance and Repair Expenses
Capex	Capital Expenditure
Wcap	Incremental Working Capital
FCFF	Free Cash Flow to the Firm
CAF	Cash Accrual Factor
DF	Discounting Factor
PVFCFF	Present value of Free Cash Flow to the Firm

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Appendix 1 – Valuation as on 30<sup>th</sup> September 2023 under the DCF Method

STPL											INR Mn	
Year	Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G=A-B-C-D-E-F				H	I=G*H
FY24	1,807	1,274	414	(900)	-	-	186	602	0.25	9.97%	0.98	588
FY25	3,667	2,697	514	(1,162)	-	-	403	1,646	1.00	9.97%	0.91	1,497
FY26	3,950	3,206	253	-	-	-	489	2,970	2.00	9.97%	0.83	2,456
FY27	4,129	3,296	313	-	-	-	503	3,106	3.00	9.97%	0.75	2,336
FY28	4,352	3,419	385	-	-	-	525	3,279	4.00	9.97%	0.68	2,242
FY29	4,716	3,664	469	(1,699)	-	-	567	1,868	5.00	9.97%	0.62	1,161
FY30	5,078	3,893	568	(290)	-	-	1,029	3,142	6.00	9.97%	0.57	1,776
FY31	5,408	4,637	117	-	-	-	1,178	3,577	7.00	9.97%	0.51	1,839
FY32	2,785	2,256	146	(263)	-	-	539	1,599	7.75	9.97%	0.48	766
Enterprise Value												14,661
(+) Present Value of Working Capital Release												(26)
Enterprise Value												14,635
(+) Closing cash or cash equivalents as at the Valuation Date												4,391
Adjusted Enterprise Value												19,027

Appendix 1 – Valuation as on 30<sup>th</sup> September 2023 under the DCF Method

GRICL											INR Mn
Year	Revenue	EBITDA	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F=A-B-C-D-E				G	I=G*H
FY24	1,571	1,372	(800)	-	79	181	312	0.25	10.46%	0.98	304
FY25	3,133	2,711	(683)	-	20	347	1,660	1.00	10.46%	0.91	1,503
FY26	3,147	2,692	(775)	-	17	516	1,385	2.00	10.46%	0.82	1,135
FY27	3,356	2,881	-	-	36	755	2,090	3.00	10.46%	0.74	1,551
FY28	3,591	3,089	-	-	51	804	2,234	4.00	10.46%	0.67	1,501
FY29	3,833	3,301	-	-	39	855	2,407	5.00	10.46%	0.61	1,464
FY30	4,063	3,498	(94)	-	39	878	2,487	6.00	10.46%	0.55	1,369
FY31	3,667	3,115	-	-	(1)	803	2,313	7.00	10.46%	0.50	1,153
FY32	2,943	2,510	(805)	-	(37)	447	1,296	8.00	10.46%	0.45	585
FY33	2,787	2,342	(916)	-	(21)	374	1,072	8.95	10.46%	0.41	440
Enterprise Value											11,004
(+ Present Value of Working Capital Release											102
Enterprise Value											11,106
(+ Closing cash or cash equivalents as at the Valuation Date											3,691
Adjusted Enterprise Value											14,797

## Appendix 2 – Weighted Average Cost of Capital of the Toll SPVs as on 30<sup>th</sup> September 2023

Particulars	STPL	GRICL	Remarks
Risk free return (Rf)	7.16%	7.16%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th September 2023 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.00%	7.00%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.71	0.70	Beta has been considered based on the beta of companies operating in the similar kind of business in India
<b>Cost of Equity (Ke)</b>	<b>12.14%</b>	<b>12.04%</b>	<b>Base Ke = Rf + (<math>\beta</math> x ERP)</b>
Company Specific Risk Premium (CSRP)	1.00%	2.00%	Based on SPV specific risk(s)
<b>Revised Cost of Equity (Ke)</b>	<b>13.14%</b>	<b>14.04%</b>	<b>Adjusted Ke = Rf + (<math>\beta</math> x ERP) + CSRP</b>
Pre-tax Cost of Debt (Kd)	8.50%	9.00%	As represented by the Investment Manager
Tax rate of SPV	20.04%	23.63%	Tax Rate Applicable to SPVs is considered
<b>Post-tax Cost of Debt (Kd)</b>	<b>6.80%</b>	<b>6.87%</b>	<b>Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)</b>
Debt/(Debt+Equity)	50.00%	50.00%	Debt : Equity ratio computed as [D/(D+E)]
<b>WACC</b>	<b>9.97%</b>	<b>10.46%</b>	<b>WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]</b>



### Appendix 3 – Summary of approval and licences

#### Appendix 3.1 : GRICL

Sr. No.	Description of the permits	Date of Issue	Issuing Authority
1	Registration under the concerned Shops and Establishment Act, as applicable	16-Feb-09	Ahmedabad Municipal Corporation
2	Registration under the concerned Shops and Establishment Act, as applicable	29-Jan-01	Vadodara Municipal Corporation
3	Registration under the concerned Shops and Establishment Act, as applicable	05-Mar-21	Amdavad Municipal Corporation
4	Registration under the concerned Shops and Establishment Act, as applicable	29-Jan-21	Vadodara Municipal Corporation
5	Enrolment Certificate under the concerned Professional Tax Act, as applicable	07-Jul-20	Professional Tax Department, Amdavad Municipal Corporation
6	Registration Certificate under the concerned Professional Tax Act, as applicable	07-Jul-20	Professional Tax Department, Amdavad Municipal Corporation
7	Enrolment Certificate under the concerned Professional Tax Act, as applicable	22-Oct-99	Commercial Tax Department, Vadodara
8	Registration Certificate under the concerned Professional Tax Act, as applicable	22-Oct-99	Commercial Tax Department, Vadodara
9	Principal Employer Registration (issued by local Labour Commissioner)	03-Oct-14	Additional Labour Commissioner
10	License for Power Supply	06-May-22	Electrical Inspector, Gandhinagar
11	Environmental Clearance for strengthening & widening of roads	30-Mar-00	Forests & Environmental Dept., Government of Gujarat
12	License to use forest or non - agricultural land	14-Nov-00	Ministry of Environment or Forests, Government of India
13	Approvals from Central/ State Pollution Control Boards for setting up of Hot Mix Plant .	11-Jan-01	Gujarat Pollution Control Board

Source: Investment Manager

## Appendix 3.2 :\_STPL

Sr. No.	Description of the permits	Date of Issue	Issuing Authority
1	Labour licenses (issued by local Labour Commissioner)		
	Budanam Toll Plaza	21-Nov-18	Ministry of Labour and Employment
	Sullurupet Toll Plaza	19-Dec-18	Ministry of Labour and Employment
	Venkatachalam Toll Plaza	23-Nov-18	Ministry of Labour and Employment
	Keesara Toll Plaza	29-Mar-22	Ministry of Labour and Employment
	Nellore	09-Nov-21	Ministry of Labour and Employment
	Hyderabad	30-Nov-19	Ministry of Labour and Employment
2	Registration under the concerned Shops and Establishment Act, as applicable	30-Nov-19	Labour Department - Government of Telangana
	Hyderabad	25-Jan-22	Commercial Taxes Department - Government of Telangana
	Keesara Toll Plaza	05-Apr-21	Commercial Taxes Department - Government of Andhra Pradesh
	Nellore	05-Apr-21	Commercial Taxes Department - Government of Andhra Pradesh
	Sullurupet Toll Plaza	05-Apr-21	Commercial Taxes Department - Government of Andhra Pradesh
	Budanam Toll Plaza	05-Apr-21	Commercial Taxes Department - Government of Andhra Pradesh
3	Consent of Establishment and Operation of Plants from Pollution Control Board	29-Aug-01	Andhra Pradesh Pollution Control Board
4	Approvals from Central/ State Pollution Control Boards for setting up of Hot Mix Plant .	02-Jul-02	Andhra Pradesh Pollution Control Board
5	License for use of explosives	04-Jul-01	Department of Explosives, Government of India
6	License to import and store petroleum in installation	02-Jan-02	Department of Explosives, Government of India
7	NOC for establishment of HSD storage tanks	22-Nov-01	Department of Explosives, Government of India
8	Permission of State government for drawing water from river/reservoir	20-Aug-02	Irrigation & CAD Department
9	Quarry Lease Deed	20-Apr-01	Department of Mines & Geology, Government of Andhra Pradesh

Source: Investment Manager

#### Appendix 4.1 – Summary of ongoing litigation of GRICL (1)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Mn)
1	Application and appeal filed seeking interim reliefs under the Arbitration Act by Samvit		Special Judge, Commercial Courts and 5th Additional District & Sessions Judge Ahmedabad (Rural) at Mirzapur, Ahmedabad (Commercial Court) High Court of Gujarat	<p><b>Background of the case:</b> Samvit's advertising agreement with GRICL expired on July 31, 2022. GRICL rejected Samvit's extension request and demanded hoarding removal with a penalty. Samvit filed a Section 9 Application to prevent removal and new agreements. The Commercial Court rejected it on March 16, 2023. Samvit appealed to the Gujarat High Court, arguing heavy investment, high bids, and lack of evidence of a new agreement. An interim stay application is also pending in the First Appeal.</p> <p><b>Current Status:</b> We understand from the online records that the First Appeal was last listed on 05 October 2023. The interim application for stay is currently pending. The next date of hearing is 12 December 2023.</p>	
2	Application under Section 11 of the Arbitration Act for appointment of an arbitrator in Samvit advertisement hoarding dispute		High Court of Gujarat	<p><b>Background of the case:</b> Samvit has filed an arbitration petition against GRICL under section 11 of the Arbitration Act for appointment of an arbitrator to initiate the arbitration proceedings. The dispute stems from the advertisement agreement entered between Samvit and GRICL. The agreement involved renting advertising space on a toll road, which ended on 31 July 2022. Samvit's request for extension of the said agreement was rejected by GRICL and GRICL asked Samvit to remove the hoardings and pay INR 1,91,891 for non-removal after the expiration of the agreement.</p> <p><b>Current Status:</b> We understand from the online records that the High Court of Gujarat has issued a notice that was returnable by 30 June 2023. The next hearing date in the matter has not been updated online.</p>	
3	Criminal case instituted by Samvit Impex Private Limited (Samvit) against GRICL, CMP Praveen Vasanth		Kalol Court, Gandhinagar, Gujarat (Kalol Court)	<p><b>Background of the case:</b> A criminal case has been filed by Samvit against GRICL through CMP Pravin Vasanth under various sections of the Indian Penal Code, 1860 on 5 April 2023 inter alia for theft and criminal breach of trust. The complaint is regarding removal of certain hoardings of Samvit by GRICL. The hoardings were removed after the expiration of the advertisement agreement with Samvit and disposal of Section 9 Application filed by Samvit by the Commercial Court.</p> <p><b>Current Status:</b> We understand from online records that GRICL through CMP Praveen Vasanth was issued summons dated 3 May 2023 from Kalol Court. Mr. Praveen Vasanth along with GRICL's advocate recorded his statement before the Kalol Court on 14 May 2023. The next date of hearing is 30 November 2023.</p>	

#### Appendix 4.1 – Summary of ongoing litigation of GRICL (2)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Mn)
4	Unlawful/illegal activities at Mevad toll plaza near Mehsana		District Court (Single Judge), Mehsana	<p><b>Background of the case:</b> GRICL and TBR Infra's toll operation agreement involved TBR Infra providing traffic marshals, who were later found allowing vehicles to pass without toll collection. GRICL requested their removal, but Local Miscreants persisted in threatening and assaulting GRICL staff at Mevad Toll Plaza. In August 2021, GRICL reported the incidents to the police, leading to an FIR against the miscreants for physical abuse and threats. Witness statements were documented in a police panchnama.</p> <p><b>Current Status:</b> We understand from the Claim document that police has filed charge sheet and the matter is sub-judice before the sub-division Magistrate court. Further, we understand that GRICL is not a party to the proceedings. The documents provided in the matter did not contain the case details for online tracking and hence we are unable to update the online status herein.</p>	
5	Balvantsinh Somaji Makhwana v. GRICL (MACP/125/2021)		District Court of Gujarat	Basis the vendor due diligence report for GRICL dated 5 May 2022 prepared by SAM (GRICL VDDR) and Representative's response, we understand that GRICL has not received any documents from the court or petitioner in respect of these litigations.	
6	Ritaben Dineshbhai Patel v. Mukeshbhai Babubhai Pateliya & GRICL (MACP/134/2021)		District Court of Gujarat	Basis GRICL VDDR and Representative's response, we understand that GRICL has not received any documents from the court or petitioner in respect of these litigations.	
7	Writ petition challenging levy of toll		High Court of Gujarat	<p><b>Background of the case:</b> The Akhil Gujarat Truck Transport Association (AGTTA) and Mr. Nimish Jitendrabhai Patel filed a writ petition on October 1, 2020, against GRICL, the State of Gujarat, and Gujarat State Road Development Corporation Limited. The petition seeks directions to stop toll collection on GRICL projects or sever section 12 from concession agreements. Alternatively, it requests directions for providing return fares and halting escalating toll rates for additional axles in multi-axle vehicles. Other prayers include disclosing toll collection accounts, refunding excess toll with 12% interest to the State of Gujarat, providing details of all toll roads in Gujarat, and any other relief the court deems fit. The Respondents replied on March 18, 2021. GRICL filed an affidavit on September 2, 2023, and R&amp;BD and AGTTA submitted affidavits-in-reply on September 4, 2023. GRICL responded to AGTTA's affidavit on September 14, 2023.</p> <p><b>Current Status:</b> The dispute is currently pending before the High Court of Gujarat. The last date of hearing as per the orders on the High Court of Gujarat website was 6 November 2023 and the next date of hearing is 11 December 2023.</p>	

Source: Investment Manager

#### Appendix 4.2 – Summary of ongoing litigation of STPL (1)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Mn)
1	Writ Petition		High Court of Andhra Pradesh at Amravati	<p><b>Background of the case:</b> Rampa John filed a petition under Articles 226 and 227 of the Indian Constitution challenging the Swarna toll plaza's establishment by STPL in Keesara village, NTR district. Allegations include violations of the National Highways Fee Rules, 2008, and illegal toll collection. The petitioner seeks a writ of mandamus to declare the toll plaza establishment as contrary to NH Rules, removal of the toll plaza, compliant toll fee collection, and depositing the collected amount of INR 540,00,00,000 to the government of Andhra Pradesh. An interim relief to stay toll collection is also requested.</p> <p><b>Current Status:</b> We understand from the status of legal cases titled “13.2.32.1 Legal tracker-18.10.2023” and the online records that the interim application is still pending adjudication. No stay has been granted against STPL. The matter was last listed on 12 July 2023, however, the same could not be taken up. The next hearing date in the matter has not been updated online.</p>	INR 5400 Million
2	Consumer Dispute - Compensation		Telangana State Consumer Disputes Redressal Commission, Hyderabad (State Commission)	<p><b>Background of the case:</b> STPL filed a complaint against United India Insurance for non-payment of a flood damage claim before the District Consumer Disputes Redressal Commission, Hyderabad. The reliefs sought include the payment of the claim amount of INR 33,77,00,000/- with interest, compensation for mental agony worth INR 25,00,000/-, and costs. The District Commission ruled in favor of STPL, awarding INR 22,42,00,000 with 9% interest and INR 5,00,000 for mental agony. United Insurance is appealing the decision before the State Commission, and STPL has filed an execution application and a penalty petition for non-payment.</p> <p><b>Current Status:</b> We understand from the status of legal cases titled “13.2.32.1 Legal tracker-18.10.2023” and the online records that the State Commission stayed the District Commission's order on 21 November 2022 after United Insurance appealed and deposited 50% of the awarded amount. Further, the execution application filed by STPL was also closed in view of the stay order and liberty was granted to STPL to file the application as and when the appeal is decided. The next date of hearing in the appeal is 05 February 2024.</p>	INR 224.7 million (approx.)
3	Criminal Complaint - Defamation		XIV Additional Chief Metropolitan Magistrate at Nampally, Hyderabad	<p><b>Background of the case:</b> STPL has filed a criminal complaint on 20 May 2021, against its former employees, N. Sivasankar (Accused 1), T. Chandra Sekhar (Accused 2) and Murali Krishna (Accused 3) under Section 500 of the Indian Penal Code, 1860 read with Section 200 of the Criminal Procedure Code, 1973.</p> <p><b>Current Status:</b> We understand from the status of legal cases titled “13.2.32.1 Legal tracker-18.10.2023” and the online records that, on 30 June 2023, Accused 3 filed for recall of the bailable warrant, issued against him by furnishing sureties, thereby seeking cancellation of the warrant. Further, fresh summons were issued against the Accused 2. The next date of hearing is 24 November 2023.</p>	

#### Appendix 4.2 – Summary of ongoing litigation of STPL (2)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
4	Consumer complaint filed for deficiency in services		District Consumer Forum – II at Vijayawada	<p><b>Background of the case:</b> Mr. Baddula Venkata Ramanaiah has filed a consumer complaint (number 73 of 2020) against STPL, alleging deficiencies in services related to the STPL project highway and malfunctioning Fast-tag sensors at the Keesara toll plaza. The complaint includes claims of increased traffic, delays, discourteous behavior by toll plaza workers, and vehicle stops due to non-functioning Fast-tag scanners. The compensation sought is INR 2,00,000/-, but the legal tracker indicates a claimed amount of INR 1,05,200/-. STPL has responded with a reply and evidence affidavit, and the complainant has filed a chief affidavit in the ongoing proceedings.</p> <p><b>Current Status:</b> The matter was last listed on 13 October 2023 for filing of evidence affidavit of the opposite parties other than STPL. On 13 October 2023, the matter was adjourned to 09 November 2023.</p>	Between 0.2 million to 0.1052 million
5	Civil Suit filed to seek injunction from declaring the vehicle as Mechanic Motor Vehicle (MMV)		Additional Junior Civil Judge, Nellore	<p><b>Background of the case:</b> While we have not reviewed the underlying documents for the present litigation considering the materiality threshold, we understand from the documents titled "13.2.32.1 Legal tracker-18.10.2023", STPL VDDR and online records that Mr. Prabhu Kishore filed a suit (i) seeking mandatory injunction to declare his vehicle bearing number AP 39J 2629 as MMV, (ii) for implementing the NHAI circular No. NHAI/13013/CO/2015-2016 dated 14 January 2016 declaring the above-mentioned vehicle as MMV, and (iii) costs of suit, and (iv) and any other relief as deemed fit and proper.</p> <p><b>Current Status:</b> STPL received summons on 30 May 2023. The matter was last listed on 22 September 2023 but was not taken up as the learned Judge was on leave. The matter is now listed on 9 November 2023.</p>	INR 0.015 million
6	Industrial Dispute		CGIT Hyderabad	<p><b>Background of the case:</b> Some employees of STPL have challenged their dismissal and have sought reinstatement of services. Industrial Dispute was filed u/s 2 A (2) of Industrial Dispute Act, 1947 challenging his dismissal and seeking reinstatement of services with the Company.</p> <p><b>Current Status:</b> The legal tracker of October 18, 2023, reveals that STPL received notices from CGIT Notices on December 28, 2021. The case was scheduled on various dates between January 5, 2021, and November 29, 2022. The next hearing on March 9, 2023, saw STPL filing its written statement. Subsequent adjournments to May 18, 2023, and then August 4, 2023, were for additional evidence. The case was further adjourned to September 29, 2023. On this date, STPL requested more time to file the Enquiry Proceedings and Report of the Petitioners, leading to a new hearing on October 6, 2023. On that date, STPL filed the Domestic Enquiry proceedings and Reports of 9 out of 13 Petitioners, with the remaining expected on November 7, 2023, the next hearing date.</p>	

#### Appendix 4.2 – Summary of ongoing litigation of STPL (3)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
7	Industrial Dispute	CGIT Hyderabad (Petitioner Name: Murali Krishna)		<p><b>Background of the case:</b> The individual has filed a complaint and the matter was referred by RLC, Hyderabad to CGIT- Hyderabad on termination of Mr. Murali Krishna.</p> <p><b>Current Status:</b> We have been informed that STPL is yet to receive notice from CGIT. We were informed that STPL had received a letter from union requesting to settle this dispute amicably but STPL's counsel advised against settling the matter to avoid setting a precedent.</p>	
8	Industrial Dispute	CGIT Hyderabad (Petitioner Name: N Sivasankar)		<p><b>Background of the case:</b> N. Sivasankar, General Secretary of STWU, was an employee of STPL. N Sivasankar had misbehaved with the Chief of Operations and Maintenance and the HR Manager. Consequently, STPL by way of its letter dated 5 February 2019, suspended N. Sivasankar pending disciplinary enquiry. Upon completion of the enquiry on 6 June 2019, STPL dismissed N. Sivasankar from the services of STPL. Conciliation before the Deputy Labour Commissioner, Hyderabad failed and the matter was referred by ALC, Nellore to CGIT Hyderabad on termination of Mr. N. Siva Shankar.</p> <p><b>Current Status:</b> STPL is yet to receive notice from the tribunal. This individual has also refused to accept his gratuity payment, however, no separate claim has been filed for gratuity. We were informed that STPL had received a letter from union requesting to settle this dispute amicably but STPL's counsel advised against settling the matter to avoid setting a precedent.</p>	
9	Industrial Dispute	CGIT Hyderabad		<p><b>Background of the case:</b> The matter was referred by ALC , Vijayawada Hyderabad to CGIT- Hyderabad on disparity of increments granted to workmen by company.</p> <p><b>Current Status:</b> Basis the legal tracker dated 18 October 2023, we understand that STPL is yet to receive notice from CGIT.</p>	

## Appendix 4.2 – Summary of ongoing litigation of STPL (3)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
10	Industrial Dispute		CGIT Hyderabad	<p><b>Background of the case:</b> The matter was referred by DLC, Hyderabad to CGIT- Hyderabad on revision of pay structure.</p> <p><b>Current Status:</b> Basis the legal tracker dated 18 October 2023, we understand that STPL is yet to receive notice from CGIT. .</p>	
11	Employee Compensation		Hon'ble High Court, Andhra Pradesh	<p><b>Background of the case:</b> Bola Venkateswarlu, a former employee of STPL, has claimed compensation of INR 1,138,208 from STPL before the Commissioner for Employees Compensation and Deputy Commissioner of Labour, Nellore. He attributes health problems, including the loss of eye vision, to night services and heavy workload during his employment, leading to his resignation on January 6, 2016. The Commissioner, in an order dated February 6, 2018, awarded compensation of INR 235,291. STPL has contested this order in the High Court of Telangana, Hyderabad, seeking its annulment. Additionally, Venkateswarulu has applied to increase the compensation amount to INR 1,138,208, asserting that his ailments were not work-related but were pre-existing due to his lifestyle.</p> <p><b>Current Status:</b> Bola Venkateswarulu has passed away and STPL has filed affidavits to bring the legal representatives of Bola Venkateswarulu on record as per the legal tracker dated 18 October 2023 provided to us in the VDR. The case was last posted for hearing on 11 October 2023.</p>	
12	Industrial Dispute		Regional Labour Commissioner (Central), Hyderabad	<p><b>Background of the case:</b> The Swarna Tollway Workers Union file a claim before RLC, Hyderabad submitting a Charter of Demands.</p> <p><b>Current Status:</b> We have been informed that STPL filed its objections with RLC Hyderabad. However, since the union was absent on multiple hearings, the matter has been closed.</p>	



## Appendix 4.2 – Summary of ongoing litigation of STPL (4)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
13	Minimum Wages Matter		Regional Labour Commissioner (Central), Hyderabad	<p><b>Background of the case:</b> STPL had issued a work order dated 30 June 2020, to Satyam Security &amp; Investigations Private Limited (SSIPL), for providing lane services for the toll plaza and highway route patrolling at NH-5 and NH-9. Swarna Tollway Workers &amp; Contract Workers Union (STWCWU) has raised a claim on behalf of the workers of SSIPL before the Regional Labour Commissioner (Central) and authority under the MW Act (RLC) alleging that a total of 25 lane attendants were not paid minimum wages, for the period between 1 April 2017, to 31 January 2021, totally amounting to INR 4,395,000 (INR 1,75,812 per employee), excluding interest/damaged as may be levied.</p> <p><b>Current Status:</b> STPL has contested a dispute with the STCWU union and 25 lane attendants, raising objections including the refusal to recognize the union, questioning its standing, and disputing the employment status of the attendants. The dispute is pending before the Regional Labour Commissioner (RLC). The legal tracker indicates multiple hearings and an investigation into forgery allegations against union officials. The RLC suspended proceedings pending the investigation's completion. After the investigation concluded, the case awaits the investigation report. Subsequent hearings were scheduled, and on September 21, 2023, due to the absence of one party, the matter was postponed. The Applicants have not filed the Chief Examination Affidavit, and the case is set for October 19, 2023, for the presentation of records for cross-examination.</p>	

Source: Investment Manager

<< End of Report >>



### HIGHWAYS INFRASTRUCTURE TRUST

**Principal Place of Business:** 2nd floor, Piramal Tower, Peninsula Corporate Park, Lower Parel, Mumbai – 400 013

**Correspondence address:** Unit No. 601-602, 6<sup>th</sup> Floor, Windsor House, Off CST Road, Kalina, Santacruz (East), Mumbai, Maharashtra – 400098

**Tel:** +91 22 6107 3200; **E-mail:** [highwaysinvit@highwayconcessions.com](mailto:highwaysinvit@highwayconcessions.com);

**Website:** [www.highwaystrust.com](http://www.highwaystrust.com)

**(SEBI Registration number IN/InvIT/21-22/0019)**

**REF No. HIT/PBN/03/2023-24**

### POSTAL BALLOT NOTICE

Dear Unitholder(s),

**NOTICE** is hereby given that pursuant to the Regulation 22(2) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended till date and the notifications, circulars and guidelines issued thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (the “**SEBI InvIT Regulations**”), read with Master Circular for Infrastructure Investment Trusts dated July 06, 2023 (“**Master Circular**”) issued by the Securities and Exchange Board of India (“**SEBI**”), and pursuant to other applicable laws and regulations, if any, as may be applicable in this regard, the resolution as set out in this Postal Ballot Notice are proposed to be passed by the unitholders (the “**Unitholders**”) of Highways Infrastructure Trust (the “**Trust**”) by way of Postal Ballot Notice (the “**Notice**” or the “**Postal Ballot Notice**”).

