

December 27, 2024

To

<b>National Stock Exchange of India Limited</b> Listing Compliance Department Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (E), Mumbai-40005 <b>Symbol- HIGHWAYS</b>	<b>BSE Limited</b> Corporate Relationship Department Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001 <b>Scrip Code: 974227, 974228, 975333 ("Non-Convertible Debentures"), 728473 ("Commercial Paper")</b>
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**Sub: Notice of Postal Ballot of Highways Infrastructure Trust**

Dear Sir/Madam,

Pursuant to the provisions of Regulation 22(2) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended 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 Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2024/44 dated May 15, 2024 issued by the Securities and Exchange Board of India (the "**SEBI Master Circular**") and pursuant to other applicable laws and regulations, if any, as may be applicable in this regard, Highway Concessions One Private Limited (the "**Investment Manager**"), acting as the Investment Manager on behalf of Highways Infrastructure Trust (the "**Highways Trust**" or **Trust**") seeks approval of the Unitholders of the Trust on the resolutions as given below and as set out in the Postal Ballot Notice through postal ballot including remote electronic voting.

Sr. No.	Description of Resolution	Type of Resolution
1.	To consider and approve provision of financial assistance to North Telangana Expressway Private Limited	Simple Majority (i.e. where votes cast in favour of the resolution shall be more than the fifty per cent of the total votes cast for the resolution)
2.	To consider and approve the issuance of units of Highways Infrastructure Trust for an aggregate amount up to approximate ₹ 55,013 million on a preferential basis	Super Majority (i.e. where the votes cast in favour of the resolution shall be at least sixty per cent of total votes cast for the resolution)

In that regard, we would like to inform you that on Thursday, December 27, 2024, the Investment Manager on behalf of the Trust has dispatched the Postal Ballot Notice electronically to the Unitholders of the Trust whose names appear in the records of Depositories as on the cut-off date i.e., Friday, December 20, 2024. The Investment Manager also has engaged the services of Link Intime India Private Limited ("**Link Intime**"), Registrar and Share Transfer Agent, as an agency to provide

remote e-voting facility to Unitholders. The procedure for remote e-voting is detailed in the Notes to the Postal Ballot Notice.

The voting period including physical receipt of filled in postal ballot form and remote e-voting shall commence from 09:00 hours (IST) on Saturday, December 28, 2024, and ends at 17:00 hours (IST) on Saturday, January 18, 2025 (*both days inclusive*) and the result of to the same will be declared not later than Monday, January 20, 2025.

A copy of Postal Ballot Notice dated December 26, 2024, is enclosed.

The said information is also being uploaded on the website of HIT at [www.highwaystrust.com](http://www.highwaystrust.com).

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully

**For Highway Concessions One Private Limited**

*(acting as an Investment Manager of Highways Infrastructure Trust)*

**Gajendra Mewara**

**Company Secretary & Compliance Officer**

**M. No. – ACS 22941**

**Place: Mumbai**

**CC:**

<b>Axis Trustee Services Limited</b> ("Unit Trustee") Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400025	<b>Catalyst Trusteeship Limited</b> ("Debenture Trustee") Windsor, 6 <sup>th</sup> floor, Office No. 604, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400098	<b>ICICI Bank Limited</b> ("Issuing & Paying Agent") ICICI Bank Towers, Bandra Kurla Complex, Bandra, (East), Mumbai – 400051
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**HIGHWAYS INFRASTRUCTURE TRUST**

**Principal Place of Business:** 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:** [Compliance.highwaysinvit@highwayconcessions.com](mailto:Compliance.highwaysinvit@highwayconcessions.com);

**Website:** [www.highwaystrust.com](http://www.highwaystrust.com)

**(SEBI Registration number IN/InvIT/21-22/0019)**

**REF No. HIT/PBN/03/2024-25**

**POSTAL BALLOT NOTICE**

Dear Unitholder(s),

**NOTICE** is hereby given that pursuant to the Regulation 22(2)(b) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended 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 Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2024/44 dated May 15, 2024 issued by the Securities and Exchange Board of India (the “**SEBI Master Circular**”) and pursuant to other applicable laws and regulations, if any, as may be applicable in this regard, the resolutions as set out in this notice (the “**Notice**” or the “**Postal Ballot Notice**”) are proposed to be passed by the unitholders (the “**Unitholders**”) of Highways Infrastructure Trust (the “**Trust**”) through postal ballot including electronic voting (“**e-voting**”).

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 voting 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 i.e. Link Intime India Private Limited (“**Link Intime**”) as on the closure of business hours of December 20, 2024 (“**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 have the option to vote either by means of physical postal ballot or through e-voting. Unitholders desiring to exercise their vote by means of postal ballot process are requested to carefully read the instructions indicated in this Postal Ballot Notice and record their assent (“**FOR**”) or dissent (“**AGAINST**”) in the attached postal ballot form (the “**Postal**”).

**Ballot Form**") and submit the same duly completed and signed. The Trust is also providing e-voting facility from Link Intime for voting electronically on the resolutions proposed in this Postal Ballot Notice. The unitholders desiring to opt for the e-voting facility are requested to read carefully the related notes to this Postal Ballot Notice and instructions given thereunder.

Unitholders can opt for only one mode of voting, i.e. either by physical postal ballot or through e-voting. In case Unitholders cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical Postal Ballot will be treated as "INVALID".

Only those Unitholders who are identified as on the closure of cut-off date December 20, 2024 shall be eligible to vote.

The voting period commences at 09:00 hours (IST) on **Saturday, December 28, 2024** and ends at 17:00 hours (IST) on **Saturday, January 18, 2025** (*both days inclusive*).

### **Scrutinizer's Report**

After completion of the scrutiny of the Postal Ballots and e-voting in a fair and transparent manner, the Scrutinizer will submit his report to the Board of Directors of Investment Manager of the Trust ("**Board**"), or any other person authorized by the Board.

The results declared along with the Scrutinizer's report will be submitted to the Stock Exchange no later than **Monday, January 20, 2025** and it shall be displayed on the Trust's website at [www.highwaystrust.com](http://www.highwaystrust.com).

## PROPOSED RESOLUTION(S):

### ITEM NO. 1:

#### **TO CONSIDER AND APPROVE PROVISION OF FINANCIAL ASSISTANCE TO NORTH TELANGANA EXPRESSWAY PRIVATE LIMITED ("NTEPL")**

To consider and, if thought fit, to pass with or without modification(s), the following resolution by way of simple majority (i.e. where votes cast in favour of the resolution shall be more than the fifty per cent of the total votes cast for the resolution) in terms of Regulation 22(4) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended and the notifications, guidelines and circulars issued thereunder from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force):

**"RESOLVED THAT** pursuant to the provisions of Regulation 18(3) and 22(4) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (the **"SEBI InvIT Regulations"**) and all other applicable provisions, if any, of the SEBI InvIT Regulations as amended from time to time, read with Master Circular bearing no. SEBI/HO/DDHS-PoD-2/P/CIR/2024/44 dated May 15, 2024 (**"SEBI 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 (hereinafter referred to as the **"Board"** which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers, conferred by this Resolution), acting as Investment Manager (**"Investment Manager"**) of Highways Infrastructure Trust (the **"Highways Trust"** or **"Trust"**), the consent of the Unitholders, be granted to the Trust acting through its Trustee, Axis Trustee Services Limited (the **"Trustee"**) and, the Investment Manager, to acquire by way of subscription the securities of or provide secured or unsecured fund based and/or non-fund-based support of up to ₹ 67,610 million to North Telangana Expressway Private Limited, a special purpose vehicle of the Trust (**"Project SPV"**) incorporated to undertake the road project, details of which are described below, on Toll, Operate and Transfer (**"TOT"**) basis (**"Project"**) in order to enable Project SPV to (i) pay an upfront concession fee of ₹ 66,610 million to National Highway Authority of India (**"NHAI"**) in terms of the concession agreement executed between Project SPV and NHAI; and (ii) meet requirements of up to ₹ 1,000 million for operational and business purposes as may be required from time to time;

<b>Project Description</b>	Tolling, Operation, Maintenance & Transfer of MH/TS Border to Armur (from Existing KM 175 + 000 to Existing KM 313 + 507) & Adloor Yellareddy to Bowenpally (from Existing KM 373 + 762 to Existing KM 486 + 838) of NH – 44 in the state of Telangana on Toll, Operate and Transfer basis
<b>Length</b>	251.58 KM

<b>Concession Fee &amp; Period</b>	The Project SPV is required to pay an upfront concession fee of ₹ 66,610 million to NHAI. Concession period is for a period of 20 years commencing from the appointed date as determined under the terms of the concession agreement.
<b>Appointed Date</b>	Tolling rights and operational obligations will commence from the appointed date as determined under the terms of the concession agreement.

**RESOLVED FURTHER THAT** Board be authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to finalising the terms and conditions, methods and modes in respect thereof and finalising and executing necessary documents, including contract(s), scheme(s), agreement(s), undertaking(s) and any amendments, supplements or modifications to such documents, and file applications and make representations in respect thereof and seek approval from relevant authorities, including governmental/ regulatory authorities, as applicable, in this regard and deal with any matters, take necessary steps as the Board may, in its absolute discretion deem necessary, desirable or expedient, to give effect to this resolution and to settling all such issues, questions, difficulties or doubts whatsoever in this regard and incidental thereto, and to take all such decisions from powers herein conferred, without being required to seek any further consent or approval of the Unitholders or otherwise to the end and intent that the Unitholders shall be deemed to have given their approval thereto expressly by the authority of this resolution;

**RESOLVED FURTHER THAT** the Board be authorized to delegate all or any of the powers herein conferred to a committee of directors constituted or to be constituted or any other officer or officers of the Investment Manager to give effect to the aforesaid resolution;

**RESOLVED FURTHER THAT** all the actions taken by the Trustee, the Board of the Investment Manager or any of their respective directors, officers and employees in connection with any matter referred to or contemplated in any of the foregoing resolution be ratified, confirmed and approved.”

**ITEM NO. 2:**

**TO CONSIDER AND APPROVE THE ISSUANCE OF UNITS OF HIGHWAYS INFRASTRUCTURE TRUST ("HIGHWAYS TRUST" OR "TRUST") FOR AN AGGREGATE AMOUNT UP TO APPROXIMATE ₹ 55,013 MILLION ON A PREFERENTIAL BASIS**

To consider and, if thought fit, to pass the following resolution, with or without modification(s), by way of super majority (i.e. where the votes cast in favour of the resolution shall be at least sixty per cent of total votes cast for the resolution) in terms of the Regulation 22(5) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("**SEBI InvIT Regulations**") read with 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 provided in Chapter 7 of the Master Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2024/44 issued by SEBI for Infrastructure Investment Trust dated May 15, 2024 ("**Master Circular**") as amended and the notifications, guidelines and circulars issued thereunder from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force):-

**"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 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 "*Guidelines for preferential issue of units and institutional placement of units by a listed Infrastructure Investment Trust (InvIT)*" as provided in Chapter 7 of the Master Circular issued by the Securities and Exchange Board of India ("**SEBI**") bearing no. SEBI/HO/DDHS-PoD-2/P/CIR/2024/44 dated May 15, 2024, as amended from time to time ("**SEBI Master Circular**"), Foreign Exchange Management Act, 1999, including the rules made thereunder and other applicable regulations and guidelines issued by SEBI, Reserve Bank of India ("**RBI**") or such other statutory, regulatory and governmental authorities and in accordance with the trust deed of the Highways Infrastructure Trust ("**Highways Trust / Trust**") dated December 3, 2021 as amended from time to time (such trust deed, "**Trust Deed**") and the listing agreements entered into on behalf of the Trust with the National Stock Exchange of India Limited ("**Stock Exchange**"), on which the units representing an undivided beneficial interest in the Trust (the "**Units**") are listed, the consent, authority and approval of the Unitholders be granted to undertake an issue of up to 70,43,95,456 Units of the Trust at an issue price of ₹ 78.10 per unit for an aggregate amount of up to ₹ 55,01,32,85,115 (Rupee Five Thousand Five Hundred One Crore Thirty-Two Lakhs Eighty-Five Thousand One Hundred and Fifteen Only) on a preferential basis in accordance with the InvIT Regulations ("**Preferential Issue**"), on such terms and conditions, including at such price as is determined in accordance with the InvIT Regulations, and SEBI Master Circular and as agreed to by the board of directors (hereinafter referred to as the "**Board**" which term shall be deemed to include any committee constituted by the Board to exercise its powers, including the powers,



conferred by this Resolution) 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 Master Circular or other provisions of law as may be prevailing at that time of issuance :-

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 Group*	48,09,21,895	37,56,00,00,000
2.	2452991 Ontario Limited	Non-Sponsor	21,71,37,887	16,95,84,68,975
3.	Trust Investment Advisors Private Limited	Non-Sponsor	63,35,674	49,48,16,140
<b>Total</b>			<b>70,43,95,456</b>	<b>55,01,32,85,115</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 SEBI Master Circular, considering that the Units of the Trust are not frequently traded, the price determined by the Trust for the purposes of the Preferential Issue, after taking into account the NAV of the Trust (i.e., ₹ 78.05 per Unit based on a full valuation of all existing InvIT assets as on September 30, 2024 conducted in terms of InvIT Regulations) , is approved to be ₹ 78.10 per Unit;

**RESOLVED FURTHER THAT** the Board of the Investment Manager be and hereby authorized to decide and approve other terms and conditions of the Preferential 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 Preferential Issue, as it may deem expedient, subject to applicable law;

**RESOLVED FURTHER THAT** the Board 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 Preferential Issue, offer or allotment of the Units in the Preferential Issue, as applicable and the utilization of the Preferential Issue proceeds in accordance with the investment strategy of the Trust, or in any other manner as the Board may deem fit subject to the provisions of the InvIT Regulations and the SEBI Master 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 Preferential 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 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 vide this resolution may be exercised by the Board;



**RESOLVED FURTHER THAT** the Board 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 Master Circular;

**RESOLVED FURTHER THAT** the Units to be allotted shall be subject to the provisions of Trust Deed and the InvIT Regulations read with the SEBI Master Circular;

**RESOLVED FURTHER THAT** in terms of paragraph 7.5(A) sub-paragraph 7.5.2 read with the applicable provisions of Chapter 7 of the SEBI Master Circular, the 'relevant date' for the Preferential Issue is 18<sup>th</sup> day of December 2024;

**RESOLVED FURTHER THAT** the Board be authorized to accept any modification(s) in the terms of issue of Units, subject to the provisions of the InvIT Regulations and the SEBI Master Circular, without being required to seek any further consent or approval of the Unitholders;

