

HIGHWAYS INFRASTRUCTURE TRUST

Activity and Performance Report
(For the quarter ended March 31, 2024)



ACTIVITY AND PERFORMANCE REPORT FOR THE QUARTER ENDED MARCH 31, 2024

This report for Highways Infrastructure Trust ("**HIT/Trust**") for the quarter ended March 31, 2024 has been prepared pursuant to regulation 10(24) and other applicable provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and any amendment thereof ("**SEBI InvIT Regulations**").

FINANCIAL PERFORMANCE

Audited Financial Statements, along with the Limited Review Report for the quarter ended March 31, 2024 will be presented before the Board of the Directors of Highway Concessions One Private Limited, the investment manager of HIT ("**HC1**" or "**IM**"), within 60 days of end of the quarter, in accordance with the timelines set out under the SEBI InvIT Regulations.

NEW ACQUISITIONS

During the quarter, HIT has completed the following acquisitions: -



1. Swarna Tollway Private Limited ("**STPL**")

HIT acquired 100% equity interest in STPL on January 24, 2024. STPL operates the following two projects granted by National Highways Authority of India ("**NHAI**"):

- i. Road stretch from Tada to Nellore on NH-5 (new NH-16); and
- ii. Road stretch from Nandigama to Ibrahimpatnam to Vijyawada on NH- 9 (new NH65)

in the state of Andhra Pradesh on a Build, Operate and Transfer basis under the concession agreement dated March 27, 2001 read with the assignment agreement dated June 29, 2001.

2. Gujarat Road and Infrastructure Company Limited ("**GRICL**")

HIT acquired 56.8% of equity in GRICL on January 24, 2024 and the remaining shares are owned by Government of Gujarat (16.4%) and IL&FS group entities (26.8%). GRICL operates the following two projects:

- i Ahmedabad–Mehsana stretch on SH41, along with service road developed pursuant to the concession agreement dated May 12, 1999, and the Amendment Agreement dated October 29, 2002, executed with Government of Gujarat ("**GOG**").
- ii Vadodara–Halol stretch on SH87 developed pursuant to the concession agreement dated October 17, 1998, and the Amendment Agreement dated September 26, 2000, executed with GOG.



Operational Highlights

INCOME - BOT (TOLL) PROJECTS

Sl. No.	Particulars	Q4 FY 2024 (Amt. in Rs. Million)
1	Godhra Expressways Private Limited ("GEPL")	432.60
2	Ulundurpet Expressways Private Limited ("UEPL")	470.71
3	Jodhpur Pali Expressway Private Limited ("JPEPL")	178.80
4	Dewas Bhopal Corridor Private Limited ("DBCPL")	585.31
5	Udupi Tollways Pvt. Ltd. ("UTPL")	335.60
6	Swarna Tollway Private Limited ("STPL")	682.30
7	Gujarat Road and Infrastructure Company Limited ("GRICL")	655.68

Notes:-

1. For Toll project, revenue collected through Toll has been considered and income arising out of change of scope activity has not been considered.
2. Revenue for New Projects – GRICL and STPL are considered from takeover date by HIT. For GRICL please note full revenue has been reported while HIT owns around 56.8%.
3. Revenue numbers are as per provisional financials of the SPVs as on March 31, 2024, and may undergo a change upon completion of audit
4. Revenue numbers do not represent any Ind-As adjustments and final numbers under the audited financials may differ.

INCOME –BOT (ANNUITY) - PROJECTS

Sl. No.	Particulars	Q4 FY 2024 (Amt. in Rs. Million)
1	Shillong Expressway Private Limited ("SEPL")	300.54
2	Nirmal BOT Private Limited ("NBPL")	248.11

Notes:-

1. Revenue for annuity projects considered are as per Ind-AS 115 and the actual annuity receipt figures may differ.
2. Revenue numbers are as per the provisional financial of SPV as on March 31, 2024 and may undergo a change upon completion of audit.

INCOME – HYBRID ANNUITY MODEL (HAM) PROJECTS

Sl. No.	Particulars	Q4 FY 2024 (Amt. in Rs. Million)
1.	Gurgaon Sohna Highway Private Limited (“ GSHPL ”)	123.12
2.	Rewari Ateli Highway Private Limited (“ RAHPL ”)	128.51
3.	Ateli Narnaul Highway Private Limited (“ ANHPL ”)	145.93

Notes:-

1. Revenue for HAM projects as per Ind As 115 has been considered and the actual annuity receipt figures may differ.
2. Revenue numbers are as per the provisional financial of the SPVs as on March 31, 2024, and may undergo a change upon completion of audit.