An Explanatory Statement pertaining to the proposed resolution(s) of the Unitholders setting out the material facts and the reasons/rationale thereof form part of this Postal Ballot Notice.

The Board of Directors of Highway Concessions One Private Limited (the “**Board**”), acting as Investment Manager of the Trust (the “**Investment Manager**”), has appointed Ms. Deepti Kulkarni (Membership No.: A34733, Certificate of Practice No.: 22502), failing her, Mr. Omkar Dindorkar (Membership No.: A43029, Certificate of Practice No.: 24580), Partners of MMJB & Associates LLP, Practicing Company Secretaries (ICSI Unique Code: L2020MH006700), as the Scrutinizer (the “**Scrutinizer**”) for conducting the Postal Ballot process in a fair and transparent manner.

The unitholders may note that the Postal Ballot Notice shall be sent only to the respective email IDs as may be registered/ updated/ available in the database of the Trust/Registrar and Transfer Agent (Link Intime India Private Limited) as on the closure of business hours on **Friday, December 15, 2023** (“**Cut-off date**”).

The Postal Ballot Notice is also available on the Trust’s website: [www.highwaystrust.com](http://www.highwaystrust.com) and on website of the National Stock Exchange of India Limited (“**Stock Exchange**”): [www.nseindia.com](http://www.nseindia.com).

Unitholders desiring to exercise their vote through the Postal Ballot process are requested to carefully read the voting instructions indicated in the Postal Ballot Notice and record their assent (“**FOR**”) or dissent (“**AGAINST**”) in the Postal Ballot Form (the “**Postal Ballot Form**”) and submit the same duly completed and signed.

Only those unitholders who are identified as on the closure of Cut-off date, shall be eligible to vote. The voting period commences from **Monday, December 18, 2023**, and ends at 17:00 hours (IST) on **Wednesday, January 10, 2024** (both days inclusive).

The Postal Ballot Form may be deposited/delivered/shared with the Scrutinizer by any of the indicated convenient mode viz. personally OR through Registered Post OR Speed Post OR through courier service ("collectively referred to as **"Physical Submission"**) OR through electronic means through registered e-mail id ("referred to as **"Electronic Submission"**") **not later than 17:00 hours IST on or before Wednesday, January 10, 2024.**

The details of the scrutinizer for physical or electronic submission of Postal Ballot Form are follows as under:

Physical Submission	Electronic Submission
M/s. MMJB & Associates LLP, Practicing Company Secretaries <i>Kind Attention:</i> Ms. Deepti Kulkarni Mr. Omkar Dindorkar Address: Citi of Joy, Ecstasy, 803/804, 8 <sup>th</sup> , JSD, Mulund West, Mumbai, Maharashtra – 400080 Contact No.: 8097092404	<a href="mailto:Scrutinisers@mmjc.in">Scrutinisers@mmjc.in</a>

#### **Reimbursement of Postage Charges** (applicable in case of Physical Submission)

Postage costs will be reimbursed to the Unitholders by the Trust based on actual claims, if any (applicable in case of physical submission).

#### **Scrutinizer's Report**

Please note that if any Postal Ballot Form is received after the aforesaid date and time, it will be considered that no reply has been received from the Unitholder/s and the said Unitholder/s has chosen to abstain from voting on the items indicated in the Postal Ballot Notice. The last date of voting, i.e. **not later than 17:00 hours IST Wednesday, January 10, 2024**, shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

After completion of the scrutiny of the Postal Ballot Forms in a fair and transparent manner, the Scrutinizer will submit his report to the Board of Directors of Investment Manager of the Trust, or any other person authorized by the Board.

The results declared along with the Scrutinizer's report will be sent to the Stock Exchange not later than **Thursday, January 11, 2024**, and it shall be displayed on the Trust's website at [www.highwaystrust.com](http://www.highwaystrust.com).

**PROPOSED RESOLUTIONS:****ITEM NO. 1:****TO CONSIDER AND APPROVE THE PROPOSED ACQUISITION OF THE TWO SPECIAL PURPOSE VEHICLES.**

To consider and, if thought fit, to pass without modification(s), the following resolution by way of simple majority (i.e. where the votes cast in favour of the resolution are more than the votes cast against the resolution) in terms of applicable provisions of the Regulation 22(4) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (**"SEBI InvIT Regulations"**).

**"RESOLVED THAT** pursuant to the provisions of Regulation 18(3) and 22(4) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and all other applicable provisions, if any, of the SEBI InvIT Regulations, "), read with Master Circular for Infrastructure Investment Trusts dated July 06, 2023 (**"Master Circular"**) issued by the Securities and Exchange Board of India (**"SEBI"**) and all modifications, amendments or re-enactments thereof along with any circulars, notifications, clarifications, rules passed thereunder from time to time and subject to any relevant governmental, statutory or regulatory authorities (**"Authorities"**) or third party approval, if any, and subject to such terms and conditions as may be prescribed by any such Authorities while granting such approval/s as may be necessary, and as may be recommended by the Board of Directors of Highway Concessions One Private Limited (**"Board"**), acting as Investment Manager (**"Investment Manager"**) of Highways Infrastructure Trust (the **"Highways Trust"** or **"Trust"**) and subject to the completion of necessary conditions precedent and finalisation of other terms under the relevant agreements, the consent of the Unitholders, be and is hereby granted to the Trust acting through its Trustee, Axis Trustee Services Limited (the **"Trustee"**) and the Investment Manager, to acquire, in one or more tranches:

- (a) Up to 83.61% of equity share capital in M/s. Gujarat Road and Infrastructure Company Limited (**"GRICL"**) owned by M/s. MAIF Investments India Pte. Ltd (**"MAIF 1"**) and other shareholders of GRICL (as applicable)
- (b) 100% of equity share capital in M/s. Swarna Tollway Private Limited (**"STPL"**), owned by M/s. MAIF Investments India 3 Pte. Ltd (**"MAIF 2"**).

(GRICL and STPL together referred to as the **"SPVs"**) and undertaking the necessary refinancing of the debt of such SPVs, for an equity value of not more than ₹ 29,521 million, together with all other adjustments in line with the terms of the Share Purchase Agreement dated July 28, 2023 and any other agreement as may be entered with the other shareholders of GRICL, which acquisition may exceed the 25% (Twenty Five Percent) of the value of Trust's Asset (the **"Proposed Transaction"**)

**"RESOLVED FURTHER THAT** the Unitholders be and is hereby severally authorize the Trustee and/or the Board to do and perform any and all such acts, deeds, things and matters, as may be required or are necessary to give effect to the foregoing resolutions, including the negotiation, finalization and execution of any and all further agreements, undertakings, deeds, documents, records and certificates, and any amendments, supplements or modifications to such documents, and to make any filings, furnish any returns or submit any other documents to any regulatory or governmental authorities as may be required, and to obtain any necessary approvals, consents and permissions as necessary or advisable, to carry out the purposes of the foregoing resolutions."

**“RESOLVED FURTHER THAT** the Trustee and/or the Board be and are hereby authorised to delegate all or any of the powers to any validly constituted committee of the Board of Directors of the Investment Manager, and/or the Chief Executive Officer, and/or the Chief Financial Officer, and/or the Company Secretary & Compliance Officer and/or any other person authorized by Investment Manager and/or the Trustee so as to give effect to the aforesaid resolutions.”

**RESOLVED FURTHER THAT** any actions taken by the Trustee, the Investment Manager or any of their respective directors, officers and employees prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved.”

**ITEM NO. 2:**

**TO CONSIDER AND APPROVE THE ISSUANCE OF UNITS OF THE HIGHWAYS INFRASTRUCTURE TRUST (“HIGHWAYS TRUST” OR “TRUST”) FOR AN AGGREGATE AMOUNT UP TO APPROXIMATE ₹ 21,900 MILLION ON A PREFERENTIAL BASIS.**

To consider and, if thought fit, to pass the following resolution, with or without modification(s), by way of majority (i.e. where votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution) in terms of applicable provisions of the Regulation 22(5) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 read with Guidelines for preferential issue and institutional placement of units by listed InvITs of the Master Circular for Infrastructure Investment Trusts dated July 06, 2023 (“**Master Circular**”) and subparagraph 7.2.1 of Chapter 7 of the Master Circular: -

**“RESOLVED THAT** subject to such approvals, permissions, consents and sanctions of the concerned statutory, regulatory and governmental authorities and departments, if and to the extent necessary, and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions, consents and sanctions which may be agreed to by the unitholders of the Highways Trust (hereinafter referred to as the “**Unitholders**”), and subject to the applicable provisions of any laws, regulations, policies and guidelines in India or outside India, including, without limitation, the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any guidelines, circulars, notifications and clarifications framed or issued thereunder (the “**InvIT Regulations**”), read with the Master Circular and the circular issued by the Securities and Exchange Board of India (“**SEBI**”) bearing number SEBI/HO/DDHS/DDHS/CIR/P/2019/143 on “*Guidelines for preferential issue of units and institutional placement of units by a listed Infrastructure Investment Trust (InvIT)*” dated November 27, 2019, as amended from time to time (“**SEBI Circular**”), Foreign Exchange Management Act, 1999, including the rules made thereunder and other applicable regulations and guidelines issued by SEBI, RBI or such other statutory, regulatory and governmental authorities and in accordance with the trust deed of the Highways Infrastructure Trust (“**Highways Trust**”) dated December 3, 2021 (such trust deed, “**Trust Deed**”) and the listing agreements entered into on behalf of the Highways Trust with the National Stock Exchange of India Limited (“**Stock Exchange**”), on which the units representing an undivided beneficial interest in the Highways Trust (the “**Units**”) are listed, the consent, authority and approval of the Unitholders be and is hereby granted to undertake an issue of up to 26,54,54,540 Units of Highways Trust at an issue price of ₹ 82.50 per Unit for an aggregate amount of up to ₹ 21,89,99,99,550 on a preferential basis in accordance with the InvIT Regulations (“**Issue**”), on such terms and conditions, including at such price as is determined in accordance with the InvIT Regulations, and as agreed to by the board of directors of Highway Concessions One Private Limited (“**Investment Manager**”) in consultation with Axis Trustee Services Limited and as determined by the Investment Manager, to the following proposed allottees (“**Proposed Allottees/ Investors**”) in accordance with the SEBI Circular or other provisions of law as may be prevailing at that time:-

Sr. No.	Name of the Proposed Allottees/ Investors	Category (Sponsor and Sponsor Group/ Non - Sponsor)	Maximum No. of Units to be allotted	Total price of Units (₹)
1	Nebula Asia Holdings II Pte. Ltd.	Sponsor's Group*	18,06,06,060	14,89,99,99,950
2	2452991 Ontario Limited	Non-Sponsor	5,45,45,450	4,49,99,99,625
3	Manipal Education and Medical Group India Private Limited	Non-Sponsor	3,03,03,030	2,49,99,99,975
<b>Total</b>			<b>26,54,54,540</b>	<b>21,89,99,99,550</b>

\* Refer annotation in explanatory statement.

**RESOLVED FURTHER THAT** in terms of sub-paragraph 7.5.3 of paragraph 7.5(B) of Chapter 7 of the Master Circular, considering that the Units of the Highways Trust are not frequently traded, the price determined by the Highways Trust for the purposes of the Issue, after taking into account the NAV of the Highways Trust based on a full valuation of all existing InvIT assets (as defined in the InvIT Regulations) conducted in terms of InvIT Regulations, is ₹ 82.50 per Unit.

**“RESOLVED FURTHER THAT** the Board of Directors of the Investment Manager be and is hereby authorized to decide and approve other terms and conditions of the Issue, as specified above and shall also be entitled to vary, modify or alter any of the terms and conditions, including the size of the Issue, as it may deem expedient, subject to applicable law.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Investment Manager be and is hereby authorized to settle all questions, remove any difficulties or doubts that may arise from time to time in regard to the issue, offer or allotment of the Units in the Issue, as applicable and the utilization of the Issue proceeds in accordance with the investment strategy of the Highways Trust, or in any other manner as the Board may deem fit subject to the provisions of the InvIT Regulations and the SEBI Circular, and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, to vary the size of the Issue, appoint banks and other intermediaries or agencies concerned, enter into any agreements or other instruments for such purpose, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Board may *suo moto* decide in its sole discretion in the best interests of the Highways Trust without being required to seek any further consent or approval, including for settling any question, doubt or difficulty that may arise with regard to or in relation to raising of resources as authorized herein, and that all or any of the powers conferred on the Board of Directors of the Investment Manager *vide* this resolution may be exercised by the Board of Directors of the Investment Manager.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Investment Manager be and is hereby authorized to offer, issue and allot any and all of the Units, as applicable, and as specified above, subject to the InvIT Regulations and the SEBI Circular.”

**“RESOLVED FURTHER THAT** the Units to be allotted shall be subject to the provisions of Trust Deed, the InvIT Regulations read with the SEBI Circular and the Master Circular.”



**“RESOLVED FURTHER THAT** in terms of paragraph 7.5(A) sub-paragraph 7.5.2 read with the provisions of Chapter 7 of the Master Circular and other relevant provisions of the SEBI Circular, the ‘relevant date’ for the Preferential Issue is **Monday, December 11, 2023.**”

**“RESOLVED FURTHER THAT** the Board of directors of Investment Manager be and is hereby further authorized to delegate all or any of the powers herein conferred to a committee of directors to be constituted or any other officer or officers of the Investment Manager to give effect to the aforesaid resolutions.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modification(s) in the terms of issue of Units, subject to the provisions of the InvIT Regulations and the SEBI Circular, without being required to seek any further consent or approval of the Unitholders.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Investment Manager and such other persons as may be authorised by the Board, on behalf of the Company, be and are hereby severally authorised to execute and deliver any and all other documents, papers, instruments, including any amendments, changes, variations, alterations, modifications thereto, and to do or cause to be done any and all acts or things that may be necessary, appropriate and advisable in order to carry out the purposes and intent of the foregoing resolution to the Issue; and any such other documents so executed and delivered or acts and things done or caused to be done shall be conclusive authority of the Investment Manager in doing so and any document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Investment Manager, as the case may be.”

**“RESOLVED FURTHER THAT** without prejudice to the generality of the above resolutions, the issue of the Units under the Issue shall be subject to the following terms and conditions apart from others as prescribed under the InvIT Regulations read with the Master Circular:

- (i) The Units to be allotted shall rank pari passu with the existing Units of the Highways Trust in all respects (including with respect to distributions and voting powers) from the date of allotment thereof, be subject to the requirements of applicable law and shall be subject to the provisions of the Trust Deed;
- (ii) the Units to be allotted shall be subject to lock-in for such period as specified in the provisions of Paragraph 7.6 of Chapter 7 of the Master Circular and will be listed on the Stock Exchanges subject to receipt of necessary permissions and approvals; and
- (iii) the Units shall be allotted in dematerialized form within a period of 15 days from the date of passing of the relevant Unitholders’ resolution, provided that where the allotment of the Units is pending on account of the requirement of any approval of any regulatory, governmental or statutory body / agency, the allotment shall be completed within a period of 15 days from the date of receipt of the last of such approvals.

**“RESOLVED FURTHER THAT** all acts and things previously done by any of the directors, key managerial personnel or authorized signatories of the Investment Manager on or prior to the date hereof in connection with the foregoing, are in all respects, ratified, approved, confirmed and adopted as acts and deeds done by the Investment Manager.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, as it may deem fit in its absolute direction, to any Committee of the Board or any one or more Director(s) and/or Compliance Officer and/or any Officer(s) of the Investment Manager to give effect to the aforesaid resolution.”

**ITEM NO. 3:**

**TO CONSIDER AND APPROVE THE AMENDED AND RESTATED IN THE INVESTMENT MANAGEMENT AGREEMENT AND TRUST DEED.**

To consider and if thought fit, to pass the following resolution, with or without modification(s), by way of a super majority (i.e. where where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution) in terms of the Trust Deed dated Regulation 22 of the SEBI InvIT Regulations: -

**“RESOLVED THAT** pursuant to the provisions of Regulation 4(2)(h) of SEBI (Infrastructure Investment Trusts) Regulations, 2014 (**“InvIT Regulations”**) read with SEBI Circular bearing reference number SEBI/HO/DDHS-PoD-2/P/CIR/2023/153 dated 11<sup>th</sup> September 2023 (**“Nomination Circular”**), the consent of the unitholders of Highways Infrastructure Trust (**“Highways Trust” or “Trust”**) be and is hereby granted to amend or restate the Investment Management Agreement dated October 20, 2022 (**“IMA”**) entered between Axis Trustee Services Limited (**“Trustee to Highways Trust”**) and Highway Concessions One Private Limited (**“Investment Manager” or “IM Company”**), for the purpose of effectuating the clauses as per the **Annexure 1** attached in explanatory statement.”

**“RESOLVED FURTHER THAT** the consent of the unitholders of Highways Trust, be and is hereby granted to amend or restate the Trust Deed of Highways Trust dated December 03, 2021 executed between Galaxy Investments II Pte Limited (**“sponsor of Highways Trust”**), Virescent Infrastructure Investment Manager Private Limited (**“settlor of Highways Trust”**) and Axis Trustee Services Limited (**“Trustee to Highways Trust”**), for the purpose of effectuating the clauses as per the **Annexure 2** attached in explanatory statement.”

**“RESOLVED FURTHER THAT** the Trustee, the Board of Directors and/or Key Managerial Personnel of the Investment Manager be and are hereby severally authorized on behalf of the Highways Trust to inform all concerned, in such form and manner as may be required or is necessary and also to finalise and execute such agreements, letters and other writings in this regard, including delegation of all, or any of these powers and to do all acts, deeds, things, and matters as may be required or are necessary to give effect to this resolution or as otherwise considered by the board of directors or key managerial personnel of Investment Manager, to be in the best interest of the Highways Trust, as it may deem fit.



**“RESOLVED FURTHER THAT** all acts and things previously done by any of the directors, key managerial personnel or authorized signatories of the IM Company on or prior to the date hereof in connection with the foregoing, are in all respects, ratified, approved, confirmed and adopted as acts and deeds done by the IM Company.”

For Highways Infrastructure Trust  
By Order of the Board  
**Highway Concessions One Private Limited**  
(Acting as the Investment Manager to Highways Infrastructure Trust)



**Kunjal Shah**  
Company Secretary & Compliance Officer  
ACS No. A27382

**Date: December 18, 2023**

**Place: Mumbai**

**Principal Place of Business and Contact Details of the Trust:**

Highways Infrastructure Trust  
2<sup>nd</sup> floor, Piramal Tower,  
Peninsula Corporate Park,  
Lower Parel, Mumbai – 400 013  
Email: [Compliance.highwaysinvit@highwayconcessions.com](mailto:Compliance.highwaysinvit@highwayconcessions.com)  
Website: [www.highwaystrust.com](http://www.highwaystrust.com)  
Company Secretary & Compliance Officer: Ms. Kunjal Shah  
Tel - +91 7506333447

**Registered office and Contact details of Highway Concessions One Private Limited:**

Unit No. 601-602, 6<sup>th</sup> Floor, Windsor House, Off CST Road, Kalina, Santacruz (East), Mumbai,  
Maharashtra – 400098

**Email –** [Compliance.highwaysinvit@highwayconcessions.com](mailto:Compliance.highwaysinvit@highwayconcessions.com)

Company Secretary & Compliance Officer: Ms. Kunjal Shah

**NOTES:**

1. As per the Regulation 22(2)(b) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014, for any matter requiring approval of the Unitholders, voting may also be done by postal ballot or electronic mode. Pursuant to this, the Trust is seeking the approval of the Unitholders on the proposed resolutions by way of Postal Ballot.
2. The Postal Ballot Notice along with the Postal Ballot Form is being sent to Unitholders at the email address registered with their Depository Participants by electronic mode.
3. An explanatory statement setting out the material facts and reasons for the proposed resolutions is annexed herewith and forms part of the Postal Ballot Notice.
4. Only those Unitholders whose names are recorded in the Register of Beneficial Owners as received from National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”) as on the close of business hours on **Friday, December 15, 2023 (“cut-off date”)** shall be eligible for voting and receipt of notice.
5. Resolution passed by the Unitholders through Postal Ballot are deemed to have been passed as if they have been passed at a general meeting of the Unitholders.
6. In case a Unitholder is desirous of obtaining a printed Postal Ballot Form or a duplicate, he or she may send an e-mail to [compliance.highwaysinvit@highwayconcessions.com](mailto:compliance.highwaysinvit@highwayconcessions.com). The Investment Manager on behalf of the Trust shall forward the same to the Unitholder.
7. A Unitholder cannot exercise his vote by proxy on Postal Ballot.
8. Unitholders are requested to read the instructions printed in the Postal Ballot Form for exercising their vote. The postage costs will be reimbursed by the Trust on the basis of actual claim. The Postal Ballot Form may be deposited/delivered/shared with the Scrutinizer by any of the indicated convenient mode viz. personally OR through Registered Post OR Speed Post OR through courier service (“collectively referred to as **“Physical Submission”**”) OR through electronic means such through registered e-mail id (“referred to as **“Electronic Submission”**”) not later than 17:00 hours IST on or before **Wednesday, January 10, 2024**.