**RESOLVED FURTHER THAT** the Board 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 Preferential 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 Preferential Issue shall be subject to the following terms and conditions apart from others as prescribed under the InvIT Regulations read with the SEBI Master Circular:

- (i) The Units to be allotted shall rank *pari passu* with the existing Units of the 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 SEBI Master Circular and Regulation 12 of InvIT Regulations 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 or the Trustee 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 approved by the unitholders; and

**RESOLVED FURTHER THAT** the Board be 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.”

For **Highways Infrastructure Trust**  
By Order of the Board  
**Highway Concessions One Private Limited**  
*(Acting as the Investment Manager to Highways Infrastructure Trust)*

Sd/-  
**Gajendra Mewara**  
**Company Secretary & Compliance Officer**  
ACS No.: A22941

**Date: December 26, 2024**

**Place: Mumbai**

**Principal Place of Business and Contact Details of the Trust:**

**Highways Infrastructure Trust**

Unit No. 601-602, 6<sup>th</sup> Floor, Windsor House,  
Off CST Road, Kalina, Santacruz (East),  
Mumbai, Maharashtra – 400098

**SEBI Registration Number:** IN/InvIT/21-22/0019

Email: [Compliance.highwaysinvit@highwayconcessions.com](mailto:Compliance.highwaysinvit@highwayconcessions.com)

Website: [www.highwaystrust.com](http://www.highwaystrust.com)

**Company Secretary & Compliance Officer:** Mr. Gajendra Mewara

Tel: +9122 6107 3200

**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:** Mr. Gajendra Mewara

Tel: +9122 6107 3200

**NOTES:**

1. An explanatory statement setting out the material facts and reasons for the proposed resolution is annexed herewith and forms part of the Postal Ballot Notice.
2. 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 resolution by way of Postal Ballot including electronic voting.
3. 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 permitted mode.
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 20, 2024 (“Cut-off Date”)** shall be eligible for voting and receipt of notice.
5. Resolution passed by the Unitholders through Postal Ballot shall be 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. 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 on Saturday, January 18, 2025, shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.**
8. The Unitholders can opt for only one mode of voting, i.e., either by physical ballot form or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical postal ballot form will be treated as invalid.
9. The e-voting period commences on Saturday, December 28, 2024 (9:00 hours IST) and ends on Saturday, January 18, 2025, (17:00 hours IST). During this period the Unitholders of the Trust, may cast their vote electronically. The e-voting module shall be disabled by Link Intime for voting thereafter. Once the vote on a resolution is cast by the Unitholder, the Unitholders shall not be allowed to change it subsequently.

## **INSTRUCTIONS FOR VOTING:**

Trust is pleased to provide e-voting facility to all its Unitholders, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post or by email. Trust has engaged the services of Link Intime India Private Limited, the Registrar and Share Transfer Agent for the purpose of providing e-voting facility to all its Unitholders. During the voting period, Unitholders can login to Link Intime's e-voting platform any number of times till they have voted on all the resolutions.

### **Remote e-Voting Instructions for Unitholders:**

As per the SEBI circular dated December 9, 2020, individual Unitholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

**Login method for Individual Unitholders holding securities in demat mode is given below:**

**Individual Unitholders holding securities in demat mode with NSDL:**

#### **METHOD 1 - If registered with NSDL IDeAS facility**

**Users who have registered for NSDL IDeAS facility:**

- a) Visit URL: <https://eservices.nsdl.com> and click on "Beneficial Owner" icon under "Login".
- b) Enter user id and password. Post successful authentication, click on "Access to e-voting".
- c) Click on "LINKINTIME" or "evoting link displayed alongside Trust's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**OR**

**User not registered for IDeAS facility:**

- a) To register, visit URL: <https://eservices.nsdl.com> and select "Register Online for IDeAS Portal" or click on <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided with Login ID and password.
- d) After successful login, click on "Access to e-voting".
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

#### **METHOD 2 - By directly visiting the e-voting website of NSDL:**

- a) Visit URL: <https://www.evoting.nsdl.com/>
- b) Click on the "Login" tab available under 'Shareholder/Member' section.
- c) Enter User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.

- d) Post successful authentication, you will be re-directed to NSDL depository website wherein you can see “Access to e-voting”.
- e) Click on “LINKINTIME” or “evoting link displayed alongside Company’s Name” and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**Individual Unitholders holding securities in demat mode with CDSL:**

**METHOD 1 – From Easi/Easiest**

**Users who have registered/ opted for Easi/Easiest**

- a) Visit URL: <https://web.cdslindia.com/myeasitoken/Home/Login> or [www.cdslindia.com](http://www.cdslindia.com).
- b) Click on New System Myeasi
- c) Login with user id and password
- d) After successful login, user will be able to see e-voting menu. The menu will have links of e-voting service providers i.e., LINKINTIME, for voting during the remote e-voting period.
- e) Click on “LINKINTIME” or “evoting link displayed alongside Company’s Name” and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**OR**

**Users not registered for Easi/Easiest**

- a) To register, visit URL: <https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration> / <https://web.cdslindia.com/myeasitoken/Registration/EasiestRegistration>
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided Login ID and password.
- d) After successful login, user able to see e-voting menu.
- e) Click on “LINKINTIME” or “evoting link displayed alongside Company’s Name” and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**METHOD 2 - By directly visiting the e-voting website of CDSL.**

- a) Visit URL: <https://www.cdslindia.com/>
- b) Go to e-voting tab.
- c) Enter Demat Account Number (BO ID) and PAN No. and click on “Submit”.
- d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account
- e) After successful authentication, click on “LINKINTIME” or “evoting link displayed alongside Company’s Name” and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**Individual Unitholders holding securities in demat mode with Depository Participant:**

Individual Unitholders can also login using the login credentials of your demat account through your depository participant registered with NSDL/CDSL for e-voting facility.

- a) Login to DP website
- b) After Successful login, members shall navigate through “e-voting” tab under Stocks option.

- c) Click on e-voting option, members will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting menu.
- d) After successful authentication, click on “LINKINTIME” or “evoting link displayed alongside Company’s Name” and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

**Login method for ~~Individual Unitholders holding securities in physical form~~/ Non-Individual Unitholders holding securities in demat mode is given below:**

~~Individual Unitholders of the Trust, holding securities in physical form~~/ Non-Individual Unitholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Visit URL: <https://instavote.linkintime.co.in>
2. Click on “Sign Up” under ‘**SHARE HOLDER**’ tab and register with your following details:
  - A. User ID:**  
Unitholders holding securities in physical form shall provide Event No + Folio Number registered with the Trust. Unitholders holding securities in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Unitholders holding securities in CDSL demat account shall provide 16 Digit Beneficiary ID.
  - B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Unitholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
  - C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
  - D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Trust.  
*\*Unitholders holding units in **physical form** but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above*  
*\*Unitholders holding units in **NSDL form**, shall provide ‘D’ above*
    - ▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
    - ▶ Click “confirm” (Your password is now generated).
3. Click on ‘Login’ under ‘**SHARE HOLDER**’ tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.

**Cast your vote electronically:**

1. After successful login, you will be able to see the notification for e-voting. Select ‘**View**’ icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option ‘**Favour / Against**’ (If you wish to view the entire Resolution details, click on the ‘**View Resolution**’ file link).
4. After selecting the desired option i.e. Favour / Against, click on ‘**Submit**’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘**Yes**’, else to change your vote, click on ‘**No**’ and accordingly modify your vote.

### **Guidelines for Institutional Unitholders (“Corporate Body/ Custodian/Mutual Fund”):**

#### **STEP 1 – Registration**

- a) Visit URL: <https://instavote.linkintime.co.in>
- b) Click on Sign up under “Corporate Body/ Custodian/Mutual Fund”
- c) Fill up your entity details and submit the form.
- d) A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to [insta.vote@linkintime.co.in](mailto:insta.vote@linkintime.co.in).
- e) Thereafter, Login credentials (User ID; Organisation ID; Password) will be sent to Primary contact person’s email ID.
- f) While first login, entity will be directed to change the password and login process is completed.

#### **STEP 2 –Investor Mapping**

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) Click on “Investor Mapping” tab under the Menu Section
- c) Map the Investor with the following details:
  - a. ‘Investor ID’ -
    - i. *Members holding units in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678*
    - ii. *Members holding units in CDSL demat account shall provide 16 Digit Beneficiary ID.*
  - b. ‘Investor’s Name’ - Enter full name of the entity.
  - c. ‘Investor PAN’ - Enter your 10-digit PAN issued by Income Tax Department.
  - d. ‘Power of Attorney’ - Attach Board resolution or Power of Attorney. File Name for the Board resolution/Power of Attorney shall be – DP ID and Client ID. Further, Custodians and Mutual Funds shall also upload specimen signature card.
- d) Click on Submit button and investor will be mapped now.
- e) The same can be viewed under the “Report Section”.

#### **STEP 3 – Voting through remote e-voting.**

The corporate unitholder can vote by two methods, once remote e-voting is activated:

##### **METHOD 1 - VOTES ENTRY**

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) Click on ‘Votes Entry’ tab under the Menu section.
- c) Enter Event No. for which you want to cast vote. Event No. will be available on the home page of InstaVote before the start of remote evoting.
- d) Enter ‘16-digit Demat Account No.’ for which you want to cast vote.
- e) Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).



- f) After selecting the desired option i.e., Favour / Against, click on 'Submit'.
- g) A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

**OR**

**VOTES UPLOAD:**

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) You will be able to see the notification for e-voting in inbox.
- c) Select '**View**' icon for '**Company's Name / Event number**'. E-voting page will appear.
- d) Download sample vote file from 'Download Sample Vote File' option.
- e) Cast your vote by selecting your desired option 'Favour / Against' in excel and upload the same under 'Upload Vote File' option.
- f) Click on 'Submit'. 'Data uploaded successfully' message will be displayed. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

**Helpdesk:**

**Helpdesk for ~~Individual Unitholders holding securities in physical form~~/ Non-Individual Unitholders holding securities in demat mode:**

Unitholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 – 4918 6000

**Helpdesk for Individual Unitholders holding securities in demat mode:**

Individual Unitholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
<b>Individual Unitholders holding securities in demat mode with NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at: 022 - 4886 7000 and 022 - 2499 7000
<b>Individual Unitholders holding securities in demat mode with CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**Forgot Password:**

**Individual Unitholders holding securities in physical form has forgotten the password:**

If an Individual Unitholders holding securities in physical form has forgotten the USER ID [Login ID] or Password or both then the unitholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

*In case Unitholders is having valid email address, the Password will be sent to his / her registered e-mail address. Unitholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain a minimum of 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Unitholders holding units in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Trust

User ID for Unitholders holding units in NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID

User ID for Unitholders holding units in CDSL demat account is 16 Digit Beneficiary ID

**Institutional Unitholders (“Corporate Body/ Custodian/Mutual Fund”) has forgotten the password:**

If a Non-Individual Unitholders holding securities in demat mode has forgotten the USER ID [Login ID] or Password or both then the unitholder can use the “Forgot Password” option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- Click on ‘Login’ under ‘Corporate Body/ Custodian/Mutual Fund’ tab and further Click ‘forgot password?’
- Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

*In case Unitholders is having valid email address, Password will be sent to his / her registered e-mail address. Unitholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain a minimum of 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.*

**Individual Unitholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:**

Unitholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Unitholders/ members holding units in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, Unitholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

**Procedure and instructions relating to voting through physical Postal Ballot Form**

10. 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 Saturday, January 18, 2025.

The details of the Scrutinizer for Physical or Electronic Submission of Postal Ballot are given hereunder:

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> floor, JSD Road, Mulund West, Mumbai, Maharashtra – 400080 Contact No.: 8097092404	<a href="mailto:Scrutinisers@mmjc.in">Scrutinisers@mmjc.in</a>

11. 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.
12. After completion of the scrutiny of the Postal Ballots including e-voting in a fair and transparent manner, the Scrutinizer will submit his report to the Board of Investment Manager of the Trust, or any other person authorized by the Board. The results of the Postal Ballot shall be declared not later than **Monday, January 20, 2025** and communicated to the stock exchange and shall be displayed on the Trust’s website: [www.highwaystrust.com](http://www.highwaystrust.com)
13. The last date for the receipt of duly completed Postal Ballot Forms including e-voting 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 of the Postal Ballot Notice until the last date for receipt of votes by Postal Ballot i.e. not later than 17:00 hours (IST) on **Saturday, January 18, 2025**.
14. 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.

15. 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).
16. 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**

The following statements set out the material facts and reasons for the proposed resolutions stated at item nos. 1 to 2 in the accompanying notice above:

### **ITEM NO. 1**

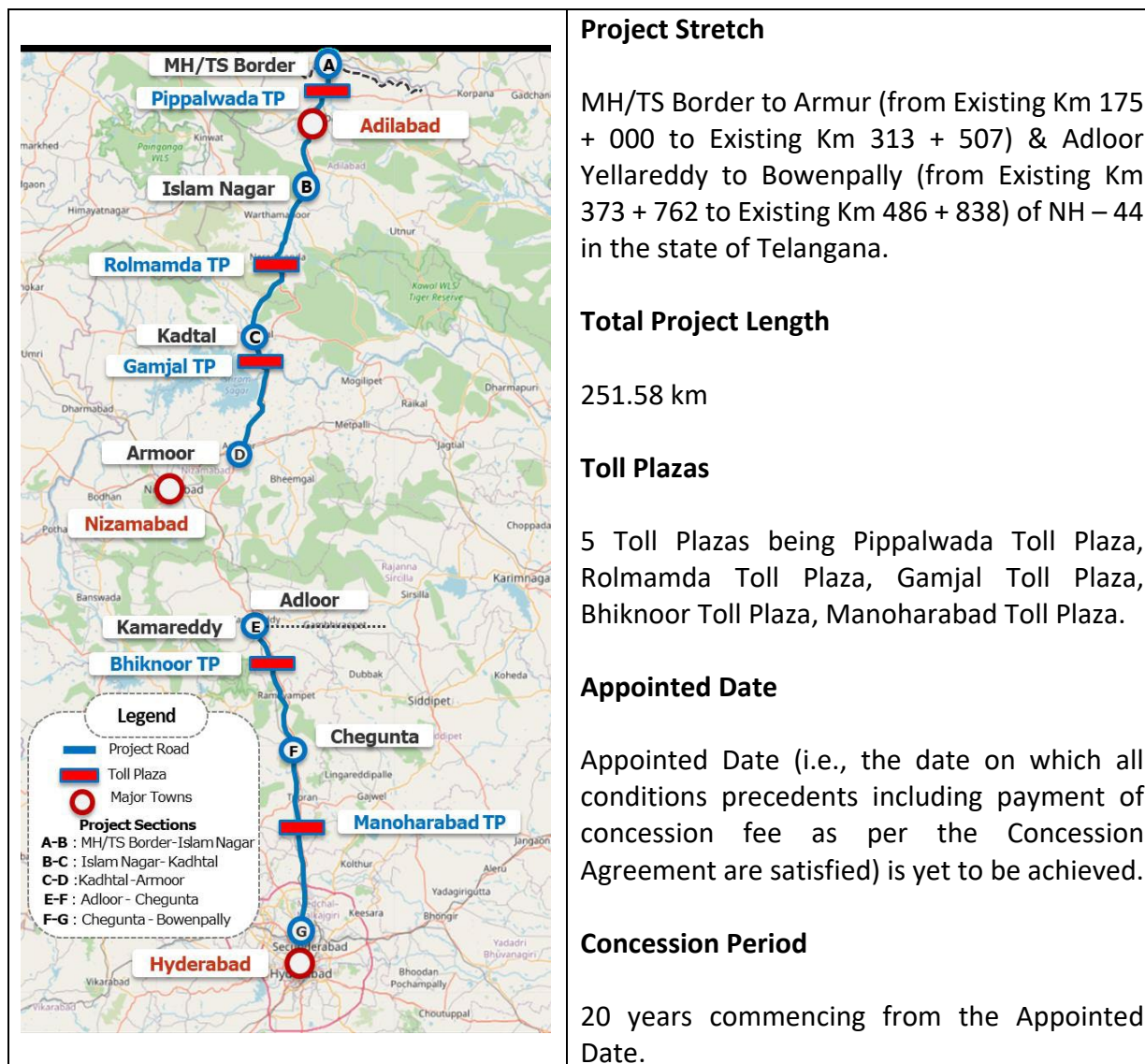
#### **TO CONSIDER AND APPROVE PROVISION OF FINANCIAL ASSISTANCE TO NORTH TELANGANA EXPRESSWAY PRIVATE LIMITED ("NTEPL")**