Maintenance Work

ROUTINE MAINTENANCE

All routine maintenance activities, as required under the under the respective concession agreements, have been carried out. During the quarter ended March 31, 2024, no non- compliance has been notified.

MAJOR MAINTENANCE

A synopsis of status of ongoing major maintenance (“MM”) is set out below:

Entity Name	Status as on March 31, 2024	Expected Completion date
NBPL	MM commenced in the month of November 2023. BC overlay for 13.586 running kilometers on service road and 123.56 running kilometers on main carriage way has been completed.	July, 2024
UEPL	MM commenced in the month of October 2023. BC overlay of 36.500 Running Kilometers on service road and 291.600 running kilometers on main carriage way has been completed.	July, 2024
UTPL	MM commenced in the month of November 2023. Overlay work of 148 Running Kilometers on main carriage way has been completed.	March, 2025

Additionally, MM for SEPL has been completed by March 2024 and the requirement under the concession agreement has been met.

HEALTH, SAFETY, ENVIRONMENTAL AND SOCIAL (HSES)

During the quarter ended March 31, 2024, around 5550 man-hours spent on HSES trainings across all SPVs.

COMPLIANCE CONFIRMATION

HIT has been in compliance with all regulations specified under SEBI InvIT Regulations.

BORROWING

HIT has availed the following third-party borrowings, and such borrowings are in compliance with Regulation 20 under SEBI InvIT Regulations.

(Amt. in Rs. Million)

Particulars	Facility	Outstanding as on March 31, 2024
Rupee term Loan I & II	26,969	21,825
Listed Non-Convertible Commercial Papers	11,500	11,403
Loans at SPVs	2,750	2,750
	NA	1,206

Note:

1. The amounts outstanding provided above are actual amounts outstanding, and may be different from those appearing in the financial statements due to Ind-AS adjustment.
2. All amounts as on March 31, 2024 are provisional and unaudited, and are subject to changes.
3. Loan at SPVs include loan from erstwhile promoters in UEPL and UTPL, and NCD in GRICL as on March 31, 2024. For GRICL, debt proportionate to HIT's economic interest being 56.80% has been considered.
4. As on March 31, 2024, the aggregate consolidated net borrowing (net of cash and cash equivalents) is at 29.5% of the value of HIT assets as per the latest available valuation of assets of HIT (as of November 21, 2023) and value of assets acquired in January 2024. Same shall be changed once valuation report for March 31, 2024 is available.
5. Cash and cash equivalents consider all cash, bank, FDR and MF investments as per unaudited financial statements and includes all interest accrued / reserves / amounts earmarked for distribution. For GRICL, cash and cash proportionate to HIT's economic interest, being 56.80%, has been considered.
6. Maturity value of Rs. 2,750 Mn of CPs is considered in the Borrowings. The disbursement amount for CPs is Rs. 2,559 million.
7. Enterprise Value (excluding cash balance) is summation of the latest available valuation as on November 21, 2023 and value of assets acquired in January 2024. The value of assets acquired considered for this purpose is Rs. 20,943 mn (excluding cash balances and adjusted for economic interest of HIT in GRICL being 56.8%). Same shall be changed once valuation report for March 31, 2024 is available.



RELATED PARTY TRANSACTIONS:

All related party transactions by HIT during the quarter have been entered into in accordance with the provisions set out in Regulation 19 of the SEBI InvIT Regulations, and will be set out in the limited audited Financial Statement for the quarter ended March 31, 2024, which will be presented to the Board of Directors of the IM within 60 days of end of the quarter.

INVESTMENT CONFIRMATION: All investments by HIT during the quarter have been made in 'eligible infrastructure projects', and no investments in under construction assets has been made by HIT.

DISTRIBUTIONS: HIT distributed Rs. 3.66/- per unit in the quarter ended March 31, 2024 for the previous quarter. The distribution for the quarter ended March 31, 2024 is not yet considered by the Board of the Directors of the IM.

OTHER UPDATES

Please find below other important updates for the quarter and until the date of this report: -

- a) Mr. Neeraj Sanghi retired from the position of Chief Executive Officer and Whole-time Director of the IM, effective March 31, 2024 (end of business hours). To fill the vacancy, Mr. Gaurav Chandna and Dr. Zafar Khan were appointed as Joint CEOs, effective April 1, 2024. Additionally, on March 22, 2024, Mr. Gaurav Chandna was appointed to the Board of Directors of the IM as an Additional Executive Director
- b) In order to centralize correspondences for the Trust and the IM, the principal place of business of the Trust was

changed from "2nd Floor, Piramal

Tower, Peninsula Corporate Park, Lower Parel, Mumbai - 400013, Maharashtra" to "Unit No. 601-602, 6th Floor, Windsor House, off CST Road, Kalina, Santacruz (East), Mumbai – 400098."