The details of the Scrutinizer for physical or electronic submission of postal ballot are follows as under: -

Physical Submission	Electronic Submission
M/s. MMJB & Associates LLP, Practicing Company Secretaries <i>Kind Attention:</i> Ms. Deepti Kulkarni Mr. Omkar Dindorkar Address: Citi of Joy, Ecstasy, 803/804, 8th, JSD, Mulund West, Mumbai, Maharashtra - 400080 Contact No.: 8097092404	Scrutinisers@mmjc.in

9. If the unitholders cast their vote by physical submission of postal ballot paper as well electronic submission of postal ballot paper, then the vote received earlier by the scrutinizer shall be considered.
10. After completion of the scrutiny of the Postal Ballots in a fair and transparent manner, the Scrutinizer will submit his report to the Board of Directors of Investment Manager of the Trust, or any other person authorized by the board of directors. The results of the Postal Ballot shall be declared not later than **Thursday, January 11, 2024**, and communicated to the stock exchange and shall be displayed on the Trust’s website: [www.highwaystrust.com](http://www.highwaystrust.com).

11. The last date for the receipt of duly completed Postal Ballot Forms shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority. All the material documents referred to in the Explanatory Statement will be available for inspection at the registered office of the Investment manager located at Unit No. 601-602, 6<sup>th</sup> Floor, Windsor House, Off CST Road, Kalina, Santacruz (East), Mumbai, Maharashtra – 400098 during office hours on all working days from the date of dispatch until the last date for receipt of votes by Postal Ballot i.e. not later than 17:00 hours IST on **Wednesday, January 10, 2024**.
12. Institutional Unitholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote to the Scrutinizer.
13. Unitholders are requested to send their queries, if any, to the Investment Manager to enable the Investment Manager to provide the required information on [compliance.highwaysinvit@highwayconcessions.com](mailto:compliance.highwaysinvit@highwayconcessions.com).
14. Unitholders who have not registered their email address so far are requested to register their email address with their demat account maintained with depositories and depository participants for receiving all communication from the Investment Manager, on behalf of the Trust, electronically.

**EXPLANATORY STATEMENT:**

**Item No. 01**

**To consider and approve the Proposed Acquisition of the two Special Purpose Vehicles**

**Background:**

Attention of the unitholders is drawn to the intimation given to the stock exchanges on July 28, 2023 where it was informed that the Highways Infrastructure Trust (the “**Highways Trust**” or the “**Trust**”) acting through its Trustee, Axis Trustee Services Limited (the “**Trustee**”), has entered into a Share Purchase Agreement on July 28, 2023 (“**SPA**”):

- (i) for the acquisition of equity share capital in M/s. Gujarat Road and Infrastructure Company Limited (“**GRICL**”) owned by M/s. MAIF Investments India Pte. Ltd (“**MAIF 1**”). Further, the Trust may acquire equity shares in the GRICL from other shareholders of GRICL which together with equity shares owned by MAIF 1 will aggregate up to 83.61%; and
- (ii) for acquisition of 100% of equity share capital in M/s. Swarna Tollway Private Limited (“**STPL**”), owned by M/s. MAIF Investments India 3 Pte. Ltd (“**MAIF 2**”)

(GRICL and STPL together the “**Target SPVs**” and MAIF 1 and MAIF 2 together the Macquarie Sellers, and the transactions set out above referred to as the “**Proposed Transaction**”.)

For the purpose of the said Proposed Transaction, the management of the Investment Manager had engaged advisors to undertake appropriate due diligence (including technical, legal, financial and tax diligence) of the Target SPVs and then entered into the SPA. The price of equity shares for the Proposed Transaction is based on the aggregate equity value of up to ₹ 29,521 million for GRICL and STPL (calculated for 100% equity share capital in each entity) subject to any adjustments agreed in the SPA and other documents executed with the other shareholders of GRICL.

Certain details of the Target Entities and the SPA have also been disclosed in the Letter of Offer dated September 25, 2023 available at <https://highwaystrust.com/wp-content/uploads/2023/07/ProjectRoadsterExchangeNotification.pdf>.

**Details of the Target Entities: -**

**A. GRICL**

GRICL was incorporated as a public limited company under the name ‘Gujarat Toll Road Investment Company Limited’ in accordance with provisions of the Companies Act, 1956 on June 2, 1999 and its name was changed to ‘Gujarat Road and Infrastructure Company Limited’ on June 12, 2007. The CIN of GRICL is U65990GJ1999PLC036086, and the current registered office of GRICL is situated at Office of the Secretary to the Government of Roads and Building, Department, Sachivalaya Gandhinagar – 382010, Gujarat. On May 11, 2005, pursuant to the order of the High Court of Gujarat, a scheme of amalgamation was approved as a result of which the following two entities were merged into GRICL: (i) Ahmedabad Mahsena Toll Road Company Limited (“**AMRTL**”); and (ii) Gujarat Toll Road Company Limited (“**VHTRL**”).

The Trust proposes to acquire shares aggregating up to 83.61% of the total paid up capital of GRICL from (i) MAIF Investments India Pte Limited under the SPA; and (ii) other shareholders (subject to execution of the necessary definitive documents and necessary approvals, and including nominee shares to the extent available). Post completion of the Proposed Transaction, Government of Gujarat will continue to be a shareholder in GRICL holding not less than 16.40% of the total shareholding of GRICL.

### Project Details

GRICL operates the following two toll projects on Build, Own, Operate and Transfer basis:

- (i) Ahmedabad – Mehsana stretch on SH41 together with service road ("**AMRTL Project**")



AMRTL Project is developed pursuant to the concession agreement dated May 12, 1999 and the Amendment Agreement dated October 29, 2002 for "Improvement, up-gradation, repair, and maintenance of a section of SH No.41 between the cities of Ahmedabad and Mehsana being the Toll Road and Chhatral and Kadi being the part of Service Road SH 133 on a Build, Own, Operate and Transfer (BOOT) basis" executed between

AMTRCL and Government of Gujarat ("**GOG**").

Project Highway	State Highway 41
Project Length	51.6 kms
Concessioning Authority	Government of Gujarat
Type of Project	Toll
Number of Toll Plazas	4
Period of Concession	30 years
Date of Commencement of Commercial Operations	February 20, 2003
Anticipated Residual Life	9 years

*The anticipated residual life has been calculated from September 30, 2023.*

(ii) Vadodara – Halol stretch on SH87 ("VHRTL Project")



VHRTL Project is developed pursuant to the concession agreement dated October 17, 1998 and the Amendment Agreement dated September 26, 2000 for "Widening and strengthening of the existing 2-Lane Road to 4-Lane dual carriageway from Km 8+300 (Vadodara) to Km 40+000 (Halol) on SH No. 87 stretch on a Build, Own, Operate and Transfer basis" executed between VHRTL and GOG.

Project Highway	State Highway 87
Project Length	31.7 kms
Concessioning Authority	Government of Gujarat
Type of Project	Toll
Number of Toll Plazas	2
Period of Concession	30 years
Date of Commencement of Commercial Operations	October 24, 2000
Anticipated Residual Life	7 years

*The anticipated residual life has been calculated from September 30, 2023.*

## B. STPL

STPL was incorporated on May 11, 2001 as a private limited company under the name of "Swarna Tollway Private Limited" under the Companies Act, 1956 at Hyderabad. The registered office of STPL is situated at 4<sup>th</sup> floor, 'C' block, TSR towers 6-3-1090, Rajbhavan road, Somajiguda, Hyderabad 500082 Telangana. Its CIN is U45203TG2001PTC036706.

The Trust proposes to acquire shares 100% shares in STPL from its existing shareholder i.e. MAIF Investments India 3 Pte. Ltd.

### Project Details

STPL operates the project granted by National Highways Authority of India ("NHAI") for widening and strengthening of sections (i) Tada to Nellore on NH-5 (New NH-16); and (ii) Nandigram to Ibrahimpattanam to Vijayawada on NH- 9 (new NH65) in the state of Andhra Pradesh on a Build, Operate and Transfer basis under concession agreement dated March 27, 2001 read with assignment agreement dated June 29, 2001 ("**Concession Agreement**").

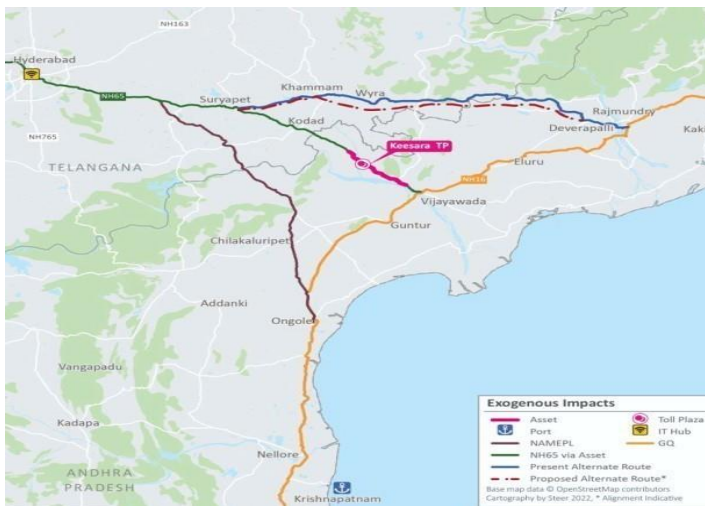


(i) Tada- Nellore Section ("TN Project")



Project Highway	NH 5/ new NH 16
Project Length	110.8 kms
Concessioning Authority	NHAI
Type of Project	Toll
Number of Toll Plazas	3
Period of Concession	Refer below
FCOD	October 31, 2005
Anticipated Residual Life	Refer below

(ii) Nandigram to Ibrahimpatnam to Vijayawada Section ("NI Project")



Project Highway	NH 9/ new NH 65
Project Length	48 kms
Concessioning Authority	NHAI
Type of Project	Toll
Number of Toll Plazas	1
Period of Concession	Refer below
FCOD	July 12, 2005
Anticipated Residual Life	Refer below

The anticipated residual life has been calculated from September 30, 2023.

### Summary of Valuation

Set out below is the summary of valuation of GRICL and STPL undertaken as on September 30, 2023 based on the latest valuation undertaken by Mr. S. Sundararaman, the independent Valuer of the Trust ("Valuer"). A copy of the report is attached as attached as Annexure A.

Name of the Target SPV	Amount in ₹ Million
	Enterprise Value
Gujarat Road and Infrastructure Company Limited	11,106
Swarna Tollway Private Limited	14,635

### **Recommendation of the Investment Manager**

Considering the Proposed Transaction is in line with the investment strategy of the Trust and the acquisition of the Target SPVs will add to the asset base of the Trust, the Investment Manager recommends the Proposed Transaction for approval to the unitholders.

In accordance with the Regulation 22(4)(b) of the InvIT Regulations, in case of any transaction, other than any borrowing, value of which is equal to or greater than twenty-five per cent of the InvIT assets shall require approval of the unitholders where votes casted in favour of the resolution shall be more than the votes cast against the resolution (simple majority).

Since, the quantum of the aforementioned transaction exceeds the twenty-five per cent of the Trust assets, the approval of the unitholders is being sought for acquisition of the aforementioned target assets pursuant to regulation 22(4) of the InvIT Regulations, as amended from time to time.

None of the Director(s) and Key Managerial Personnel of Investment Manager or their respective relatives are concerned or interested, financial or otherwise in the resolution mentioned at Item No. 1 of this Notice.

### **Item No. 02**

**To consider and approve the issuance of units of the Highways Infrastructure Trust ("Highways Trust" or "Trust") for an aggregate amount not exceeding approximately ₹ 21,900 million on a preferential basis: -**

The Explanatory Statement pursuant to the SEBI InvIT Regulations read the Master Circular for Infrastructure Investment Trusts dated July 06, 2023 ("**Master Circular**"), particularly, Guidelines for preferential issue and institutional placement of units by listed InvITs at Chapter 7 of the Master Circular, as given hereunder, sets out all material facts relating to the special business mentioned as item no. 2 of the accompanying notice dated December 18, 2023, and necessary information or details in respect of the proposed Preferential Issue of Units are as under: -

### **Background and Objective:**

Attention of the unitholders is drawn to the intimation given to the stock exchanges on July 28, 2023 where it was informed that the Highways Infrastructure Trust (the "**Highways Trust**" or the "**Trust**") acting through its Trustee, Axis Trustee Services Limited (the "**Trustee**"), has entered into a Share Purchase Agreement on July 28, 2023 ("**SPA**");

- (iii) for the acquisition of equity share capital in M/s. Gujarat Road and Infrastructure Company Limited ("**GRICL**") owned by M/s. MAIF Investments India Pte. Ltd ("**MAIF 1**"). Further, the Trust may acquire equity shares in the GRICL from other shareholders of GRICL which together with equity shares owned by MAIF 1 will aggregate up to 83.61%; and
- (iv) for acquisition of 100% of equity share capital in M/s. Swarna Tollway Private Limited ("**STPL**"), owned by M/s. MAIF Investments India 3 Pte. Ltd ("**MAIF 2**")

(GRICL and STPL together the "**Target SPVs**" and MAIF 1 and MAIF 2 together the Macquarie Sellers, and the transactions set out above referred to as the "**Proposed Transaction**".)



The price of equity shares for the Proposed Transaction is based on the aggregate equity value of up to ₹ 29,521 million for GRICL and STPL (calculated for 100% equity share capital in each entity) together with any adjustments agreed in the SPA and any other arrangement set out in the documents to be entered with the other shareholders. In connection with the Proposed Transaction, the Trust proposes to raise the capital of upto ₹ 21,900 million by undertaking issuance of units on a preferential basis.

The details of the Target SPVs are set out below:

**(1) GRICL**

<b>Ahmedabad – Mehsana</b>	
Project Highway	State Highway 41
Project Length	51.6 kms
Concessioning Authority	Government of Gujarat
Type of Project	Toll
Number of Toll Plazas	4
Period of Concession:	30 years
Date of Commencement of Commercial Operations	February 20, 2003
Anticipated Residual Life:	9 years
<b>Vadodara – Halol</b>	
Project Highway	State Highway 87
Project Length	31.7 kms
Concessioning Authority	Government of Gujarat
Type of Project	Toll
Number of Toll Plazas	2
Period of Concession:	30 years
Date of Commencement of Commercial Operations	October 24, 2000
Anticipated Residual Life:	7 years

*The anticipated residual life has been calculated from September 30, 2023.*

**(2) STPL**

<b>Tada- Nellore Section</b>	
Project Highway	NH 5/ new NH 16
Project Length	110.8 kms
Concessioning Authority	NHAI
Type of Project	Toll
Number of Toll Plazas	3
FCOD	October 31, 2005
<b>Nandigram to Ibrahimpatnam to Vijayawada</b>	
Project Highway	NH 9/ new NH 65
Project Length	48 kms
Concessioning Authority	NHAI
Type of Project	Toll
Number of Toll Plazas	1
<b>Concession Terms</b>	

Period of Concession:	30 years
FCOD	July 12, 2005
Anticipated Residual Life:	8 years

*The anticipated residual life has been calculated from September 30, 2023.*

**Authority:**

The Board of Directors of the Investment Manager, at its meeting held on December 18, 2023 has approved the issue of units up to approximately ₹ 21,900 million on a preferential basis subject to the unitholders approval, in accordance with applicable law. Accordingly, it is proposed to issue 26,54,54,540 Units on a preferential basis to the below mentioned proposed allottees (“**Proposed Allottees/ Investors**”) in accordance with the SEBI Circular or other provisions of law as may be prevailing at that time. Pursuant to the said above, the Highways Trust seeks approval from the unitholders to issue 26,54,54,540 Units on a preferential basis in the following manner: -

**Eligibility:**

In terms of Paragraph 7.2 of Chapter 7 of the Master Circular in relation to the Conditions for issuance of preferential issue, the Investment Manager, on behalf of the Highways Trust confirms that:

- Units of the same class, which are proposed to be allotted in the Issue have been listed on the Stock Exchanges for a period of at least 6 (six) months prior to the date of issuance of the present notice;
- The Highways Trust is in compliance with the conditions for continuous listing and disclosure obligations under the InvIT Regulations and circulars issued thereunder;
- None of the respective promoters or partners or directors of the sponsor(s) or investment manager, or the trustee, of the Highways Trust is a fugitive economic offender declared under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

The Investment Manager shall apply for obtaining in-principle approvals from National Stock Exchange of India Limited (“**Stock Exchange**”) for the listing of Units proposed to be issued under the Issue as soon as reasonably practicable after approving the resolutions by the Unitholders, and the subscription by the proposed allottees shall be subject to the obtainment of such in-principle approval from the Stock Exchange.

The proposed allottees have not sold or transferred any Units during 90 trading days preceding the ‘relevant date’ (i.e. December 11, 2023).

**Relevant Date:**

In terms of paragraph 7.5(A) sub-paragraph 7.5.2 read with the provisions of Chapter 7 of the Master Circular and other relevant provisions of the SEBI Circular , the ‘relevant date’ for the Issue is December 11, 2023, being the date 30 days prior to the date on which this resolution, if approved by the requisite majority through postal ballot, will be deemed to have been passed (i.e., last date for voting through postal ballot, which is not later than 17:00 hours IST on or before Wednesday, January 10, 2024.

**Basis of Issue Price:**

The Highways Trust initially issued units on a private placement basis on August 23, 2022, and listed the units on the National Stock Exchange on August 25, 2022. However, since the traded turnover of

the Units on any Stock Exchange during the 240 trading days preceding the 'relevant date' is less than 10% of the total number of issued and outstanding Units, the Units are not considered to be 'frequently traded units' in accordance with the meaning of said term under Paragraph 7.5.2(c) of Chapter 7 of the Master Circular.

In accordance with Paragraph 7.5.3(B) of Chapter 7 of the Master Circular, where the units of the Highways Trust are not frequently traded, the price determined by the Highways Trust shall take into account the Net Asset Value (NAV) of the Highways Trust based on a full valuation of all existing Highways Trust's assets conducted in terms of the SEBI InvIT Regulations.

The NAV of the Trust as at November 21, 2023, based on a full valuation of all existing Highways Trust's assets (as defined in the SEBI InvIT Regulations) conducted in terms of SEBI InvIT Regulations, is ₹ 82.49 per Unit. Considering the foregoing, the price determined by the Highways Trust for the purposes of the Issue is ₹ 82.50 per Unit.

#### **Lock-in Period:**

The Units allotted to each of the proposed allottees in the Issue shall be locked in for such period as prescribed under Paragraph 7.6 of Chapter 7 of the Master Circular. Further, the entire pre-Issue unitholding of each of the proposed allottees, shall be locked-in from the relevant date up to a period of 6 months from the date of the trading approval as specified under Paragraph 7.6 sub-paragraph 7.6.3 of Chapter 7 of the Master Circular.

#### **Prescribed Disclosures:**

The appropriate disclosures as prescribed under Paragraph 7.4.1 of Chapter 7 of the Master Circular are set out below:

a.	Objects of the preferential issue	The Trust proposes to use the proceeds from the preferential issues towards acquisition of (i) up to 83.61% of equity in M/s. Gujarat Road and Infrastructure Company Limited (" <b>GRICL</b> ") owned by M/s. MAIF Investments India Pte. Ltd (" <b>MAIF 1</b> ") and other shareholders; and (ii) up to 100% of equity in M/s. Swarna Tollway Private Limited (" <b>STPL</b> "), owned by M/s. MAIF Investments India 3 Pte. Ltd (" <b>MAIF 2</b> "), and for meeting transaction expenses for the Proposed Transaction. The details of assets have been set out above in the explanatory statement. Further, to the extent the amount are not utilized on an immediate basis, the Investment Manager may subject to applicable law invest the amounts in mutual funds or fixed deposits in accordance with the treasury policy and practice.
b.	NAV of the Highways Trust	₹ 82.49 per unit

c.	Maximum number of units to be issued	Up to 26,54,54,540 Units
d.	Pricing of the Units	₹ 82.50 per unit
e.	Intent of the parties to the Highways Trust, their directors or key managerial personnel to subscribe to the issue	<p>None of the parties to the Highways Trust viz. their directors or key managerial personnel intend to subscribe to the Issue save for proposed subscription of 18,06,06,060 units by Nebula Asia Holdings II Pte. Ltd, which will be classified as part of the Sponsor Group.*</p> <p>It may be noted that in accordance with the circular issued by SEBI on June 27, 2023 read with SEBI Master Circular dated October 31, 2023, ("MPUH SEBI Circular"), the aggregate sponsor and Sponsor group holding post the completion of the issue shall be 74.24%, and accordingly, the trust would achieve the minimum public holding requirements.</p>
f.	Unitholding pattern of the Highways Trust before and after the preferential issue	Please see <b>Exhibit A</b> for these details.
g.	Time frame within which the preferential issue shall be completed	<p>The Investment Manager shall apply for obtaining in-principle approvals of the Stock Exchange for listing of Units proposed to be issued under the Preferential Issue as soon as reasonably practicable after the passing of the resolution. As required under Paragraph 7.7 sub-paragraph 7.7.2 of Chapter 7 of the Master Circular, the Units shall be allotted pursuant to the Preferential Issue within a period of 15 days from the date of passing of this resolution, or where the allotment of the Units is pending on account of the requirement of any approval of any regulatory, governmental or statutory body / agency, the allotment shall be completed within a period of 15 days from the date of receipt of the last of such approvals.</p> <p>If the Highways Trust fails to allot the Units issued pursuant to the Preferential Issue within the specified time, the monies received shall be refunded through verifiable means within twenty days from the date of the resolution, and if any such money is not repaid within such time after the Highways Trust becomes liable to repay it, the Highways Trust,</p>

		<p>the Investment Manager and each director of the Investment Manager who is an officer in default shall, on and from the expiry of the twentieth day, be jointly and severally liable to repay that money with interest at the rate of 15% per annum.</p> <p>Under sub-paragraph 7.3.5 of Chapter 7 of the Master Circular, post-allotment, the Trust shall make an application for listing of the Units issued pursuant to the Preferential Issue to the Stock Exchanges and such Units shall be listed within 2 working days from the date of allotment.</p> <p>Provided that where the Highways Trust fails to list the units within the specified time, the monies received shall be refunded through verifiable means within four working days from the date of the allotment, and if any such money is not repaid within such time after the issuer becomes liable to repay it, the Highways Trust, investment manager of the Highways Trust and its director or partner who is an officer in default shall, on and from the expiry of the fourth working day, be jointly and severally liable to repay that money with interest at the rate of 15% per annum.</p>
h.	Identity of the natural persons who are the ultimate beneficial owners of the units proposed to be allotted and/or who ultimately control the proposed allottees.	Please see <b>Exhibit B</b> for these details.

\*Nebula Asia Holdings II Pte. Ltd. ("**Nebula**") is wholly-owned by Nebula I Investments Pte. Ltd., which is in turn majority owned by KKR Asia Pacific Infrastructure Holdings II Pte. Ltd., which is in turn wholly-owned by KKR Asia Pacific Infrastructure Investors II SCSp. KKR AP Infrastructure II S.à r.l. ("**Nebula GP**") is the general partner of KKR Associates AP Infrastructure II SCSp, which is in turn the general partner of KKR Asia Pacific Infrastructure Investors II SCSp.