##### **Background**

Highways Infrastructure Trust (the "**Highways Trust**" or "**Trust**"), acting through its investment manager, Highway Concessions One Private Limited, (the "**Investment Manager**"), participated as a bidder in the request for proposal ("**RFP**") issued by National Highways Authority of India ("**NHAI**") for project comprising Tolling, Operation, Maintenance & Transfer ("**TOT**") of MH/TS Border to Armur (from Existing Km 175 + 000 to Existing Km 313 + 507) & Adloor Yellareddy to Bowenpally (from Existing Km 373 + 762 to Existing Km 486 + 838) of NH – 44 in the state of Telangana ("**TOT Bundle 16**").

The Trust was identified as the 'selected bidder' pursuant to the terms of the RFP and received a Letter of Award ("**LOA**") from NHAI on September 20, 2024. In accordance with the terms of the RFP, on October 14, 2024, Trust incorporated North Telangana Expressway Private Limited ("**Project SPV**"), a special purpose vehicle of the Trust for undertaking operation and maintenance of TOT Bundle 16. The Project SPV has executed the concession agreement with NHAI on October 18, 2024 on a TOT basis in connection with TOT Bundle 16 ("**Concession Agreement**").

##### **Details of the Project**



## Summary of Valuation

The Investment Manager has obtained an independent valuation of the fair enterprise value of the Project SPV (holding the TOT Bundle 16 project) from Mr. S. Sundararaman, (“**Registered Valuer**”) holding IBBI registration number IBBI/RV/06/2018/10238, the valuer of InvIT asset in terms of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (“**SEBI InvIT Regulations**”).

A summary of the fair enterprise valuation of the Project SPV as on November 30, 2024 is set out below:

Name of the SPV	Enterprise Value Amount in ₹ Million
North Telangana Expressway Private Limited	71,272

A copy of the valuation report dated December 18, 2024 is attached to this notice as **Annexure – 1**.

## Concession Fee

Under the term of the Concession Agreement, the Project SPV is required to pay a sum of ₹ 66,610 million to NHAI in order to achieve the Appointed Date and commence toll collection and operation of TOT Bundle 16.

In order to fulfil the said financial obligations, the Board of Directors ("**Board**") of the Investment Manager at its meeting held on December 26, 2024 has approved provision of the financial assistance by the Trust to Project SPV by way of subscription to the securities or providing secured or unsecured fund based and/or non-fund-based support up to an amount of ₹ 67,610 million. The financial assistance in the form of equity or debt financing to the Project SPV shall be made in one or more tranches and funds will be utilized by the Project SPV for discharging the obligations under the Concession Agreement including discharge of concession fee, other expenses for the TOT 16 project, or meeting working capital requirements.

In terms of the provisions of Regulation 22(4)(b), any transaction, other than 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 cast in favour of the resolution shall be more than the fifty per cent of the total votes cast for the resolution ("**Simple Majority**").

## Recommendation of the Investment Manager

Given that the proposed financial assistance by the Trust in the Project SVP shall exceed twenty-five per cent of the Trust's assets in value and considering the proposed transaction is in line with the investment strategy of the Trust and the investment in the Project SPV will add to the asset base of the Trust, the Board of the Investment Manager recommends the proposed transaction for approval to the Unitholders of the Trust as a resolution to be passed by way of Simple Majority i.e. where votes cast in favour of the resolution shall be more than the fifty per cent of the total votes cast for the resolution.

Except Ms. Meghana Singh, General Counsel and Mr. Gajendra Mewara, Company Secretary & Compliance Officer, being directors on the Board of the Project SPV, 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.

In view of the above, the Board of Investment Manager recommends the resolution as set out in Item No. 1 of the Postal Ballot Notice for your approval by way of Simple Majority.



## ITEM NO. 2:

### TO CONSIDER AND APPROVE THE ISSUANCE OF UNITS OF HIGHWAYS INFRASTRUCTURE TRUST (“HIGHWAYS TRUST” OR “TRUST”) FOR AN AGGREGATE AMOUNT UP TO APPROXIMATE ₹ 55,013 MILLION ON A PREFERENTIAL BASIS

The Explanatory Statement pursuant to 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 (“**SEBI InvIT Regulations**”) read with 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, the Master Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2024/44 issued by SEBI for Infrastructure Investment Trusts dated May 15, 2024 (“**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 Postal Ballot Notice dated December 26, 2024, and necessary information or details in respect of the proposed preferential issue of Units are as under:

#### Background and Objective:

Highways Infrastructure Trust (“**HIT** or **Trust**”), had emerged as the selected bidder and received a Letter of Award (“**LOA**”) from National Highway Authority of India (“**NHAI**”) for operating a road project in the state of Telangana on Toll, Operate and Transfer (“**TOT**”) basis. Further, on October 18, 2024, North Telangana Expressway Private Limited (“**Project SPV**”), a SPV of the Trust specifically incorporated for this purpose, has executed the Concession Agreement with NHAI to undertake the said project in the state of Telangana on TOT basis (“**Project**”), as per the details set out below:

#### Key highlights of the Project:

<b>Project Description</b>	Tolling, Operation, Maintenance & Transfer of MH/TS Border to Armur (from Existing KM 175 + 000 to Existing KM 313 + 507) & Adloor Yellareddy to Bowenpally (from Existing KM 373 + 762 to Existing KM 486 + 838) of NH – 44 in the state of Telangana on Toll, Operate and Transfer basis
<b>Length</b>	251.58 KM
<b>Concession Fee &amp; Period</b>	The Project SPV shall be required to pay an upfront concession fee of ₹ 66,610 million to NHAI.  Concession period shall be for a period of 20 years commencing from the appointed date as determined under the terms of the concession agreement.
<b>Appointed Date</b>	Tolling rights and operational obligations will commence from the appointed date as determined under the terms of the concession agreement.

In order to pay upfront concession fee of ₹ 66,610 million to NHAI and to meet other expenses required to be met by the Project SPV, it is proposed for the Trust to undertake a mix of equity

investment and debt financing in the Project SPV. The current preferential allotment is being undertaken to fund a part of such funding plan.

### Authority:

The Board of Directors ("**Board**") of Highway Concessions One Private Limited, acting as the investment manager to the Trust has at its meeting held on December 26, 2024 have, *inter-alia*, subject to such approvals as may be required, approved the issue of up to 70,43,95,456 units of Highways Infrastructure Trust at an issue price of ₹ 78.10 per unit for an aggregate amount of up to ₹ 55,013 million on a preferential basis, in accordance with the SEBI InvIT Regulations ("**Preferential Issue**") on such terms and conditions, as are determined in accordance with the SEBI InvIT Regulations, SEBI Master Circular and as agreed to by the Board of the Investment Manager consultation with Axis Trustee Services Limited, to the following proposed allottees ("**Proposed Allottees**") on a preferential basis:-.

Sr. No.	Proposed Allottees	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 Group*	48,09,21,895	37,56,00,00,000
2.	2452991 Ontario Limited	Non-Sponsor	21,71,37,887	16,95,84,68,975
3.	Trust Investment Advisors Private Limited	Non-Sponsor	63,35,674	49,48,16,140
<b>Total</b>			<b>70,43,95,456</b>	<b>55,01,32,85,115</b>

\* Refer annotation below

The Proposed Allottees listed above have been included on the basis of their in-principle commitment in writing received by the Trust and its Investment Manager. There is no assurance, however, that the Proposed Allottees' decision to invest in the Units pursuant to this Issue shall remain unchanged. Should such an event occur wherein any of the Proposed Allottees decide to not invest in the Units pursuant to this Preferential Issue, we may complete the allotments to the remaining allottees.

### Eligibility:

In terms of Clause 7.2 of Chapter 7 of the Master Circular bearing no. SEBI/HO/DDHS-PoD-2/P/CIR/2024/44 dated May 15, 2024 ("**SEBI Master Circular**") issued by the Securities and Exchange Board of India ("**SEBI**") in relation to the conditions for issuance of preferential issue, the Investment Manager, on behalf of the Trust confirms that:

- Units of the same class, which are proposed to be allotted in the Preferential 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 Trust is in compliance with the conditions for continuous listing and disclosure obligations under the SEBI 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 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**”) and for the listing of Units proposed to be issued under the Preferential 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 receipt of such in-principle approval from the Stock Exchange.

Further, the Investment Manager shall ensure that the minimum public unitholding requirements for the Trust are complied with in accordance with the SEBI InvIT Regulations read with Chapter 21 of the Master Circular.

Separately, the Investment Manager has been informed by the respective Proposed Allottees that such Proposed Allottees have not sold or transferred any Units of HIT during 90 trading days preceding the ‘relevant date’ (i.e. December 18, 2024) and has provided holding statement for this purpose.

#### **Objects of the Preferential Issue:**

The proceeds from the Preferential Issue are proposed to be utilized, towards: (i) the transaction cost for undertaking the preferential issue (including payment to various advisors, regulatory fee etc.); and (ii) Equity Investment and debt funding (through secured or unsecured debt or other security instruments) of not more than ₹ 55,01,32,85,115 in the Project SPV.

Further, to the extent the amounts are not utilized on an immediate basis, the Investment Manager may subject to applicable law invest the amounts in overnight mutual funds or fixed deposits in accordance with the applicable law and the treasury policy of the Trust.

The details of the Project SPV are set out hereinabove and in item no. 1.

#### **Relevant Date:**

In terms of Clause 7.5(A) Sub-clause 7.5.2 read with the other applicable provisions of Chapter 7 of the SEBI Master Circular, the ‘relevant date’ for the Preferential Issue is December 18, 2024, 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 Saturday, January 18, 2025).

#### **NAV and Basis of Issue Price:**

The 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 Clause 7.5.2(c) of Chapter 7 of the Master Circular.

In accordance with Clause 7.5.3 of Chapter 7 of the SEBI Master Circular, where the units of the Trust are not frequently traded, the price determined by the Trust shall take into account the Net Asset Value (“NAV”) of the Trust based on a full valuation of all existing Trust’s assets conducted in terms of the SEBI InvIT Regulations.

The NAV of the Trust as at September 30, 2024, based on a full valuation of all existing Trust’s assets (as defined in the SEBI InvIT Regulations) conducted in terms of SEBI InvIT Regulations, is ₹ 78.05 per Unit. Considering the foregoing, the price determined by the Trust for the purposes of the Preferential Issue is ₹ 78.10 per Unit.

#### **Maximum number of units to be allotted:**

Maximum number of units to be allotted under the proposed Preferential Issue is 70,43,95,456 units. The manner of allotment to Proposed Allottees is as follows:

Sr. No.	Proposed Allottees	Category (Sponsor and Sponsor Group/ Non - Sponsor)	Maximum No. of Units to be allotted
1.	Nebula Asia Holdings II Pte. Ltd.	Sponsor Group*	48,09,21,895
2.	2452991 Ontario Limited	Non-Sponsor	21,71,37,887
3.	Trust Investment Advisors Private Limited	Non-Sponsor	63,35,674
<b>Total</b>			<b>70,43,95,456</b>

\* Refer annotation below

#### **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 Clause 7.6 of Chapter 7 of the SEBI Master Circular and Regulation 12 of SEBI InvIT Regulations. 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 relevant date as specified under Clause 7.6 sub-clause 7.6.3 of Chapter 7 of the SEBI Master Circular.

#### **Prescribed Disclosures:**

The appropriate disclosures as prescribed under Clause 7.4.1 of Chapter 7 of the SEBI Master Circular are set out below:

<b>a. Objects of the preferential issue</b>	<p>The proceeds from the Preferential Issue are proposed to be utilized, towards: (i) the transaction cost for undertaking the preferential issue (including payment to various advisors, regulatory fee etc.); and (ii) Equity Investment and debt funding (through secured or unsecured debt or other security instruments) of not more than approximately ₹ 55,013 million in the Project SPV.</p> <p>Further, to the extent the amounts are not utilized on an immediate basis, the Investment Manager may subject to applicable law invest the amounts in overnight mutual funds</p>
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		or fixed deposits in accordance with the applicable law and the treasury policy of the Trust.
<b>b.</b>	<b>NAV of the Trust</b>	₹ 78.05 per unit
<b>c.</b>	<b>Maximum number of units to be issued</b>	Up to 70,43,95,456 Units
<b>d.</b>	<b>Pricing of the Units</b>	₹ 78.10 per unit
<b>e.</b>	<b>Intent of the parties to the Trust, their directors or key managerial personnel to subscribe to the issue</b>	None of the parties to the Trust viz. their directors or key managerial personnel intend to subscribe to the Preferential Issue except for proposed subscription of 48,09,21,895 units by Nebula Asia Holdings II Pte. Ltd, which is a part of the Sponsor Group.
<b>f.</b>	<b>Unitholding pattern of the Trust before and after the preferential issue</b>	Please see <b>Exhibit A</b> for these details.
<b>g.</b>	<b>Time frame within which the preferential issue shall be completed</b>	<p>The Investment Manager shall apply for obtaining in-principle approval 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.</p> <p>As required under Clause 7.7 Sub-clause 7.7.2 of Chapter 7 of the SEBI 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 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 Trust becomes liable to repay it, the Trust, the Investment Manager and each</p>

	<p>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-clause 7.3.5 of Chapter 7 of the SEBI 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 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 Trust, investment manager of the 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>
<b>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.</b>	Please see <b>Exhibit B</b> for these details.
<b>i. Consideration</b>	Cash consideration of ₹ 55,013 million towards issuance of 70,43,95,456 Units of ₹ 78.10 each.