- c) The Board of the Directors of the IM has inducted Mr. Gaurav Chandna in certain committees with effect from April 1, 2024. The reconstituted composition of such committees as follows: -

S. No	Name of the Committee	Revised Composition with effect from April 1, 2024
1.	Risk Management Committee	(i) Mr. Manish Agarwal (ii) Mr. Gaurav Chandna (iii) Mr. Abhishek Chhajjer
2.	Stakeholders Relationship Committee	(i) Mr. Janakiraman Subramanian (ii) Mr. Gaurav Chandna (iii) Ms. Ami Momaya
3.	InvIT Committee	(i) Mr. Ami Momaya (ii) Mr. Gaurav Chandna
4.	Investment Committee	(i) Mr. Hardik Shah (ii) Mr. Gaurav Chandna (iii) Mr. Manish Agarwal (iv) Mrs. Sudha Krishnan
5.	CSR and ESG Committee	(i) Ms. Ami Momaya (ii) Mr. Manish Agarwal (iii) Mr. Gaurav Chandna

d) On January 18, 2024, 50,000 Senior, Secured, Listed, Rated, Taxable, Redeemable, Non-Convertible Debt Securities with a face value of Rs. 1,00,000/- (Rupees One Lakh Only) each ("NCDs") were allotted on a private placement basis. The NCDs were subsequently listed on the BSE on January 19, 2024.

e) On January 18, 2024, 26,54,54,540 units of the Trust at an issue price of

Rs. 82.50 per Unit for an aggregate amount of up to Rs. 21,89,99,99,550/- were allotted on a preferential basis.

The same were listed on January 19, 2024.

- f) On January 15, 2024, HIT signed a Share Purchase Agreement for the acquisition of 100% (one hundred percent) shareholding, in one or more tranches, and management control in 11 hybrid annuity road projects and 1 toll road asset owned by PNC Infratech Limited and PNC Infra Holdings Limited. The completion of the acquisition is subject to the receipt of relevant approvals and the fulfillment of contractual obligations.
- g) The list of material litigations of the assets of the Trust are attached as annexure to this Report.
- h) Capital reduction process at the following SPVs of the Trust is ongoing: UEPL, ANHPL, RAHPL and GSHPL. Further, in case of UEPL, the matter is currently pending before National Company Law Appellate Tribunal against the order of the National Company Law Tribunal rejecting the application.

Annexure

Material Litigation of Special Purpose Vehicles

There are no material litigations against the Trust. The details of the material litigations against the special purpose vehicles owned by the Trust are listed below. For the purposes of claims involving amounts exceeding Rs.92.29 million, i.e., 1.5% of the total revenue from operations of the special purpose vehicles as of the period ended March 31, 2023, being the last audited financials available (the threshold shall be revised upon completion of audit for March 31, 2024), or which are otherwise considered material by the management, have been considered.

1. Dewas Bhopal Corridor Private Limited ("DBCPL")

Proceedings against DBCPL

- (a) Mukesh Chandravanshi ("Complainant"), a former employee of DBCPL, has filed a complaint before the Labour Court, Bhopal, under the Industrial Disputes Act, 1947, regarding the wrongful termination of employment by DBCPL. DBCPL claimed that the termination of the Complainant was due to (i) the Complainant's involvement in stopping toll collection at DBCPL's toll plazas and allowing vehicles to cross without payment of toll on December 30, 2015, and (ii) the Complainant's misbehavior with other senior employees of DBCPL. The matters are currently pending.
- (b) DBCPL received an assessment order on December 23, 2019, passed under section 143(3) of the Income Tax Act 1965, together with a notice of demand of Rs. 103.08 million for the financial year 2016-17. The major grounds of the demand order are (i) Major Maintenance Expenses of Rs. 359.4 million claimed as deduction is treated as capital expenditure and disallowed the same and allowed amortization on the same of Rs.14.38 million considering a period of 25 years was allowed for FY17. Hence, net disallowance of Rs. 345 million and (ii) Disallowance under section 14A of the Income Tax Act 1965 (Expenses incurred to earn exempt income) of Rs. 0.82 million. The company has filed an appeal with CIT(A) against the demand order, and the hearing of the same is awaited.