Galaxy Investments II Pte. Ltd. ("**Galaxy**" or the "**Sponsor**"), the Sponsor of the Highways Trust, is wholly-owned by Galaxy Investments Pte. Ltd., which is in turn majority owned by KKR Asia Pacific Infrastructure Holdings Pte. Ltd., which is in turn wholly-owned by KKR Asia Pacific Infrastructure Investors SCSp. KKR AP Infrastructure S.à r.l. is the general partner of KKR Associates AP Infrastructure SCSp, which is in turn the general partner of KKR Asia Pacific Infrastructure Investors SCSp.

It may be noted that both Nebula and Galaxy are affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR & Co. Inc. (collectively, "**KKR Group**"), despite their affairs being under the management and control of different general partners.

Given Nebula's and Galaxy's affiliation with the KKR Group, and given the proposed holding of Nebula pursuant to the proposed preferential allotment, the Investment Manager and the Sponsor intend to treat, upon Nebula holding units in Highways Trust, Nebula (and entities / persons who control it, up to and including the Nebula GP) as part of the 'Sponsor Group' of the Highways Trust and also as 'Associates' of Galaxy within the purview of and solely for the purpose of the InvIT Regulations. Such inclusion is with the caveat that the control of each of Nebula and Galaxy, lie with their respective General Partners, without intersection.

**Exhibit A**

**Unitholding pattern of the Highways Trust before and after the preferential issue: -**

Category	Category of Unitholders	Before preferential issue <small>Note 1</small>		After preferential issue <small>Note 2</small>	
		Unit Holding	Unit Holding Pattern %	Unit Holding	Unit Holding Pattern %
<b>(A)</b>	<b>Sponsor(s)/ Investment Manager/ Project Manager(s) and their associates/related parties</b>				
<b>(1)</b>	<b>Indian</b>				
(a)	Individuals / HUF	0	0.00	0	0.00
(b)	Central/State Govt.	0	0.00	0	0.00
(c)	Financial Institutions/Banks	0	0.00	0	0.00
(d)	Any Other (specify)	0	0.00	0	0.00
	<b>Sub- Total (A) (1)</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>				
(a)	Individuals (Non-Resident Indians / Foreign Individuals)	0	0.00	0	0.00
(b)	Foreign government	0	0.00	0	0.00
(c)	Institutions	0	0.00	0	0.00
(d)	Foreign Portfolio Investors	0	0.00	0	0.00
(e)	Any Other (specify) BODY CORPORATE	373900000	77.66	554506060	74.24
	<b>Sub- Total (A) (2)</b>	<b>373900000</b>	<b>77.66</b>	<b>554506060</b>	<b>74.24</b>
	<b>Total unit holding of Sponsor and Sponsor Group (A) = (A)(1)+(A)(2)</b>	<b>373900000</b>	<b>77.66</b>	<b>554506060</b>	<b>74.24</b>
<b>(B)</b>	<b>Public Holding</b>				
<b>(1)</b>	<b>Institutions</b>				
(a)	Mutual Funds	0	0.00	0	0.00
(b)	Financial Institutions/Banks	0	0.00	0	0.00
(c)	Central/State Govt.	0	0.00	0	0.00
(d)	Venture Capital Funds	0	0.00	0	0.00
(e)	Insurance Companies	0	0.00	0	0.00

(f)	Provident/pension funds	0	0.00	0	0.00
(g)	Foreign Portfolio Investors	0	0.00	0	0.00
(h)	Foreign Venture Capital investors	0	0.00	0	0.00
(i)	Other institutions	0	0.00	0	0.00
	<b>Sub- Total (B) (1)</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
<b>(2)</b>	<b>Non-Institutions</b>				
(a)	Central Government/State Governments(s)/President of India	0	0.00	0	0.00
(b)	Individuals	9221962	1.92	9221962	1.23
(c)	NBFCs registered with RBI	0	0.00	0	0.00
(d)	Other Non-institutional	0	0.00	0	0.00
(i)	Trusts	0	0.00	0	0.00
(ii)	Non Resident Indians	0	0.00	0	0.00
(iii)	Clearing Members	0	0.00	0	0.00
(iv)	Body Corporates	4513084	0.94	34816114	4.66
(v)	Other Foreign Body Corporates	93796248	19.48	148341698	19.86
	<b>Sub- Total (B) (2)</b>	<b>107531294</b>	<b>22.34</b>		
	<b>Total Public Unit holding (B) = (B)(1)+(B)(2)</b>	<b>107531294</b>	<b>22.34</b>		
	<b>Total Units Outstanding (C) = (A) + (B)</b>	<b>481431294</b>	<b>100.00</b>	<b>746885834</b>	<b>100.00</b>

Notes:

(1) The unitholding pattern before preferential issue is as on the latest BENPOS date i.e. December 15, 2023.

(2) Based on the maximum number of Units that may be allotted pursuant to the preferential issue.

#### Exhibit B

**Details of the ultimate beneficial owners who ultimately control the Proposed Allottees: -**

Sr. No.	Name of the Proposed Allottees/ Investors	Ultimate Beneficial Owners and/or natural person who ultimately control
1	Nebula Asia Holdings II Pte. Ltd.	The potential allottee has indicated that on the basis of the test set out in Paragraph 11(iii)(a) of the Master Circular with reference number SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 and amendments thereto dated June 16, 2023 and October 13, 2023 (together, "SEBI KYC Guidelines"), (as is applicable in the context of a company), there is no 'beneficial owner' who is a natural person(s), who, whether acting alone or together, or through one or more juridical person, has a 'controlling ownership interest' or who exercises 'control' through other means.

		The proposed allottee has further informed that as per the SEBI KYC Guidelines, where no natural person is identified under the rules prescribed under Paragraph 11(iii)(a) or (b) or (c) (as applicable), the 'beneficial owner' shall be the relevant natural person who holds the position of senior managing official ("SMO"). Accordingly, Mr. Jason Carss, Director, KKR AP Infrastructure II S.à.r.l (i.e., the general partner of the general partner of KKR Asia Pacific Infrastructure Investors II SCSp), having his residential address at 180, Front St, Apt 15L, Brooklyn, NY, 11201 USA has been identified as the SMO.
2	2452991 Ontario Limited	The proposed allottee informed it is a wholly owned special purpose vehicle (SPV) of Ontario Teachers' Pension Plan Board (OTPPB). Further, there are no natural persons who are ultimate beneficial owners of 2452991 Ontario Limited given that OTPPB is a body corporate created by a statute with no shareholders.
3	Manipal Education and Medical Group India Private Limited	Dr. Ranjan Ramdas Pai Mrs. Shruti Ranjan Pai

The units allotted would be listed on the National Stock Exchange of India Limited. The issue and allotment would be subject to the availability of regulatory approvals, if any.

The aforementioned resolution seeks to give the Board of the Investment Manager the power to issue Units as the Board may deem fit, in one or more tranche or tranches, at such time or times, at such price or prices in its absolute discretion, deems fit.

Since, this resolution may result in the issue of units of the Highways Trust to the proposed allottees, in accordance with Chapter 7 of the Master Circular, consent of the unitholders is being sought pursuant to Regulation 22(2)(c) read with Regulation 22(5) and other applicable provisions of the InvIT Regulations.

This resolution, if passed by way of majority (i.e. where votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution), will have the effect of allowing the Board of the Investment Manager to offer, issue and allot units of the Highways Trust to the proposed allottee. The units, if any, shall rank in all respects *pari passu* with the existing Units of the Highways Trust, including entitlement to dividend, voting rights etc. in terms of the InvIT Regulations.

The above proposal is in the interest of the Highways Trust and the board of the Investment Manager (acting on behalf of the Highways Trust) thus, recommends this resolution for approval of the unitholders of the Highways Trust as a Resolution passed by way of the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution.



None of the directors or key personnel and / or their relatives of the Investment Manager, are in any way, financially or otherwise, interested or concerned in this resolution.

**ITEM NO. 3:**

**To consider and approve the amendment and/or restatement in the Investment Management Agreement and Trust Deed:**

The Unitholders are informed that Securities and Exchange Board of India (SEBI) had notified SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2023 (“**SEBI InvIT Amendment 2023**”) on 18<sup>th</sup> August, 2023 that by way of the said SEBI InvIT Amendment 2023, a proviso has been inserted in Regulation 4(2)(h), which inter-alia provides that Unitholder(s) holding not less than 10% of the total outstanding units of InvITs, either individually or collectively (“**Eligible Unitholder(s)**”), shall be entitled to nominate one director on the board of directors of the Investment Manager of the Trust (“**Unitholder Nominee Director**”), in the manner as may be specified by the SEBI.

Further, the Board in its meeting held on December 18, 2023, had considered and approved the amended and restated **Investment Management Agreement** of the Trust dated October 22, 2022 (“**IMA**”) entered into amongst the Trustee and the Investment Manager as follows:

**Annexure 1**

The extract of key amendments to the Investment Management Agreement in order to entitle the unitholders to nominate one director on the board of directors of the Investment Manager of the Trust is provided as under :-

***Reviewing and monitoring appointment of Unitholder Nominee Directors:*** - *The Investment Manager shall facilitate the appointment of Unitholder Nominee Directors on the IM Board by the Eligible Unitholders in the manner prescribed under the InvIT Regulations, from time to time, and shall take all actions as may be required under the InvIT Regulations and Applicable Law in relation to the review, monitoring and reporting of the nomination rights. In this regard, the Investment Manager shall comply with all obligations prescribed under the InvIT Regulations or Applicable Law from time to time, including, inter alia, informing Unitholders on a periodic basis of the right to nominate Unitholder Nominee Directors, evaluating notices from Eligible Unitholder(s) in relation to the proposed appointment of a Unitholder Nominee Director, evaluating eligibility of Unitholder Nominee Directors, review of unitholding of Eligible Unitholder(s) on an ongoing basis, taking requisite actions in relation to the withdrawal of nomination or vacation of office of Unitholder Nominee Directors, and submitting such information and reports to the Trustee in relation to Eligible Unitholder(s) and Unitholder Nominee Directors, as may be prescribed from time to time.*

***Submission to Trustees, stock exchanges and other regulatory authorities:*** *the IM shall provide such details, including reports and any other information, in relation to Eligible Unitholders or Unitholder Nominee Directors, as stipulated under the InvIT Regulations and Applicable Law, from time to time;*

**Annexure 2**

The extract of key amendments to the Trust deed in order to entitle the unitholders to nominate one director on the board of directors of the Investment Manager of the Trust is provided as under :-

***Activities of the Investment Manager:*** *The Trustee shall oversee activities of the Investment Manager in the interest of the Unitholders, ensure that the Investment Manager complies with the InvIT*

*Regulations including in relation to the appointment of Unitholder Nominee Director by Eligible Unitholders, and obtain a compliance certificate or such other reports and information as may be prescribed under InvIT Regulations form time to time from the Investment Manager on a quarterly basis, in the form prescribed by SEBI, if any.*

*Meetings of Unitholders: The Eligible Unitholders shall have the right to appoint Unitholder Nominee Directors on the board of directors of the Investment Manager from time to time, in the manner prescribed under the InvIT Regulations. The Trustee shall supervise and ensure that the Investment Manager takes all such actions and compliances, as may be prescribed under the InvIT Regulations from time to time, in relation to the right of Eligible Unitholders to appoint Unitholder Nominee Directors on the board of directors of the Investment Manager.*

With respect to the proposed changes mentioned above and consequent amendment and/or restatement in the Investment Management Agreement and the Trust deed, it is a pre-requisite to obtain the approval of the Unitholders of Highways Trust in accordance with Regulation 22 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended. Draft of the amended and restated Investment Management Agreement and the Trust Deed is available for inspection.

None of the directors or key personnel and / or their relatives of the Investment Manager, are in any way, financially or otherwise, interested or concerned in this resolution.

**For Highways Infrastructure Trust**  
**By Order of the Board**  
**Highway Concessions One Private Limited**  
(Acting as the Investment Manager to Highways Infrastructure Trust)



  
**Kunjal Shah**  
**Company Secretary & Compliance Officer**  
**ACS No. A27382**

**Date: December 18, 2023**

**Place: Mumbai**

**Principal Place of Business and Contact Details of the Trust:**

Highways Infrastructure Trust  
2<sup>nd</sup> floor, Piramal Tower,  
Peninsula Corporate Park,  
Lower Parel, Mumbai – 400 013  
Email: [Compliance.highwaysinvit@highwayconcessions.com](mailto:Compliance.highwaysinvit@highwayconcessions.com)  
Website: [www.highwaystrust.com](http://www.highwaystrust.com)  
Company Secretary & Compliance Officer: Ms. Kunjal Shah  
Tel - +91 7506333447

**Registered office and Contact details of Highway Concessions One Private Limited:**

Unit No. 601-602, 6<sup>th</sup> Floor, Windsor House, Off CST Road, Kalina, Santacruz (East), Mumbai,  
Maharashtra – 400098

**Email –** [Compliance.highwaysinvit@highwayconcessions.com](mailto:Compliance.highwaysinvit@highwayconcessions.com)  
Company Secretary & Compliance Officer: Ms. Kunjal Shah



**HIGHWAYS INFRASTRUCTURE TRUST**

**Principal Place of Business:** 2nd floor, Piramal Tower, Peninsula Corporate Park, Lower Parel, Mumbai – 400 013

**Correspondence address:** Unit No. 601-602, 6th Floor, Windsor House, Off CST Road, Kalina, Santacruz (East),  
Mumbai, Maharashtra – 400098

**Tel:** +91 22 6107 3200; **E-mail:** [highwaysinvt@highwayconcessions.com](mailto:highwaysinvt@highwayconcessions.com);

**Website:** [www.highwaystrust.com](http://www.highwaystrust.com)

**(SEBI Registration number: IN/InvIT/21-22/0019)**

**REF No. HIT/PBN/03/2023-24**

**POSTAL BALLOT FORM**

<b>Name of the Trust</b>	HIGHWAYS INFRASTRUCTURE TRUST
<b>Principal Place of business</b>	2 <sup>nd</sup> floor, Piramal Tower, Peninsula Corporate Park, Lower Parel, Mumbai – 400 013
<b>Registered Office of the Investment Manager</b>	Unit No. 601-602, 6 <sup>th</sup> Floor, Windsor House, Off CST Road, Kalina, Santacruz (East), Mumbai, Maharashtra – 400098
<b>SEBI Registration No.</b>	IN/InvIT/21-22/0019

S.No.	Particulars	Details
1.	Name of the Unitholder(s)	
2.	Registered Address and Email ID	
3.	No. of Units held	
4.	Folio No./ Client ID	
5.	DP ID	

I/We hereby give my/our instructions to the Investment Manager through Postal Ballot for the business stated in the Notice of the Highways Infrastructure Trust by conveying my decision in the appropriate box below: -

S.No.	Item Name	Assent	Dissent
1.	To consider and approve the Proposed Acquisition of the two Special Purpose Vehicles.		
2.	To consider and approve the issuance of units of the Highways Infrastructure Trust ("Highways Trust" or "Trust") for an aggregate amount not exceeding approximately ₹ 21,900 million on a preferential basis		
3.	To consider and approve the amendment and/or restatement in the Investment Management Agreement and Trust Deed		

-----  
**Signature of the Unitholder**

**Date –**

**Place –**

**General Instructions for Voting through Physical Postal Ballot Form**

- a) A unitholder desiring to exercise vote by postal ballot may complete the Postal Ballot Form and send it to the Scrutinizer.
- b) Please convey your assent/ dissent in this Postal Ballot Form. The assent/ dissent received in any other form shall not be considered valid.
- c) The votes should be cast in favour of or against the resolution by putting the tick mark (v) in the column provided for assent or dissent. Postal Ballot Form bearing (v) in both the column will render the form invalid.
- d) The Postal Ballot Form should be completed and signed by the member.
- e) Incomplete, unsigned or incorrectly ticked Postal Ballot Form shall be rejected.
- f) In addition to the reasons as mentioned above for rejection, Postal Ballot Form/Votes will be considered invalid on the following grounds:
  - 1) If a form other than the one issued by the Trust has been used.
  - 2) If the Postal Ballot Form has not been signed by or on behalf of the unitholder.
  - 3) If it is not possible to determine without any doubt the assent or dissent of the member.
  - 4) If assent or dissent is not mentioned
  - 5) If assent or dissent is given subject to some amendment to the resolution or condition.
  - 6) If the envelope containing the Postal Ballot Form is received after the last date and time prescribed.
  - 7) If the Postal Ballot Form is received torn or defaced or mutilated to an extent that it is difficult for the Scrutinizer to identify either the unitholder or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or one or more of the grounds.
- g) If the unitholders cast their vote by physical submission of postal ballot form as well as electronic submission of postal ballot paper, then the vote received earlier by the scrutinizer shall be considered.
- h) The Scrutinizer's decision on the validity of a Postal Ballot Form will be final.

**Prepared for:**  
**Highways Infrastructure Trust ("The Trust")**

**Highway Concessions One Private Limited**  
**("The Investment Manager")**

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

**Fair Enterprise Valuation**

**Valuation Date: 30<sup>th</sup> September 2023**

**Report Date : 15<sup>th</sup> December 2023**

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

## S. SUNDARARAMAN

Registered Valuer

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

RV/SSR/R/2024/27

Date: 15<sup>th</sup> December 2023

### Highways Infrastructure Trust

2<sup>nd</sup> Floor, Piramal Tower,  
Peninsula Corporate Park,  
Lower Parel, Mumbai – 400 013.

### Highway Concessions One Private Limited

(acting as the Investment Manager to Highways Infrastructure Trust)

601-602, 6<sup>th</sup> Floor, Windsor House,  
Off CST Road, Kalina,  
Santacruz (East), Mumbai – 400 098

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

Dear Sir(s)/ Madam(s),

I, Mr. S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 9<sup>th</sup> November 2023 as an independent valuer, as defined as per Regulation 2 of the SEBI InvIT Regulations, by **Highway Concessions One Private Limited** ("**HC One**" or "**the Investment Manager**") acting as the investment manager for **Highways Infrastructure Trust** ("**the Trust**" or "**Highways InvIT**"), for the purpose of the financial valuation of the special purpose vehicle (defined below and hereinafter referred to as "**the SPV**") proposed to be acquired by the InvIT. The SPV is to be valued in accordance with the Master Circular for Infrastructure Investment Trusts vide circular no. SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 6<sup>th</sup> July 2023 read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended and circulars issued by SEBI from time to time.

I am enclosing the Report providing opinion on the fair enterprise value of the SPV as defined hereinafter on a going concern basis as at 30<sup>th</sup> September 2023. ("**Valuation Date**").

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

I was further requested by the Investment Manager to provide the adjusted enterprise value of the SPV as at 30<sup>th</sup> September 2023, where the adjusted enterprise value ("**Adjusted EV**") is derived as EV as defined above plus cash or cash equivalents of the SPV as at 30<sup>th</sup> September 2023.

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

The analysis must be considered as a whole. Selecting portions of any analysis or the factors that are considered in this Report, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Following Special Purpose Vehicle is proposed to be acquired by the Trust:

Sr. No.	Name of the SPV	Abbreviation	Asset Type	COD
1	Swarna Tollway Private Limited – Nandigama Ibrahimpatnam Section	STPL	Toll	12-07-2005
2	Swarna Tollway Private Limited – Tada Nellore Section	STPL	Toll	31-10-2005
3	Gujarat Road & Infrastructure Company Limited – Vadodara Halol Section	GRICL	Toll	24-10-2000
4	Gujarat Road & Infrastructure Company Limited – Ahmedabad Mehsana Section	GRICL	Toll	20-02-2003

(Hereinafter referred to as "**the SPVs**")

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

By nature, valuation is based on estimates and it includes the risks and uncertainties relating to the events occurring in the future. Accordingly, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPV.

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

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

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

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 10 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

RV draws your attention to the limitation of liability clauses in Section 10 of this Report.

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

Yours faithfully,



**S. Sundararaman**

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10238

Asset Class: Securities or Financial Assets

Place: Chennai

UDIN: 23028423BGYWJE8744

**Definition, abbreviation & glossary of terms**

Abbreviations	Meaning
AMRP	Ahmedabad - Mehsana Road Project
BOT	Build, Operate and Transfer
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
CTM	Comparable Transactions Multiples
DBFOT	Design, Build, Finance, Operate and Transfer
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ERP	Equity Risk Premium
ETC	Electronic Toll Collection
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FY	Financial Year Ended 31 <sup>st</sup> March
GRICL	Gujarat Road and Infrastructure Company Limited
GOG	Government of Gujarat
HAM	Hybrid Annuity Model
INR	Indian Rupees
Investment Manager/HC One	Highway Concessions One Private Limited
IVS	ICAI Valuation Standards 2018
Kms	Kilometers
MoRTH	Ministry of Road Transport and Highways
MMR	Major Maintenance and Repairs
Mn	Million
NAV	Net Asset Value Method
NCA	Net Current Assets Excluding Cash and Bank Balances
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NIV	Nandigama – Ibrahimpatnam Section of NH 65
STPL	Swarna Tollway Private Limited
O&M	Operation & Maintenance
PM	HC One Project Manager Private Limited
PPP	Public Private Partnership
RFID	Radio Frequency Identification
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
Sponsor/Galaxy	Galaxy Investments II Pte. Limited
SPV	Special Purpose Vehicle
Trustee	Axis Trustee Services Limited



Trust	Highways Infrastructure Trust
TN	Tada – Nellore Section of NH 16
VHRP	Vadodara - Halol Road Project
WACC	Weighted Average Cost of capital

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# 1. Executive Summary

## 1.1. Background

### The Trust

- 1.1.1. Highways Infrastructure Trust ("the Trust" or "InvIT") was established on 3rd December 2021 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India ("SEBI") with effect from 23rd December 2021, bearing registration number IN/InvIT/21-22/0019, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("the SEBI InvIT Regulations").
- 1.1.2. The units of the Trust were listed on NSE in August 2022 by way of an initial offer of units consisting of a private placement. The object and purpose of the Trust, as described in the Trust Deed, is to carry on the activity of an infrastructure investment trust as permissible under the InvIT Regulations to raise funds through the Trust, to make investments in accordance with the InvIT Regulations and the investment strategy and to carry on the activities as may be required for operating the Trust, including incidental and ancillary matters thereto.
- 1.1.3. The InvIT currently involved in owning, operating and maintaining a portfolio of 10 road projects in the Indian states of Gujarat, Madhya Pradesh, Telangana, Meghalaya, Haryana, Karnataka, Tamil Nadu and Rajasthan pursuant to the concessions granted by the National Highways Authority of India ("NHAI"), Ministry of Road Transport and Highways and Madhya Pradesh Road Development Corporation Limited ("MPRDC").
- 1.1.4. The unit holding of the Trust as on the report date is as follows:

Sr. No.	Particulars	No. of units	%
1	Galaxy Investments II Pte. Ltd.	37,39,00,000	77.66 %
2	2452991 Ontario Limited	9,37,96,248	19.48 %
3	Others	1,04,00,000	2.85 %
<b>Total</b>		<b>48,14,31,294</b>	<b>100.0 %</b>

### The Sponsor

- 1.1.5. Galaxy Investments II Pte. Ltd., Singapore ("the Sponsor" or "Galaxy") has sponsored an infrastructure investment trust under the SEBI InvIT Regulations called "Highways Infrastructure Trust" ("Highways InvIT" or "the Trust"). Galaxy was incorporated on 11<sup>th</sup> June 2021 in Singapore. Galaxy is involved in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the infrastructure sector.
- 1.1.6. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majorly owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. ("KKR") Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.
- 1.1.7. Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US\$ 510 billion of assets under management as of 30th June 2023 that offers alternative asset management as well as capital markets and insurance solutions.
- 1.1.8. Axis Trustee Services Limited ("the Trustee") has been appointed as the Trustee of the Highways InvIT. Highway Concessions One Private Limited ("HC One" or "the Investment Manager") has been appointed as the Investment Manager of the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations

### The Investment Manager and the Project Manager

- 1.1.9. Highway Concessions One Private Limited is the current Investment Manager of the Trust. Simultaneously, the Trustee appointed HC One Project Manager Private Limited as the project manager of the Trust.