*\*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 treat 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 Trust before and after the preferential issue: -

Cate-gory	Category of Unitholders	Before preferential issue Note 1		After preferential allotment Note 2	
		Unit Holding	Unit Holding Pattern %	Unit Holding	Unit Holding Pattern %
<b>(A)</b>	<b>Sponsor(s)/ Sponsor Group/ 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	60,11,92,355	74.63	1,08,21,14,250	71.66
	<b>Sub- Total (A) (2)</b>	<b>60,11,92,355</b>	<b>74.63</b>	<b>1,08,21,14,250</b>	<b>71.66</b>
	<b>Total unit holding of Sponsor and Sponsor Group (A) = (A)(1)+(A)(2)</b>	<b>60,11,92,355</b>	<b>74.63</b>	<b>1,08,21,14,250</b>	<b>71.66</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	16,03,58,111	19.91	37,74,95,998	25.00
	<b>Sub- Total (B) (1)</b>	<b>16,03,58,111</b>	<b>19.91</b>	<b>37,74,95,998</b>	<b>25.00</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	92,21,962	1.14	92,21,962	0.61
(c)	NBFCs registered with RBI	0	0.00	0	0.00
(d)	Other Non-institutional	3,48,16,114	4.32	4,11,51,788	2.73
(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	3,48,16,114	4.32	4,11,51,788	2.73
(v)	Other Foreign Body Corporates	0	0.00	0	0.00
	<b>Sub- Total (B) (2)</b>	<b>4,40,38,076</b>	<b>5.47</b>	<b>5,03,73,750</b>	<b>3.34</b>
	<b>Total Public Unit holding (B) = (B)(1)+(B)(2)</b>	<b>20,43,96,187</b>	<b>25.37</b>	<b>42,78,69,748</b>	<b>28.34</b>
	<b>Total Units Outstanding (C) = (A) + (B)</b>	<b>80,55,88,542</b>	<b>100.00</b>	<b>1,50,99,83,998</b>	<b>100.00</b>

**Notes:**

- (1) The unitholding pattern before Preferential Issue is as on the latest BENPOS date i.e. December 20, 2024.
- (2) Assuming allotment to all the allottees up to the maximum no. of units as set out previously in this notice.

## 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.	<p>Pursuant to the Explanation to the Proviso to Paragraph 7.4.1(g) of the Master Circular, we note that for the purpose of identification of the ultimate beneficial owners of the allottees, where the allottees are institutions/entities, the identification of such ultimate beneficial owners, shall be in accordance with the guidelines prescribed by SEBI, if any.</p> <p>Given that we fall within the category of 'institutions' / 'entities', we propose to rely on the guidelines prescribed by SEBI in the Master Circular with reference number SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 6, 2024 (together, "<b>SEBI KYC Guidelines</b>"), for the purpose of identifying an 'ultimate beneficial owner' of the units proposed to be allotted to us in the Proposed Investment.</p> <p>We hereby submit that, on the basis of the test set out in Paragraph 16(iv)(a) of the 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 terms 'controlling ownership interest' and 'control' shall have the meanings as set out in the SEBI KYC Guidelines.</p> <p>As per the SEBI KYC Guidelines, where no natural person is identified under the rules prescribed under Paragraph 16(iv)(a) or (b) or (c) (as applicable), the 'beneficial owner' shall be the relevant natural person who holds the position of senior managing official. Accordingly, we hereby disclose a senior managing official ("<b>SMO</b>"), for the purposes of identification of the 'ultimate beneficial owners' of the units proposed to be allotted to us in the Proposed Investment.</p>

		Such SMO is Ms. Madhura Narawane, Director on the board of the Investor, having her official address at 8 Marina View, #33-04 Asia Square Tower 1, Singapore (018960).
2	2452991 Ontario Limited	The proposed allottee is a wholly owned SPV of Ontario Teachers' Pension Plan Board (" <b>OTPPB</b> "). Further, there are no natural persons who are ultimate beneficial owners of and/ or ultimately control 2452991 Ontario Limited given that OTPPB is a body corporate created by a statute with no shareholders. Mr. Jeffrey Michael Davis is the director of the proposed allottee, i.e., 2452991 Ontario Limited
3	Trust Investment Advisors Private Limited.	Mrs. Nipa Sheth

The units allotted under the Preferential Issue will 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, deemed fit.

Since, this resolution may result in the issue of units of the Trust to the Proposed Allottees, on preferential basis, in accordance with Chapter 7 of the Master Circular, consent of the Unitholders of the Trust is being sought pursuant to Regulation 22(2)(c) read with Regulation 22(5) and other applicable provisions of the SEBI InvIT Regulations.

This resolution, if passed by way of Super Majority (i.e. where votes cast in favour of the resolution shall be at least sixty per cent of total votes cast for the resolution), will have the effect of allowing the Board of the Investment Manager to offer, issue and allot units of the Trust to the Proposed Allottees. The units, if any, shall rank in all respects *pari-passu* with the existing Units of the Trust, including entitlement to dividend, voting rights etc. in terms of the SEBI InvIT Regulations.

### **Recommendation of the Investment Manager**

The above proposal is in the interest of the Trust and thus, the Board of the Investment Manager (acting on behalf of the Highways Trust) recommends this resolution for approval of the Unitholders of the Trust as a Resolution passed by way of the votes cast in favour of the resolution shall be at least sixty per cent of total votes cast for the resolution.

Except Galaxy Investments II Pte. Ltd., the Sponsor, Nebula Asia Holdings II Pte. Ltd., part of the Sponsor Group, 2452991 Ontario Limited, Mr. Bruce Ross Crane, unitholder Nominee Director, Mr. Hardik Shah and Ms. Ami Momaya, Non-executive directors, 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.

In view of the above, the Board of Investment Manager recommends the resolution as set out in Item No. 2 of the Postal Ballot Notice for your approval by way of Super Majority.

For **Highways Infrastructure Trust**  
By Order of the Board  
**Highway Concessions One Private Limited**  
*(Acting as the Investment Manager to Highways Infrastructure Trust)*

Sd/-  
**Gajendra Mewara**  
**Company Secretary & Compliance Officer**  
ACS No.: A-22941

**Date: December 26, 2024**

**Place: Mumbai**

**Principal Place of Business and Contact Details of the Trust:**

**Highways Infrastructure Trust**

Unit No. 601-602, 6<sup>th</sup> Floor, Windsor House,  
Off CST Road, Kalina, Santacruz (East),  
Mumbai, Maharashtra – 400098

**SEBI Registration Number:** IN/InvIT/21-22/0019

Email: [Compliance.highwaysinvit@highwayconcessions.com](mailto:Compliance.highwaysinvit@highwayconcessions.com)

Website: [www.highwaystrust.com](http://www.highwaystrust.com)

**Company Secretary & Compliance Officer:** Mr. Gajendra Mewara

Tel: +9122 6107 3200

**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:** Mr. Gajendra Mewara

Tel: +9122 6107 3200

**HIGHWAYS INFRASTRUCTURE TRUST**

**Principal Place of Business:** 601-602, 6<sup>th</sup> Floor, Windsor House, Off CST Road, Kalina, Santacruz (E), Mumbai- 400098

**Tel:** +91 22 6107 3200; **E-mail:** [Compliance.highwaysinvt@highwayconcessions.com](mailto:Compliance.highwaysinvt@highwayconcessions.com);

**Website:** [www.highwaystrust.com](http://www.highwaystrust.com)

**(SEBI Registration number: IN/InvIT/21-22/0019)**

**REF No. HIT/PBN/03/2024-25**

**POSTAL BALLOT FORM**

<b>Name of the Trust</b>	HIGHWAYS INFRASTRUCTURE TRUST
<b>Principal Place of business</b>	Unit No. 601-602, 6 <sup>th</sup> Floor, Windsor House, Off CST Road, Kalina Santacruz (East), Mumbai, Maharashtra – 400098
<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

Sr. 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:

Sr. No.	Item Name	Assent	Dissent
1.	To consider and approve provision of financial assistance to North Telangana Expressway Private Limited		
2.	To consider and approve the issuance of units of Highways Infrastructure Trust for an aggregate amount up to approximate ₹ 55,013 million on a preferential basis		

\_\_\_\_\_  
**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 (✓) in the column provided for assent or dissent. Postal Ballot Form bearing (✓) in both the columns 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.

## **Annexure - 1**

**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 of North Telangana Expressway Private  
Limited ("NTEPL")**

**Valuation Date: 30<sup>th</sup> November 2024**

**Report Date: 18<sup>th</sup> December 2024**

**Mr. S Sundararaman,  
Registered Valuer,  
IBBI Registration No - IBBI/RV/06/2018/10238  
Email – [chennaissr@gmail.com](mailto:chennaissr@gmail.com)  
Phone No: +91 97909 28047  
GST No: 33AHUPS0102L1Z8**



RV/SSR/R/2025/22

Date: 18<sup>th</sup> December 2024**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 xx<sup>th</sup> December 2024 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 vehicle (defined below and hereinafter referred as "**the SPV**") 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 SPV 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 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> November 2024. ("**Valuation Date**").

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

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.

The Trust is proposing to undertake a fair enterprise valuation of the following Special Purpose Vehicle:

Sr. No.	Name of the SPV	Abbreviation	Asset Type	Expected Appointed Date
1	North Telangana Expressway Private Limited	NTEPL	Toll	26 <sup>th</sup> January 2025

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

Source Investment Manager

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,

SWAMINATHAN  
SUNDARARAMA  
N

Digitally signed by  
SWAMINATHAN  
SUNDARARAMAN  
Date: 2024.12.18  
16:38:36 +05'30'

**S. Sundararaman**

Registered Valuer

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

Asset Class: Securities or Financial Assets

Place: Chennai

**UDIN:** 24028423BKGABW3271

**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
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
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
NTEPL	North Telangana Expressway 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
TDD	Technical Due Diligence Reports prepared by Sri Infra Consulting Engineers Pvt Ltd
TOT	Toll Operate Transfer
Trustee	Axis Trustee Services Limited
Trust	Highways Infrastructure Trust
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 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 13 road projects in the Indian states of Gujarat, Madhya Pradesh, Telangana, Meghalaya, Haryana, Karnataka, Tamil Nadu, Andhra Pradesh and Rajasthan pursuant to the concessions granted by the National Highways Authority of India ("NHAI"), Ministry of Road Transport and Highways ("MoRTH"), Madhya Pradesh Road Development Corporation Limited ("MPRDC") and Government of Gujarat.
- 1.1.4. The unitholding of the Trust as on the 30<sup>th</sup> November 2024 is as under :

Sr. No.	Particulars	No. of units	%
1	Galaxy Investments II Pte. Ltd.	42,05,86,295	52.21%
2	Nebula Asia Holdings II Pte. Ltd	18,06,06,060	22.42%
3	2452991 Ontario Limited	16,03,58,111	19.91%
4	Manipal Education and Medical Group India Private Limited	3,03,03,030	3.76%
5	Others	1,37,35,046	1.70%
<b>Total</b>		<b>80,55,88,542</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\$ 624 billion of assets under management as of 30<sup>th</sup> September 2024 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 ("Investment Manager") 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 30<sup>th</sup> November 2024 is as follows:

Sr. No.	Particulars	No. of shares	%
1	Galaxy Investments II Pte. Ltd.	3,76,47,288	60.50%
2	Nebula Asia Holdings II Pte. Ltd.	1,24,45,385	20.00%
3	2743298 Ontario Limited	1,21,34,251	19.50%
4	Vidyadhar S. Dabholkar*	1	0.00%
<b>Total</b>		<b>6,22,26,925</b>	<b>100.00%</b>

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

Source: Investment Manager

1.1.11. Shareholding Pattern of the Project Manager as at 30<sup>th</sup> November 2024 is as follows:

Sr. No.	Particulars	No. of shares	%
1	Highway Concessions One Private Limited	99,999	100.00%
2	Vidyadhar S. Dabholkar*	1	0.00%
<b>Total</b>		<b>1,00,000</b>	<b>100.00%</b>

\* as a nominee of Highway Concessions One Private Limited

Source: Investment Manager

1.1.12. I understand that the Investment Manager is proposing to undertake a fair enterprise valuation of the SPV's as on 30<sup>th</sup> November 2024 for the purpose of undertaking transaction with NTEPL. Further, Regulation 21(8)(a) of the SEBI InvIT Regulations is applicable to the Trust. In this regards, I have been mandated to determine the fair enterprise value of the SPV as defined in the Letter in accordance with the SEBI InvIT Regulations and in this context would like me to carry out valuation of the SPV as on 30<sup>th</sup> November 2024.

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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	North Telangana Expressway Private Limited	NTEPL

(Hereinafter referred to as “the SPV”)

Source: Investment Manager

### 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 as on 30<sup>th</sup> November 2024 for the purpose of undertaking transaction with NTEPL.

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> November 2024.

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

### 1.6. 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 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 SPV is 30<sup>th</sup> November 2024 (“Valuation Date”). The attached Report is drawn up by reference to accounting and financial information as on 30<sup>th</sup> November 2024. The RV is not aware of any other events having occurred since 30<sup>th</sup> November 2024 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 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 Ramboll India Private Limited in its Traffic Study Report. As the SPV under consideration has executed project under the TOT model, the ownership of the underlying assets shall be transferred after the expiry of the concession period. In case of the SPV, the Concession period is expected to be from the appointed date i.e. 26 <sup>th</sup> January 2025 to 26 <sup>th</sup> January 2045 (20 Years).
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 SPV. In order to arrive at the fair EV of the SPV under the DCF Method, I have relied on the financial projections of the SPV prepared by the Investment Manager as at the Valuation Date based on their best judgement.