Proceedings by DBCPL

- (a) DBCPL has filed a criminal complaint before the court of L.D. Judicial Magistrate, First Class, Sonkutch (Dist. Dewas) against its former accountant, Sameer Kumar Jha under sections 408 and 420 of the Indian Penal Code, 1860, read with section 200 of the Code of Criminal Procedure, 1973, in relation to unauthorised absence from service and misappropriation of an amount of approximately ₹0.09 million. The matter is currently pending.

(b) DBCPL had filed a writ petition ("Stamp Act WP") before the High Court of Madhya Pradesh, against the State, the Department of Commercial Taxes and Madhya Pradesh Road Development Corporation Limited ("MPRDC") challenging the constitutionality of proviso (c) to Entry No. 33 of Schedule 1-A of the Indian Stamp Act, 1899 ("Act") as amended by the Indian Stamp Act (M.P Amendment) Act, 2002 (Act No. 12 of 20220) which provides for levy of a stamp duty at 2% on the amount likely to be spent under a B.O.T agreement by a lessee. The alleged deficit stamp duty payable by DBCPL is Rs. 89.00 million. The High Court by its order dated February 11, 2010, dismissed the Stamp Act WP. Subsequently, the Petitioner filed a Special Leave Petition before the Supreme Court of India challenging the High Court's order. The matter is currently pending before the Supreme Court.

(c) DBCPL filed a writ petition before the High Court of Madhya Pradesh ("BOCW WP") against, amongst others, the State of Madhya Pradesh, challenging the constitutionality of Rule 14(2)(b) of the Building and Other Construction Workers Cess Rules, 1988 ("Cess Rules"). Further, the Petitioner challenged (i) the inspection report issued by the Labour Inspector; and (ii) the show cause notices issued to it by the Labour Commission, Madhya Pradesh, in respect of submission of the project cost for assessment of cess and alleged non-payment of labour cess. The Petitioner submitted that the Cess Rules are not applicable to the Petitioner. The High Court, by way of its order dated September 9, 2015 (as modified by way of order dated September 30, 2015), directed that, pending disposal of the writ petition, no coercive steps for the recovery of cess shall be taken against the Petitioner. The estimated amount involved in this matter is ₹47.78 million. The matter is currently pending.

2. Nirmal BOT Private Limited (formerly known as Nirmal BOT Limited) ("NBPL")

Proceedings by NBL

NBPL has filed a writ petition ("NBL Stamp Duty WP") before the High Court of Andhra Pradesh, against the District Registrar and the Inspector General of Stamps and Registration regarding the demand for payment of Rs.135.86 million as stamp duty on the NBPL Concession Agreement. The High Court by way of its order dated June 9, 2011 granted a stay in respect of all further proceedings. The matter is currently pending.

3. Shillong Expressway Private Limited ("SEPL")

Proceedings by SEPL

SEPL is involved in certain claims against the National Highway Authority of India ("NHAI") whereby it was awarded Rs. 274.20 million ("Award"). SEPL filed an execution petition dated October 26, 2018 under Section 36 of the Arbitration & Conciliation Act 1996 before the High Court of Delhi. Simultaneously, NHAI filed an application before the High Court for setting aside the Award, which was dismissed by the Court by its order dated November 2, 2018. Thereafter, NHAI filed an appeal dated January 7, 2019 challenging the Court Order. The appellate bench by way of an interim order dated January 22, 2019 upheld the partial Award and directed NHAI to deposit the amount to additional bonus annuity i.e. Rs.106.30 million with an additional interest amount of Rs. 37.20 million. The matter is currently pending.

Further, on October 03, 2023, SEPL has submitted its application for settlement under Vivad se Vishwas II Scheme announced by the Ministry of Finance by OM no. F.1/7/2022-PPD dated 29 May 2023 and NHAI Policy guidelines dated July 04, 2023. The proceeding is currently pending.

4. Ulundurpet Expressways Private Limited ("UEPL")

Proceedings by UEPL

UEPL has filed a petition dated December 2, 2022 before the NCLT, Mumbai for reduction in its paid-up equity share capital to Rs. 968,559,830 divided into 96,855,983 equity shares of Rs. 10 each. This matter was rejected by the Hon'ble NCLT and the UEPL has filed an appeal against it before the National Company Law Appellate Tribunal on 2nd February 2024

5. Swarna Tollway Private Limited ("STPL")

Proceedings against STPL

- (a) A writ petition has been filed against STPL by a local individual seeking the removal of the toll plaza at Keesara, recovery, and deposit of toll collection. The writ petition was filed on the grounds that as per National Highways Fee (Determination of Rates and Collection) Rules, 2008, the minimum distance between two adjacent toll plazas should be 60 kilometers. However, the distance between the toll plaza at Keesara village and another toll plaza named Vijayawada Expressways Private Limited at Chillakallu village, on the NH-65, is less than 35 kilometers. Since the toll plaza at Keesara village is in contravention of the NH Rules, 2008, the sum collected by STPL from the public is against the law. NHAI has filed its response indicating that since the concession agreement with respect to STPL was entered into on March 27, 2001, it is regulated by the National Highway (Collection of Fee by any person for the use of NHAI Fee Rules, 1997, and not the NH Rules, 2008, and accordingly there is no breach. The matter is currently pending.