1.1.10. Shareholding Pattern of the Investment Manager as at the report date is as follows:

Sr. No.	Particulars	No. of shares	%
1	Galaxy Investments II Pte. Ltd.	3,76,47,288	100.0 %
2	Vidyadhar S. Dabholkar*	1	0.0 %
<b>Total</b>		<b>3,76,47,289</b>	<b>100.0 %</b>

\* as a nominee of Galaxy Investments II Pte. Ltd.

Source: Investment Manager

1.1.11. Shareholding Pattern of the Project Manager as at the report date is as follows:

Sr. No.	Particulars	No. of shares	%
1	Highway Concessions One Private Limited	99,999	100.0 %
2	Vidyadhar S. Dabholkar*	1	0.0 %
<b>Total</b>		<b>1,00,000</b>	<b>100.0 %</b>

\* as a nominee of Highway Concessions One Private Limited

Source: Investment Manager

1.1.12. I understand that the Investment Manager and the Trustee of the Trust is desirous of undertaking financial valuation of the SPVs proposed to be acquired. In this regards, I have been mandated to determine the fair enterprise value of the SPVs as defined in the Letter in accordance with the SEBI InvIT Regulations and in this context would like me to carry out valuation of SPVs as on 30<sup>th</sup> September 2023.

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## Scope and Purpose of Valuation

### 1.2. Financial Asset to be Valued

The financial asset under consideration are valued at Enterprise Value of the following:

Sr. No.	Name of the SPV	Abbreviation
1	Swarna Tollway Private Limited	STPL
2	Gujarat Road Infrastructure Company Limited	GRICL

(Hereinafter referred to as “the SPV’s”)

I understand that the Trust, which is not a publicly offered InvIT is contemplating to acquire 100% equity stake/economic interest in STPL from the existing respective shareholders and 56.8% equity stake/economic interest in GRICL from Macquarie. (“Proposed Transaction”)

### 1.3. Purpose of Valuation

As per Regulation 21(8)(a) of the SEBI InvIT Regulations, for any transaction of purchase or sale of infrastructure projects whether directly or through SPV, for publicly offered InvITs, a full valuation of the specific project shall be undertaken.

I understand that the Investment Manager is proposing to undertake a fair enterprise valuation of the SPV’s as on 30<sup>th</sup> September 2023 for the purpose of their internal evaluation only.

In this regard, the Investment Manager and the Trustee have appointed Mr. S. Sundararaman (“Registered Valuer” or “RV” or “I” or “My” or “Me”) bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at the enterprise level of the SPV’s as per the SEBI InvIT Regulations as at 30<sup>th</sup> September 2023.

Registered Valuer declares that:

- The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- The RV is independent and has prepared the Valuation Report (“the Report”) on a fair and unbiased basis;
- RV has valued the SPV’s in accordance with Valuation Standards issued by the Institute of Chartered Accountants of India;

- 1.4. This Report covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

### 1.5. Nature of the Asset to be Valued

The RV has been mandated by the Investment Manager to arrive at the Enterprise Value (“EV”) of the SPV’s. Enterprise Value is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

### 1.6. Valuation Base

Valuation Base means the indication of the type of value being used in an engagement. In the present case, I have determined the fair value of the SPV’s at the enterprise level. Fair Value Bases defined as under:

#### Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value or Market value is usually synonymous to each other except in certain circumstances where characteristics of an asset translate into a special asset value for the party(ies) involved.

### 1.7. Valuation Date

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

The Valuation Date considered for the fair enterprise valuation of the SPVs is 30<sup>th</sup> September 2023 (“Valuation Date”). The attached Report is drawn up by reference to accounting and financial information as on 30<sup>th</sup> September 2023. The RV is not aware of any other events having occurred since 30<sup>th</sup> September 2023 till date of this Report which he deems to be significant for his valuation analysis.

### 1.8. Premise of Value

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

#### Going Concern Value

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

### 1.9. Summary of Valuation

I have assessed the fair enterprise value of the SPV's on a standalone basis by using the Discounted Cash Flow ("DCF") method under the income approach. Following table summarizes my explanation on the usage or non usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business. Hence NAV method is considered only for background reference.
Income Approach	Discounted Cash Flow	Yes	The revenue of the projects are defined for a certain period of years on the basis of traffic volumes as provided by Investment Manager corroborated with traffic volumes as provided by M/s Steer in its Traffic Study Report and O&M expense and Major Maintenance expense as provided by M/s Sri Infotech and M/S Resotech Consultancy in its Technical Due Diligence Report. As the SPV's under consideration has executed project under the BOT model, the ownership of the underlying assets shall be transferred after the expiry of the concession period. In case of STPL, the Concession period is from 27 <sup>th</sup> September 2001 to 26 <sup>th</sup> September 2031, while in case of GRICL - AMRP the Concession period is from 20 <sup>th</sup> February 2003 to 19 <sup>th</sup> February 2033 and for GIRCL - VHRP the concession period is from 24 <sup>th</sup> October 2000 to 23 <sup>rd</sup> October 2030. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore, DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.
Market Approach	Market Price	No	The equity shares of the SPV are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I am unable to consider this method for the current valuation.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF Method, the Free Cash Flow to Firm ("FCFF") has been used for the purpose of valuation of the SPVs. In order to arrive at the fair EV of the SPVs under the DCF Method, I have relied on Provisional Financial Statements as at 30<sup>th</sup> September 2023 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the SPVs prepared by the Investment Manager as at the Valuation Date based on their best judgement.

The discount rate considered for the SPVs for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("WACC") for the SPVs. As the SPV under consideration has executed projects under the

BOT model, the operating rights of the underlying assets shall be transferred back to the appointing authority after the expiry of the concession period. At the end of the agreed concession period, the operating rights in relation to the roads, the obligation to maintain the road reverts to the government entity that granted the concession by the SPVs. Accordingly, terminal period value i.e. value on account of cash flows to be generated after the expiry of concession period has not been considered.

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

				INR Mn
Sr. No.	SPV	WACC	Enterprise Value	Adjusted Enterprise Value
1	STPL	9.97%	14,635	19,027
2	GRICL	10.46%	11,106	14,797
<b>Total</b>			<b>25,741</b>	<b>33,824</b>

(Refer Appendix 1 & 2 for the detailed workings)

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

*I was further requested by the Investment Manager to provide the adjusted enterprise value of the SPVs as at 30<sup>th</sup> September 2023, where the adjusted enterprise value ("Adjusted EV") is derived as EV as defined above plus cash and current investments of the SPVs as at 30<sup>th</sup> September 2023.*

- 1.10. The fair EV of the SPVs is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.
- 1.11. 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.
- 1.12. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:
  1. WACC by increasing / decreasing it by 0.5%
  2. WACC by increasing / decreasing it by 1.0%
  3. Revenue by increasing / decreasing it by 10%
  4. Expenses by increasing / decreasing it by 20%

### Sensitivity Analysis of Enterprise Value

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

INR Mn							
Sr. No.	SPV	WACC - 0.5%	EV	Base WACC	Base EV	WACC + 0.5%	EV
1	STPL	9.47%	14,901	9.97%	14,635	10.47%	14,377
2	GRICL	9.96%	11,325	10.46%	11,106	10.96%	10,893

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

INR Mn							
Sr. No.	SPV	WACC - 1.0%	EV	Base WACC	Base EV	WACC + 1.0%	EV
1	STPL	8.97%	15,174	9.97%	14,625	10.97%	14,126
2	GRICL	9.46%	11,550	10.46%	11,106	11.46%	10,687

#### 3. Fair Enterprise Valuation Range based on Revenue parameter (10%)

INR Mn				
Sr. No.	SPV	EV at Revenue - 10%	EV at Base Revenue	EV at Revenue + 10%
1	STPL	12,544	14,635	16,632
2	GRICL	9,369	11,106	12,842

#### 4. Fair Enterprise Valuation Range based on Expenses parameter (20%)

INR Mn				
Sr. No.	SPV	EV at Expenses - 20%	EV at Base Expenses	EV at Expenses + 20%
1	STPL	15,169	14,635	14,102
2	GRICL	11,552	11,106	10,659

The above represents reasonable range of Fair Enterprise Valuation.

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## 2. Procedures adopted for current valuation exercise

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- 2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 (“**IVS**”) issued by the Institute of Chartered Accountants of India.
- 2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:
- 2.2.1. Requested and received financial and qualitative information relating to the SPVs;
  - 2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;
  - 2.2.3. Discussions with the Investment Manager on:
    - Understanding of the business of the SPVs – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;
  - 2.2.4. Undertook industry analysis:
    - Research publicly available market data including economic factors and industry trends that may impact the valuation;
    - Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by me;
  - 2.2.5. Analysis of other publicly available information;
  - 2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by me;
  - 2.2.7. Conducted physical site visit of the road stretch of the SPVs;
  - 2.2.8. Determination of fair EV and Fair Adjusted EV of the SPVs on a going concern basis at the Valuation Date.

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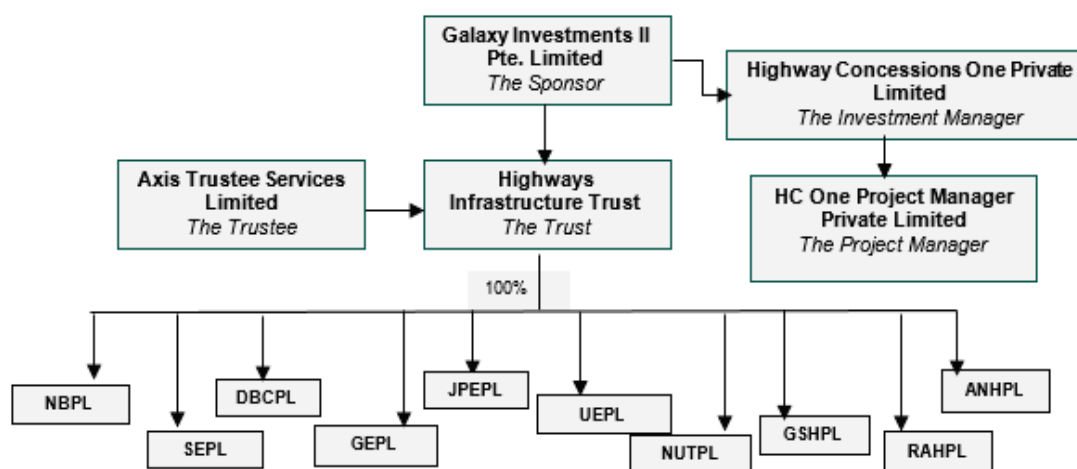
### 3. Overview of InvIT and SPV

#### The Trust

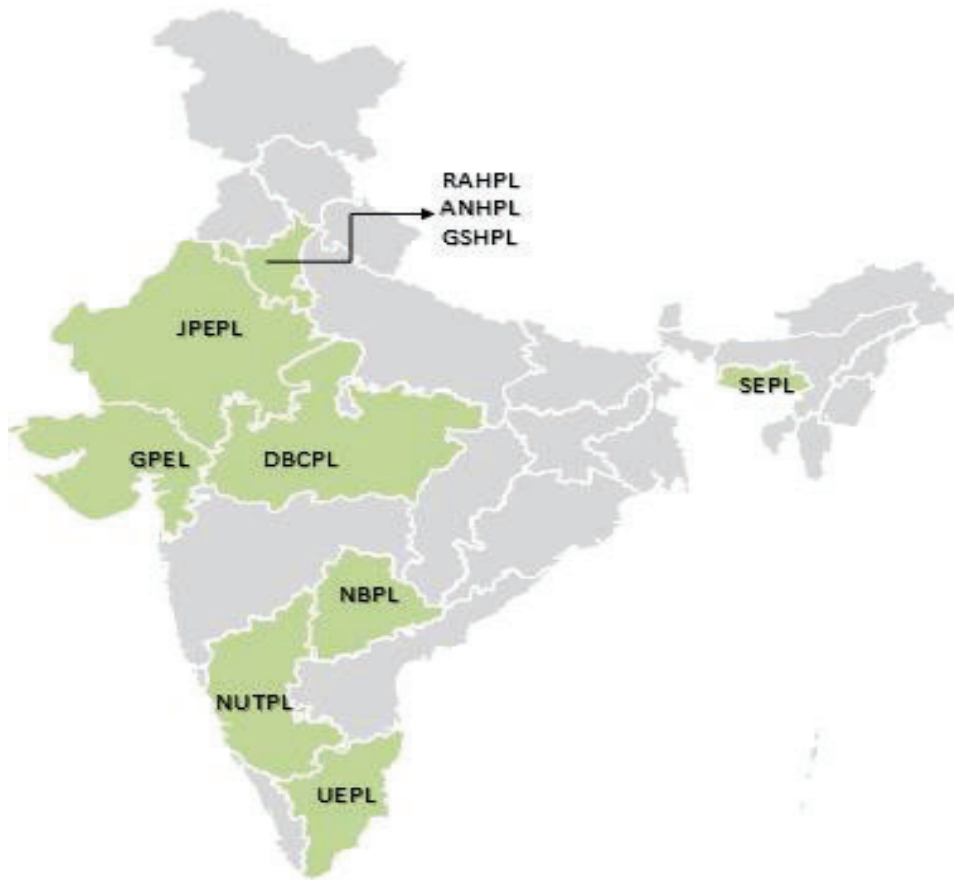
- 3.1. Galaxy Investments II Pte. Ltd. is the Sponsor of the Trust. The Sponsor was incorporated on 11<sup>th</sup> June 2021 in Singapore. Galaxy is involved in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the “infrastructure” sector.
- 3.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.
- 3.3. Founded in 1976, KKR is a leading global investment firm, with US\$510 billion in assets under management as of 30<sup>th</sup> June 2023 that offers alternative asset management as well as capital markets and insurance solutions.
- 3.4. Following is the summary of the SPVs, held under the trust including the date and cost of acquisition :

Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBL	Nirmal BOT Limited	22 <sup>nd</sup> Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	22 <sup>nd</sup> Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	22 <sup>nd</sup> Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	22 <sup>nd</sup> Aug, 2022	11,167
5	JPEPL	Jodhpur Pali Expressway Private Limited	22 <sup>nd</sup> Aug, 2022	3,863
6	UEPL	Ulundurpet Expressways Private Limited	22 <sup>nd</sup> Aug, 2022	3,005
7	NUTPL	Navayuga Udupi Tollway Private Limited	02 <sup>nd</sup> Nov 2023	196
8	GSHPL	Gurgaon Sohna Highway Private Limited	21 <sup>st</sup> Nov 2023	844
9	RAHPL	H.G. Rewari Ateli Highway Private Limited	21 <sup>st</sup> Nov 2023	758
10	ANHPL	H.G. Ateli Narnaul Highway Private Limited	21 <sup>st</sup> Nov 2023	1,511

- 3.5. Following is the Structure of the Trust as on the report date.



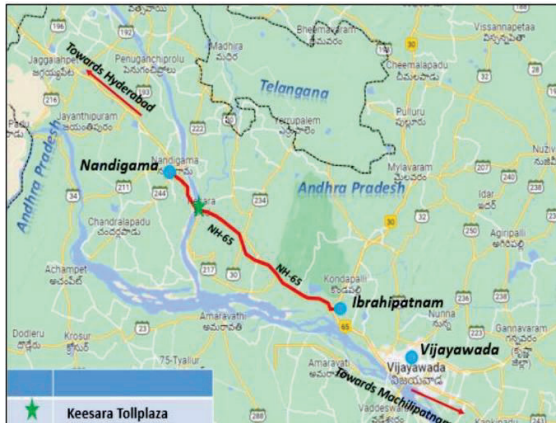
3.6. A map depicting the respective location of the existing project SPVs of the Trust is provided below:



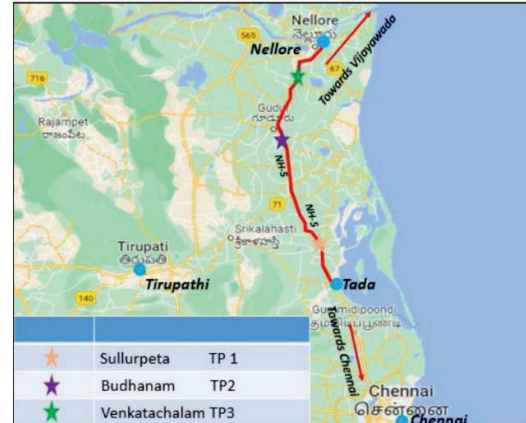
## Background of the SPVs

### Swarna Tollway Private Limited (“STPL”)

- 3.7. Swarna Tollway Private Limited (STPL) was incorporated as on 11<sup>th</sup> May 2001. The NHA entered into a concession agreement dated 27<sup>th</sup> March 2001 with CIDB Inventures SON. BHD. Malaysia (CIDB). CIDB formed a SPV, Swarna Tollway Private Limited for the purpose of performing all the obligation of CIDB under the project. The project was awarded to the CIDB Inventures SON. BHD. Malaysia (CIDB) by NHA for 30 years of Design, Engineering, financing, procurement, construction, operation, maintenance & toll collection period starting from the Appointed Date i.e. 27<sup>th</sup> September, 2001. The Project has successfully achieved its Final COD for the Nandigama Ibrahimpatnam section on 12<sup>th</sup> July 2005 and for the Tada Nellore section on 31<sup>st</sup> October 2005.
- 3.8. The map below illustrates the location of the Project and the corridor it covers:



NH- 65 Nandigama Ibrahimpatnam Section (NIV)



NH- 16 Tada Nellore Section (TN)

- 3.9. Summary of Project details of STPL are as follows:

Parameters	NIV details	TN details
Total Length	49.2 Kms	110.8 Lane Kms
Nos. of Lanes	4	4
NH / SH	NH 65	NH 16
State Covered	Andhra Pradesh	Andhra Pradesh
Area (Start and End)	Nandigama to Vijayawada	Tada to Nellore
Project Cost	Rs 759.87 Crs (includes both NIV and TN)	Rs 759.87 Crs (includes both NIV and TN)
PPP Model	DBFOT	DBFOT
Project Type	Toll	Toll
Concession Granted by	NHAI	NHAI
COD Date	09-09-2004	20-02-2004
Original Concession Period (CP)	30 years from Appointed Date	30 years from Appointed Date
Extension (If any)	NA	NA
Likely End of CP	26-09-2031	26-09-2031

- 3.10. The Project Road includes Tada – Nellore section of NH-16 which starts from Ch. 54.383 (Tada) and ends at Ch. 165.183 (Nellore) & Nandigama - Ibrahimpatnam section of NH-65 (Old NH-9) which starts from Ch. 221.140 (Nandigama) and ends at Ch. 270.340 (Ibrahimpatnam).

Sr.No	Salient Features	Units	NIV	TN
1	Flexible Pavement	Km	49.1	110.5
2	Rigid Pavement	Km	0.1	0.3
3	Service road	Km	0.23	15.293
4	Slip road	Km	-	0
5	No of flyovers	No's	-	0

6	No of bypass	No's	2	0
7	Length of bypass	Km	11.968	17.147
8	No of major bridges	No's	4	14
9	No of minor bridges	No's	7	24
10	No of Major intersection/junctions	No's	3	12
11	No of Minor intersection/ Junctions	No's	21	100
12	No of Toll Plaza	No's	1	3
13	No of truck lay byes	No's	1	2
14	No. of bus shelters	No's	24	10
15	No of bus bay with shelter	No's	10	68
16	Rest areas	No's	1	2
17	Solar Blinkers	No's	40	66
18	Stone Pitching	Sqm	5.446	17.123
19	Road Signages	No's	813	1440
20	Guard Posts	No's	5	24
21	Location of Toll Plaza( chainage)		Km.232+000	km 86+00, km124+50, km.155+300

Source: Investment Manager

3.11. The shareholding of STPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	MAIF Investment India 3 Pte Limited	26,99,99,999	99.99%
2	MAIF Investment India 4 Pte Limited	1	0.01%
<b>Total</b>		<b>27,00,00,000</b>	

Source: Investment Manager

I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.

3.12. My team had conducted physical site visit for STPL on 24<sup>th</sup> November 2023. Following are the pictures of the plant site :

A. Nandigama Ibrahimpatnam Section (NIV)



B. Tada Nellore Section (TN)

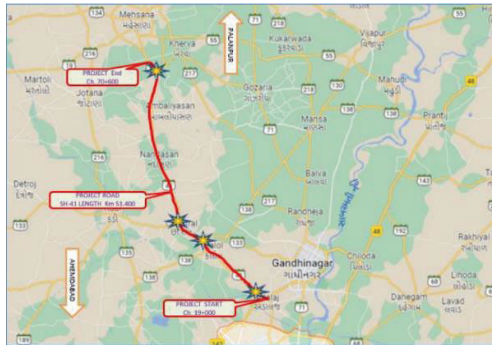


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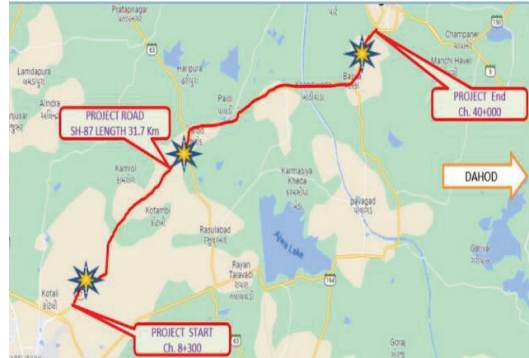
### Gujarat Road and Infrastructure Company Limited (“GRICL”)

- 3.13. Gujarat Road and Infrastructure Company Limited (GRICL) was incorporated on 2<sup>nd</sup> June 1998. GOG and IL&FS entered into Memorandum of Agreement on 31<sup>st</sup> October 1995. Under the agreed terms GOG and IL&FS incorporated two entities Vadodara – Halol Toll Road Company Limited (“VHTCL”) and Ahmedabad Mehsana Toll Road Company Limited (“AMTRCL”). Further GOG entered into a concession agreement dated 12<sup>th</sup> May 1999 and 17<sup>th</sup> October 1998 with AMTRCL and VHTCL respectively. Later these entities were amalgamated into Gujarat Road & Infrastructure Company Limited on 11<sup>th</sup> May 2005. The project was awarded to AMTRCL and VHTCL for 30 years of Build, Own, Operate, and Transfer starting from the Operation Commencement date i.e. 20<sup>th</sup> February, 2003 and 24<sup>th</sup> October 2000 respectively.

- 3.14. The map below illustrates the location of the Project and the corridor it covers:



Ahmedabad Mehsana Section of SH-41 (AMRP)



Vadodara Halol Section of SH-87 (VHRP)

- 3.15. Summary of Project details of GRICL are as follows:

Parameters	AMRP	VHRP
Total Length	51.6 Kms	31.7 Kms
Nos. of Lanes	4	4
NH / SH	SH 41	SH 87
State Covered	Gujarat	Gujarat
Area (Start and End)	Ahmedabad- Mehsana	Vadodara-Halol
Project Cost	1063.35 Crs	904.73 Crs
PPP Model	DBOT	DBOT
Project Type	Toll	Toll
Concession Granted by	NHAI	NHAI
COD Date	20-02-2003	24-10-2000
Original Concession Period (CP)	30 years from operation date	30 years from operation date
Extension (If any)	NA	NA
Likely End of CP	19-02-2033	23-10-2030



- 3.16. The Project Road includes Ahmedabad Mehsana Section of SH-41 (AMRP) from 19 Km to 70.6 Km and Vadodara Halol Section of SH-87(VHRP) from 8.3 Km to 40 Km in the state of Gujarat.