The discount rate considered for the SPV for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("WACC") for the SPV. As the SPV under consideration has packages under the TOT 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 SPV. 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 SPV as on the Valuation Date:

			INR Mn
Sr. No.	SPV	WACC	Enterprise Value
1	NTEPL	9.50%	71,272
<b>Total</b>			<b>71,272</b>

(Refer Appendix 1 & 2 for the detailed workings)

\*The above calculation of EV is done without giving effect to upfront concession fee of INR 66,610 Mn which is payable on the expected appointed date, i.e. 26<sup>th</sup> January, 2025.

*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.*

- 1.10. The fair EV of the SPV 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 5%
  4. Expenses by increasing / decreasing it by 5%

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**Sensitivity Analysis of Enterprise Value (Before adjusting the amount payable to NHAI for upfront concession fee)**

**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%
1	NTEPL	9.00%	74,399	9.50%	71,272	10.00%

\*The above calculation of EV is done without giving effect to upfront concession fee of INR 66,610 Mn which is payable on the expected appointed date, i.e. 26<sup>th</sup> January, 2025.

**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%
1	NTEPL	8.50%	77,736	9.5%	71,272	10.50%

\*The above calculation of EV is done without giving effect to upfront concession fee of INR 66,610 Mn which is payable on the expected appointed date, i.e. 26<sup>th</sup> January, 2025.

**3. Fair Enterprise Valuation Range based on Revenue parameter (5%)**

INR Mn				
Sr. No.	SPV	EV at Revenue - 5%	EV at Base Revenue	EV at Revenue +5%
1	NTEPL	67,431	71,272	75,113

\*The above calculation of EV is done without giving effect to upfront concession fee of INR 66,610 Mn which is payable on the expected appointed date, i.e. 26<sup>th</sup> January, 2025.

**4. Fair Enterprise Valuation Range based on Expenses parameter (10%)**

Sr. No.	SPV	EV at Expenses -5%	EV at Base Expenses	EV at Expenses +5%
1	NTEPL	71,658	71,272	70,888

\*The above calculation of EV is done without giving effect to upfront concession fee of INR 66,610 Mn which is payable on the expected appointed date, i.e. 26<sup>th</sup> January, 2025.

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 SPV;
  - 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 SPV – 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 SPV;
  - 2.2.8. Determination of Fair EV of the SPV 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\$624 billion in assets under management as of 30<sup>th</sup> September 2024 that offers alternative asset management as well as capital markets and insurance solutions.
- 3.4. Following is the summary of the SPV, held under the trust including the date and cost of acquisition :

Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBPL	Nirmal Private 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	UTPL	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	Rewari Ateli Highway Private Limited	21 <sup>st</sup> Nov 2023	758
10	ANHPL	Ateli Narnaul Highway Private Limited	21 <sup>st</sup> Nov 2023	1,511
11	GRICL	Gujarat Road Infrastructure Company Limited	24 <sup>th</sup> Jan, 2024	5,657*
12	STPL	Swarna Tollway Private Limited	24 <sup>th</sup> Jan, 2024	20,745
13	BETPL	Bangalore Elevated Tollway Private Limited	11 <sup>th</sup> June 2024	119

\*This represents purchase consideration paid for 56.8% equity stake in GRICL.

Source: Investment Manager

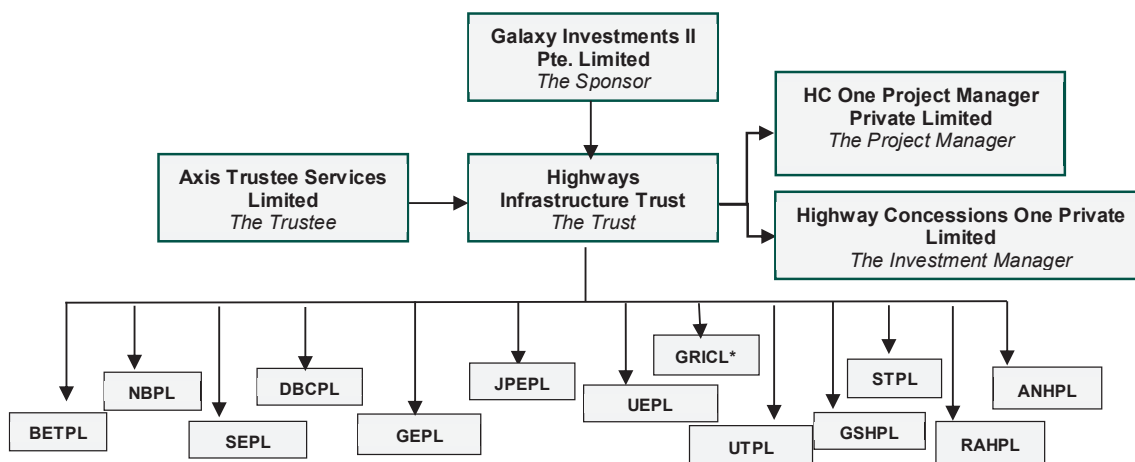
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### 3.4.1. Enterprise Valuation of the SPVs in the Previous Years.

Sr. No.	SPVs	INR Mn			
		Mar-22	Mar-23	Mar-24	Sep-24
1	DBCPL	14,760	15,709	16,858	16,972
2	GEPL	21,281	22,866	22,793	23,347
3	JPEPL	8,628	8,018	5,565	5,607
4	UEPL	5,423	4,484	3,533	3,493
5	NBPL	1,362	1,104	944	1026
6	SEPL	567	220	189	66
7	UTPL			9,063	9,238
8	GRICL*			12,312	12,873
9	STPL			15,182	15,155
10	ANHPL			4,485	4,160
11	GSHPL			2,957	2,747
12	RAHPL			2,743	2,529
13	BETPL				2,276
<b>Total</b>		<b>52,021</b>	<b>52,401</b>	<b>96,624</b>	<b>99,489</b>

\*The Trust holds 56.8% equity stake in GRICL

### 3.4.2. Following is the Equity Structure of the Trust as at 30<sup>th</sup> November 2024:

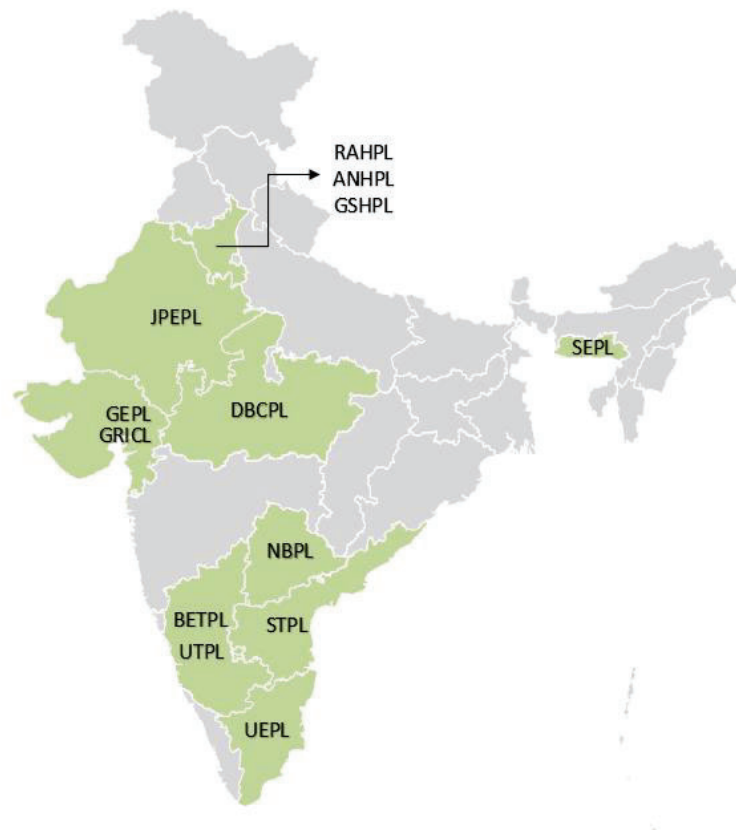


\*The Trust holds 100% equity stake in all SPVs except GRICL where the Trust holds 56.8% equity stake.

Source: Investment Manager

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- 3.5. A map depicting the respective location of the existing project Special Purpose Vehicles of the Trust is provided below:

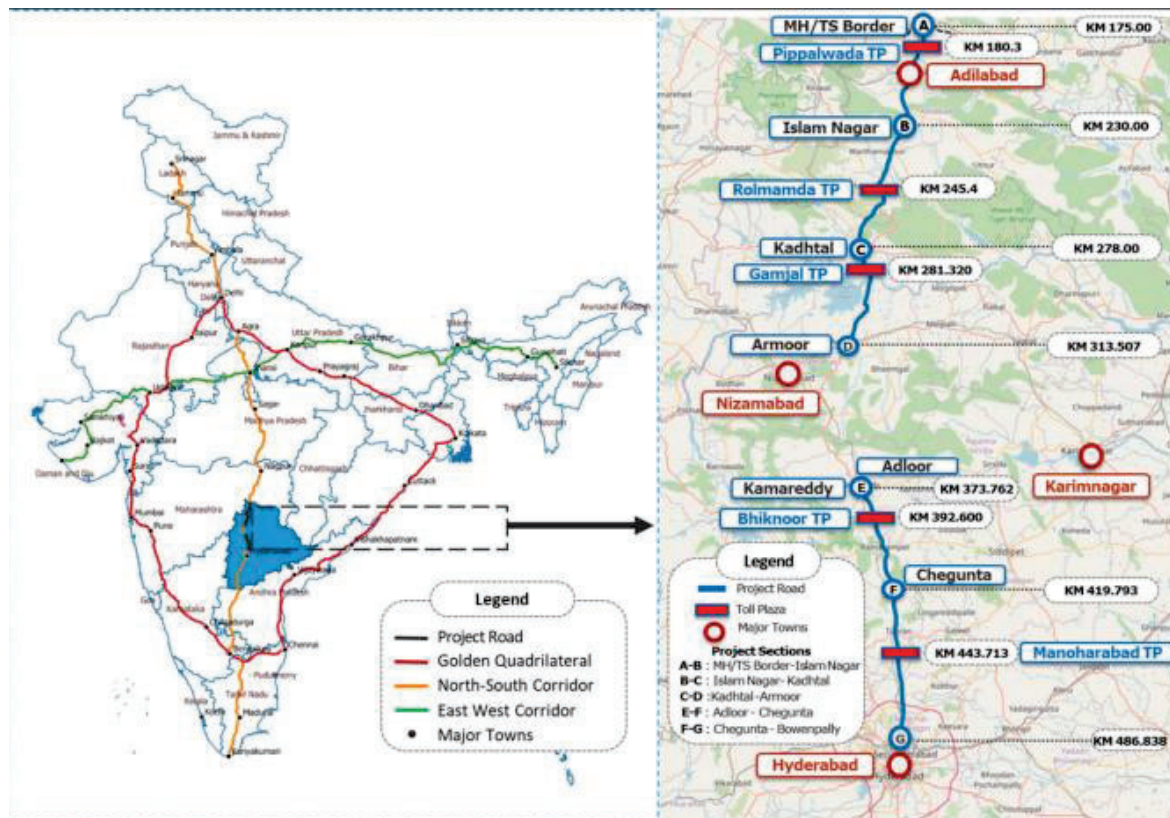




## Background of the SPV

### North Telangana Expressway Private Limited (“NTEPL”)

- 3.6. The National Highways Authority of India (NHAI) has launched the Toll, Operate & Transfer programme (TOT) for monetizing public-funded national highways. Under this programme, the tolling rights of a bundle of projects are awarded for a pre-determined period to the concessionaire for an upfront payment. NHAI had invited bids for TOT Bundle - 16 under which approximately covers 251.583 km of Four Lane Hyderabad Nagpur Corridor (from km.175+000 to km.313+507 and km.373+762 to km.486+838) of NH – 44 in the state of Telangana will be monetised and the tolling rights for these roads were awarded to the concessionaire for a period of 20 years.
- 3.7. The Project Road being taken up for monetisation, is a part of National Highway-44 (Old NH-7). National Highway-44 is one of the busiest and primary corridors in the country, connecting Srinagar and Kanyakumari passes through Jammu, Punjab, Delhi, Uttar Pradesh, Madhya Pradesh, Maharashtra, Telangana, Andhra Pradesh, and Tamil Nadu.
- 3.8. Following a successful bid, the project was awarded to Highways Infrastructure Trust which in turn incorporated North Telangana Expressway Private Limited (“NTEPL”) on 14<sup>th</sup> October 2024. The SPV entered into concession agreement dated 15<sup>th</sup> October, 2006 with NHAI. The project was awarded by NHAI for 20 years of operation & maintenance period from the expected Appointed Date i.e. 26<sup>th</sup> January, 2025.
- 3.9. Since the SPV/ toll road is acquired following a transparent bidding process from the NHAI, there is no related party transaction in accordance with Regulation 21(3) read with the applicable clause of Schedule V of the InvIT Regulations.
- 3.10. The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

- 3.11. The project highway of 251.583 kms has been divided into 5 sections as mentioned below:

Pkg. No.	Section Name		Existing Chainage (Km)		Length (km)
	From	To	From	To	
PKG-1	MH Border	Islam Nagar	175+000	229+600	54.60
PKG-2	Islam Nagar	Kadtal	229+600	282+617	53.02
PKG-3	Kadtal	Armur	282+617	313+507	30.89
PKG-4	Adloor Yellareddy	Chegunta	373+762	425+300	51.54
PKG-5	Chegunta	Bowenpally	425+300	486+838	61.54

Source: Investment Manager, Technical Due Diligence Report

- 3.12. Summary of Project details of NTEPL are as follows:

Parameters	Details
Total Length	251.583 Kms
Nos. of Lanes	4/6
NH / SH	NH-44
State Covered	Telangana
Upfront Concession Fee	INR 66,610 Mn
PPP Model	Toll, Operate, Transfer ("TOT")
Project Type	Toll
Concession Granted by	NHAI
Appointed Date	26 <sup>th</sup> January 2025
Original Concession Period	20 years from Appointed Date
Extension (If any)	NA
Likely End of Concession Period	26 <sup>th</sup> January 2045

Source: Investment Manager

- 3.13. Project Road includes Tolling, Operation, Maintenance & Transfer of MH/TS Border to Armur (from Existing Km 175+000 to Existing Km 313+507) & Adloor Yellareddy to Bowenpally (from Existing Km 373+762 to Existing Km 486+838) of NH 44 in the State of Telangana (TOT Bundle 16). The Project Road has a length of 251.583 km.