- (b) There are distinct petitions filed against STPL by 17 dismissed employees of STPL before Central Government Industrial Tribunal claiming wrongful dismissal and claiming an aggregate compensation of approx. Rs. 6,00,00,000 and reinstatement of employment. The matters are pending.
- (c) There are 7 matters pending before High Court of Andhra Pradesh for AY 2005-06 to AY 2011-12 in connection with disallowance of depreciation on toll road as deduction by Income Tax authority. The aggregate amounts involved in these appeals are Rs. 2908.53 million.
- (d) There is a matter pending before Commissioner of Income Tax (Appeals) for AY 2017-18 against the decision of by income tax authorities of disallowing deduction with respect to other Income under section 80-IA. The aggregate amounts involved in these appeals are Rs. 121.42 million.
- (e) There is a matter pending before Commissioner of Income Tax (Appeals) for AY 2018-19 against the Income Tax authority's decision of disallowance of (i) service fees paid to group entity; and (ii) disallowing deduction with respect to other Income under section 80-IA. The aggregate amounts involved in these appeals are Rs. 250.37 million.

Proceedings by STPL

STPL has filed a complaint under the Consumer Protection Act, 2019, before District Consumer Dispute Redressal Commission, Hyderabad against United India Insurance Company Limited claiming deficiency of services by them and underpayment of claim amount lodged by the STPL. STPL prayed for certain reliefs and payment of Rs. 337.7 Million apart from that made a claim of Rs. 2.5 million towards mental agony caused due to such deficiency of services by United India.

6. Gujarat Road and Infrastructure Company Limited ("GRICL")

Proceedings against GRICL

- (a) A writ petition has been filed against GRICL by the Akhil Gujarat Truck Transport Association before the High Court of Gujarat claiming the toll collection under the concession agreements for the projects operated by the GRICL should be suspended since the GRICL has recovered the total cost of the project and reasonable return. As an alternate prayer, the petitioner has sought relief for the stoppage of toll on per axle basis. The matter is currently pending before the High Court.

- (b) There are currently 19 matters pending before the High Court of Gujarat covering the following areas for AY 2002-03 to AY 2015-16: (i) disallowance of depreciation on toll road as deduction by Income Tax authority; (ii) disallowance of interest on Deep Discount Bonds as deduction by Income Tax authority; (iii) disallowance of MAT credit entitlement while computing book profit u/s 115JB by Income Tax authority; and (iv) disallowance of carry forward of losses. The aggregate amounts involved in these appeals are INR 4,821.40 million.
- (c) There are 4 matters pending before Income Tax Appellate Tribunal and 1 matter before Commissioner of Income Tax (Appeals) for AY 2012-13 to AY 2022-23 for the following areas: (i) disallowance of depreciation on toll road as deduction by Income Tax authority; (ii) disallowance of interest on Deep Discount Bonds as deduction by Income Tax authority; (iii) disallowance by Income Tax authority of MAT credit entitlement while computing book profit u/s 115JB; and (iv) disallowance of carry forward of losses. The aggregate amounts involved in these appeals are Rs. 1,323.90 Million.

7. Rewari Ateli Highway Private Limited ("RAHPL")

Proceedings by RAHPL

RAHPL has filed an application under Section 66 of Companies Act, 2013 for reduction of share capital. The matter is currently pending before National Company Law Tribunal, Mumbai.

8. Gurgaon Sohna Highway Private Limited ("GSHPL")

Proceedings by RAHPL

GSHPL has filed an application under Section 66 of Companies Act, 2013 for reduction of share capital. The matter is currently pending before National Company Law Tribunal, Mumbai.

9. Ateli Narnaul Highway Private Limited ("ANHPL")

Proceedings by ANHPL

ANHPL has filed an application under Section 66 of Companies Act, 2013 for reduction of share capital. The matter is currently pending before National Company Law Tribunal, Mumbai.

THANK YOU