S.No	Particulars	Units	AMRP	VHRP
1	Service road	Km	90.746 Km	57.694 Km
2	No of flyovers	No's	1	
3	RUB	No's	3	
4	ROB	No's	3	
5	No of major bridges	No's		1
6	No of minor bridges	No's	5	8
7	No of underpasses	No's		7
8	No of Subways	No's		1
9	Box culvert		6	14
10	Hume pipe culvert		63	27
11	Foot over bridges		3	
12	Slab Culvert	No's		13
	No of VUP/CUP			
13		No's	5/6	
14	No of Major intersection/junctions	No's	5	2
15	No of Minor intersection/ Junctions	No's	82	31
16	No of truck lay byes	No's		
17	No. of bus shelters/bus bay	No's	17	15
18	Lined drain	Km		6.274
19	Median drain	Km	16	
20	Median Transverse drain	Km		5.4
21	Median Opening	No's	33	29
22	Median Plantation	Km		30.403
23	avenue plantation	Km		18.532
24	Metal Beam crash barrier	Km		1.135
25	Pedestrian Guard rails	Km		8.602
26	Solar Blinkers	No's	26	26
27	Pipe Delineators	No's		288
28	3 arm lighting		1	3
29	High Mast Lighting	No's		18
30	Single Arm Lighting's	No's	274	73
31	Double Arm Lighting's	No's	377	166

Source: Investment Manager

- 3.17. The shareholding of GRICL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	MAIF Investments India Pte. Ltd.	3,15,00,955	56.8%
2	Government of Gujarat	90,87,986	16.39%
3	IL&FS Financial Services Limited	91,88,846	16.57%
4	IL&FS Transportation Networks Limited	56,84,520	10.24%
<b>Total</b>		<b>5,54,62,307</b>	

Source: Investment Manager



- 3.18. I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.
- 3.19. My team had conducted physical site visit for GRICL on 24<sup>th</sup> November 2023. Following are the pictures of the plant site :

**Ahmedabad – Mehsana Section :**



**Vadodara – Halol Section :**



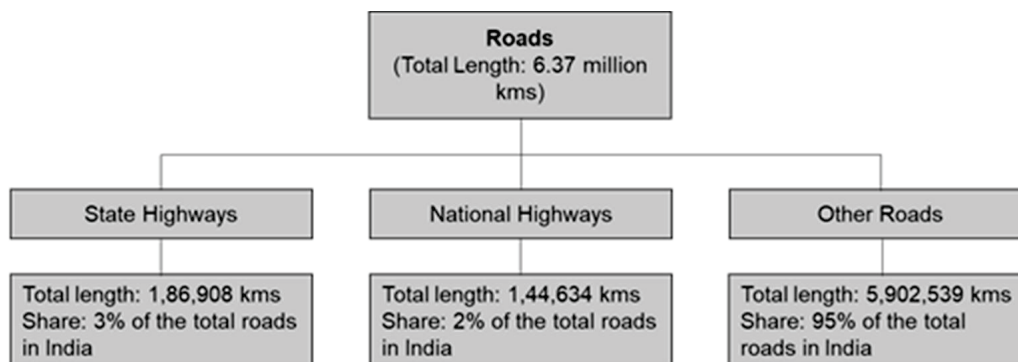
## 4. Overview of the Industry

### 4.1 Introduction

- 4.1.1 The road infrastructure is an important determinant of economic growth in India and it plays a significant role in the economy's overall development process.
- 4.1.2 India has the second-largest road network in the world, spanning over 6.3 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.
- 4.1.3 Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.
- 4.1.4 Bridging of existing infrastructure gaps and creating additional facilities to cater to the increasing population are equally important. Apart from providing connectivity in terms of enabling movement of passengers and freight, roads act as force multipliers in the economy.
- 4.1.5 Further, roads play a significant role in times of natural calamities, wars and other such events in terms of timely evacuation of the impacted population, carriage of relief material and other associated movements. Government takes cognisance of this requirement and road infrastructure remains to be a focus area.

### 4.2 Road Network in India

- 4.2.1 India has the second largest road network in the world, spanning over 6.37 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.



Source: IBEF Roads Report, February 2023

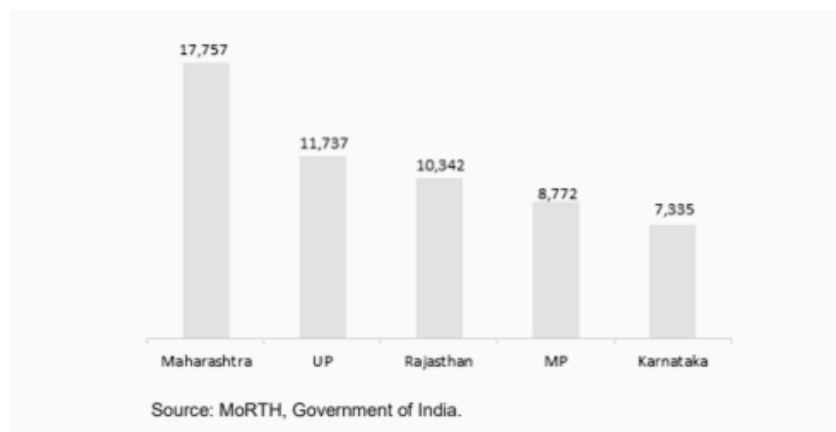
- 4.2.2 Out of this around 1.41 lakh km are National Highways ("NHs"). Significantly, NHs constitute around 2 per cent of the total road network in the country but carry about 40% of the road traffic. The density of India's highway network at 1.89 km of roads per square kilometre of land – is similar to that of the France (1.98) and much greater than China's (0.49) or USA's (0.68).

### 4.3 Government Agencies for Road Development

- 4.3.1 The Ministry of Road Transport & Highway ("MoRTH") is responsible for development of Road Transport and Highways in general and construction & maintenance of National Highways.
- 4.3.2 The National Highways Authority of India ("NHAI") is an autonomous agency of the Government of India, set up in 1988 and is responsible for implementation of National Highways Development Project ("NHDP").
- 4.3.3 The NHDP in the context of NHs is nearing completion- in seven phases. Later, the other highway development programmes like Special Accelerated Road Development Programme for Development of Road Network in North Eastern States (SARDP- NE) and National Highways Interconnectivity Improvement Project (NHIIP) were also taken up by MoRTH. Further, Bharatmala Pariyojana is ongoing. For majority of the projects under NHDP and Bharatmala Pariyojana, NHAI is the implementation agency. Other NH related programmes/works are being implemented through agencies like National Highways Infrastructure Development Corporation Limited (NHIDCL), State Public Works Departments (PWDs), State Road Development Corporations and the Border Road Organization.

- 4.3.4 NHAI is planning to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetize its highway assets through Infrastructure Investment Trust (InvIT).
- 4.3.5 In December 2022, NHAI raised Rs. 10,200 crore (US\$ 1.23 billion) from foreign and Indian institutional investors to meet ever-growing budgetary support. Indian Government and Asian Development Bank signed US\$ 500 million loan agreement to build the longest bridge across river Ganga, in Bihar. The bridge is expected to be ready by December 2021.
- 4.3.6 NHAI is planning to award 1,000-1,500 km of projects under the BOT model in 2023-24. In FY21, there were 125 PPP projects worth US\$ 23.25 billion in India.
- 4.3.7 The government has successfully rolled out over 60 road projects in India worth over US\$ 10 billion based on the Hybrid Annuity Model (HAM). HAM has balanced risk appropriately between private and public partners and boosted PPP activity in the sector.
- 4.3.8 In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivizing timely work by concessionaires. According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.
- 4.3.9 Roads in the jurisdiction of state governments are under different categories like State Highways ("SHs") and Major District Roads. They are being developed/ upgraded through State PWDs and State Road Development Corporations. Pradhan Mantri Gram Sadak Yojana is being implemented for rural roads through the Ministry of Rural Affairs with active participation by state governments. Further, roads within urban areas are maintained/ developed mostly with PWDs and Urban Local Bodies. .
- 4.3.10 State Governments have a significant role to play in developing the SHs, Major District Roads, Other District Roads to ensure the last mile connectivity. States have varying levels of maturity in terms of road infrastructure development due to issues such as inadequate identification and prioritization of projects, funding shortfall, limited institutional capacity to implement projects, etc.

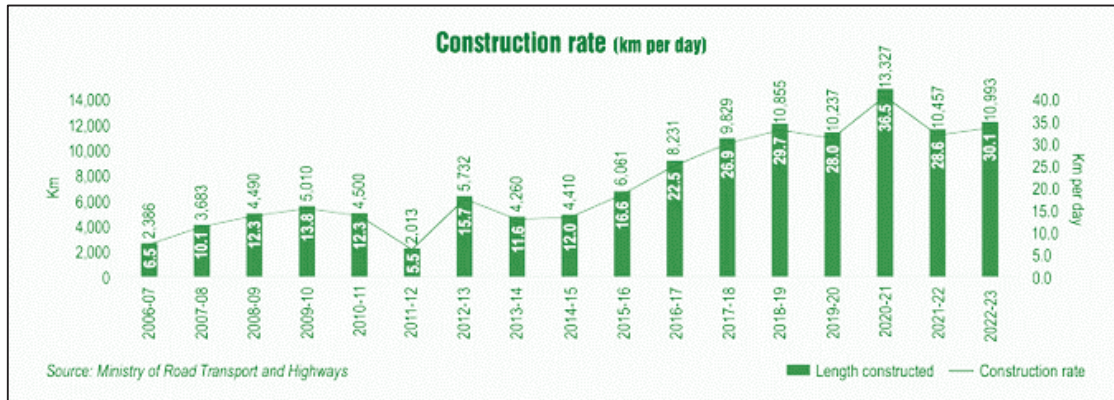
**Top 5 states by length of NHs in India (in Km)**



#### **4.4 Trend of Road and Highways Construction**

- 4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.
- 4.4.2 The current rate of road construction is almost three times that in 2007-08.
- 4.4.3 The launch of the Bharatmala Pariyojana in 2017 provided a big fillip to construction activity, with the pace of construction doubling from 12 km per day in 2014-15 to 30 km per day in 2022-23, and peaking at 37 km per day in 2020-21.
- 4.4.4 The government aims to take this up to 100 km per day in the next few years.

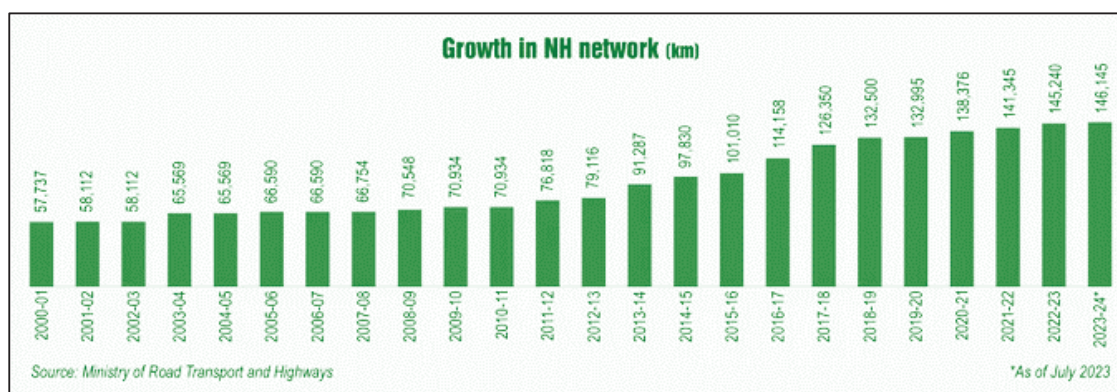
#### Details of National Highway network:



- 4.4.5 The road transport and highways ministry (MoRTH) has received a push with the Union Budget raising the allocation by 36 percent to around Rs 2.7 lakh crore for 2023-24. This is nearly 10 percent jump over the Budgetary allocation of Rs 1.99 lakh crore made in the Budget for 2022-23.
- 4.4.6 The GST on construction equipment has been reduced to 18% from 28%, which is expected to give a boost to infrastructure development in the country.
- 4.4.7 The NHDP is a program to upgrade, rehabilitate and widen major highways in India to a higher standard. The project was started in 1998 to be implemented in 7 phases.
- 4.4.8 With the launch of Bharatmala project, 10,000 km of highway construction left under NHDP was merged with Phase I of the Bharatmala project.
- 4.4.9 The Indian government launched Gati Shakti-National Master Plan, which has consolidated a list of 81 high impact projects, out of which road infrastructure projects were the top priority. The major highway projects include the Delhi-Mumbai expressway (1,350 kilometres), Amritsar-Jamnagar expressway (1,257 kilometres) and Saharanpur-Dehradun expressway (210 kilometres).
- 4.4.10 The main aim of this program is a faster approval process by digitizing the process through a dedicated Gati shakti portal.
- 4.4.11 In December 2021, the government set a highway monetization target of Rs. 2 trillion (US\$ 26.20 billion) for the next 3 years.
- 4.4.12 The Government of India has allocated Rs. 111 lakh crore (US\$ 13.14 billion) under the National Infrastructure Pipeline for FY 2019-25. The Roads sector is expected to account for 18% capital expenditure over FY 2019-25.
- 4.4.13 NHAI is planning to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetise its highway assets through Infrastructure Investment Trust (InvIT). The InvIT of NHAI, National Highways Infra Trust, has raised more than Rs 8,000 crore from foreign and Indian institutional investors till October 2022.
- 4.4.14 The development of market for roads and highways is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing government initiatives to improve transportation infrastructure in the country.



#### Details of national highways awarded (by NHAI) and constructed in India (KMs):



#### 4.5 Implementation of important projects and expressways:

##### 4.5.1 Bharatmala Pariyojna

Bharatmala Pariyojana is a new umbrella program for the highways sector that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions like development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Green-field expressway.

The Bharatmala Pariyojana envisages development of about 24,800 km length of Economic Corridors, which along with Golden Quadrilateral (GQ) and North-South and East-West (NS-EW) Corridors are expected to carry majority of the Freight Traffic on roads.

A total length of 34,800 km in road projects have been proposed to be constructed with an estimated outlay of Rs 5.35 trillion under Bharatmala Pariyojana Phase-I over a five year period (2017-18 to 2021-22).

Components under Bharatmala Pariyojana Phase-I are as given below:

Component	Length (Km)	Cost (INR Cr)
Economic corridors development	9,000	1,20,000
Inter-corridor & feeder roads	6,000	80,000
National Corridors Efficiency	5,000	1,00,000
Border & International connectivity	2,000	25,000
Coastal & port connectivity roads	2,000	20,000
Expressways	800	40,000
<b>Sub Total</b>	<b>24,800</b>	<b>3,85,000</b>
Other works - under NHDP	10,000	1,50,000
<b>Total</b>	<b>34,800</b>	<b>5,35,000</b>

Source: Ministry of Road Transport and Highways, Government of India

The completion cost of Phase-I is now estimated 10.63 trillion (US\$ 130 billion) after factoring in cost escalations up to December 2021 and is 99% higher than the initial estimates owing to substantial rise in land acquisition cost, and steep increase in input costs. It is expected to be completed in FY2028, a delay of six years from the initial envisaged completion date of FY2022. During the last seven years, around 60% (20,632 km vs 34,800 km) of highway length has been awarded as of December 2021, and ~23% of the total length completed till March 2022

#### 4.5.2 Char Dham Vikas Mahamarg Pariyojna:

This project envisages development of easy access to the four dhams in India – Gangotri, Yamunotri, Kedarnath and Badrinath. Development of this route of 889 km route is expected at an estimated cost of INR 12,000 Crores.

#### 4.5.3 Eastern peripheral and western peripheral expressway

These two projects will connect NH-1 and NH-2 from western and eastern side of Delhi.

#### 4.5.4 Setu Bharatam:

This project aims to replace crossings on NHs with Road Over Bridges and Road Under Bridges. It is projected to construct 174 such structures.

#### 4.5.5 To further augment road infrastructure, more economic corridors are also being planned by Government of India as revealed in Budget 2021-22.

- a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.
- b. 1,100 km of National Highway works in the State of Kerala at an investment of INR 65,000 Crores including 600 km section of Mumbai Kanyakumari corridor in Kerala.
- c. 675 km of highway works in the state of West Bengal at a cost of INR 25,000 Crores including upgradation of existing road-Kolkata –Siliguri.
- d. National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.
- e. In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometers of National highways.

### 4.6 Opportunities in road development & maintenance in India

- a. India has joined the league of 15 of global alliance which will work towards the ethical use of smart city technologies
- b. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US\$ 741.51 billion).
- c. The government also aims to construct 23 new national highways by 2025.
- d. Road building in India is second least expensive in Asia.
- e. Andhra Pradesh will spend US\$ 296.05 million to build 8,970 Kms of roads.
- f. In February 2022, NHAI rolled out a plan to construct 5,795 kilometres of highways that will connect 117 districts. The plan was worth Rs. 1 trillion (US\$ 13.09 billion).

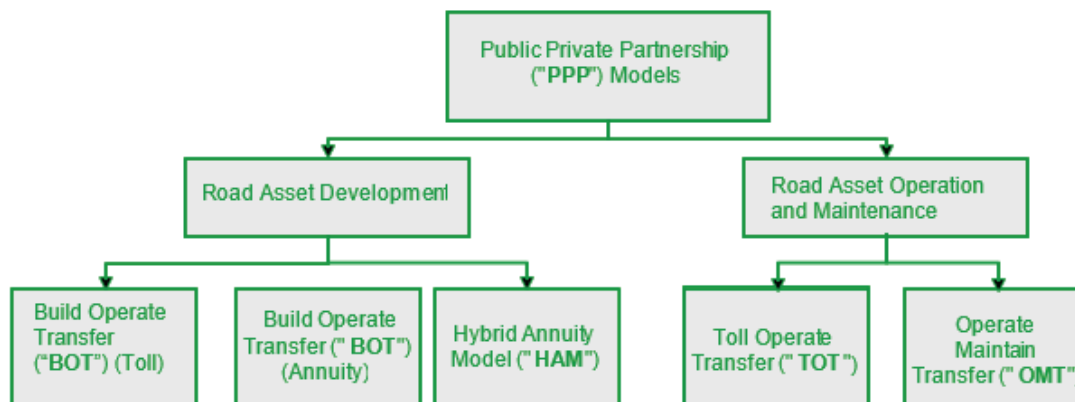
### 4.7 Public Private Partnership (“PPP”) Models of road development and maintenance in India

#### 4.7.1. India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector. PPP has been a major contributor to the success story of the roads and highway sector in India. With the emergence of private players over the last decade, the road construction market has become fragmented and competitive. Players bidding for projects also vary in terms of size. PPP modes have been used in India for both development and operation & maintenance of road assets.

NHAI is planning to award 500 km of the 6,500 km target for FY23 through BOT mode. It may give minimum toll revenue guarantee to make it easier for contractors to bid for BOT projects.

#### 4.7.2. In FY21, there were 125 PPP projects worth US\$ 23.25 billion in India.

#### 4.7.3. In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires. According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players



#### 4.7.4. **Road Asset Development Models**

- **BOT Toll**
  - In a BOT toll project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. The concession period is project specific but is usually for 20-25 years. In BOT Toll model, the concessionaire earns revenue primarily in the form of toll revenue which in turns depends on the traffic on the road stretch. Toll rates are regulated by the government through rules.
- **BOT Annuity**
  - Similar to a BOT Toll projects, in BOT Annuity project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government. The concessionaire earns revenue in the form of pre-determined semi-annual annuity payments.
- **HAM**
  - Similar to a BOT projects, in HAM project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government. The construction period for HAM projects is project specific and a fixed operation period of 15 years.

### 4.8 **Government Investment in the Sector**

- 4.8.1 Under Union Budget 2023-24, the Government of India has allocated Rs. 270,435 crore to the Ministry of Road Transport and Highways.
- 4.8.2 The Government aims to increase the toll revenue to INR 1.3 Trillion by 2030. In 2014, the waiting time at the toll plazas was 734 seconds, whereas in the 2023 this has reduced to 47 seconds. We are hopeful that we will bring it down to 30 second soon
- 4.8.3 NHAI is in the process to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetize its highway assets through Infrastructure Investment Trust (InvIT).

### 4.9 **Recent Initiatives by Government**

#### 4.9.1 **Bhoomi Rashi – Land Acquisition Portal**

The ministry has corroborated with the National Informatics Centre, to create Bhoomirashi, a web portal which digitises the cumbersome land acquisition process, and also helps in processing notifications relating to land

acquisition online. Processing time, which was earlier two to three months has come down to one to two weeks now.

#### 4.9.2 FASTag – Electronic Toll Collection

National Electronic Toll Collection (NETC) system, has been implemented on pan India basis in order to remove bottlenecks and ensure seamless movement of traffic and collection of user fee as per the notified rates, using passive Radio Frequency Identification (RFID) technology.

#### 4.9.3 Revival of languishing projects

Projects which were languishing for a number of years have been attempted to be revived, with the help of a number of policy measures taken by the government. Some of the policy measures like Premium deferment in stressed projects, extension of concession period for languishing projects to the extent of delay not attributable to concessionaires, One Time Capital Support for physical completion of languishing projects that have achieved at least 50 per cent physical progress, through one time fund infusion by NHAI, subject to adequate due diligence on a case to case basis.

#### 4.9.4 Rural development

Under the Union Budget 2023-24, the Government of India allocated Rs. 19,000 (US\$ 2.37 billion) for Pradhan Mantri Gram Sadak Yojana (PMGSY).

#### 4.9.5 Portfolios in roads & highways sector

In October 2020, the National Investment and Infrastructure Fund (NIIF) is making progress towards integrating its road and highway portfolio. The NIIF has acquired Essel Devanahalli Tollway and Essel Dichpally Tollway through the NIIF master fund. These road infra-projects will be supported by Athaang Infrastructure, NIIF's proprietary road network, assisted by a team of established professionals with diverse domain expertise in the transport field.

#### 4.9.6 International Tie-ups

In December 2020, the Ministry of Road Transport and Highways signed an MoU with the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology of the Republic of Austria on technology cooperation in the road infrastructure sector.

#### 4.9.7 Encourage private funding to reduce finance constraints

- Cumulative FDI inflows in construction development stood at US\$ 26.21 billion between April 2000-March 2022. Maif 2 Investments India Pvt. Ltd. became the first-largest foreign investment in Indian roads sector under toll-operate-transfer (TOT) mode worth Rs. 9,681.5 crore (US\$ 1.50 billion).
- In October 2020, the Asian Development Bank (ADB) and the Government of India signed a US\$ 177 million loan to upgrade 450 kms of state highways and major district roads in Maharashtra.
- In January 2021, the Government of India and New Development Bank (NDB) signed two loan agreements for US\$ 646 million for upgrading the state highway and district road networks in Andhra Pradesh.
- In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires.
- According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.

### 4.10 **Outlook**

4.10.1 India's infrastructure sector is rapidly evolving and the key trends demonstrate positivity and optimism. The market for roads and highways in India is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing Government initiatives to improve transportation infrastructure in the country. For the period of 2016-17 to 2021-22, the CAGR stands at 20%.

4.10.2 Development and maintenance of road infrastructure is a key Government priority, the sector has received strong budgetary support over the years. During the past years, the standardized processes for Public Private Partnership & public funded projects and a clear policy framework relating to bidding and tolling have also been developed.