Sr. No.	Description	Units	PKG - 1	PKG - 2	PKG - 3	PKG - 4	PKG - 5
1	Project Stretch		175.000 to 229.600	229.6 to 282.617	282.617 to 313.507	373.762 to 425.300	425.3 to 486.838
2	Total Length of Project	kms	54.6	53.017	30.89	51.538	61.538
3	Length of Urban Section	m	8320	2170	6120	2012	11324
4	Length of Service/Slip Road	m	14524	12744	14961	11980	12737
5	No. of Major Junctions	Nos.	4	1	3	4	2
6	No. of Minor Junctions	Nos.	14	23	11	17	13
7	No. of Median Openings	Nos.	28	30	19	23	16
8	No. Of Major Bridges	Nos.	3	2	4	0	1
9	No. Of Minor Bridges	Nos.	10	16	5	6	6
10	No. Of Vehicular Underpass	Nos.	11	7	5	2	4
11	No. of Slab Culverts	Nos.			11	2	1
12	No. of Pipe Culverts	Nos.	38	28	57	33	45
13	No. of Box Culverts	Nos.	34	60	19	148	95
14	No. of Pedestrian Underpass	Nos.	10	11	12	14	8
15	No. of Cattle Underpass	Nos.	5	6		2	
16	No. of Bus Underpass	Nos.				3	
17	No. of ROB	Nos.	2			1	
18	No. of Toll Plaza	Nos.	1	1	1	1	1
19	No. of Bus Bay/ Shelter	Nos.	28	36	30	14	8
20	No. of Truck Bays	Nos.	8	4	4	14	8
21	No. of Animal Crossing	Nos.					
22	Length of Bypass	kms	15.5	31.5	6.8	22.53	13.331
23	Length of Lined Drain	m	13205	11380	13243	22,120	15,401
24	No. of Street Lights	Nos.	42	37	35		
25	No. of High Mast Lights	Nos.	8	7	5	13	
26	No. of Solar Blinkers	Nos.	55	58	36	42	
27	W-Beam Safety Barriers	m	36570	49695		30409	
28	Concrete Safety Barriers	m	3300	1900		1514	
29	Length of pedestrian guard rails	m	390				
30	No. of Delineators	Nos.				416	
31	No. of Guard Posts	Nos.				884	
32	No. of Pedestrian cross Markings	Nos.	27	20	19		

Source: Investment Manager

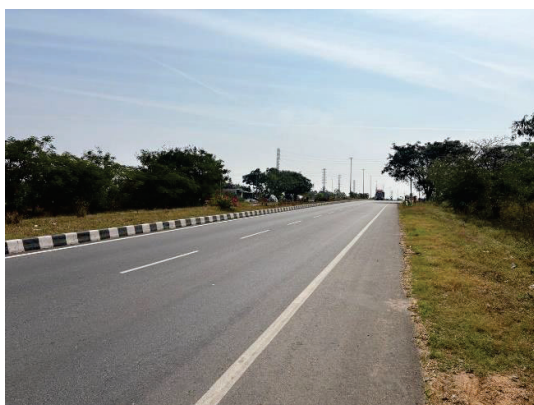
3.14. The shareholding of NTEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Highways Infrastructure Trust (incl. nominee)	10,000	100.00%
Total		10,000	

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.

3.15. My team had conducted physical site visit for NTEPL on 13<sup>th</sup> December 2024. Following are the pictures of the plant site :



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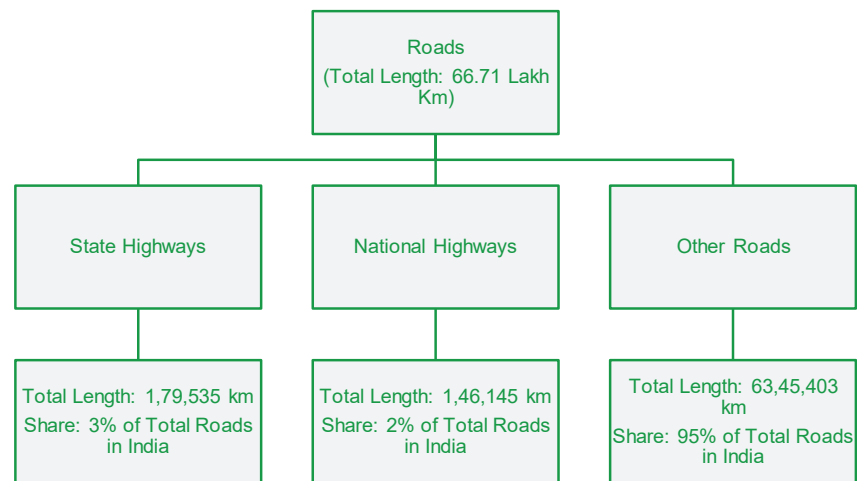
## 4. Overview of the Industry

### 4.1 Introduction

- 4.1.1 In the context of India's ambitious journey towards a 50,00,000 million dollar economy, the transport sector emerges as a pivotal player.
- 4.1.2 Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.
- 4.1.3 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.
- 4.1.4 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 6.67 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: MoRTH, Government of India

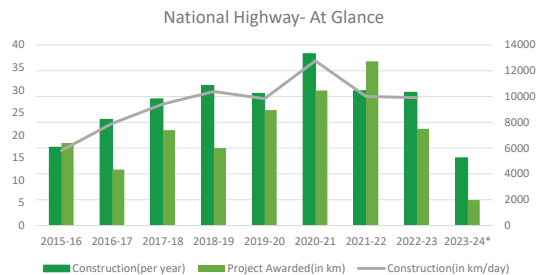
- 4.2.2 NHs constitute around 2 per cent of the total road network in the country but carry about 40% of the road traffic. The density of India's highway network at 1.89 km of roads per square kilometer of land – is similar to that of the France (1.98) and much greater than China's (0.49) or USA's (0.68).

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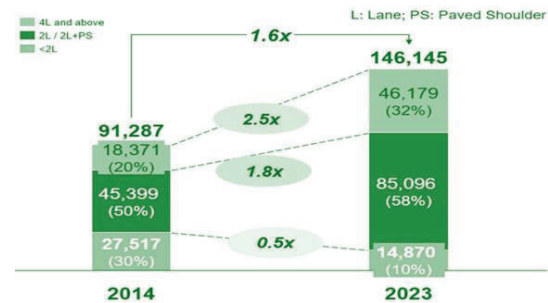
4.2.3 National Highway (NH) network increased by ~60% from 91,287 km in 2014 to 1,46,145 km in year 2024.

Year	Construction (per year)	Project Awarded (in km)	Construction (in km/day)
2015-16	6061	6397	16.6
2016-17	8231	4335	22.6
2017-18	9829	7400	26.9
2018-19	10855	6000	29.7
2019-20	10237	8948	28.1
2020-21	13327	10467	36.5
2021-22	10457	12731	28.6
2022-23	10331	7497	28.3
2023-24*	~12,300	~2,500	34.0

Source: MoRTH, Government of India



Source: MoRTH, Government of India



### 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 The National Highways Authority of India (NHAI) has made a big step towards improving the highway user experience, with the introduction of 'Rajmargyatra,' a citizen-centric unified mobile application. This user-friendly app provides travellers with in-depth knowledge of Indian National Highways as well as an effective procedure for filing complaints.
- 4.3.5 National Highways Authority of India (NHAI) has also recently introduced a 'Knowledge Sharing' platform for sharing of knowledge and innovative best practices. This effort, which is hosted on the NHAI website, will assist the authority in working with specialists and citizens who want to exchange knowledge and views about subjects including road design, construction, road safety, environmental sustainability, and related sectors. The platform will promote the exchange of best practices from all around the world and work to strengthen the nation's national highway system.



- 4.3.6 A total of 261 road projects under different Schemes of MoRTH with a total sanctioned cost of Rs. 1,02,594 crore (US\$ 12.33 billion) are under implementation through the National Highways Authority of India (NHAI), National Highways & Infrastructure Development Corporation Ltd. (NHIDCL), and State Public Works Departments (PWDs) in the North-Eastern States. The Ministry of Development of the North-Eastern Region, under the erstwhile North-East Road Sector Development Scheme (NERSDS) and the present North-East Special Infrastructure Development Scheme (NESIDS), has sanctioned a total of 77 road projects amounting to Rs. 3,372.58 crore (US\$ 405.5 million).
- 4.3.7 The Government of India has been consistently revising 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.
- 4.3.8 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.
- 4.3.9 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.

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

- 4.4.1 The current rate of road construction is almost three times that in 2007-08.
- 4.4.2 The launch of the Bharatmala Pariyojana in 2017 provided a big leap 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.
- 4.4.3 Under Phase-I of Bharatmala Pariyojana, the Ministry has approved the implementation of 34,800 km of national highways in 5 years with an outlay of Rs. 5,35,000 crore (US\$ 76.55 billion). Under this scheme, 22 greenfield projects (8,000 km length) are being constructed; this is worth Rs. 3.26 lakh crore (US\$ 43.94 billion).
- 4.4.4 The government aims to take this up to 100 km per day in the next few years.
- 4.4.5 National Highway (NH) network increased by 60% from 91,287 km in 2014 to 1,46,145 km in year 2023
- 4.4.6 Length of 4 lanes and above NH increased by 2.5 times – 18,387 km (2014) to 46,179 km (Nov'23)
- 4.4.7 Length of less than 2 lane NH decreased from 30% (2014) to 10% (Nov'23)
- 4.4.8 Average pace of NH construction increased by 143% to 28.3 km/day from 2014
- 4.4.9 Expenditure is expected to increase by 9.4 times from 2014.
- 4.4.10 Out of 108 (3700 km) port connectivity road projects, 8 (294 km) are completed, 28 (1808 km) are awarded and DPR under-progress for 72 (1595 km) projects
- 4.4.11 With the Government permitting 100% Foreign Direct Investment (FDI) in the road sector, several foreign companies have formed partnerships with Indian players to capitalise on the sector's growth. Cumulative FDI inflows in construction development stood at US\$ 33.91 billion between April 2000 - March 2024.
- 4.4.12 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.
- 4.4.13 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.
- 4.4.14 With the launch of Bharatmala project, 10,000 km of highway construction left under NHDP was merged with Phase I of the Bharatmala project.
- 4.4.15 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).

- 4.4.16 The main aim of this program is a faster approval process by digitizing the process through a dedicated Gati shakti portal.
- 4.4.17 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.

#### 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 26,000 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.

In Bharatmala Pariyojana, 60% projects on Hybrid Annuity Mode, 10% projects on BOT (Toll) Mode and 30% projects on EPC mode have been envisaged respectively.

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

Component	Length (Km)	Cost (INR Mn)
Economic corridors development	9,000	12,00,000
Inter-corridor & feeder roads	6,000	8,00,000
National Corridors Efficiency	5,000	10,00,000
Border & International connectivity	2,000	2,50,000
Coastal & port connectivity roads	2,000	2,00,000
Expressways	800	4,00,000
<b>Sub Total</b>	<b>24,800</b>	<b>38,50,000</b>
Other works - under NHDP	10,000	15,00,000
<b>Total</b>	<b>34,800</b>	<b>53,50,000</b>

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

##### 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 NH-544G Bengaluru–Vijayawada Economic Corridor

Mr. Nitin Gadkari has recently approved the development of 32 km long 6-lane Access Controlled Greenfield Highway on NH-544G Bengaluru–Vijayawada Economic Corridor in Hybrid Annuity Mode in Andhra Pradesh worth US\$ 157 million (Rs. 1,292.65 crores).

##### 4.5.5 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.

##### 4.5.6 To further augment road infrastructure, more economic corridors are also being planned by Government of India.

- Prime Minister Mr. Narendra Modi has dedicated a six-lane Greenfield motorway part of the Amritsar-Jamnagar Economic Corridor and the first phase of the Inter-State Transmission Line for Green Energy Corridor.
- 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. In the Union Budget of 2024-25, the Government of India allocated Rs. 2.7 lakh crore (US\$ 32.68 Billion) to the Ministry of Road Transport and Highways.
- e. Up to FY24, the Ministry of Road Transport and National Highways had awarded a total length of 2,595 kms.

#### 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. 53.5 lakh Mn (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.

#### 4.7 Asset Monetisation

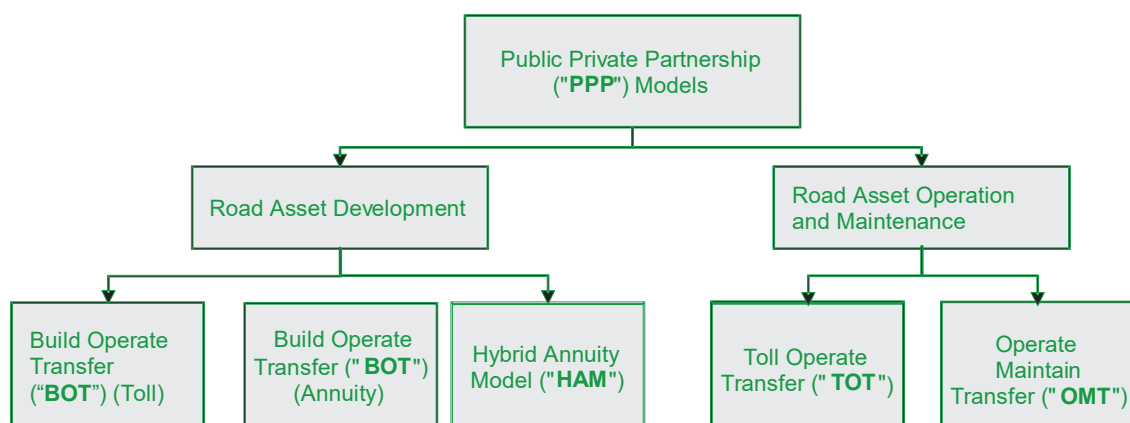
- 4.7.1 **TOT Model** – Under this model, the right of collection of user fee (toll) in respect of selected operational highways constructed through public funding are assigned through a concession agreement as a result of bidding. For a specified period of 15-30 years to the Concessionaire against upfront payment of a lump-sum amount quoted to the Government/NHAI. During the concession period, the responsibility for operations and maintenance of the road assets rests with the Concessionaire.
- 4.7.2 **InViT Model** – NHAI has set up an InViT under the SEBI InViT Regulations, 2014 which is a pooled investment vehicle that issues units to investors, while having three entities for management of the Trust – Trustee, Investment Manager and Project Manager. The three entities have defined roles and responsibilities under the SEBI Regulations.
- 4.7.3 **Securitization through SPV Model** – A SPV/DME (100% owned by NHAI), has been created by bundling road assets under consideration and securitizing the future user fee from the road assets. NHAI will collect tolls, maintain the road assets and periodically transfer payments to the SPV sufficient for servicing debt obligations at the SPV level. About Rs.3,70,000 Mn has already been raised through this method (DME- Delhi Mumbai Expressway) by NHAI so far.

#### 4.8 Utility Corridors

Working towards development of around 10,000 km of Optic Fibre Cables (OFC) infrastructure across the country by FY2024-25, National Highways Logistics Management Limited (NHLML), a fully owned Company of NHAI, is implementing the network of Digital Highways by developing integrated utility corridors along the National Highways to develop OFC infrastructure. Around 1,367 km on Delhi – Mumbai Expressway and 512 km on Hyderabad - Bangalore Corridor have been identified for the Digital Highway Development.

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

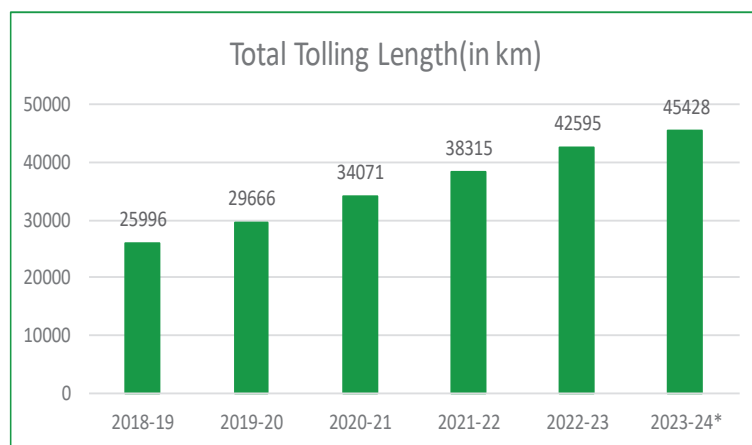
- 4.9.1 India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector. PPP has been a major contributor to the success story of the roads and highway sector in India. With the emergence of private players over the last decade, the road construction market has become 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.



#### 4.10 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.

#### 4.11 Major Events of 2023 and 2024

- In March 2024, Prime Minister Narendra Modi inaugurated and laid the foundation stone for 112 national highway projects across various states, with a total worth of approximately US\$ 12.04 billion (Rs. 1 lakh crore).
- The country's first elevated eight-lane access control Dwarka expressway of 29.6 km length is built at a cost of Rs. 1 lakh crore (US\$ 12.04 billion).
- In FY24 approximately 12,300 km of National Highways were constructed.
- Delhi-Vadodara Expressway: The Hon'ble Prime Minister dedicated to the nation 244.50 km long stretch of Delhi-Vadodara Expressway developed at a cost of about Rs. 1,18,950 Mn.
- The Hon'ble Prime Minister dedicated to the nation a road project 'four laning of 59 km long Suryapet to Khammam section of NH-365BB' built at a cost of about Rs.24,600 Mn.
- The Hon'ble Prime Minister laid the foundation stone of key road projects that are part of Nagpur -Vijayawada Economic Corridor.
- Foundation Stone laying for Karnataka Section of Six Lane Surat – Chennai Expressway (1270 Km)
- Hon'ble Prime Minister dedicated 118 km long Bengaluru-Mysuru Expressway to the nation and laid the foundation stone for the 92 km Mysuru-Kushalnagar 4-lane highway in Mandya, Karnataka
- Hon'ble Prime Minister inaugurated and laid the foundation stone of road projects worth about Rs.37,000 Mn at Chennai, Tamil Nadu.
- Hon'ble Prime Minister inaugurated and laid the foundation stones for upgradation of two lanes roads in Rajsamand and Udaipur.
- Foundation stones of five National Highway projects worth Rs. 64,000 Mn were laid in Raipur on 07<sup>th</sup> July 2023.

#### 4.12 Government Investment in the Sector

- 4.12.1 In the fiscal year 2024-25, the Indian government has allocated ₹2,78,000 crore to the Ministry of Road Transport and Highways, reflecting a commitment to enhancing the nation's road infrastructure. Of this, the National Highways Authority of India (NHAI) has been allocated ₹1,68,464 crore, maintaining the previous year's funding level. This substantial investment underscores the government's focus on expanding and upgrading the national highway network, including projects such as six-laning congested sections of the Golden Quadrilateral, developing roads in Naxal-affected areas, and improving last-mile connectivity through state Public Works Departments. These initiatives aim to boost economic growth, improve transportation efficiency, and enhance regional connectivity across the country.

#### 4.13 Growth Drivers

##### 4.13.1 Robust Demand :

Growing domestic trade flows have led to rise in commercial vehicles and freight movement; supported by rise in production of commercial vehicles which commands stronger road network in India. Higher individual discretionary spending has led to increased spending on two and four wheelers. Domestic sales of passenger vehicles, three-wheelers and two-wheelers, reached 3,069,499, 260,995, and 13,466,412 units, respectively. Road's traffic share of the total traffic in India has grown from 13.8% to 65% in freight traffic and from 32% to 90% in passenger traffic over 1951–2019.

##### 4.13.2 Increasing Investment :

Huge investment have been made in the sector with total investment increasing more than three times from 2014-15 to 2018-19. Plans are in place to raise up to INR 45,00,000 Mn through monetization, of which INR 3,00,000 Mn will be raised through ToT mode and INR1,50,000 Mn through InvITs. NHAI will bid out nearly 75% of new highway projects on PPP. Projects worth over INR 5000 Mn will preferably be executed through PPP mode.

##### 4.13.3 Policy Support :

100% FDI is allowed under automatic route subject to applicable laws and regulations, standardized process for bidding and tolling. Government of India has set up India Infrastructure Finance Company (IIFCL) to provide long-term funding for infrastructure projects.

#### **4.14 Challenges & Issues in the Sector**

##### **4.14.1 Land Acquisition Delays & Cost :**

- Land acquisition cost has increased more than 30% since 2017, primarily due to enhanced compensation payment requirements as per 'The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013'.
- Delay in pre-construction activities (such as land acquisition, relocation) affects project timelines. Land acquisition for road projects involves various stages. Each stage involves a number of stakeholders and regulatory bodies. Thus processes consume considerable time.

##### **4.14.2 Regulatory Approvals & Disputes :**

- Road development process requires a number of approvals such as environmental clearance, forest clearance, railways clearance, etc. Each of these activities takes considerable time and non-adherence to timelines result in cost overruns due to delays.
- Claims arising out of disputes between the concessionaire/ contractor and the government authorities are also a significant cost which can lead to large liabilities.

##### **4.14.3 Operational Issues :**

- Uncertainty of toll revenue collection and variation of collected toll revenue compared to projected levels as Actual traffic is much less than the anticipated traffic.
- Often unforeseen weather conditions require unplanned O&M, over and above the routine and periodic maintenance activities. This results in enhanced O&M expenses. The increase in O&M costs is also affecting the project returns.

##### **4.14.4 Financing road construction projects :**

- In the case of toll motorways, the challenge of financing construction projects is different but still remains. Traditionally, the construction of toll motorways is a profitable investment but in the times of recession, funding may be rare or nonexistent.
- Powerful national economies may be able to efficiently tackle the problem but weaker economies can hardly find the financing sources for road construction projects.

##### **4.14.5 Climate Change:**

- The road sector is vulnerable to climate change impacts. Climate change and extreme weather events pose a significant challenge to the safety, reliability, effectiveness and sustainability of road transportation systems. Tsunami waves, wildfires, floods and hurricanes constitute a big risk for passengers, vehicles and goods, as well as for the integrity of the transport infrastructure.
- Since reliable road transport is an essential driver of economic growth and social wellbeing worldwide, national road authorities and motorway operators must adapt the infrastructure to climate change and increase the resilience of road transport to extreme weather

##### **4.14.6 Economy and cost effectiveness:**

- Among all transport modes, road transport occupies a significant place in short- and medium distance travel operations. However, the unit cost of transportation (per ton × km), compared with other modes of transport, remains high and is getting higher and cost-ineffective as the travel distance increases.
- Road transport cost comprises direct costs (fuel, capital depreciation, maintenance, motorway tolls, ferry fares and wages) and external costs (noise, congestion, infrastructure damages, health and environmental issues).

#### **4.15 Recent Initiatives by Government**

##### **4.15.1 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.

#### 4.15.2 Central Road and Infrastructure Fund (CRIF)

A majority of the Ministry's expenditure is managed through transfers from the CRIF. A portion of the cess collected on motor spirit and high-speed diesel is earmarked for the development of NHs and SHs, and the amount is transferred to the non-lapsable CRIF. This amount is eventually released to the NHAI, and to the state/UT governments for the development of road infrastructure, and other projects (such as ports, railway track, airports) in the country. For 2024-25, the transfer from CRIF towards the Ministry is estimated at Rs 3,46,400 Mn.

#### 4.15.3 National Investment Fund (NIF)

The NIF was created in 2005, and is credited with proceeds from disinvestments of public sector enterprises. The Ministry finances the Special Accelerated Road Development Programme in North East (SARDP-NE) with funds from the NIF.

#### 4.15.4 Investment in roads and other infrastructure

- CareEdge Ratings estimates that India will require additional infrastructure investment of US\$ 18-20 trillion in the next 25 years to become a US\$ 25-30 trillion economy by 2047.
- The Cabinet Committee on Economic Affairs, has given the approval for the development of eight key National High-Speed Corridor projects, spanning a total length of 936 km, with an investment of Rs. 50,655 crore (US\$ 6.09 billion) nationwide.

#### 4.15.5 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.

#### 4.15.6 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.

#### 4.15.7 Rural development

The Central government launched the Pradhan Mantri Gram Sadak Yojana to provide all-weather road connectivity to the eligible unconnected habitations in rural areas. Over 7 lakh kilometres of roads have been constructed under the first and second phases of the scheme, which is currently in its third phase. Under the Union Budget 2024-25, the Government of India allocated Rs.1,90,000 Mn (US\$ 2,370 million) for Pradhan Mantri Gram Sadak Yojana (PMGSY).

#### 4.15.8 Improve safety standards

The Government of India has announced rules to improve road safety, such as fixed driving hours for commercial truck drivers and a mandate to install sleep detection sensors in commercial vehicles. A memorandum of understanding (MoU) has been signed with the National Highways Authority of India (NHAI) by Guru Nanak Dev University (GNDU) to conduct advanced research on various aspects, including highway architecture, protection and revitalisation. The GNDU will undertake studies on ~137 km length of the National Highways passing through Pathankot, Gurdaspur and Amritsar districts.

#### 4.15.9 Portfolios in roads & highways sector

The National Investment and Infrastructure Fund (NIIF) is constantly 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.

#### 4.15.10 International Tie-ups

The Ministry of Road Transport and Highways signed a 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.

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

- FDI inflows in construction development stood at US\$ 33.91 billion between April 2000 – March 2024.
- Indian Government and Asian Development Bank signed US\$ 500 million loan agreement to build the longest bridge across river Ganga, in Bihar.
- The Government of India and New Development Bank (NDB) recently signed two loan agreements for US\$ 646 million for upgrading the state highway and district road networks in Andhra Pradesh.

### 4.16 **Outlook**

4.16.1 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.

4.16.2 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.

4.16.3 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 kilometers 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.

4.16.4 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.

4.16.5 The Government of India has allocated Rs. 111 lakh crore (US\$ 1.4 trillion) under the National Infrastructure Pipeline for FY25. The roads sector is likely to account for 18% capital expenditure over FY25.

### 4.17 **Toll, Operate & Transfer Projects Overview**

4.17.1 The TOT model has been developed to encourage private participation in the Highway sector. NHAI from time to time has awarded contracts for tolling, operation & maintenance of various National Highways stretches on a TOT basis.

4.17.2 In line with the National Monetization Plan, NHAI's total asset monetization program has crossed INR 1 lakh crore which includes INR 48,995 crore through TOT, INR 25,900 crore through InvIT and INR 42,000 crore through securitization.

4.17.3 Commenting on the award of the TOT Bundle-16 the same project under consideration in this report, NHAI Chairman Santosh Kumar Yadav said, "The success rate of TOT model in FY24 was 100 per cent and we have seen very encouraging response from the bidders."

*Sources: IBEF Roads Report, August 2024; KPMG Report - Roads and Highway Sector; ICRA reports, website of Ministry of Road Transport and Highways, Government of India.*

## 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 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. Since the SPV is newly incorporated by the Trust following a successful bid to acquire the Project Road (TOT-16 bundle) from NHAI and only the equity shares are issued by the SPV to the Trust for a cash consideration, the existing book EV of the SPV as at 30<sup>th</sup> November 2024 prepared as per Indian Accounting Standards (Ind AS) is NIL.
- 5.13. In the present case, the SPV operate and maintain the project facilities in accordance with the terms and conditions under the relevant concession agreement. During the concession period, the SPV 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 TOT based concession agreement with the relevant regulatory authorities. Government authorities in India typically award highway infrastructure development projects under Toll concessions, which are characterized by three distinct phases:
1. Toll: Upon successfully securing a project concession through a competitive bid, a concessionaire secures tolling rights of a toll road and;
  2. Operate: during the agreed concession period, the concessionaire operates, manages and maintains the road at its own expense 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. Currently, the SPV 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 SPV 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 SPV

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6.1. In the present exercise, my objective is to determine the Fair Enterprise Value of the SPV 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 and 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 SPV 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 SPV 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 SPV:**

The SPV are responsible for tolling, 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 SPV. The SPV earn revenue primarily in the form of toll revenue.

6.6. **Concession Period**

### NTEPL :

The Concession Period, in case of a TOT project refers to the period where the Concessionaire 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 concession period beginning from 27<sup>th</sup> January 2025 and ending on 26<sup>th</sup> January 2045.

6.7. **Toll Revenue:**

As per the concession agreement of the SPV, 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 NTEPL from 27<sup>th</sup> January 2025 to 26<sup>th</sup> January 2045.

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 SPV, 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. Currently,

the volumes have been estimated by applying the relevant growth rates to the existing figures. These growth rates were determined by the Traffic Study expert consultant, M/s Ramboll India Private Limited, taking into account the aforementioned factors. The projected traffic volumes and the factors affecting the same have been independently analyzed and are considered reasonable for adoption.

#### **6.9. Toll Rates**

During the concession period, the SPV 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 SPV on annual basis. According to such provisions, the Toll rate fee shall be increased without compounding, by 3% each year and such rate shall be deemed to be the Base Rate. This Base Rate revised annually with effect from April 1 each year to reflect the increase in wholesale price index between the week ending on January 6, 2007 (i.e. 208.7) and the week ending on or immediately after January 1 of the year in which such revision is undertaken but such revision shall be restricted to forty per cent of the increase in wholesale price index.

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

In the present case, the Investment Manager has appointed M/s Ramboll India Private Limited an independent third-party research agency to forecast the traffic volumes, toll rates and toll revenues for the SPV. As confirmed by the Investment Manager, the traffic volumes and toll revenues for the SPV 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:**

Following are the major costs incurred by the SPV:

#### **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. SPV 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 SPV 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.