- 4.10.3 The major initiatives undertaken by the Government such as National Infrastructure Pipeline (NIP) and the PM Gati Shakti National Master Plan will raise productivity, and accelerate economic growth and sustainable development.
- 4.10.4 The highways sector in India has been at the forefront of performance and innovation. The government is committed towards expanding the National Highway network to 2 lakh kilometres by 2025 emphasizing the construction of the World Class Road infrastructure in time bound & target oriented way. India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector.
- 4.10.5 The Asian Development Bank ranked India at the first spot in PPP operational maturity and also designated India as a developed market for PPPs. The Hybrid Annuity Model (HAM) has balanced risk appropriated between private and public partners and boosted PPP activity in the sector.

*Sources: IBEF Roads Report, November 2022; KPMG Report - Roads and Highway Sector; ICRA reports, website of Ministry of Road Transport and Highways, Government of India.*

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## 5. Valuation Methodology and Approach

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

### Cost Approach

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

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

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

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

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

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

### Market Approach

- 5.6. 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

- 5.7. 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

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

### Market Price Method

- 5.9. 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.

### Income Approach

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

### DCF Method

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

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

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

### Conclusion on Cost Approach

- 5.12. The existing book value of EV of the SPVs comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the Provisional Financial Statements as at 30<sup>th</sup> September 2023 prepared as per Indian Accounting Standards (Ind AS) are as under :

SPV	Book EV (INR Mn)
STPL	3,899
GRICL	3,550

- 5.13. In the present case, the SPVs operate and maintain the project facilities in accordance with the terms and conditions under the relevant concession agreement. During the concession period, the SPVs operate and maintain the road asset and earns revenue through Charges and collection of user fee in the form of Toll revenue. The charges, fees or tolls that may be collected are notified by relevant government authority, which are usually revised annually as specified in the relevant concessions and toll notifications. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, I have not considered the cost approach for the current valuation exercise.

### Conclusion on Market Approach

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

### Conclusion on Income Approach

- 5.15. The SPV operates under a BOT or DBFOT based concession agreement with the relevant regulatory authorities. Government authorities in India typically award highway infrastructure development projects under BOT concessions, which are characterized by three distinct phases:
1. Build: upon successfully securing a project concession through a competitive bid, a concessionaire secures financing for, and completes construction, of a road;
  2. Operate: during the agreed concession period, the concessionaire operates, manages and maintains the road at its own expense and earns revenues by collecting tolls from vehicles using the road; and
  3. Transfer: at the end of the agreed concession period, the ownership of the road (rights over the road under the concession), the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government entity that granted the concession.
- 5.16. A DBFOT project involves, in addition to the activities required under a BOT project, the provision of engineering and design for such project.

- 5.17. Currently, the SPVs are completed and revenue generating. The revenue of the Toll SPV is based on tenure, traffic volumes, operations, macro-economic factors like GDP growth, WPI, and other factors that are unique to the SPV. The SPV derive almost all of the revenue from its toll-road operations (toll collections) over the operation period. Traffic plying through the toll road is primarily dependent on sustained economic development in the regions that they operate in and government policies relating to infrastructure development. The Toll SPV are substantially dependent on the accuracy of their respective traffic volume forecasts. The rights in relation to the underlying assets of the SPV shall be transferred after the expiry of the Concession Period. Accordingly, since the SPV is generating income based on pre-determined agreement mechanism and since the Investment Manager has provided me with the financial projections of the SPVs for the balance tenor of the concession agreements, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.

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## 6. Valuation of the SPVs

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- 6.1. In the present exercise, my objective is to determine the Fair Enterprise Value of the SPVs as per the DCF Method. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. Accordingly, in the present case, I have considered it appropriate to consider cash flows at FCFF (Free Cash Flow to Firm) level i.e., cash flows that are available to all the providers of capital (equity shareholders, preference shareholders and lenders). Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFF.
- 6.2. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the SPVs as provided by the Investment Manager. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information. However, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.
- 6.3. Following are the major steps I have considered in order to arrive at the EV of the SPVs as per the DCF Method:
1. Determination of Free Cash Flows to Firm which included:
    - a) Obtaining the financial projections to determine the cash flows expected to be generated by the SPV from the Investment Manager;
    - b) Analyzed the projections and its underlying assumptions to assess the reasonableness of the cash flows;
  2. Determination of the discount rate for the explicit forecast period; and
  3. Applying the discount rate to arrive at the present value of the explicit period cash flows and for arriving at the terminal value.
- 6.4. The key assumptions of the projections provided to me by the Investment Manager are:

### Key Assumptions:

#### 6.5. Revenue cash flows for the SPVs:

The SPVs are responsible for designing, building, financing, operating, maintaining and transferring the project to the authority at the end of the concession period. The right and responsibility for tolling is with the SPVs. The SPVs earn revenue primarily in the form of toll revenue.

#### 6.6. Toll Revenue:

As per the concession agreement of the SPVs, the Concessionaire is allowed to levy, demand, collect and appropriate the fees (called as toll fees) from vehicles and persons liable to payment of fees for using their road stretch or any part thereof and refuse entry of any vehicle to the road asset if the due fee is not paid. Toll revenues depend on toll receipts, which in turn depend on traffic volumes and toll fees on the toll roads.

The Investment Manager has provided with the cash flow projections relating to the toll revenue in case of STPL from 1<sup>st</sup> October 2023 to 26<sup>th</sup> September 2031.

However, the Government of Gujarat vide circular dated 15<sup>th</sup> Aug 2016 implemented its decision of exempting small local vehicles from paying toll on 27 plazas on the 12 state highways. It also includes both the Ahmedabad – Mehsana and the Vadodara – Halol state highways. The government then compensates this loss of revenue to the concessionaire in the form of “compensation revenue”.

The Concessionaire keeps a track of the traffic volumes relating to this exemption and claims the amount of compensation from the government who later reimburses it to the Concessionaire.

The Investment Manager has provided with the cash flow projections relating to the toll revenue and the compensation revenue in case of GRICL from 1<sup>st</sup> October 2023 to 19<sup>th</sup> February 2033.

#### 6.7. Concession Period

##### STPL :

The Concession Period refers to the period where the Concessionaire has the responsibility to construct the road asset and post-construction is granted with the exclusive rights, license and authority to demand, collect and appropriate fee, operate, manage and maintain the project highway subject to the terms and conditions mentioned in their respective concession agreement.

The cash flow projections are prepared by the Investment Manager for the balance concession period remaining from the Valuation Date. The Concession Period for STPL will end on 26<sup>th</sup> September 2031.

**GRICL :**

Based on the extant provisions of the concession agreement and my discussions with the Investment Manager ,I have considered the original concession period i.e. 30 years for the current valuation exercise. The cash flow projections are prepared by the Investment Manager for the balance concession period remaining from the Valuation Date. The Concession Period for GRICL will end on 19<sup>th</sup> February 2033.

**6.8. Traffic Volumes**

Traffic volumes are directly or indirectly affected by a number of factors, many of which are outside of the control of the SPVs, including: fuel prices in India; the frequency of traveler use; the quality, convenience and travel efficiency of alternative routes outside the SPV's network of toll roads; the convenience and extent of a toll road's connections with other parts of the local, state and national highway networks; the availability and cost of alternative means of transportation, including rail networks and air transport; the level of commercial, industrial and residential development in areas served by the SPV's projects; adverse weather conditions; and seasonal holidays.

**6.9. Toll Rates**

During the concession period, the SPVs operate and maintain the road assets and earn revenues through charges, fees or tolls generated from the assets. The amount of charges, fees or tolls that they may collect are notified by the relevant government authorities, which are usually revised annually as specified in the relevant concession agreement considering Tariff Rate Determination Rules, 2008, published by NHAI in toll notification for the SPVs on annual basis.

The toll rates for the projected period have been derived in the manner stipulated in the concession agreement of the SPVs.

In the present case, the Investment Manager has appointed M/s Steer Davies Gleave India Private Limited an independent third-party research agency to forecast the traffic volumes and toll revenues for the SPVs. As confirmed by the Investment Manager, the traffic volumes and toll revenues for the SPVs have been estimated by the traffic consultant after considering overall structure and condition of the projects including analysis of demand and supply and strategic geographical locations of the individual road projects. This was one of the most important input in projecting the toll revenues.

**6.10. Operating and Maintenance Expenses:**

Since the SPVs are operational on the Valuation Date, following are the major costs incurred by the SPVs:

**6.11. Operation and Maintenance Costs (Routine) ("O&M Costs")**

These are routine costs incurred every year. These costs are related to the normal wear and tear of the road and hence involve repairing the patches damaged mainly due to heavy traffic movement. O&M Costs also includes staff salaries, project management fees, professional fees, insurance, security expenses, electricity, etc. The primary purpose of these expenses is to maintain the road as per the specifications mentioned in the respective concession agreement. SPVs are responsible for carrying out operation and maintenance activities at the road during their concession period. Within the scope of such operation and maintenance obligations, the SPVs may be required to undertake routine maintenance of project roads, maintain and comply with safety standards to ensure safe traffic movement, deploy adequate human resources for incident management, maintain proper medical and sanitary arrangements for personnel deployed at the site, prevent any unauthorized entry to and exit from the projects as may be required.

The Investment Manager has provided the estimated O&M costs for the projected period and I have corroborated the said expenses with the Technical Due Diligence report of the SPVs prepared by the external professional agencies (M/S Resotech Consultancy Services Pvt. Ltd. for GRICL and M/s Sri Infotech for STPL) for estimating major maintenance expenses and O&M Costs for the projected period.

I understand from the Investment Manager that after acquisition of the SPVs, the Project Manager of the Trust will be supervising and managing the operations & maintenance of the Project Road, which will be undertaken through the O&M contractors at the SPV level.

## 6.12. Major Maintenance and Repairs Costs (“MMR Costs”)

### Estimating the MMR Costs

Major maintenance expenses will be incurred on periodic basis. These are the costs incurred to bring the road assets back to its earlier condition or keep the road assets in its normal condition as per the concession agreement terms. These expenses are primarily related to the construction or re-laying of the top layer of the road. Accordingly, such costs include considerable amounts of materials and labour.

The Investment Manager has provided the estimated MMR cost for the projected period and I have corroborated the said expenses with the Technical Due Diligence report of the SPVs prepared by the external professional agencies (M/S Resotech Consultancy Services Pvt. Ltd. for GRICL and M/s Sri Infotech for STPL) for estimating major maintenance expenses and O&M Costs for the projected period.

6.13. **Depreciation and Amortization:** The toll collection rights or the financial rights (intangible assets) of the SPV are being amortized over the period of concession using the revenue based amortization method prescribed under Schedule II of the Companies Act, 2013.

6.14. **Capital Expenditure (“Capex”):** As represented by the Investment Manager, regarding the maintenance Capex, the same has already been considered in the Operation & Maintenance expenditure and Major Maintenance and Repairs expenditure for the projected period.

6.15. **Direct Taxes:** As per the discussions with the Investment Manager, the old provisions of Income Tax Act have been considered for the SPVs till the same is beneficial in the form of reduced tax out flow on account of benefits of MAT under section 115JB. After the MAT credit is exhausted, these SPV would shift to the new tax regime under section 115BAA (with a base rate of tax of 22%, surcharge of 10%).

### 6.16. Working Capital:

The Investment Manager has provided projected Working Capital information for the SPVs. I have relied on the same. However, in case of GRICL, there is a delay for the receipt of compensation revenue from the Government of Gujarat. Hence, I have considered 120 days as the receivable days for compensation revenue in case of GRICL as represented to me by the Investment Manager.

### 6.17. Impact of Ongoing Litigation on Valuation

As on 30<sup>th</sup> September 2023, there are ongoing litigations as shown in Appendix 4. Further, Investment Manager has informed us that majority of the cases are low to medium risk and accordingly no material outflow is expected against the litigations, hence no impact has been factored on the valuation of the SPVs.

## Calculation of Weighted Average Cost of Capital for the SPVs

### 6.18. Cost of Equity:

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

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

$$K(e) = R_f + [ERP \times \text{Beta}] + \text{CSRP}$$

Wherein:

$K(e)$  = cost of equity

$R_f$  = risk free rate

ERP = Equity Risk Premium

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

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

For valuation exercise, I have arrived at adjusted cost of equity of the SPVs based on the above calculation (Refer Appendix 2).

### 6.19. Risk Free Rate:

I have applied a risk free rate of return of 7.16% on the basis of the zero coupon yield curve as on 30<sup>th</sup> September 2023 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

#### 6.20. Equity Risk Premium (“ERP”):

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

#### 6.21. Beta:

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

For the valuation of the SPVs, I find it appropriate to consider the beta of Ashoka Buildcon Limited and IRB Infrastructure Developers Limited for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPVs like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty, etc. to arrive at the adjusted unlevered beta appropriate to the SPVs.

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

$$\text{Unlevered Beta} = \text{Levered Beta} / [1 + (\text{Debt} / \text{Equity}) * (1-T)]$$

Further I have re-levered it based on debt-equity at 50:50 based on the industry Debt: Equity ratio of DBFOT/BOT based projects using the following formula:

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

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

#### 6.22. Company Specific Risk Premium (“CSRP”):

Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In the present case, considering the counter-party risk for the SPVs, considering the length of the explicit period for the SPVs, and basis my discussion with Investment Manager, I found it appropriate to consider 1% CSRP for STPL and 2% CSRP for GRICL.

#### 6.23. Cost of Debt:

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

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

Wherein:

$$K(d) = \text{Cost of debt}$$

T = tax rate as applicable

For valuation exercise, pre-tax cost of debt has been considered as 8.5% for STPL and 9% for GRICL, as represented by the Investment Manager.

#### 6.24. Weighted Average Cost of Capital (WACC):

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

Formula for calculation of WACC:

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

Accordingly, as per above, I have arrived the WACC for the explicit period of the SPVs.

(Refer Appendix 2 for detailed workings).

#### 6.25. Cash Accrual Factor (CAF) and Discounting Factor:

Discounted cash flow require to forecast cash flows in future and discount them to the present in order to arrive at present value of the assets as on Valuation Date. To discount back the projections we use the Cash Accrual Factor (“CAF”). The Cash Accrual Factor refers to the duration between the Valuation date and the point at which each cash flow is expected to accrue.



In case of Toll Projects, since the cash inflows and outflows occur continuously year-round, it is assumed that the Cash Flows are received in the middle of the annual period, i.e., Mid-point factor. Accordingly, the cash flows during each year of the projected period are discounted back from the mid-year to Valuation Date.

Discounted cash flow is equal to sum of the cash flow in each period divided by present value factor, where the present value factor is determined by raising one plus discount rate (WACC) raised to the power of the CAF.

$$DCF = [CF1 / (1+r)^{CAF1}] + [CF2 / (1+r)^{CAF2}] + \dots + [CFn / (1+r)^{CAFn}]$$

Where,

CF = Cash Flows,

CAF = Cash accrual factor for particular period

R = Discount Rate (i.e. WACC)

- 6.26. At the end of the agreed concession period, the rights in relation to the underlying assets, its operations, the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government authority that granted the concession. Hence, SPVs are not expected to generate cash flow after the expiry of their respective concession agreements. Accordingly, I found it appropriate not to consider terminal period value, which represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the assets or into perpetuity if the assets have an indefinite life, in this valuation exercise.

## 7. Valuation Conclusion

- 7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 7.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at fair EV of the SPVs.
- 7.3. Based on the above analysis, the fair EV as on the Valuation Date of the SPVs is as mentioned below:

				INR Mn
SPV	End of Projected Period	Projection Period (Balance Concession Period)	Enterprise Value	Adjusted Enterprise Value
STPL	26 September 2031	~8 Years	14,635	19,027
GRICL – AMRP	19 February 2033	~9 Years 5 Months	11,106	14,797
GRICL - VHRP	23 October 2030	~7 Years 1 Months		
(Refer Appendix 1 for detailed workings)				

- 7.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.
- 7.5. Adjusted Enterprise Value ("Adj. EV") is described as the Enterprise Value plus any closing cash or cash equivalents as at the date of valuation.
- 7.6. The fair EV of the SPVs are estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.
- 7.7. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

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

### 8.1. Scope of Work

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

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

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

### 8.2. Limitations

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

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

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

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

### 8.3. Analysis of Additional Set of Disclosures for the SPVs

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

The list of sanctions/ approvals obtained by the SPVs till the date of this Report is provided in Appendix 3.1. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPVs for which approval is pending as on 30<sup>th</sup> September 2023. Further, I have been informed by the Investment Manager that any applicable approvals required for any works to be undertaken during the operation phase are obtained as and when necessary based on the nature or extent of such works.

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

The Investment Manager has confirmed that the SPVs are not required to take any periodic clearances and hence there are no up to date/ overdue periodic clearances as on 30<sup>th</sup> September 2023.

#### C. Statement of assets included:

The details of assets in INR Mn of the SPVs as at 30<sup>th</sup> September 2023 are as mentioned below:

Sr. No.	SPV	Net Fixed Assets	Net Intangible Asset	Non-Current Assets	INR Mn
					Current Assets
1	STPL	143	3,292	1,935	4,450
2	GRICL	85	3,577	359	3,971
<b>Total</b>		<b>228</b>	<b>6,870</b>	<b>2,294</b>	<b>8,420</b>

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

I have been informed that maintenance is regularly carried out by SPVs in order to maintain the working condition of the assets.

**Historical major repairs**

**STPL**

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Amt. (in Mn)	339	626	193	-	-	1,601	130

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Amt. (in Mn)	-	-	-	-	-	1,386	-

**GRICL**

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Amt. (in Mn)	71	78	76	216	201	-

**Forecasted major repairs**

SPV	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33
STPL	900	1,162	-	-	-	1,699	290	-	263	-
GRICL	800	683	775	-	-	-	94	-	805	916

Source: Investment Manager

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

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

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

As informed by the Investment Manager, the status of arbitration matters and status of tax assessments are updated in Appendix 4.

Investment Manager has informed us that majority of the cases are having low to medium risk and accordingly no material outflow is expected against the litigations.

Hence, I have relied on the Investment Manager with respect to the current status of the above mentioned cases.

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

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

## 9. Sources of Information

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- 9.1. For the Purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:
- i. Audited Financial Statements of the SPVs for Financial Year ("FY") ended 31<sup>st</sup> March 2021, 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023;
  - ii. Provisional Financial Statements of the SPV for the period ended 30<sup>th</sup> September 2023;
  - iii. Projected financial information for the remaining project life for the SPV;
  - iv. Compensation Claim Summary from the period Aug'16 to Sep'23;
  - v. Letter confirming the compensation method by Government of Gujarat in case of GRICL;
  - vi. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);
  - vii. Technical Due Diligence Study Report dated September 2023 prepared by M/S Resotech Consultancy Services Pvt. Ltd. for GRICL and M/S Sri Infotech for STPL;
  - viii. Traffic Study Report dated October 2023 prepared by M/s Steer for the SPVs;
  - ix. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 31<sup>st</sup> March 2023;
  - x. Concession Agreement of the SPVs with the respective authority including the supplementary agreement;
  - xi. List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPVs;
  - xii. Shareholding pattern as on the report date of the SPVs and other entities mentioned in this Report;
  - xiii. Management Representation Letter by the Investment Manager dated 15<sup>th</sup> December 2023;
  - xiv. Relevant data and information about the SPVs provided to us by the Investment Manager either in written or oral form or in the form of soft copy;
- 9.2. Information provided by leading database sources, market research reports and other published data.
- 9.3. The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.
- 9.4. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.
- 9.5. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

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## 10. Exclusions and Limitations

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- 10.1. My Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 10.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 30<sup>th</sup> September 2023 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 10.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPVs till 30<sup>th</sup> September 2023. The Investment Manager has represented that the business activities of the SPVs have been carried out in normal and ordinary course between 30<sup>th</sup> September 2023 and the Report Date and that no material changes have occurred in the operations and financial position between 30<sup>th</sup> September 2023 and the Report date.
- 10.4. The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPVs or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPVs in their regulatory filings or in submissions, oral or written, made to me.
- 10.5. In addition, I do not take any responsibility for any changes in the information used by me to arrive at my conclusion as set out here in which may occur subsequent to the date of my Report or by virtue of fact that the details provided to me are incorrect or inaccurate.
- 10.6. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the SPVs or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.
- 10.7. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.
- 10.8. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 10.9. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.
- 10.10. This Report is based on the information received from the sources as mentioned in Section 9 of this Report and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of my Report.
- 10.11. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on this business.
- 10.12. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.
- 10.13. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

- 10.14. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to me in the course of this engagement.
- 10.15. My conclusion assumes that the assets and liabilities of the SPVs, reflected in their respective latest balance sheets remain intact as of the Report date.
- 10.16. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my associates, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.
- 10.17. The scope of my work has been limited both in terms of the areas of the business & operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- 10.18. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by me.
- 10.19. In the particular circumstances of this case, my liability (in contract or under any statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter for such valuation work.
- 10.20. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.
- 10.21. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 10.22. I am not an advisor with respect to legal, tax and regulatory matters for the proposed transaction. No investigation of the SPV's claim to title of assets has been made for the purpose of this Report and the SPVs claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 10.23. I have no present or planned future interest in the Trustee, Investment Manager or the SPVs and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or SPVs.
- 10.24. I have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of the factual data used in my analysis and to prevent any error or inaccuracy in this Report.

#### **Limitation of Liabilities**

- 10.25. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of RV personally.
- 10.26. In no circumstances RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise, even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables (including this Report) is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable(s).
- 10.27. It is clarified that the Investment Manager will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.
- 10.28. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Investment Manager.