Further, Operation & Maintenance Costs have been considered based on the Technical Due Diligence ("TDD") Reports prepared by Sri Infra Consulting Engineers Pvt. Ltd. for the five packages of the SPV as provided to me by the Investment Manager. Given the technical nature of this study, I have relied on the expert's report for these costs.

#### **6.12. Project Manager Fees ("PM Fees"):**

I understand from the Investment Manager that after acquisition of the SPV, 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. Fees will be charged by the Project Manager of the Trust for such supervision and management. In the present valuation exercise, the projections for such fees provided by the Investment Manager have been relied on.

#### **6.13. 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.

Further, Major Maintenance Costs have been considered based on the Technical Due Diligence ("TDD") Reports for the five packages prepared by Sri Infra Consulting Engineers Pvt. Ltd. as provided to me by the Investment Manager. Given the technical nature of this study, I have relied on the expert's report for these costs.

**Note :**

Due to the confidential nature of the data, and at the request of the Investment Manager, the comprehensive details of information such as traffic volumes, toll rates, specific breakup of the O&M as well as MM expenses are not provided.

**6.14. 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.

**6.15. Capital Expenditure ("Capex"):**

Capital expenses refer to costs associated with immediate repairs estimated based on the detailed asset inventory and condition assessment surveys, pavement condition and structural condition assessment surveys. Given the technical nature of this analysis, I have relied on the TDD Report prepared by Sri Infra Consulting Engineers Pvt. Ltd. for projecting such costs, which was made available to me by the Investment Manager. The following costs are mainly considered by the TDD expert in his analysis :

- a. Road work items
- b. Bridge work items
- c. Pavement Rehabilitation Works
- d. Structural Rehabilitation Works
- e. Drainage Works
- f. Slope protection works
- g. Safety works

These costs are mainly incurred when the separate packages are handed over for operations & maintenance to the SPV.

**6.16. Direct Taxes:**

As per the discussions with the Investment Manager, since no MAT credit is available with the SPV under section 115JB, the SPV would opt for the new tax regime under section 115BAA (with a base rate of tax of 22%, surcharge of 10%).

**6.17. Working Capital:**

The Investment Manager has provided me with the projected Working Capital for the SPV which mainly consists of a debtors with relation to delay in toll collection and the credit period allowed by the O&M contractor. I have relied on the same.

**6.18. Impact of Ongoing Litigation on Valuation:**

As confirmed by the Investment Manager, as at 30<sup>th</sup> November 2024, there are no ongoing litigations due to the limited period of existence of the SPV.

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

**6.19. 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 SPV.

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

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 SPV based on the above calculation (Refer Appendix 2).

**6.20. Risk Free Rate:**

I have applied a risk free rate of return of 6.79% on the basis of the zero coupon yield curve as on 30<sup>th</sup> November 2024 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

**6.21. 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. For my estimation of the ERP, I have considered rolling historical returns of 10, 15 & 20 year of Nifty 50 index from year 2000 to 2024. The 10 year rolling return, 15 year rolling return and the 20 year return for several periods were calculated. I have computed equity risk premium for each rolling period and accordingly I have arrived at ERP in the range of 6.5%, 6.9% & 7.4% which averages to ~7.0%. Based on the aforementioned, a 7% equity risk premium for India is considered appropriate.

**6.22. Debt – Equity Ratio:**

I have considered the target debt-equity ratio as per the industry standards. I have considered the industry benchmark since the cost of capital is a forward looking measure, and captures the cost of raising new funds to buy the asset at any valuation date (not the current actually deployed). Specifically, such benchmark is required to consider the nature of the asset class, and the comparative facts from the industry to arrive at the correct assumption.

Given the risk profile of toll projects, and considering the leverage at 50-60% of the total project cost based on a rating agencies report available in public domain, and further considering the InvIT Regulations allowing in general upto 49% leverage in assets where the AAA rating has not been obtained, a debt-to-equity ratio of 50% for Toll asset was found to be appropriate.

**6.23. 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 SPV for an appropriate period namely IRB InvIT fund, GR Infraprojects Ltd, IRB Infrastructure Developers Ltd and Dilip Buildcon Limited.

In the present case, the selected companies were chosen for Beta computation based on the relative comparability with the business of the SPV and the Trust. These companies are deriving higher proportion of their revenue out of completed Toll/HAM assets and are also engaged in the business of owning/ operating InvIT assets. Their operational and financial exposure aligns relatively near to the business under consideration, including revenue dependency on toll collections and road maintenance obligations under similar public-private partnership models. This ensures the analysis reflects sector-specific risk profiles relevant to the valuation of the asset.

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 TOT 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 SPV. (Refer Appendix 2)

#### 6.24. 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, the Investment Manager is of the view that the Project is a part of key North-South national corridor catering to long distance traffic originating and destined to multiple tier 1 / tier 2 cities along the project stretch (list of key cities connected by the route shared in management note earlier). Thus traffic growth will closely track India's GDP growth and will not be restricted to particular state or region lowering volatility risk. In BOT concessions, the construction activity is undertaken by the project SPV as part of the concession obligation and there is certain overhang of risks / legacy issues carried forward from construction period. Since a new SPV is incorporated in the present case, there are no legacy issues including finance, tax, legal in Project SPV unlike an acquired asset which carries legacy risks from erstwhile Sellers. Moreover, as confirmed by the Investment Manager, it has been noted that the historical traffic growth of the SPV, on a compounded annual growth basis, has exceeded 10% whereas the management has considered a lower estimate for the future period for traffic volumes.

Hence, for the present valuation exercise, I have not assumed any Company Specific Risk Premium.

#### 6.25. 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 8.25% for the SPV, as represented by the Investment Manager based on the weighted average Cost of Debt of the SPV.

#### 6.26. 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 SPV.

*(Refer Appendix 2 for detailed workings).*

#### 6.27. 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 I have used 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)

- 6.28.** 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, SPV 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.

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## 7. Valuation Conclusion

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

INR Mn			
SPV	End of Projected Period	Projection Period (Balance Concession Period)	Enterprise Value
NTEPL	27 <sup>th</sup> January 2045	~20 years	71,272

*\*The above calculation of EV is done without giving effect to upfront concession fee of INR 66,610 Mn which is payable on the expected appointed date, i.e. 26<sup>th</sup> January, 2025.*

*(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 and cash equivalents to meet those liabilities.
- 7.5. The fair EV of the SPV 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.
- 7.6. 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 SPV 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 SPV

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

As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPV for which approval is pending as on 30<sup>th</sup> November 2024. 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 SPV 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> November 2024.

#### C. Statement of assets included:

The details of assets in INR Mn of the SPV as at 30<sup>th</sup> November 2024 are as mentioned below:

					INR Mn
Sr. No.	SPV	Net Fixed Assets	Net Intangible Asset	Non-Current Assets	Current Assets
1	NTEPL	-	-	-	0.10
<b>Total</b>		-	-	-	<b>0.10</b>

Source Investment Manager

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 SPV in order to maintain the working condition of the assets.

**Historical major repairs:-**

In the present case, as per the concession agreement, Operation and maintenance obligations of the SPV begin after the appointed date, which in the present case has been assumed to be the date of payment of the upfront concession fees to NHAI.

**Forecasted major repairs**

INR Mn										
SPVs	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34
NTEPL	30	33	89	218	44	54	42	1,395	2,403	1,730

INR Mn										
SPVs	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44	FY 45
NTEPL	64	1,190	1,278	2,040	1,840	92	251	1,138	1,064	2,841

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 SPV (InvIT assets).

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

As informed by the Investment Manager, given the limited period of existence of the SPV, there are no litigations outstanding as at the Valuation Date.

I have relied on the Investment Manager with respect to the current status with regards to the litigations of the SPV.

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. Projected financial information for the project life for the SPV;
  - ii. Balance sheet of the SPV as at Valuation Date
  - iii. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);
  - iv. Technical Due Diligence Report by Sri Infra Consulting Engineering Pvt. Ltd.;
  - v. Traffic Study Report dated July 2024 prepared by M/s Ramboll for the SPV;
  - vi. Concession Agreement of the SPV with the respective authority;
  - vii. List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPV;
  - viii. Shareholding pattern as on the report date of the SPV and other entities mentioned in this Report;
  - ix. Management Representation Letter by the Investment Manager dated 16<sup>th</sup> December 2024;
  - x. Relevant data and information about the SPV 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 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.
- 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> November 2024 ("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 SPV till 30<sup>th</sup> November 2024. The Investment Manager has represented that the business activities of the SPV have been carried out in normal and ordinary course between 30<sup>th</sup> November 2024 and the Report Date and that no material changes have occurred in the operations and financial position between 30<sup>th</sup> November 2024 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 SPV or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPV 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 SPV 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 SPV, 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 SPV 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 SPV.
- 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,

SWAMINATHAN  
SUNDARARAMA  
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Digitally signed by  
SWAMINATHAN  
SUNDARARAMAN  
Date: 2024.12.18  
16:39:34 +05'30'

**S. Sundararaman**

Registered Valuer

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

Asset Class: Securities or Financial Assets

Place: Chennai

UDIN:

# Appendix 1 – Valuation as on 30<sup>th</sup> November 2024 under the DCF Method

												INR Mn
Year	Revenue	Expenses	EBITDA	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	E = A - B - C - D	F	G	H	I	F=A-B-C-D-E	G	H	I	J=F*I
FY25*	908	63	845	30	50	(5)	60	710	0.25	9.50%	0.98	694
FY26	6,059	378	5,681	33	116	(4)	582	4,955	0.83	9.50%	0.93	4,594
FY27	7,562	468	7,094	89	256	(6)	920	5,835	1.83	9.50%	0.85	4,941
FY28	8,370	641	7,729	218	590	(12)	1,036	5,897	2.83	9.50%	0.77	4,560
FY29	8,939	873	8,065	44	292	(17)	1,163	6,584	3.83	9.50%	0.71	4,649
FY30	8,020	920	7,100	54	-	(6)	917	6,135	4.83	9.50%	0.64	3,956
FY31	8,765	1,003	7,762	42	-	(5)	1,087	6,638	5.83	9.50%	0.59	3,909
FY32	9,589	1,160	8,428	1,395	12	(12)	912	6,121	6.83	9.50%	0.54	3,292
FY33	10,408	1,222	9,186	2,403	5	(2)	851	5,929	7.83	9.50%	0.49	2,912
FY34	11,324	1,285	10,039	1,730	2	(3)	1,235	7,075	8.83	9.50%	0.45	3,173
FY35	12,135	1,353	10,782	366	1	(3)	1,765	8,653	9.83	9.50%	0.41	3,544
FY36	13,149	1,427	11,722	64	-	(4)	2,075	9,587	10.83	9.50%	0.37	3,586
FY37	14,244	1,509	12,735	1,190	1	(2)	2,049	9,496	11.83	9.50%	0.34	3,244
FY38	15,492	1,600	13,891	1,278	1	(3)	2,318	10,297	12.83	9.50%	0.31	3,212
FY39	16,792	1,712	15,080	2,040	1	(3)	2,425	10,617	13.83	9.50%	0.28	3,024
FY40	18,266	1,918	16,348	1,840	1	(5)	2,796	11,715	14.83	9.50%	0.26	3,048
FY41	19,732	2,070	17,662	92	-	(2)	3,575	13,998	15.83	9.50%	0.24	3,326
FY42	21,379	2,213	19,166	251	3	(4)	3,919	14,997	16.83	9.50%	0.22	3,254
FY43	23,119	2,365	20,754	1,138	1	(4)	4,102	15,516	17.83	9.50%	0.20	3,074
FY44	25,071	2,591	22,480	1,064	2	(6)	4,560	16,860	18.83	9.50%	0.18	3,051
FY45**	22,282	2,324	19,957	2,841	-	130	3,632	13,355	19.75	9.50%	0.17	2,224
Present Value of FCFF												71,269
(+ ) Present Value of Working Capital Release on 26th January, 2045												3.2
Enterprise Value												71,272

\*Revenue for FY 25 has been considered from 27th January 2025 onwards.

\*\*till 26th January 2045

The above calculation of EV is done without giving effect to upfront concession fee of INR 66,610 Mn which is payable on the expected appointed date, i.e. 26<sup>th</sup> January, 2025.

**S. SUNDARARAMAN**

Registered Valuer

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

**Highway Infrastructure Trust**

Fair Enterprise Valuation

31<sup>st</sup> March 2024



## Appendix 2 – Weighted Average Cost of Capital of the Toll SPV as on 30<sup>th</sup> November 2024

Particulars	NTEPL	Remarks
Risk free return (Rf)	6.79%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th November 2024 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	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 (Re-levered)	0.86	Beta has been considered based on the beta of companies operating in the similar kind of business in India (Refer Appendix 3)
<b>Cost of Equity (Ke)</b>	<b>12.83%</b>	<b>Base Ke = Rf + (<math>\beta</math> x ERP)</b>
Company Specific Risk Premium (CSRP)	0.00%	Based on SPV specific risk(s) (Refer para 6.24)
<b>Revised Cost of Equity (Ke)</b>	<b>12.83%</b>	<b>Adjusted Ke = Rf + (<math>\beta</math> x ERP) + CSRP</b>
Pre-tax Cost of Debt (Kd)	8.25%	As represented by the Investment Manager
Tax rate of SPV	25.17%	Tax Rate Applicable to SPV is considered
<b>Post-tax Cost of Debt (Kd)</b>	<b>6.17%</b>	<b>Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)</b>
Debt/(Debt+Equity)	50.00%	Debt : Equity ratio computed as $[D/(D+E)]$ (Refer para 6.22)
<b>WACC</b>	<b>9.50%</b>	<b>WACC = <math>[Ke * (1 - D/(D+E))]</math> + <math>[Kd * (1-t) * D/(D+E)]</math></b>

\*Refer para 6.19 – 6.24 for detailed explanation

### Appendix 3 – Computation of Unlevered and Re-levered Beta as on 30<sup>th</sup> November 2024

Particulars	Raw Beta	Debt to Market Capitalisation	Effective Tax Rate (%)	Unlevered Beta
IRB InvIT Fund	0.40	70%	25.17%	0.26
Dilip Buildcon Limited	1.00	167%	25.17%	0.44
IRB Infrastructure Developers Ltd	1.42	237%	25.17%	0.51
GR Infraprojects Limited	0.97	37%	25.17%	0.76
Average				<b>0.49</b>

Particulars	NTEPL
Unlevered Beta	0.49
Debt Equity Ratio Considered	1.00
Effective Tax rate of SPV	25.17%
<b>Relevered beta</b>	<b>0.86</b>

Source: Information provided by database sources, market research, other published data and internal workings.

<< End of Report >>