10.29. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Yours faithfully,



**S. Sundararaman**

Registered Valuer

IBBI Registration No.: IBBI/RV/06/2018/10238

Asset Class: Securities or Financial Assets

Place: Chennai

UDIN: 23028423BGYWJE8744



## Appendix 1 – Valuation of SPVs as on 30<sup>th</sup> September 2023

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Abbreviations	Meaning
EBITDA	Operating Earnings Before Interest, Taxes, Depreciation and Amortization
MMR	Major Maintenance and Repair Expenses
Capex	Capital Expenditure
Wcap	Incremental Working Capital
FCFF	Free Cash Flow to the Firm
CAF	Cash Accrual Factor
DF	Discounting Factor
PVFCFF	Present value of Free Cash Flow to the Firm

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Appendix 1 – Valuation as on 30<sup>th</sup> September 2023 under the DCF Method

STPL												INR Mn
Year	Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G=A-B-C-D-E-F				H	I=G*H
FY24	1,807	1,274	414	(900)	-	-	186	602	0.25	9.97%	0.98	588
FY25	3,667	2,697	514	(1,162)	-	-	403	1,646	1.00	9.97%	0.91	1,497
FY26	3,950	3,206	253	-	-	-	489	2,970	2.00	9.97%	0.83	2,456
FY27	4,129	3,296	313	-	-	-	503	3,106	3.00	9.97%	0.75	2,336
FY28	4,352	3,419	385	-	-	-	525	3,279	4.00	9.97%	0.68	2,242
FY29	4,716	3,664	469	(1,699)	-	-	567	1,868	5.00	9.97%	0.62	1,161
FY30	5,078	3,893	568	(290)	-	-	1,029	3,142	6.00	9.97%	0.57	1,776
FY31	5,408	4,637	117	-	-	-	1,178	3,577	7.00	9.97%	0.51	1,839
FY32	2,785	2,256	146	(263)	-	-	539	1,599	7.75	9.97%	0.48	766
<b>Enterprise Value</b>												<b>14,661</b>
(+ ) Present Value of Working Capital Release												(26)
<b>Enterprise Value</b>												<b>14,635</b>
(+ ) Closing cash or cash equivalents as at the Valuation Date												4,391
<b>Adjusted Enterprise Value</b>												<b>19,027</b>

Appendix 1 – Valuation as on 30<sup>th</sup> September 2023 under the DCF Method

GRICL											INR Mn
Year	Revenue	EBITDA	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E		F=A-B-C-D-E			G	I=G*H
FY24	1,571	1,372	(800)	-	79	181	312	0.25	10.46%	0.98	304
FY25	3,133	2,711	(683)	-	20	347	1,660	1.00	10.46%	0.91	1,503
FY26	3,147	2,692	(775)	-	17	516	1,385	2.00	10.46%	0.82	1,135
FY27	3,356	2,881	-	-	36	755	2,090	3.00	10.46%	0.74	1,551
FY28	3,591	3,089	-	-	51	804	2,234	4.00	10.46%	0.67	1,501
FY29	3,833	3,301	-	-	39	855	2,407	5.00	10.46%	0.61	1,464
FY30	4,063	3,498	(94)	-	39	878	2,487	6.00	10.46%	0.55	1,369
FY31	3,667	3,115	-	-	(1)	803	2,313	7.00	10.46%	0.50	1,153
FY32	2,943	2,510	(805)	-	(37)	447	1,296	8.00	10.46%	0.45	585
FY33	2,787	2,342	(916)	-	(21)	374	1,072	8.95	10.46%	0.41	440
Enterprise Value											11,004
(+ ) Present Value of Working Capital Release											102
Enterprise Value											11,106
(+ ) Closing cash or cash equivalents as at the Valuation Date											3,691
Adjusted Enterprise Value											14,797

**Appendix 2 – Weighted Average Cost of Capital of the Toll SPVs as on 30<sup>th</sup> September 2023**

Particulars	STPL	GRICL	Remarks
Risk free return (Rf)	7.16%	7.16%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th September 2023 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.00%	7.00%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.71	0.70	Beta has been considered based on the beta of companies operating in the similar kind of business in India
<b>Cost of Equity (Ke)</b>	<b>12.14%</b>	<b>12.04%</b>	<b>Base Ke = Rf + (<math>\beta</math> x ERP)</b>
Company Specific Risk Premium (CSRP)	1.00%	2.00%	Based on SPV specific risk(s)
<b>Revised Cost of Equity (Ke)</b>	<b>13.14%</b>	<b>14.04%</b>	<b>Adjusted Ke = Rf + (<math>\beta</math> x ERP) + CSRP</b>
Pre-tax Cost of Debt (Kd)	8.50%	9.00%	As represented by the Investment Manager
Tax rate of SPV	20.04%	23.63%	Tax Rate Applicable to SPVs is considered
<b>Post-tax Cost of Debt (Kd)</b>	<b>6.80%</b>	<b>6.87%</b>	<b>Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)</b>
Debt/(Debt+Equity)	50.00%	50.00%	Debt : Equity ratio computed as [D/(D+E)]
<b>WACC</b>	<b>9.97%</b>	<b>10.46%</b>	<b>WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]</b>

### Appendix 3 – Summary of approval and licences

#### Appendix 3.1 : GRICL

Sr. No.	Description of the permits	Date of Issue	Issuing Authority
1	Registration under the concerned Shops and Establishment Act, as applicable	16-Feb-09	Ahmedabad Municipal Corporation
2	Registration under the concerned Shops and Establishment Act, as applicable	29-Jan-01	Vadodara Municipal Corporation
3	Registration under the concerned Shops and Establishment Act, as applicable	05-Mar-21	Amdavad Municipal Corporation
4	Registration under the concerned Shops and Establishment Act, as applicable	29-Jan-21	Vadodara Municipal Corporation
5	Enrolment Certificate under the concerned Professional Tax Act, as applicable	07-Jul-20	Professional Tax Department, Amdavad Municipal Corporation
6	Registration Certificate under the concerned Professional Tax Act, as applicable	07-Jul-20	Professional Tax Department, Amdavad Municipal Corporation
7	Enrolment Certificate under the concerned Professional Tax Act, as applicable	22-Oct-99	Commercial Tax Department, Vadodara
8	Registration Certificate under the concerned Professional Tax Act, as applicable	22-Oct-99	Commercial Tax Department, Vadodara
9	Principal Employer Registration (issued by local Labour Commissioner)	03-Oct-14	Additional Labour Commissioner
10	License for Power Supply	06-May-22	Electrical Inspector, Gandhinagar
11	Environmental Clearance for strengthening & widening of roads	30-Mar-00	Forests & Environmental Dept., Government of Gujarat
12	License to use forest or non - agricultural land	14-Nov-00	Ministry of Environment or Forests, Government of India
13	Approvals from Central/ State Pollution Control Boards for setting up of Hot Mix Plant .	11-Jan-01	Gujarat Pollution Control Board

Source: Investment Manager

## Appendix 3.2 :\_STPL

Sr. No.	Description of the permits	Date of Issue	Issuing Authority
1	Labour licenses (issued by local Labour Commissioner)		
	Budanam Toll Plaza	21-Nov-18	Ministry of Labour and Employment
	Sullurupet Toll Plaza	19-Dec-18	Ministry of Labour and Employment
	Venkatachalam Toll Plaza	23-Nov-18	Ministry of Labour and Employment
	Keesara Toll Plaza	29-Mar-22	Ministry of Labour and Employment
	Nellore	09-Nov-21	Ministry of Labour and Employment
	Hyderabad	30-Nov-19	Ministry of Labour and Employment
2	Registration under the concerned Shops and Establishment Act, as applicable	30-Nov-19	Labour Department - Government of Telangana
	Hyderabad	25-Jan-22	Commercial Taxes Department - Government of Telangana
	Keesara Toll Plaza	05-Apr-21	Commercial Taxes Department - Government of Andhra Pradesh
	Nellore	05-Apr-21	Commercial Taxes Department - Government of Andhra Pradesh
	Sullurupet Toll Plaza	05-Apr-21	Commercial Taxes Department - Government of Andhra Pradesh
	Budanam Toll Plaza	05-Apr-21	Commercial Taxes Department - Government of Andhra Pradesh
3	Consent of Establishment and Operation of Plants from Pollution Control Board	29-Aug-01	Andhra Pradesh Pollution Control Board
4	Approvals from Central/ State Pollution Control Boards for setting up of Hot Mix Plant .	02-Jul-02	Andhra Pradesh Pollution Control Board
5	License for use of explosives	04-Jul-01	Department of Explosives, Government of India
6	License to import and store petroleum in installation	02-Jan-02	Department of Explosives, Government of India
7	NOC for establishment of HSD storage tanks	22-Nov-01	Department of Explosives, Government of India
8	Permisision of State government for drawing water from river/reservoir	20-Aug-02	Irrigation & CAD Department
9	Quarry Lease Deed	20-Apr-01	Department of Miles & Geology, Government of Andhra Pradesh

Source: Investment Manager

#### Appendix 4.1 – Summary of ongoing litigation of GRICL (1)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Mn)
1	Application and appeal filed seeking interim reliefs under the Arbitration Act by Samvit		Special Judge, Commercial Courts and 5th Additional District & Sessions Judge Ahmedabad (Rural) at Mirzapur, Ahmedabad (Commercial Court) High Court of Gujarat	<p><b>Background of the case:</b> Samvit's advertising agreement with GRICL expired on July 31, 2022. GRICL rejected Samvit's extension request and demanded hoarding removal with a penalty. Samvit filed a Section 9 Application to prevent removal and new agreements. The Commercial Court rejected it on March 16, 2023. Samvit appealed to the Gujarat High Court, arguing heavy investment, high bids, and lack of evidence of a new agreement. An interim stay application is also pending in the First Appeal.</p> <p><b>Current Status:</b> We understand from the online records that the First Appeal was last listed on 05 October 2023. The interim application for stay is currently pending. The next date of hearing is 12 December 2023.</p>	
2	Application under Section 11 of the Arbitration Act for appointment of an arbitrator in Samvit advertisement hoarding dispute		High Court of Gujarat	<p><b>Background of the case:</b> Samvit has filed an arbitration petition against GRICL under section 11 of the Arbitration Act for appointment of an arbitrator to initiate the arbitration proceedings. The dispute stems from the advertisement agreement entered between Samvit and GRICL. The agreement involved renting advertising space on a toll road, which ended on 31 July 2022. Samvit's request for extension of the said agreement was rejected by GRICL and GRICL asked Samvit to remove the hoardings and pay INR 1,91,891 for non-removal after the expiration of the agreement.</p> <p><b>Current Status:</b> We understand from the online records that the High Court of Gujarat has issued a notice that was returnable by 30 June 2023. The next hearing date in the matter has not been updated online.</p>	
3	Criminal case instituted by Samvit Impex Private Limited (Samvit) against GRICL, CMP Praveen Vasanth		Kalol Court, Gandhinagar, Gujarat (Kalol Court)	<p><b>Background of the case:</b> A criminal case has been filed by Samvit against GRICL through CMP Pravin Vasanth under various sections of the Indian Penal Code, 1860 on 5 April 2023 inter alia for theft and criminal breach of trust. The complaint is regarding removal of certain hoardings of Samvit by GRICL. The hoardings were removed after the expiration of the advertisement agreement with Samvit and disposal of Section 9 Application filed by Samvit by the Commercial Court.</p> <p><b>Current Status:</b> We understand from online records that GRICL through CMP Praveen Vasanth was issued summons dated 3 May 2023 from Kalol Court. Mr. Praveen Vasanth along with GRICL's advocate recorded his statement before the Kalol Court on 14 May 2023. The next date of hearing is 30 November 2023.</p>	

#### Appendix 4.1 – Summary of ongoing litigation of GRICL (2)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Mn)
4	Unlawful/illegal activities at Mevad toll plaza near Mehsana		District Court (Single Judge), Mehsana	<p><b>Background of the case:</b> GRICL and TBR Infra's toll operation agreement involved TBR Infra providing traffic marshals, who were later found allowing vehicles to pass without toll collection. GRICL requested their removal, but Local Miscreants persisted in threatening and assaulting GRICL staff at Mevad Toll Plaza. In August 2021, GRICL reported the incidents to the police, leading to an FIR against the miscreants for physical abuse and threats. Witness statements were documented in a police panchnama.</p> <p><b>Current Status:</b> We understand from the Claim document that police has filed charge sheet and the matter is sub-judice before the sub-division Magistrate court. Further, we understand that GRICL is not a party to the proceedings. The documents provided in the matter did not contain the case details for online tracking and hence we are unable to update the online status herein.</p>	
5	Balvantsinh Somaji Makhwana v. GRICL (MACP/125/2021)		District Court of Gujarat	Basis the vendor due diligence report for GRICL dated 5 May 2022 prepared by SAM (GRICL VDDR) and Representative's response, we understand that GRICL has not received any documents from the court or petitioner in respect of these litigations.	
6	Ritaben Dineshbhai Patel v. Mukeshbhai Babubhai Pateliya & GRICL (MACP/134/2021)		District Court of Gujarat	Basis GRICL VDDR and Representative's response, we understand that GRICL has not received any documents from the court or petitioner in respect of these litigations.	
7	Writ petition challenging levy of toll		High Court of Gujarat	<p><b>Background of the case:</b> The Akhil Gujarat Truck Transport Association (AGTTA) and Mr. Nimish Jitendrabhai Patel filed a writ petition on October 1, 2020, against GRICL, the State of Gujarat, and Gujarat State Road Development Corporation Limited. The petition seeks directions to stop toll collection on GRICL projects or sever section 12 from concession agreements. Alternatively, it requests directions for providing return fares and halting escalating toll rates for additional axles in multi-axle vehicles. Other prayers include disclosing toll collection accounts, refunding excess toll with 12% interest to the State of Gujarat, providing details of all toll roads in Gujarat, and any other relief the court deems fit. The Respondents replied on March 18, 2021. GRICL filed an affidavit on September 2, 2023, and R&amp;BD and AGTTA submitted affidavits-in-reply on September 4, 2023. GRICL responded to AGTTA's affidavit on September 14, 2023.</p> <p><b>Current Status:</b> The dispute is currently pending before the High Court of Gujarat. The last date of hearing as per the orders on the High Court of Gujarat website was 6 November 2023 and the next date of hearing is 11 December 2023.</p>	

Source: Investment Manager



#### Appendix 4.2 – Summary of ongoing litigation of STPL (1)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Mn)
1	Writ Petition		High Court of Andhra Pradesh at Amravati	<p><b>Background of the case:</b> Rampa John filed a petition under Articles 226 and 227 of the Indian Constitution challenging the Swarna toll plaza's establishment by STPL in Keesara village, NTR district. Allegations include violations of the National Highways Fee Rules, 2008, and illegal toll collection. The petitioner seeks a writ of mandamus to declare the toll plaza establishment as contrary to NH Rules, removal of the toll plaza, compliant toll fee collection, and depositing the collected amount of INR 540,00,00,000 to the government of Andhra Pradesh. An interim relief to stay toll collection is also requested.</p> <p><b>Current Status:</b> We understand from the status of legal cases titled "13.2.32.1 Legal tracker-18.10.2023" and the online records that the interim application is still pending adjudication. No stay has been granted against STPL. The matter was last listed on 12 July 2023, however, the same could not be taken up. The next hearing date in the matter has not been updated online.</p>	INR 5400 Million
2	Consumer Dispute - Compensation		Telangana State Consumer Disputes Redressal Commission, Hyderabad (State Commission)	<p><b>Background of the case:</b> STPL filed a complaint against United India Insurance for non-payment of a flood damage claim before the District Consumer Disputes Redressal Commission, Hyderabad. The reliefs sought include the payment of the claim amount of INR 33,77,00,000/- with interest, compensation for mental agony worth INR 25,00,000/-, and costs. The District Commission ruled in favor of STPL, awarding INR 22,42,00,000 with 9% interest and INR 5,00,000 for mental agony. United Insurance is appealing the decision before the State Commission, and STPL has filed an execution application and a penalty petition for non-payment.</p> <p><b>Current Status:</b> We understand from the status of legal cases titled "13.2.32.1 Legal tracker-18.10.2023" and the online records that the State Commission stayed the District Commission's order on 21 November 2022 after United Insurance appealed and deposited 50% of the awarded amount. Further, the execution application filed by STPL was also closed in view of the stay order and liberty was granted to STPL to file the application as and when the appeal is decided. The next date of hearing in the appeal is 05 February 2024.</p>	INR 224.7 million (approx.)
3	Criminal Complaint - Defamation		XIV Additional Chief Metropolitan Magistrate at Nampally, Hyderabad	<p><b>Background of the case:</b> STPL has filed a criminal complaint on 20 May 2021, against its former employees, N. Sivasankar (Accused 1), T. Chandra Sekhar (Accused 2) and Murali Krishna (Accused 3) under Section 500 of the Indian Penal Code, 1860 read with Section 200 of the Criminal Procedure Code, 1973.</p> <p><b>Current Status:</b> We understand from the status of legal cases titled "13.2.32.1 Legal tracker-18.10.2023" and the online records that, on 30 June 2023, Accused 3 filed for recall of the bailable warrant, issued against him by furnishing sureties, thereby seeking cancellation of the warrant. Further, fresh summons were issued against the Accused 2. The next date of hearing is 24 November 2023.</p>	

#### Appendix 4.2 – Summary of ongoing litigation of STPL (2)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
4	Consumer complaint filed for deficiency in services		District Consumer Forum – II at Vijayawada	<p><b>Background of the case:</b> Mr. Baddula Venkata Ramanaiah has filed a consumer complaint (number 73 of 2020) against STPL, alleging deficiencies in services related to the STPL project highway and malfunctioning Fast-tag sensors at the Keesara toll plaza. The complaint includes claims of increased traffic, delays, discourteous behavior by toll plaza workers, and vehicle stops due to non-functioning Fast-tag scanners. The compensation sought is INR 2,00,000/-, but the legal tracker indicates a claimed amount of INR 1,05,200/-. STPL has responded with a reply and evidence affidavit, and the complainant has filed a chief affidavit in the ongoing proceedings.</p> <p><b>Current Status:</b> The matter was last listed on 13 October 2023 for filing of evidence affidavit of the opposite parties other than STPL. On 13 October 2023, the matter was adjourned to 09 November 2023.</p>	Between 0.2 million to 0.1052 million
5	Civil Suit filed to seek injunction from declaring the vehicle as Mechanic Motor Vehicle (MMV)		Additional Junior Civil Judge, Nellore	<p><b>Background of the case:</b> While we have not reviewed the underlying documents for the present litigation considering the materiality threshold, we understand from the documents titled "13.2.32.1 Legal tracker-18.10.2023", STPL VDDR and online records that Mr. Prabhu Kishore filed a suit (i) seeking mandatory injunction to declare his vehicle bearing number AP 39J 2629 as MMV, (ii) for implementing the NHAI circular No. NHAI/13013/CO/2015-2016 dated 14 January 2016 declaring the above-mentioned vehicle as MMV, and (iii) costs of suit, and (iv) and any other relief as deemed fit and proper.</p> <p><b>Current Status:</b> STPL received summons on 30 May 2023. The matter was last listed on 22 September 2023 but was not taken up as the learned Judge was on leave. The matter is now listed on 9 November 2023.</p>	INR 0.015 million
6	Industrial Dispute		CGIT Hyderabad	<p><b>Background of the case:</b> Some employees of STPL have challenged their dismissal and have sought reinstatement of services. Industrial Dispute was filed u/s 2 A (2) of Industrial Dispute Act, 1947 challenging his dismissal and seeking reinstatement of services with the Company.</p> <p><b>Current Status:</b> The legal tracker of October 18, 2023, reveals that STPL received notices from CGIT Notices on December 28, 2021. The case was scheduled on various dates between January 5, 2021, and November 29, 2022. The next hearing on March 9, 2023, saw STPL filing its written statement. Subsequent adjournments to May 18, 2023, and then August 4, 2023, were for additional evidence. The case was further adjourned to September 29, 2023. On this date, STPL requested more time to file the Enquiry Proceedings and Report of the Petitioners, leading to a new hearing on October 6, 2023. On that date, STPL filed the Domestic Enquiry proceedings and Reports of 9 out of 13 Petitioners, with the remaining expected on November 7, 2023, the next hearing date.</p>	

#### Appendix 4.2 – Summary of ongoing litigation of STPL (3)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
7	Industrial Dispute	CGIT Hyderabad (Petitioner Name: Murali Krishna)		<p><b>Background of the case:</b> The individual has filed a complaint and the matter was referred by RLC, Hyderabad to CGIT- Hyderabad on termination of Mr. Murali Krishna.</p> <p><b>Current Status:</b> We have been informed that STPL is yet to receive notice from CGIT. We were informed that STPL had received a letter from union requesting to settle this dispute amicably but STPL's counsel advised against settling the matter to avoid setting a precedent.</p>	
8	Industrial Dispute	CGIT Hyderabad (Petitioner Name: N Sivasankar)		<p><b>Background of the case:</b> N. Sivasankar, General Secretary of STWU, was an employee of STPL. N Sivasankar had misbehaved with the Chief of Operations and Maintenance and the HR Manager. Consequently, STPL by way of its letter dated 5 February 2019, suspended N. Sivasankar pending disciplinary enquiry. Upon completion of the enquiry on 6 June 2019, STPL dismissed N. Sivasankar from the services of STPL. Conciliation before the Deputy Labour Commissioner, Hyderabad failed and the matter was referred by ALC, Nellore to CGIT Hyderabad on termination of Mr. N. Siva Shankar.</p> <p><b>Current Status:</b> STPL is yet to receive notice from the tribunal. This individual has also refused to accept his gratuity payment, however, no separate claim has been filed for gratuity. We were informed that STPL had received a letter from union requesting to settle this dispute amicably but STPL's counsel advised against settling the matter to avoid setting a precedent.</p>	
9	Industrial Dispute	CGIT Hyderabad		<p><b>Background of the case:</b> The matter was referred by ALC , Vijayawada Hyderabad to CGIT- Hyderabad on disparity of increments granted to workmen by company.</p> <p><b>Current Status:</b> Basis the legal tracker dated 18 October 2023, we understand that STPL is yet to receive notice from CGIT.</p>	

#### Appendix 4.2 – Summary of ongoing litigation of STPL (3)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
10	Industrial Dispute		CGIT Hyderabad	<p><b>Background of the case:</b> The matter was referred by DLC, Hyderabad Hyderabad to CGIT- Hyderabad on revision of pay structure.</p> <p><b>Current Status:</b> Basis the legal tracker dated 18 October 2023, we understand that STPL is yet to receive notice from CGIT. .</p>	
11	Employee Compensation		Hon'ble High Court, Andhra Pradesh	<p><b>Background of the case:</b> Bola Venkateswarlu, a former employee of STPL, has claimed compensation of INR 1,138,208 from STPL before the Commissioner for Employees Compensation and Deputy Commissioner of Labour, Nellore. He attributes health problems, including the loss of eye vision, to night services and heavy workload during his employment, leading to his resignation on January 6, 2016. The Commissioner, in an order dated February 6, 2018, awarded compensation of INR 235,291. STPL has contested this order in the High Court of Telangana, Hyderabad, seeking its annulment. Additionally, Venkateswarulu has applied to increase the compensation amount to INR 1,138,208, asserting that his ailments were not work-related but were pre-existing due to his lifestyle.</p> <p><b>Current Status:</b> Bola Venkateswarulu has passed away and STPL has filed affidavits to bring the legal representatives of Bola Venkateswarulu on record as per the legal tracker dated 18 October 2023 provided to us in the VDR. The case was last posted for hearing on 11 October 2023.</p>	
12	Industrial Dispute		Regional Labour Commissioner (Central), Hyderabad	<p><b>Background of the case:</b> The Swarna Tollway Workers Union file a claim before RLC, Hyderabad submitting a Charter of Demands.</p> <p><b>Current Status:</b> We have been informed that STPL filed its objections with RLC Hyderabad. However, since the union was absent on multiple hearings, the matter has been closed.</p>	

#### Appendix 4.2 – Summary of ongoing litigation of STPL (4)

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
13	Minimum Wages Matter		Regional Labour Commissioner (Central), Hyderabad	<p><b>Background of the case:</b> STPL had issued a work order dated 30 June 2020, to Satyam Security &amp; Investigations Private Limited (SSIPL), for providing lane services for the toll plaza and highway route patrolling at NH-5 and NH-9. Swarna Tollway Workers &amp; Contract Workers Union (STWCWU) has raised a claim on behalf of the workers of SSIPL before the Regional Labour Commissioner (Central) and authority under the MW Act (RLC) alleging that a total of 25 lane attendants were not paid minimum wages, for the period between 1 April 2017, to 31 January 2021, totally amounting to INR 4,395,000 (INR 1,75,812 per employee), excluding interest/damaged as may be levied.</p> <p><b>Current Status:</b> STPL has contested a dispute with the STCWU union and 25 lane attendants, raising objections including the refusal to recognize the union, questioning its standing, and disputing the employment status of the attendants. The dispute is pending before the Regional Labour Commissioner (RLC). The legal tracker indicates multiple hearings and an investigation into forgery allegations against union officials. The RLC suspended proceedings pending the investigation's completion. After the investigation concluded, the case awaits the investigation report. Subsequent hearings were scheduled, and on September 21, 2023, due to the absence of one party, the matter was postponed. The Applicants have not filed the Chief Examination Affidavit, and the case is set for October 19, 2023, for the presentation of records for cross-examination.</p>	

Source: Investment Manager

<< End of Report >>